



Kelly Vitale Raffol LLC
CERTIFIED PUBLIC ACCOUNTANTS

PROJECT CITIZENSHIP, INC.



Financial Statements

For the Years Ended December 31, 2022 and 2021

4238 Washington Street, Suite 307, Boston, Massachusetts 02131
Member, American Institute of Certified Public Accountants
Member, Association of Fraud Examiners

PROJECT CITIZENSHIP, INC.

Financial Statements

For the Years Ended December 31, 2022 and 2021

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Independent Auditors' Report

To the Board of Directors
Project Citizenship, Inc.
Boston, Massachusetts

Opinion

We have audited the accompanying financial statements of Project Citizenship, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Project Citizenship, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Project Citizenship, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Project Citizenship, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Project Citizenship, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Project Citizenship, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KellyVitaleRaffol LLC

Boston, Massachusetts

March 25, 2023

PROJECT CITIZENSHIP, INC.

Statements of Financial Position

As of December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<i>Assets</i>		
Cash and cash equivalents	\$ 983,753	\$ 695,931
Grants and contributions receivable	263,637	227,022
Investments	432,807	511,867
Prepaid expenses	18,102	51,022
Security deposit	21,104	21,104
	<hr/>	<hr/>
<i>Total current assets</i>	1,719,403	1,506,946
<i>Noncurrent Assets</i>		
Pledges receivable	40,000	40,000
Right-of-use asset	493,125	540,771
	<hr/>	<hr/>
	533,125	580,771
	<hr/>	<hr/>
<i>Total assets</i>	<u>\$ 2,252,528</u>	<u>\$ 2,087,717</u>
<i>Liabilities and Net Assets</i>		
<i>Liabilities:</i>		
Accounts payable and accrued expenses	\$ 30,149	\$ 16,702
Accrued payroll and related expenses	39,645	16,265
Lease liability	499,254	541,251
	<hr/>	<hr/>
<i>Total liabilities</i>	569,048	574,218
<i>Net Assets:</i>		
Without donor restrictions	1,371,053	1,282,322
With donor restrictions	312,427	231,177
	<hr/>	<hr/>
<i>Total net assets</i>	1,683,480	1,513,499
	<hr/>	<hr/>
<i>Total liabilities and net assets</i>	<u>\$ 2,252,528</u>	<u>\$ 2,087,717</u>

See accompanying notes to financial statements.

PROJECT CITIZENSHIP, INC.

Statement of Activities

For the Year Ended December 31, 2022

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<i>Revenues and Other Support:</i>			
Gifts, grants and contributions	\$ 1,082,258	\$ 194,816	\$ 1,277,074
Donated services and goods	4,662,777	-	4,662,777
Interest and other income	12,808	-	12,808
Unrealized gains/losses on investment	(84,694)	-	(84,694)
Net assets released from restrictions	113,566	(113,566)	-
<i>Total revenues and other support</i>	5,786,715	81,250	5,867,965
<i>Expenses:</i>			
Program services	5,450,110	-	5,450,110
General and administrative	126,051	-	126,051
Fundraising	121,823	-	121,823
<i>Total expenses</i>	5,697,984	-	5,697,984
<i>Change in net assets</i>	88,731	81,250	169,981
<i>Net Assets, beginning</i>	1,282,322	231,177	1,513,499
<i>Net Assets, ending</i>	\$ 1,371,053	\$ 312,427	\$ 1,683,480

See accompanying notes to financial statements.

PROJECT CITIZENSHIP, INC.

Statement of Activities

For the Year Ended December 31, 2021

	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
<i>Revenues and Other Support:</i>			
Gifts, grants and contributions	\$ 941,830	\$ 260,480	\$ 1,202,310
Donated services and goods	2,716,508	-	2,716,508
Interest and other income	5,613	-	5,613
Unrealized gains/losses on investment	9,285	-	9,285
Other revenue	161,377	-	161,377
Net assets released from restrictions	105,164	(105,164)	-
<i>Total revenues and other support</i>	3,939,777	155,316	4,095,093
<i>Expenses:</i>			
Program services	3,308,349	-	3,308,349
General and administrative	102,753	-	102,753
Fundraising	81,109	-	81,109
<i>Total expenses</i>	3,492,211	-	3,492,211
<i>Change in net assets</i>	447,566	155,316	602,882
<i>Net Assets, beginning</i>	834,756	75,861	910,617
<i>Net Assets, ending</i>	\$ 1,282,322	\$ 231,177	\$ 1,513,499

See accompanying notes to financial statements.

PROJECT CITIZENSHIP, INC.

Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<i>Cash Flows from Operating Activities:</i>		
Change in net assets	\$ 169,981	\$ 602,882
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Unrealized gains/losses on investment	84,694	9,285
Changes in:		
Grants and contributions receivable	(36,615)	(143,291)
Security deposit	-	(21,104)
Prepaid expenses	32,920	(5,736)
Pledges receivable	-	(40,000)
Right-of-use asset	47,646	-
Accounts payable and accrued expenses	13,447	(3,819)
Accrued payroll and related expenses	23,380	(2,290)
Deferred rent	-	(85,421)
Lease liability	(41,997)	480
	<hr/>	<hr/>
<i>Net cash provided by operating activities</i>	293,456	310,986
<i>Cash Flows from Investing Activities:</i>		
Purchase of investments	(146,062)	(712,877)
Proceeds from sale of investment	140,428	191,725
	<hr/>	<hr/>
<i>Net cash (used in) investing activities</i>	(5,634)	(521,152)
<i>Net change in cash and cash equivalents</i>	287,822	(210,166)
<i>Cash and cash equivalents, beginning</i>	<hr/>	<hr/>
	695,931	906,097
<i>Cash and cash equivalents, ending</i>	<hr/>	<hr/>
	\$ 983,753	\$ 695,931
<i>Supplemental Disclosure of Cash Flow Information:</i>		
Cash paid for operating leases	<hr/>	<hr/>
	\$ 57,662	\$ 4,796

See accompanying notes to financial statements.

PROJECT CITIZENSHIP, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2022

	<i>Program Services</i>	<i>General and Administrative</i>	<i>Fundraising</i>	<i>Total</i>
Donated services and goods	\$ 4,662,777	\$ -	\$ -	\$ 4,662,777
Salaries and wages	499,530	36,936	102,391	638,857
Payroll taxes and workers insurance	43,703	3,231	8,958	55,892
Employee benefits	24,694	1,728	4,791	31,213
AmeriCorps service members	46,240	-	-	46,240
Professional fees and consultants	-	58,345	-	58,345
Rent and utilities	58,639	5,045	3,258	66,942
Supplies	21,303	-	-	21,303
Information technology	26,754	15,790	483	43,027
Dues, fees and licenses	825	-	1,170	1,995
Advertising and promotion	19,466	-	274	19,740
Insurance	6,379	873	354	7,606
Staff recruitment and development	11,219	105	-	11,324
Investment expense	-	2,298	-	2,298
Conferences and meetings	1,490	1,630	25	3,145
Travel	2,062	70	-	2,132
Event and workshop expenses	25,029	-	-	25,029
Miscellaneous	-	-	119	119
<i>Total expenses</i>	<u>\$ 5,450,110</u>	<u>\$ 126,051</u>	<u>\$ 121,823</u>	<u>\$ 5,697,984</u>

PROJECT CITIZENSHIP, INC.

Statement of Functional Expenses

For the Year Ended December 31, 2021

	<i>Program Services</i>	<i>General and Administrative</i>	<i>Fundraising</i>	<i>Total</i>
Donated services and goods	\$ 2,716,508	\$ -	\$ -	\$ 2,716,508
Salaries and wages	358,037	23,800	62,072	443,909
Payroll taxes and workers insurance	34,830	2,092	4,382	41,304
Employee benefits	22,000	2,730	2,076	26,806
AmeriCorps service members	59,790	-	-	59,790
Professional fees and consultants	-	43,563	-	43,563
Rent and utilities	55,880	18,425	8,943	83,248
Supplies	11,023	2,551	1,198	14,772
Information technology	12,753	2,533	869	16,155
Dues, fees and licenses	705	45	1,076	1,826
Advertising and promotion	1,628	793	287	2,708
Insurance	417	4,436	68	4,921
Staff recruitment and development	32,356	310	-	32,666
Investment expense	-	1,040	-	1,040
Conferences and meetings	2,234	-	-	2,234
Travel	186	35	-	221
Event and workshop expenses	-	400	-	400
Miscellaneous	2	-	138	140
<i>Total expenses</i>	<u>\$ 3,308,349</u>	<u>\$ 102,753</u>	<u>\$ 81,109</u>	<u>\$ 3,492,211</u>

PROJECT CITIZENSHIP, INC.

Notes to Financial Statements

For the Years Ended December 31, 2022 and 2021

Note 1. Organization

Project Citizenship, Inc. (Project Citizenship or the Organization) was incorporated in 2014 under the provisions of Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an organization which is not a private foundation under Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

Project Citizenship is a nonprofit agency that provides free, high quality legal services to permanent residents to help them become U.S. citizens. Project Citizenship offers free workshops, eligibility screening, application assistance, legal referrals and all materials needed to apply for U.S. citizenship. In addition, Project Citizenship works collaboratively with community-based partners in New England to provide a range of support services, civics instruction, application assistance, and ESOL classes.

Note 2. Program Services

Project Citizenship helps legal permanent residents apply for citizenship by reducing the barriers and obstacles. Project Citizenship provides free services through the pro bono support of over 1,000 volunteers from area law schools and law firms in Boston. Project Citizenship offers services in three venues: in its Boston Citizenship Center, at area law firms, and in community venues throughout Massachusetts.

Located in the Project Citizenship office, the Citizenship Center accommodates clients who have work or child care schedules that conflict with workshop appointments, as well as for those who have more complex cases.

Some of Project Citizenship's clients are unable to speak English and exempt from the English requirement due to age. Some other of Project Citizenship's clients are unable to speak English due to a physical or cognitive impairment. For the majority of clients unable to pay the \$725 filing fee, Project Citizenship prepares and advocates for a fee waiver.

Since 2014, Project Citizenship has submitted over 10,000 citizenship applications for children and adults, for immigrants from countries all over the world. With a strong success rate, Project Citizenship is ensuring access to citizenship for those who might otherwise be priced out.

PROJECT CITIZENSHIP, INC.

Notes to Financial Statements

For the Years Ended December 31, 2022 and 2021

Note 3. Summary of Significant Accounting Policies

The accounting policies which affect significant elements of the Organization's financial statements are described below to enhance the usefulness of the financial statements to the reader. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates; however, adherence to generally accepted accounting principles has, in management's opinion, resulted in reliable and consistent financial reporting by the Organization.

Basis of Accounting and Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). These standards require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets available that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the Board of Directors. For the years ended December 31, 2022 and 2021, there was \$0, held in the board-designated reserve.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

All cash, money markets accounts and short-term investments with original maturities of three months or less are considered cash and cash equivalents.

Grants and Contributions Receivable

Grants and contributions receivable primarily represent unconditional promises to give that are recognized at net realizable value when the promise is received. Amounts are classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. Promises to give with expected payment dates that extend beyond one year are discounted to their present value when considered material. These amounts are considered fully collectible; accordingly, these financial statements do not contain a provision for uncollectible receivables from grants, contributions and pledges. If amounts owed become uncollectible, an allowance for uncollectible grants, contributions and pledges will be established when that determination is made.

PROJECT CITIZENSHIP, INC.

Notes to Financial Statements

For the Years Ended December 31, 2022 and 2021

Note 3. Summary of Significant Accounting Policies (Continued)

Property and Equipment

Property, equipment, furnishing and improvement purchases in excess of \$2,500 are capitalized at cost, if purchased, or if donated, at fair value at the date of receipt. Expenditures for maintenance, repairs and renewals are charged to expense as incurred, whereas, major betterments are capitalized as additions to property and equipment. Depreciation of property and equipment is computed using the straight-line method, and is charged against income over the estimated useful lives of the assets, as expressed in terms of years. The Organization had no property and equipment as of December 31, 2022 or 2021 that met the capitalization threshold.

Gifts, Grants and Contributions

Contributions are required to be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give—that is, those with a measurable performance or other barrier and right of return—are not recognized until the conditions on which they depend have been met.

Donated Goods and Services

The Organization maintains a policy whereby the value of the donated goods and services which create or enhance nonfinancial assets; require a specialized skill; and which would have otherwise been purchased by the Organization if not provided by donation are recorded at their fair value in the period received. These donations are recognized as revenue on the statement of activities and listed as expenses on the statement of functional expenses. While material in amount, these donations do not have an impact on the change in net assets for the years presented.

Leased Property from Operating Leases and Amortization

The Organization elected to implement new lease reporting for operating leases as outlined in the FASB-issued Accounting Standards Update (ASU) 2017-13, *Leases (Topic 842)*. A lease conveys the right-of-use on an underlying asset for a period of time in exchange for consideration. On the lease commencement date, a lessee is required to measure and record a lease liability and right-of-use asset equal to the present value of the remaining lease payments. The right-of-use asset leased from a lessor under an operating lease is reported on the Statement of Financial Position as a right-of-use asset and is amortized over the lease term. The lease liability is initially reported on the Statement of Financial Position at the present value of the operating lease reduced by the annual lease payments. As a result of this new lease accounting treatment, for the year ended December 31, 2021, there are differences between the amount of rent expensed on the Statement of Activities and Changes in Net Assets and the amount of cash paid pursuant to the lease agreement.

PROJECT CITIZENSHIP, INC.

Notes to Financial Statements

For the Years Ended December 31, 2022 and 2021

Note 3. Summary of Significant Accounting Policies (Continued)

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses which can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated based upon space and time usage. Payroll and related expenses are based upon time usage, whereas rent, utilities, and similar expenses are based on an occupancy allocation. Supporting services are those related to operating and managing Project Citizenship, Inc. and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

Administrative: Includes all activities related to Project Citizenship, Inc.'s internal management and accounting for program services.

Fundraising: Includes all activities related to maintaining contributor information, corporate membership development, grant writing, distribution of materials and other similar projects related to the procurement of funds for the Organization's programs.

Revenue Recognition

The Organization adopted *Accounting Standards Codification (ASC) Topic 606, Revenue from Contracts with Customers* (Topic 606) using the modified retrospective method applied to all contracts not completed as of the date of the adoption. The core principle is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (i) identify the contract(s) with a customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

The Organization applies Topic 606 to exchange transactions in which it receives consideration for products or services offered. Under U.S. GAAP, these arrangements are exchange transactions between the Organization and the customers participating in the Organization's programs or using their services. The Organization's revenue is derived from grants and contributions from individuals, corporations and bequests. All revenue is recorded at estimated net realizable amounts.

PROJECT CITIZENSHIP, INC.

Notes to Financial Statements

For the Years Ended December 31, 2022 and 2021

Note 3. Summary of Significant Accounting Policies (Continued)

The Organization has adopted ASU 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*, as amended. ASU 2018-08 was issued to make it easier for not-for-profit organizations to evaluate whether gifts, grants or contracts should be accounted for as contributions or as reciprocal (exchange) transactions accounted for under ASU 2014-09. Under the new guidance, all organizations are required to evaluate whether the resource provider (i.e., federal agency, foundation, corporation, etc.) is receiving commensurate value in a transfer of resources (i.e., assets or reduction/settlement of liabilities) and whether contributions are conditional or unconditional. If commensurate value is received by the resource provider, the transaction is to be accounted for as an exchange transaction by applying ASU 2014-09. If commensurate value is not received by the resource provider (i.e., the transaction is nonexchange), the recipient organization would determine the transaction to be a contribution and determine whether the contribution is unconditional or conditional. The standard improves the usefulness and understandability of the Organization's financial reporting.

Note 4. Net Assets with Donor Restrictions

Unexpended donor-designated grants and contributions consisted of the following at December 31:

	<u>2022</u>	<u>2021</u>
Nature of restriction:		
Time restricted	\$ 60,000	\$ 90,000
Citizenship Day	109,500	50,000
Citizenship and immigration	78,750	-
Citizenship services in Cape Cod	-	10,000
Citizenship services in Lawrence and Lowell	-	17,000
Maintenance special project	64,177	64,177
Total	<u>\$ 312,427</u>	<u>\$ 231,177</u>

Note 5. Donated Goods and Services

Volunteers are an integral component of the Organization's operations. During 2022, the Organization received approximately 5,646 legal and consulting hours from various law firms which was valued at rates ranging from \$250 to \$800 an hour. During 2021, the Organization received approximately 3,725 of legal and consulting hours from various law firms which was valued at rates ranging from \$250 to \$877 per hour. The following donated services, goods and facilities have been recognized as revenues with offsetting expenses in the accompanying financial statements for the years ended December 31:

PROJECT CITIZENSHIP, INC.

Notes to Financial Statements

For the Years Ended December 31, 2022 and 2021

Note 5. Donated Goods and Services (Continued)

	<i>2022</i>	<i>2021</i>
Donated legal and consulting services	\$ 4,653,735	\$ 2,714,191
Donated space and workshop expenses	9,042	2,317
<i>Total</i>	\$ 4,662,777	\$ 2,716,508

In addition, volunteer law students have provided services for many cases; however, although valuable to the Organization, these donated services do not meet the recognition criteria.

Note 6. Right of Use Asset and Lease Liability

The Organization leases office space in Boston, Massachusetts under a 10-year lease agreement expiring November 2031, with monthly payments increasing each year from \$4,796 in fiscal year 2021 to \$69,066 in fiscal year 2031. The Organization is responsible for additional rent, and utilities.

The components of lease expense, lease term and discount for the year ended December 31, 2022 are as follows:

Operating lease cost	\$ 57,662
Weighted-average remaining lease term, operating lease	8.91
Weighted-average discount rate, operating lease	3.00%
Years ending June 30:	
2023	\$ 58,941
2024	60,220
2025	61,499
2026	62,778
2027	64,057
Thereafter	262,970
Total undiscounted operating lease payments	570,465
Less: discount to net present value	(71,211)
<i>Present value of lease liability</i>	\$ 499,254

PROJECT CITIZENSHIP, INC.

Notes to Financial Statements

For the Years Ended December 31, 2022 and 2021

Note 7. Concentrations

Cash

The Organization is subject to concentrations in credit risk relating to cash balances. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The Organization occasionally has funds in excess of FDIC limits; however, the Organization has not experienced any losses on uninsured cash balances.

Gifts, Grants and Contributions

For the years ended December 31, 2022 and 2021, 98% and 15%, respectively, of gifts, grants and contributions were attributable to one contract and one family foundation.

Note 8. Liquidity and Availability of Financial Assets

The following represents the Organization's financial assets that are available for general expenditures within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, trust assets, perpetual endowments and accumulated earning net of appropriations, or because the governing board has set aside the funds for a specific reserve.

Financial assets as of December 31, 2022 are as follows:

Cash and cash equivalents	\$ 983,753
Grants and contributions receivable	263,637
Investments	<u>432,807</u>
<i>Total financial assets</i>	<u>1,680,197</u>
Less amounts not available for use within one year:	
Total net assets with donor restrictions	<u>312,427</u>
<i>Total financial assets available to meet general expenditures within one year</i>	<u><u>\$ 1,367,770</u></u>

Project Citizenship reviews its cash position on a regular basis to ensure that adequate funds are on hand to meet expenses. As of December 31, 2022, the Organization has available in checking and savings accounts, financial assets equal to approximately six months of operating expenses.

PROJECT CITIZENSHIP, INC.

Notes to Financial Statements

For the Years Ended December 31, 2022 and 2021

Note 9. Fair Value Measurements

The FASB Accounting Standards Codification 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quotes prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under FASB Accounting Standards Codification are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quotes prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The Organization's investments in marketable securities are all valued at the closing price reported in the active market in which the individual securities are traded. The method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth, by level within the fair value hierarchy, the Organization's assets at fair value as of December 31:

PROJECT CITIZENSHIP, INC.

Notes to Financial Statements

For the Years Ended December 31, 2022 and 2021

Note 9. Fair Value Measurements (Continued)

	2022			
	Level 1	Level 2	Level 3	Total
Cash	\$ 7,381	\$ -	\$ -	\$ 7,381
Exchange-traded funds	381,038	-	-	381,038
Mutual Funds	44,388	-	-	44,388
Total assets at fair value	\$ 432,807	\$ -	\$ -	\$ 432,807

	2021			
	Level 1	Level 2	Level 3	Total
Cash	\$ 4,134	\$ -	\$ -	\$ 4,134
Exchange-traded funds	252,790	-	-	252,790
Fixed income	254,943	-	-	254,943
Total assets at fair value	\$ 511,867	\$ -	\$ -	\$ 511,867

Note 10. Line of Credit

The Organization entered into a \$150,000 line of credit agreement with a bank. Borrowings under the agreement are due on demand and interest is set at 7.75%. There is no outstanding balance for the year ended December 31, 2022.

Note 11. Subsequent Events

The Organization has evaluated subsequent events through March 25, 2023 which is the date the financial statements were available to be issued.



***Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards***

To the Board of Directors
Project Citizenship, Inc.
Boston, Massachusetts

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Project Citizenship, Inc. (a nonprofit organization) (the Organization), which comprise the statement of financial position as of December 31, 2022 and 2021, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 25, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Project Citizenship, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Project Citizenship, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Project Citizenship, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KellyVitaleRaffol LLC

Boston, Massachusetts

March 25, 2023