



THE GO PROJECT, INC.

Audited Financial Statements

June 30, 2018

Independent Auditor's Report

To the Board of Directors of
The GO Project, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The GO Project, Inc. ("GO Project"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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 the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

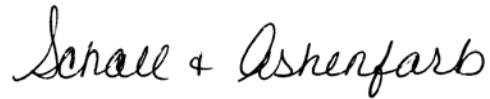
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The GO Project, Inc. as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited GO Project's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 12, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

October 10, 2018

THE GO PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2018
(With comparative totals at June 30, 2017)

	<u>6/30/18</u>	<u>6/30/17</u>
Assets		
Cash and cash equivalents	\$1,970,803	\$1,138,515
Unconditional promises to give (Note 3)	526,852	1,282,402
Government grants receivable	22,500	4,773
Prepaid expenses and other assets	37,338	56,684
Fixed assets, net (Note 4)	<u>36,528</u>	<u>65,713</u>
 Total assets	 <u><u>\$2,594,021</u></u>	 <u><u>\$2,548,087</u></u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$40,329	\$64,376
Deferred revenue	3,311	4,546
Deferred rent	<u>22,200</u>	<u>18,000</u>
Total liabilities	<u><u>65,840</u></u>	<u><u>86,922</u></u>
Net assets:		
Unrestricted	1,773,503	1,184,527
Temporarily restricted (Note 5)	<u>754,678</u>	<u>1,276,638</u>
Total net assets	<u><u>2,528,181</u></u>	<u><u>2,461,165</u></u>
 Total liabilities and net assets	 <u><u>\$2,594,021</u></u>	 <u><u>\$2,548,087</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

THE GO PROJECT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018
(With comparative totals for the year ended June 30, 2017)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 6/30/18</u>	<u>Total 6/30/17</u>
Public support and revenue:				
Contributions	\$943,654	\$410,000	\$1,353,654	\$1,757,845
Government grants	41,593		41,593	25,400
Special events (net of expenses with a direct benefit to donors) (Note 8)	1,385,652		1,385,652	786,294
In-kind contributions (Note 6)	174,000		174,000	176,000
Program income	13,155		13,155	8,360
Interest and other income	862		862	2,246
Loss on uncollectable pledges		(100,000)	(100,000)	0
Net assets released from restrictions	831,960	(831,960)	0	0
Total public support and revenue	<u>3,390,876</u>	<u>(521,960)</u>	<u>2,868,916</u>	<u>2,756,145</u>
Expenses:				
Program services	<u>2,146,104</u>		<u>2,146,104</u>	<u>2,191,798</u>
Supporting services:				
Management and general	260,186		260,186	369,987
Fundraising	<u>395,610</u>		<u>395,610</u>	<u>365,326</u>
Total supporting services	<u>655,796</u>	<u>0</u>	<u>655,796</u>	<u>735,313</u>
Total expenses	<u>2,801,900</u>	<u>0</u>	<u>2,801,900</u>	<u>2,927,111</u>
Change in net assets	588,976	(521,960)	67,016	(170,966)
Net assets - beginning of year	<u>1,184,527</u>	<u>1,276,638</u>	<u>2,461,165</u>	<u>2,632,131</u>
Net assets - end of year	<u>\$1,773,503</u>	<u>\$754,678</u>	<u>\$2,528,181</u>	<u>\$2,461,165</u>

The attached notes and auditor's report are an integral part of these financial statements.

THE GO PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018
(With comparative totals for the year ended June 30, 2017)

	Supporting Services			Total Supporting Services	Total Expenses 6/30/18	Total Expenses 6/30/17
	Program Services	Management and General	Fundraising			
Salaries	\$1,397,970	\$151,118	\$192,998	\$344,116	\$1,742,086	\$1,808,553
Payroll taxes and benefits	213,815	23,113	29,518	52,631	266,446	261,669
Program expenses	153,742			0	153,742	160,118
Professional fees and consultants	19,179	49,810	23,093	72,903	92,082	98,718
Office expenses	57,145	6,178	7,890	14,068	71,213	85,027
Occupancy (including in-kind)(Note 6)	211,074	4,008	5,118	9,126	220,200	217,800
Minor equipment and service contracts	21,327	1,850	5,243	7,093	28,420	35,450
Insurance	28,480	3,079	3,932	7,011	35,491	36,356
Staff development	19,952	1,048	1,339	2,387	22,339	21,759
Event expenses (Note 8)			123,246	123,246	123,246	81,034
Bad debt expense		17,450		17,450	17,450	88,137
Depreciation	23,420	2,532	3,233	5,765	29,185	32,490
Total expenses	\$2,146,104	\$260,186	\$395,610	\$655,796	\$2,801,900	\$2,927,111

The attached notes and auditor's report are an integral part of these financial statements.

THE GO PROJECT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018
(With comparative totals for the year ended June 30, 2017)

	<u>6/30/18</u>	<u>6/30/17</u>
Cash flows from operating activities:		
Change in net assets	\$67,016	(\$170,966)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	29,185	32,490
Changes in assets and liabilities:		
Unconditional promises to give	755,550	515,022
Government grants receivable	(17,727)	(2,387)
Prepaid expenses and other assets	19,346	11,443
Accounts payable and accrued expenses	(24,047)	19,140
Deferred revenue	(1,235)	4,546
Deferred rent	4,200	2,000
Total adjustments	<u>765,272</u>	<u>582,254</u>
Net cash flows provided by operating activities	<u>832,288</u>	<u>411,288</u>
Cash flows from investing activities:		
Purchases of fixed assets	<u>0</u>	<u>(16,741)</u>
Net cash flows used for investing activities	<u>0</u>	<u>(16,741)</u>
Net increase in cash and cash equivalents	832,288	394,547
Cash and cash equivalents - beginning of year	<u>1,138,515</u>	<u>743,968</u>
Cash and cash equivalents - end of year	<u><u>\$1,970,803</u></u>	<u><u>\$1,138,515</u></u>
Supplemental disclosures:		
Interest and taxes paid	<u><u>\$0</u></u>	<u><u>\$0</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

THE GO PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

Note 1 - Organization

The GO Project, Inc. ("GO Project") shapes the futures of low-income New York City public school children by providing critical academic, social and emotional support starting in the early elementary years. GO Project provides year-round educational and family support services to children who are performing below grade level and equips them with the confidence and skills needed to succeed at school, at home and in life.

GO Project has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation.

Note 2 - Summary of Significant Accounting Policies

a. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, which is the process of recording revenue and expenses when earned or incurred, rather than received or paid.

b. Basis of Presentation

GO Project reports information regarding their financial position and activities according to the following classes of net assets:

- *Unrestricted* – represents all activity without donor-imposed restrictions.
- *Temporarily restricted* – relates to contributions of cash and other assets with donor stipulations that make clear the asset's restriction, either due to a program nature or by the passage of time.
- *Permanently restricted* – relates to contributions of cash and other assets whereby the assets must remain intact due to restrictions placed by the donor. There was no activity in the permanently restricted class of net assets during the years ended June 30, 2018 and June 30, 2017.

c. Revenue Recognition

Contributions received without restrictions or that are restricted by the donor where the restriction expires in the same year, are reported as an increase in unrestricted net assets. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction.

Pledges are recognized as revenue in the period that a promise to give is considered unconditional in nature. Contributions expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value using a risk-adjusted discount rate of return. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

All government grants have been recognized as income when earned, either based on performance of certain milestones or by incurring expenses that can be reimbursed under the terms of the grant agreement. The difference between cash received and revenue recognized is reflected as government grants receivable or refundable advances.

d. Cash and Cash Equivalents

GO Project considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

e. Concentration of Credit Risk

Financial instruments, which potentially subject GO Project to concentration of credit risk, consist of cash and cash fund accounts with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. At year end, a significant portion of the funds was not insured; however, GO Project has not suffered losses from the default of any financial institution.

f. Allowance for Doubtful Accounts

GO Project reviews specific accounts and makes assessments as to the collectability based on historical experience and the age of the receivable. Based on this review, management has established an allowance for doubtful accounts of \$50,000 as of June 30, 2018 and 2017.

Once all collection efforts have been exhausted, an uncollected receivable is written-off. Write-offs of long-term pledges are considered losses of the temporarily restricted class of net assets while all others are considered bad debt expense.

g. Property and Equipment

Property and equipment that GO Project retains title to and which benefit future periods are capitalized at cost. Depreciation has been computed using the straight-line method over the estimated useful life of the assets.

h. Deferred Rent

GO Project recognizes rent expense on the straight-line method and records deferred rent for the cumulative amount that expenses exceed actual payments. In latter stages of the lease, deferred rent will be reduced as the amount of payments exceeds the expense recorded.

i. Donated Services

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided in-kind.

Board members and other individuals volunteer their time and perform a variety of tasks that assist GO Project. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

j. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of GO Project.

k. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

l. Accounting for Uncertainty of Income Taxes

GO Project does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending June 30, 2015 and later are subject to examination by applicable taxing authorities.

m. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should read in conjunction with GO Project's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

n. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through October 10, 2018, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date, through our evaluation date, that would require adjustment to or disclosure in the financial statements.

o. New Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the June 30, 2019 year, with early implementation permitted, focuses on improving the current net asset classification requirements and information presented in the financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows. In addition, under the ASU, not-for-profits will no longer be able to imply a time restriction over donor-restricted contributions of fixed assets.

FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU, which becomes effective for the June 30, 2020 year, with early implementation permitted, provides guidance on whether a receipt from a third-party resource provider should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the June 30, 2020 year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

In addition, FASB issued ASU No. 2016-02, *Leases*. The ASU, which becomes effective for the June 30, 2021 year, requires all leases to be reflected as assets and liabilities on the statement of financial position.

GO Project is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Unconditional Promises to Give

Unconditional promises to give are expected in the following periods:

Year ending:	June 30, 2019	\$445,852
	June 30, 2020	76,000
	June 30, 2021	41,000
	June 30, 2022	16,000
	June 30, 2023	<u>1,000</u>
		579,852
Allowance for doubtful accounts		(50,000)
Discount (1%)		<u>(3,000)</u>
Total		<u>\$526,852</u>

Note 4 - Fixed Assets

Fixed assets consist of the following:

	<u>6/30/18</u>	<u>6/30/17</u>	Estimated <u>Useful Life</u>
Furniture and fixtures	\$160,646	\$160,646	5 to 7 years
Computer equipment	<u>54,452</u>	<u>54,452</u>	3 years
	215,098	215,098	
Less: accumulated depreciation	<u>(178,570)</u>	<u>(149,385)</u>	
Net fixed assets	<u>\$36,528</u>	<u>\$65,713</u>	

Note 5 - Temporarily Restricted Net Assets

The following summarizes the changes in temporarily restricted net assets:

	June 30, 2018				Balance 6/30/18
	Balance 7/1/17	Contributions	Loss on Uncollectable Pledges	Released from Restrictions	
Program restrictions:					
GO Summer/GO School Programs	\$283,333	\$325,000	\$0	(\$350,000)	\$258,333
GO Middle Program	21,800	30,000	0	(30,000)	21,800
Capital Improvement	35,605	0	0	(13,075)	22,530
Other programs	<u>45,000</u>	<u>30,000</u>	<u>0</u>	<u>(71,785)</u>	<u>3,215</u>
Total program restrictions	<u>385,738</u>	<u>385,000</u>	<u>0</u>	<u>(464,860)</u>	<u>305,878</u>
Time restrictions:					
Growth campaign	<u>890,900</u>	<u>25,000</u>	<u>(100,000)</u>	<u>(367,100)</u>	<u>448,800</u>
Total time restrictions	<u>890,900</u>	<u>25,000</u>	<u>(100,000)</u>	<u>(367,100)</u>	<u>448,800</u>
Total	<u>\$1,276,638</u>	<u>\$410,000</u>	<u>(\$100,000)</u>	<u>(\$831,960)</u>	<u>\$754,678</u>

	June 30, 2017			
	Balance 7/1/16	Contributions	Released from Restrictions	Balance 6/30/17
Program restrictions:				
GO Summer/GO School Programs	\$308,333	\$350,000	(\$375,000)	\$283,333
GO Middle Program	21,800	30,000	(30,000)	21,800
Capital Improvement	48,680	0	(13,075)	35,605
Community Engagement	21,590	0	(21,590)	0
Other programs	<u>23,000</u>	<u>45,000</u>	<u>(23,000)</u>	<u>45,000</u>
Total program restrictions	<u>423,403</u>	<u>425,000</u>	<u>(462,665)</u>	<u>385,738</u>
Time restrictions:				
General	25,000	0	(25,000)	0
Growth campaign	<u>1,191,834</u>	<u>195,514</u>	<u>(496,448)</u>	<u>890,900</u>
Total time restrictions	<u>1,216,834</u>	<u>195,514</u>	<u>(521,448)</u>	<u>890,900</u>
Total	<u>\$1,640,237</u>	<u>\$620,514</u>	<u>(\$984,113)</u>	<u>\$1,276,638</u>

Note 6 - In-Kind Contributions

GO Project received in-kind program space that has been valued at \$174,000 and \$176,000 in 2018 and 2017 respectively. This has been allocated to program expenses in both 2018 and 2017.

Note 7 - Retirement Plan

GO Project offers all employees the option of participating in a 403(b) retirement plan whereby the employee can contribute pre-tax dollars up to statutory limits. Following one year of employment, GO Project will match the employee's contribution, up to a

maximum of 4% of the employee's salary. Retirement plan expenses were \$23,000 in 2018 and \$18,000 in 2017.

Note 8 - Special Events

GO Project held various fundraising events. Direct expenses of the event that benefited donors have been netted with income in the public support section, while other costs of the event have been shown as special events expense in the fundraising section of the statement of functional expenses.

A financial summary of the events is as follows:

	<u>June 30, 2018</u>		
	<u>Annual Benefit</u>	<u>Other Events</u>	<u>Total</u>
Gross revenue	\$1,458,073	\$151,420	\$1,609,493
Less: expenses with a direct benefit to donors	<u>(183,384)</u>	<u>(40,457)</u>	<u>(223,841)</u>
	1,274,689	110,963	1,385,652
Less: other event expenses	<u>(106,125)</u>	<u>(17,121)</u>	<u>(123,246)</u>
Net revenue	<u>\$1,168,564</u>	<u>\$93,842</u>	<u>\$1,262,406</u>
	<u>June 30, 2017</u>		
	<u>Annual Benefit</u>	<u>Other Events</u>	<u>Total</u>
Gross revenue	\$678,836	\$210,138	\$888,974
Less: expenses with a direct benefit to donors	<u>(51,096)</u>	<u>(51,584)</u>	<u>(102,680)</u>
	627,740	158,554	786,294
Less: other event expenses	<u>(59,677)</u>	<u>(21,357)</u>	<u>(81,034)</u>
Net revenue	<u>\$568,063</u>	<u>\$137,197</u>	<u>\$705,260</u>

Note 9 - Commitments

GO Project has a non-cancelable sub-lease for office space that expires October 31, 2023. Future minimum payments are as follows:

Year ending:	June 30, 2019	\$36,000
	June 30, 2020	36,000
	June 30, 2021	42,000
	June 30, 2022	45,000
	June 30, 2023	45,000
	June 30, 2024	<u>15,000</u>
Total		<u>\$219,000</u>