



THE GO PROJECT, INC.

Audited Financial Statements

June 30, 2019

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, 2019, 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

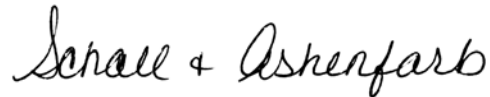
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The GO Project, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, GO Project adopted Accounting Standards Update ("ASU") No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited GO Project's 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 10, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 is consistent, in all material respects, with the audited financial statements from which it has been derived.



Schall & Ashenfarb
Certified Public Accountants, LLC

September 18, 2019

THE GO PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
AT JUNE 30, 2019
(With comparative totals at June 30, 2018)

	<u>6/30/19</u>	<u>6/30/18</u>
Assets		
Cash and cash equivalents	\$1,159,986	\$1,970,803
Investments (Note 3)	503,567	0
Unconditional promises to give (Note 4)	543,060	526,852
Government grants receivable	0	22,500
Prepaid expenses and other assets	83,195	37,338
Fixed assets, net (Note 5)	<u>24,813</u>	<u>36,528</u>
 Total assets	 <u>\$2,314,621</u>	 <u>\$2,594,021</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$60,834	\$40,329
Deferred revenue	56,840	3,311
Deferred rent	<u>23,100</u>	<u>22,200</u>
Total liabilities	<u>140,774</u>	<u>65,840</u>
Net assets:		
Without donor restrictions	1,710,624	1,773,503
With donor restrictions (Note 6)	<u>463,223</u>	<u>754,678</u>
Total net assets	<u>2,173,847</u>	<u>2,528,181</u>
 Total liabilities and net assets	 <u>\$2,314,621</u>	 <u>\$2,594,021</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, 2019
(With comparative totals for the year ended June 30, 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 6/30/19</u>	<u>Total 6/30/18</u>
Public support and revenue:				
Contributions	\$943,257	\$436,000	\$1,379,257	\$1,353,654
Government grants			0	41,593
Special events (net of expenses with a direct benefit to donors) (Note 9)	1,047,604		1,047,604	1,385,652
In-kind contributions (Note 7)	202,000		202,000	174,000
Program income	15,020		15,020	13,155
Interest and other income	8,000		8,000	862
Loss on uncollectable pledges			0	(100,000)
Net assets released from restrictions	727,455	(727,455)	0	0
Total public support and revenue	<u>2,943,336</u>	<u>(291,455)</u>	<u>2,651,881</u>	<u>2,868,916</u>
Expenses:				
Program services	<u>2,223,720</u>		<u>2,223,720</u>	<u>2,146,104</u>
Supporting services:				
Management and general	241,411		241,411	260,186
Fundraising	541,084		541,084	395,610
Total supporting services	<u>782,495</u>	<u>0</u>	<u>782,495</u>	<u>655,796</u>
Total expenses	<u>3,006,215</u>	<u>0</u>	<u>3,006,215</u>	<u>2,801,900</u>
Change in net assets	(62,879)	(291,455)	(354,334)	67,016
Net assets - beginning of year	<u>1,773,503</u>	<u>754,678</u>	<u>2,528,181</u>	<u>2,461,165</u>
Net assets - end of year	<u><u>\$1,710,624</u></u>	<u><u>\$463,223</u></u>	<u><u>\$2,173,847</u></u>	<u><u>\$2,528,181</u></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, 2019
(With comparative totals for the year ended June 30, 2018)

	Supporting Services			Total Supporting Services	Total Expenses 6/30/19	Total Expenses 6/30/18*
	Program Services	Management and General	Fundraising			
Salaries	\$1,512,476	\$142,613	\$324,952	\$467,565	\$1,980,041	\$1,742,086
Payroll taxes and benefits	199,831	18,842	42,933	61,775	261,606	266,446
Program expenses	109,249			0	109,249	153,742
Professional fees and consultants	28,461	45,671	2,027	47,698	76,159	92,082
Office expenses	60,096	5,668	12,912	18,580	78,676	71,213
Occupancy (including in-kind)(Note 7)	234,770	3,090	7,040	10,130	244,900	220,200
Information technology	15,932	1,933	10,678	12,611	28,543	28,420
Insurance	29,681	2,799	6,376	9,175	38,856	35,491
Staff development	16,621	729	1,658	2,387	19,008	22,339
Event expenses (Note 9)			311,887	311,887	311,887	347,087
Bad debt expense		18,500		18,500	18,500	17,450
Depreciation	16,603	1,566	3,567	5,133	21,736	29,185
Total expenses	2,223,720	241,411	724,030	965,441	3,189,161	3,025,741
Less: direct special event expenses netted with revenue			(182,946)	(182,946)	(182,946)	(223,841)
Total expenses for statement of activities	\$2,223,720	\$241,411	\$541,084	\$782,495	\$3,006,215	\$2,801,900

* - Reclassified for comparative purposes

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, 2019
(With comparative totals for the year ended June 30, 2018)

	<u>6/30/19</u>	<u>6/30/18</u>
Cash flows from operating activities:		
Change in net assets	(\$354,334)	\$67,016
Adjustments to reconcile change in net assets to net cash (used for)/provided by operating activities:		
Depreciation	21,736	29,185
Changes in assets and liabilities:		
Unconditional promises to give	(16,208)	755,550
Government grants receivable	22,500	(17,727)
Prepaid expenses and other assets	(45,857)	19,346
Accounts payable and accrued expenses	20,505	(24,047)
Deferred revenue	53,529	(1,235)
Deferred rent	900	4,200
Total adjustments	<u>57,105</u>	<u>765,272</u>
Net cash flows (used for)/provided by operating activities	<u>(297,229)</u>	<u>832,288</u>
Cash flows from investing activities:		
Purchases of fixed assets	(10,021)	0
Purchases of investments (including reinvested interest)	<u>(503,567)</u>	<u>0</u>
Net cash flows used for investing activities	<u>(513,588)</u>	<u>0</u>
Net (decrease)/increase in cash and cash equivalents	(810,817)	832,288
Cash and cash equivalents - beginning of year	<u>1,970,803</u>	<u>1,138,515</u>
Cash and cash equivalents - end of year	<u><u>\$1,159,986</u></u>	<u><u>\$1,970,803</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, 2019

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.

Effective July 1, 2018, Go Project adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14 – Not-for-Profit Entities (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities (ASU 2016-14)*. This standard addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 is the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets are now reported as net assets with donor restrictions. A footnote on liquidity has also been added (Note 11).

Implementation of ASU 2016-14 did not require any reclassification or restatement of opening balances related to the periods presented.

b. Basis of Presentation

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

- *Net Assets without Donor Restrictions* – represents all activity without donor-imposed restrictions. Included in this net asset class is a board designated operating reserve of \$896,000 at June 30, 2019.

- *Net Assets with Donor Restrictions* - represents contributions and the net residual of assets with donor-imposed restrictions that are expected to be satisfied by performing certain activities or through the passage of time.

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 net assets without donor restrictions. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions 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.

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, 2019 and 2018.

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

g. Investments

Investments are recorded at fair value, which refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

h. 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.

i. 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.

j. 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.

k. 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.

The following expenses were allocated using time and effort as the basis:

- Salaries

The following expenses were allocated using salary allocation as the basis:

- Payroll taxes and benefits
- Office expenses
- Occupancy
- Information technology
- Insurance
- Staff development
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

l. 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.

m. 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, 2016 and later are subject to examination by applicable taxing authorities.

n. 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, 2018, from which the summarized information was derived.

o. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through September 18, 2019, 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.

p. New Accounting Pronouncement

The Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (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, provides guidance on whether a receipt from a third-party resource provider should be accounted for as a contribution (nonreciprocal transaction) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transaction.

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.

FASB issued ASU No. 2016-02, *Leases*. The ASU which becomes effective for the June 30, 2021 year, requires the full obligation of long-term leases to be recorded as a liability with a corresponding "right to use asset" 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 - Investments

Accounting standards establish a fair value hierarchy giving the highest priority to quoted market prices and the lowest priority to unobservable data. The fair value hierarchy is categorized into three levels based on the inputs, as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that GO Project has the ability to access.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Investments at June 30, 2019 consist of certificates of deposit, which are considered level 2 securities. Level 2 securities are valued using observable market inputs for securities that are similar to those owned. These methods produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. The use of different methodologies or assumptions to determine the fair value or certain financial instruments could result in different fair value measurements.

Interest earned on the certificates of deposit is reported as income on the statement of activities.

Note 4 - Unconditional Promises to Give

Unconditional promises to give are expected in the following periods:

Year ending:	June 30, 2020	\$560,060
	June 30, 2021	25,000
	June 30, 2022	<u>10,000</u>
		595,060
Allowance for doubtful accounts		(50,000)
Discount (2%)		<u>(2,000)</u>
Total		<u>\$543,060</u>

Note 5 - Fixed Assets

Fixed assets consist of the following:

	<u>6/30/19</u>	<u>6/30/18</u>	Estimated Useful Life
Furniture and fixtures	\$166,200	\$160,646	5 to 7 years
Computer equipment	<u>58,919</u>	<u>54,452</u>	3 years
	225,119	215,098	
Less: accumulated depreciation	<u>(200,306)</u>	<u>(178,570)</u>	
Net fixed assets	<u>\$24,813</u>	<u>\$36,528</u>	

Note 6 - Net Assets With Donor Restrictions

The following summarizes the changes in net assets with donor restrictions:

<u>June 30, 2019</u>				
	<u>Balance</u> <u>7/1/18</u>	<u>Contributions</u>	<u>Released</u> <u>from</u> <u>Restrictions</u>	<u>Balance</u> <u>6/30/19</u>
Program restrictions:				
GO Summer/GO School Programs	\$258,333	\$300,000	(\$325,000)	\$233,333
GO Middle Program	21,800	30,000	(30,000)	21,800
Capital Improvement	22,530	0	(22,530)	0
Brooklyn Expansion	0	50,000	(15,000)	35,000
Other programs	<u>3,215</u>	<u>55,000</u>	<u>(13,125)</u>	<u>45,090</u>
Total program restrictions	<u>305,878</u>	<u>435,000</u>	<u>(405,655)</u>	<u>335,223</u>
Time restrictions:				
Growth campaign	<u>448,800</u>	<u>1,000</u>	<u>(321,800)</u>	<u>128,000</u>
Total time restrictions	<u>448,800</u>	<u>1,000</u>	<u>(321,800)</u>	<u>128,000</u>
Total	<u>\$754,678</u>	<u>\$436,000</u>	<u>(\$727,455)</u>	<u>\$463,223</u>

<u>June 30, 2018</u>					
	<u>Balance</u> <u>7/1/17</u>	<u>Contributions</u>	<u>Loss on</u> <u>Uncollectable</u> <u>Pledges</u>	<u>Released</u> <u>from</u> <u>Restrictions</u>	<u>Balance</u> <u>6/30/18</u>
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>

Note 7 - In-Kind Contributions

GO Project received in-kind program space that has been valued at \$202,000 and \$174,000 at June, 30 2019 and 2018, respectively. This has been allocated to program expenses at June 30, 2019 and 2018.

Note 8 - 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 at the year ended June 30, 2019 and 2018.

Note 9 - Special Events

GO Project held various fundraising events. A financial summary of the events is as follows:

	<u>June 30, 2019</u>		
	<u>Annual Benefit</u>	<u>Other Events</u>	<u>Total</u>
Gross revenue	\$1,114,741	\$115,809	\$1,230,550
Less: expenses with a direct benefit to donors	<u>(150,069)</u>	<u>(32,877)</u>	<u>(182,946)</u>
	964,672	82,932	1,047,604
Less: other event expenses	<u>(98,831)</u>	<u>(30,110)</u>	<u>(128,941)</u>
Net revenue	<u>\$865,841</u>	<u>\$52,822</u>	<u>\$918,663</u>
	<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>

Note 10 - 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, 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>\$183,000</u>

Note 11 - Availability and Liquidity

GO Project maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management, GO Project regularly monitors liquidity to meet its operating needs and attempts to maintain financial assets on hand to meet 60 days of operating expenses. GO Project operates its programs within a board approved budget and relies on contributions and special event income to fund its operations and program activities.

In addition, an operating cash reserve has been internally designated by the Board to support future operations. The reserve is funded with one third of cash received for the GO Capital Campaign and any other board designated amounts. At June 30, 2019, the board designated cash reserve balance was \$896,000. The cash reserve is held in cash and short-term investment accounts and is available for immediate general-purpose use with Board approval. These funds are considered available for general expenditures at June 30, 2019.

The following reflects the Organization's financial assets at June 30, 2019 that are available to meet cash needs for general expenditures within one year:

Financial assets at year-end:	
Cash and cash equivalents	\$1,159,986
Investments	503,567
Contributions receivable due within one year	<u>560,060</u>
 Total financial assets	 \$2,223,613
 Less amounts not available for general expenditures:	
Donor contributions restricted to specific purposes	<u>(335,223)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$1,888,390</u>