

PROJECT EXPLORATION

**Financial Statements
as of August 31, 2015
Together with Auditor's Report**



CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Project Exploration

We have audited the accompanying financial statements of Project Exploration, which comprise the statement of financial position as of August 31, 2015 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 misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity'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 aspects, the financial position of Project Exploration as of August 31, 2015 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.

Kopczyk & Scott CPAs

KOPCZYK & SCOTT CPAs

Chicago, Illinois
April 13, 2016

PROJECT EXPLORATION
STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2015

ASSETS	
Cash – Unrestricted	\$ 13,669
Cash – Restricted	
Accounts Receivable	34,640
Prepaid Expenses	1,151
Fixed Assets - Net	<u>1,255</u>
TOTAL ASSETS	<u>\$ 50,715</u>
LIABILITIES AND NET ASSETS	
LIABILITIES	
Note Payable	\$ 68,700
Accounts Payable	<u>19,375</u>
TOTAL LIABILITIES	<u>\$ 88,075</u>
NET ASSETS	
UNRESTRICTED NET ASSETS	\$ <37,360>
TEMPORARILY RESTRICTED	<u>0</u>
TOTAL NET ASSETS	<u>\$ <37,360></u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 50,715</u>

The accompanying notes are an integral part of these statements.

PROJECT EXPLORATION
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES			
Direct Public Support	\$ 341,503	\$ 0	\$ 341,503
Government Grants	37,477	0	37,477
Interest	7	0	7
Program Revenue	24,805	0	24,805
Donated Services and Facilities	98,028	0	98,028
Net Assets Released from Restrictions	<u>59,523</u>	<u><59,523></u>	<u>0</u>
TOTAL REVENUES	\$ <u>561,343</u>	\$ <u><59,523></u>	\$ <u>501,820</u>
OPERATING EXPENSES			
Program Services	\$ 398,077	\$ 0	\$ 398,077
Management and General	118,732	0	118,732
Fundraising	<u>72,574</u>	<u>0</u>	<u>72,574</u>
TOTAL OPERATING EXPENSES	\$ <u>589,383</u>	\$ <u>0</u>	\$ <u>589,383</u>
CHANGE IN NET ASSETS	\$ <u><28,040></u>	\$ <u><59,523></u>	\$ <u><87,563></u>
NET ASSETS			
BEGINNING OF YEAR	<u><9,320></u>	<u>59,523</u>	<u>50,203</u>
END OF YEAR	<u><u>\$ <u><37,360></u></u></u>	<u><u>\$ <u>0</u></u></u>	<u><u>\$ <u><37,360></u></u></u>

The accompanying notes are an integral part of these statements.

PROJECT EXPLORATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2015

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Grand Total</u>
Compensation and Benefits	\$ 283,919	\$ 39,533	\$ 35,939	\$ 359,391
Travel and Meals	13,577	186	4,836	18,599
Depreciation	754	84	0	838
Occupancy – Rent	8,000	1,000	1,000	10,000
Program Materials	10,760	1,361	247	12,368
Honorariums	9,107	0	0	9,107
Audit and Legal Fees	37,176	68,633	19,000	124,809
Printing	544	263	1,069	1,876
Telephone	612	121	73	806
Insurance	14,355	2,461	3,691	20,507
Promotional Items	126	0	84	210
Production and Lighting	103	0	68	171
Photography	10,898	222	0	11,120
Staff Development	106	475	475	1,056
Computer / Information Tech	2,206	1,134	2,962	6,302
Postage and Delivery	491	142	458	1,091
Office and General Expense	5,283	3,082	2,642	11,007
Special Events	<u>60</u>	<u>35</u>	<u>30</u>	<u>125</u>
TOTAL EXPENSES	<u>\$ 398,077</u>	<u>\$ 118,732</u>	<u>\$ 72,574</u>	<u>\$ 589,383</u>

The accompanying notes are an integral part of these statements.

PROJECT EXPLORATION
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	\$ <87,563>
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	838
Accounts Receivable	959
Prepaid Expenses	<575>
Accounts Payable	<16,680>
Fiscal Agent	<u><9,035></u>
Net Cash Provided <Used> by Operating Activities	<u>\$ <112,056></u>

CASH FLOWS FROM FINANCING ACTIVITIES:

Note Payable Repayments	<u>\$ <3,800></u>
Net Cash Provided <Used> by Financing Activities	<u>\$ <3,800></u>
Net Increase <Decrease> in Cash	<115,856>
Cash Balance – Beginning of Year	<u>129,525</u>
Cash Balance – End of Year	<u>\$ 13,669</u>

The accompanying notes are an integral part of these statements.

PROJECT EXPLORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1. NATURE OF ACTIVITIES

Project Exploration (PE) is a nonprofit science education organization whose mission is to make science and engineering accessible to traditionally overlooked communities – particularly minority youth and girls – through personalized experiences with science and scientists.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles for not-for-profit organizations.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent Events

The financial statements were available to be issued on April 13, 2016 with subsequent events being evaluated through this date.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PROJECT EXPLORATION
NOTES TO FINANCIAL STATEMENTS

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status

Project Exploration is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Project Exploration has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). There was no unrelated business income nor unrecognized tax benefits for the year ended August 31, 2015. Each of the Organization's prior three years remains subject to examination by the Internal Revenue Service.

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments which are readily available for current use. Bank accounts are insured by the FDIC up to \$250,000. At August 31, 2015, the Organization did not have bank accounts whose cash balances exceeded the FDIC insured limit.

Fixed Assets

Project Exploration follows the practice of capitalizing, at cost, all expenditures for fixed assets over \$1,000. Depreciation is computed on a straight-line basis over the useful lives of the assets generally as follows:

Office Equipment	5 Years
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NOTE 3. TEMPORARILY RESTRICTED NET ASSETS

There were no temporarily restricted assets at August 31, 2015.

NOTE 4. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Restricted contributions whose restrictions are met in the same accounting period as that in which they are received are reported as unrestricted support.

PROJECT EXPLORATION

NOTES TO FINANCIAL STATEMENTS

NOTE 5. DONATED SERVICES AND FACILITIES

The Organization receives donated services from a variety of unpaid volunteers assisting the Organization in its programs. However, these donated services are not reflected in the financial statements because they do not meet the criteria for recognition of such volunteer effort. Donated services, which include legal services, are reflected in the statement of activities at their fair value where they do meet the criteria for recognition. For the year ended August 31, 2015, the value of donated legal services amounted to \$ 85,676.

Effective September 1, 2013, the Organization entered into a formal lease agreement with the Board of Education of the City of Chicago that expired June 30, 2014. No new agreement has been signed as of August 31, 2015. PE has estimated that the fair market value of donated rent is \$10,000 per year.

NOTE 6. FIXED ASSETS

Office Equipment	\$ 17,685
Accumulated Depreciation	<u><16,430></u>
Total	<u>\$ 1,255</u>

NOTE 8. NOTE PAYABLE

PE signed a note dated September 18, 2013, due to Gerald A. Kolschowsky and Karen A. Kolschowsky, with a principal sum of \$75,000 and no interest. The balance at August 31, 2015 was \$68,700 and is to be repaid as follows:

October 15, 2015 – September 15, 2016	\$ 6,050
October 15, 2016 – September 15, 2017	10,400
October 15, 2017 – September 15, 2018	10,400
October 15, 2018 – September 15, 2019	10,400
October 15, 2019 – September 15, 2022	10,400
Thereafter	<u>21,050</u>
	<u>\$ 68,700</u>