PROJECT EXPLORATION

Financial Statements
as of August 31, 2017
Together with Auditor’s Report
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, 2017 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, 2017 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, OSHER, & SCOTT

Chicago, Illinois
July 6, 2018
PROJECT EXPLORATION

STATEMENT OF FINANCIAL POSITION

AS OF AUGUST 31, 2017

ASSETS

Cash – Unrestricted $ 6,100
Accounts Receivable 7,242
Grants Receivable 155,000
Prepaid Expenses 367

TOTAL ASSETS $ 168,709

LIABILITIES AND NET ASSETS

LIABILITIES

Note Payable $ 68,350
Accounts Payable 6,552

TOTAL LIABILITIES $ 74,902

NET ASSETS

UNRESTRICTED NET ASSETS $ 70,907
TEMPORARILY RESTRICTED 22,900

TOTAL NET ASSETS $ 93,807

TOTAL LIABILITIES AND NET ASSETS $ 168,709

The accompanying notes are an integral part of these statements.
## PROJECT EXPLORATION

### STATEMENT OF ACTIVITIES

**YEAR ENDED AUGUST 31, 2017**

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Public Support</td>
<td>$186,795</td>
<td>$72,900</td>
<td>$259,695</td>
</tr>
<tr>
<td>Government Grants</td>
<td>215,673</td>
<td>0</td>
<td>215,673</td>
</tr>
<tr>
<td>Interest</td>
<td>7</td>
<td>0</td>
<td>7</td>
</tr>
<tr>
<td>Program Revenue</td>
<td>750</td>
<td>0</td>
<td>750</td>
</tr>
<tr>
<td>Donated Services and Facilities</td>
<td>87,477</td>
<td>0</td>
<td>87,477</td>
</tr>
<tr>
<td>Miscellaneous Income</td>
<td>1,671</td>
<td>0</td>
<td>1,671</td>
</tr>
<tr>
<td>Net Assets Released from Restrictions</td>
<td>50,000</td>
<td>&lt;50,000&gt;</td>
<td>0</td>
</tr>
</tbody>
</table>

**TOTAL REVENUE**

- **Unrestricted**: $542,373
- **Temporarily Restricted**: $22,900
- **Total**: $565,273

### OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Expense Category</th>
<th>Unrestricted</th>
<th>Temporarily Restricted</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program Services</td>
<td>$339,938</td>
<td>0</td>
<td>$339,938</td>
</tr>
<tr>
<td>Management and General</td>
<td>80,135</td>
<td>0</td>
<td>80,135</td>
</tr>
<tr>
<td>Fundraising</td>
<td>48,120</td>
<td>0</td>
<td>48,120</td>
</tr>
</tbody>
</table>

**TOTAL OPERATING EXPENSES**

- **Unrestricted**: $468,193
- **Temporarily Restricted**: 0
- **Total**: $468,193

### CHANGE IN NET ASSETS

- **Unrestricted**: $74,180
- **Temporarily Restricted**: $22,900
- **Total**: $97,080

### NET ASSETS

**BEGINNING OF YEAR**

- **Unrestricted**: <3,273>
- **Temporarily Restricted**: 0
- **Total**: <3,273>

**END OF YEAR**

- **Unrestricted**: $70,907
- **Temporarily Restricted**: $22,900
- **Total**: $93,807

The accompanying notes are an integral part of these statements.
# PROJECT EXPLORATION

## STATEMENT OF FUNCTIONAL EXPENSES

**YEAR ENDED AUGUST 31, 2017**

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management &amp; General</th>
<th>Fundraising</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compensation and Benefits</td>
<td>$244,249</td>
<td>$14,367</td>
<td>$28,735</td>
<td>$287,351</td>
</tr>
<tr>
<td>Contractual Services</td>
<td>16,881</td>
<td>993</td>
<td>1,985</td>
<td>19,859</td>
</tr>
<tr>
<td>Travel and Meals</td>
<td>8,979</td>
<td>528</td>
<td>1,056</td>
<td>10,563</td>
</tr>
<tr>
<td>Depreciation</td>
<td>376</td>
<td>42</td>
<td>0</td>
<td>418</td>
</tr>
<tr>
<td>Occupancy – Rent</td>
<td>8,500</td>
<td>500</td>
<td>1,000</td>
<td>10,000</td>
</tr>
<tr>
<td>Program Materials</td>
<td>8,975</td>
<td>0</td>
<td>0</td>
<td>8,975</td>
</tr>
<tr>
<td>Honorariums</td>
<td>575</td>
<td>0</td>
<td>0</td>
<td>575</td>
</tr>
<tr>
<td>Audit and Accounting Fees</td>
<td>20,101</td>
<td>1,182</td>
<td>1,913</td>
<td>23,196</td>
</tr>
<tr>
<td>Printing, Promotion, and Photography</td>
<td>54</td>
<td>4</td>
<td>6</td>
<td>64</td>
</tr>
<tr>
<td>Telephone</td>
<td>776</td>
<td>46</td>
<td>91</td>
<td>913</td>
</tr>
<tr>
<td>Insurance</td>
<td>16,601</td>
<td>977</td>
<td>1,953</td>
<td>19,531</td>
</tr>
<tr>
<td>Legal expense</td>
<td>5,990</td>
<td>61,032</td>
<td>10,455</td>
<td>77,477</td>
</tr>
<tr>
<td>Staff Development</td>
<td>541</td>
<td>32</td>
<td>63</td>
<td>636</td>
</tr>
<tr>
<td>Computer / Information Tech</td>
<td>4,316</td>
<td>254</td>
<td>508</td>
<td>5,078</td>
</tr>
<tr>
<td>Postage and Delivery</td>
<td>71</td>
<td>4</td>
<td>8</td>
<td>83</td>
</tr>
<tr>
<td>Office and General Expense</td>
<td>2,953</td>
<td>174</td>
<td>347</td>
<td>3,474</td>
</tr>
</tbody>
</table>

**TOTAL EXPENSES**

|                          | $339,938         | $80,135              | $48,120     | $468,193    |

The accompanying notes are an integral part of these statements.
CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets $ 97,080

Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:

Depreciation 418
Accounts Receivable 63,567
Grants Receivables <155,000>
Prepaid Expenses 1,252
Accounts Payable <2,986>
Accrued Expenses <3,878>

Net Cash Provided <Used> by Operating Activities $ 453

CASH FLOWS FROM FINANCING ACTIVITIES:

Note Payable Proceeds $ <4,138>

Net Cash Provided <Used> by Financing Activities $ <4,138>

Net Increase <Decrease> in Cash <3,685>

Cash Balance – Beginning of Year 9,785

Cash Balance – End of Year $ 6,100

The accompanying notes are an integral part of these statements.
NOTE 1. NATURE OF ACTIVITIES

Project Exploration (PE) is a nonprofit science education organization whose mission is to create transformative learning opportunities for youth underrepresented in the sciences - particularly students of color and girls - by equipping them with the skills, practices, and mindset needed for a lifelong pursuit of learning.

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 July 6, 2018 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.
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, 2017. 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, 2017, 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:

<table>
<thead>
<tr>
<th>Asset</th>
<th>Useful Life</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Equipment</td>
<td>5 Years</td>
</tr>
</tbody>
</table>

NOTE 3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

<table>
<thead>
<tr>
<th>Foundation</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jack and Jill Foundation</td>
<td>$5,000</td>
</tr>
<tr>
<td>Chicago Community Foundation</td>
<td>$12,900</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$22,900</strong></td>
</tr>
</tbody>
</table>

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.
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, 2017, the value of donated legal services amounted to $77,477.

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, 2017. PE has estimated that the fair market value of donated rent is $10,000 per year.

NOTE 6. FIXED ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office Equipment</td>
<td>$17,685</td>
</tr>
<tr>
<td>Accumulated Depreciation</td>
<td>&lt;17,685&gt;</td>
</tr>
</tbody>
</table>

Total $0

NOTE 7. 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, 2017 was $68,350.