

**Community-Word Project, Inc.**

Financial Statements

Years Ended June 30, 2022 and 2021

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## Financial Statements

Years Ended June 30, 2022 and 2021

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## Independent Auditor's Report

Board of Directors  
Community-Word Project, Inc.  
New York, New York

### Opinion

We have audited the financial statements of Community-Word Project, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2022 and 2021, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 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 audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### Auditor's 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 GAAS 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 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 GAAS, 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 the Organization'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 the Organization'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.



Parsippany, New Jersey  
December 19, 2022

# Community-Word Project, Inc.

## Statements of Financial Position

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 650,911	\$ 970,455
Accounts receivable, net	210,563	232,626
Contributions receivable, net	145,708	-
Investments	443,894	266,971
Prepaid expenses and other assets	-	4,954
Total current assets	<u>1,451,076</u>	<u>1,475,006</u>
<b>PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION</b>	<u>54,398</u>	<u>11,681</u>
<b>SECURITY DEPOSITS</b>	<u>18,016</u>	<u>18,016</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 1,523,490</b></u>	<u><b>\$ 1,504,703</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 64,721	\$ 48,098
Total current liabilities	<u>64,721</u>	<u>48,098</u>
<b>LONG-TERM LIABILITIES</b>		
Deferred rent	-	6,474
Paycheck Protection Program ("PPP") loan payable	-	220,887
Total long-term liabilities	<u>-</u>	<u>227,361</u>
<b>NET ASSETS</b>		
Without donor restrictions	1,301,769	1,206,744
With donor restrictions	157,000	22,500
Total net assets	<u>1,458,769</u>	<u>1,229,244</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>\$ 1,523,490</b></u>	<u><b>\$ 1,504,703</b></u>

See accompanying Notes to Financial Statements.

# Community-Word Project, Inc.

## Statement of Activities

Year Ended June 30, 2022

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES</b>			
Government grants	\$ 167,850	\$ -	\$ 167,850
Contributions	1,013,531	315,000	1,328,531
Program fees	424,601	-	424,601
Special events	94,494	-	94,494
In-kind contributions	2,000	-	2,000
Net assets released from restrictions	180,500	(180,500)	-
Total support and revenue	<u>1,882,976</u>	<u>134,500</u>	<u>2,017,476</u>
<b>FUNCTIONAL EXPENSES</b>			
Program service expenses	1,274,970	-	1,274,970
General and administrative	212,207	-	212,207
Fundraising and development	269,401	-	269,401
Total functional expenses	<u>1,756,578</u>	<u>-</u>	<u>1,756,578</u>
<b>OTHER INCOME AND EXPENSES</b>			
Unrealized loss	(31,373)	-	(31,373)
<b>INCREASE IN NET ASSETS</b>	<b>95,025</b>	<b>134,500</b>	<b>229,525</b>
<b>NET ASSETS, <i>beginning of year</i></b>	<u>1,206,744</u>	<u>22,500</u>	<u>1,229,244</u>
<b>NET ASSETS, <i>end of year</i></b>	<u><b>\$ 1,301,769</b></u>	<u><b>\$ 157,000</b></u>	<u><b>\$ 1,458,769</b></u>

See accompanying Notes to Financial Statements.

# Community-Word Project, Inc.

## Statement of Activities

Year Ended June 30, 2021

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES</b>			
Government grants	\$ 236,612	\$ -	\$ 236,612
Contributions	1,289,876	22,500	1,312,376
Program fees	209,603	-	209,603
Special events	97,459	-	97,459
In-kind contributions	14,763	-	14,763
Net assets released from restrictions	143,554	(143,554)	-
Total support and revenue	<u>1,991,867</u>	<u>(121,054)</u>	<u>1,870,813</u>
<b>FUNCTIONAL EXPENSES</b>			
Program service expenses	1,104,846	-	1,104,846
General and administrative	131,394	-	131,394
Fundraising and development	294,937	-	294,937
Total functional expenses	<u>1,531,177</u>	<u>-</u>	<u>1,531,177</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>460,690</b>	<b>(121,054)</b>	<b>339,636</b>
<b>NET ASSETS, <i>beginning of year</i></b>	<u>746,054</u>	<u>143,554</u>	<u>889,608</u>
<b>NET ASSETS, <i>end of year</i></b>	<u><b>\$ 1,206,744</b></u>	<u><b>\$ 22,500</b></u>	<u><b>\$ 1,229,244</b></u>

See accompanying Notes to Financial Statements.

# Community-Word Project, Inc.

## Statement of Functional Expenses

Year Ended June 30, 2022

	<u>Program Service Expenses</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries	\$ 847,519	\$ 155,819	\$ 210,509	\$ 1,213,847
Payroll taxes and employee benefits	198,128	10,105	16,122	224,355
Conference and meetings	1,605	974	-	2,579
Rent	54,391	2,326	4,699	61,416
Insurance	4,239	2,398	345	6,982
Professional fees	60,528	23,589	13,029	97,146
Project supplies	43,455	266	18,914	62,635
Other supplies	316	1,078	26	1,420
Bank and other fees	7,383	2,781	600	10,764
Telephone and communication	16,357	701	1,331	18,389
Dues and subscriptions	20,226	1,153	2,352	23,731
Bad debt expense	-	7,500	-	7,500
Depreciation expense	14,929	639	1,215	16,783
Miscellaneous	5,894	2,878	259	9,031
	<u>\$ 1,274,970</u>	<u>\$ 212,207</u>	<u>\$ 269,401</u>	<u>\$ 1,756,578</u>

See accompanying Notes to Financial Statements.



# Community-Word Project, Inc.

## Statement of Functional Expenses

Year Ended June 30, 2021

	<u>Program Service Expenses</u>	<u>General and Administrative</u>	<u>Fundraising and Development</u>	<u>Total</u>
Salaries	\$ 731,418	\$ 73,709	\$ 225,973	\$ 1,031,100
Payroll taxes and employee benefits	189,331	8,567	16,277	214,175
Conference and meetings	719	2,139	237	3,095
Rent	55,170	2,496	4,743	62,409
Insurance	4,028	2,473	346	6,847
Professional fees	51,492	36,130	38,809	126,431
Project supplies	26,674	-	4,454	31,128
Other supplies	1,587	72	136	1,795
Bank and other fees	8,173	865	703	9,741
Telephone and communication	13,986	633	1,202	15,821
Dues and subscriptions	9,302	405	987	10,694
Bad debt expense	-	3,200	-	3,200
Depreciation expense	3,688	167	317	4,172
Miscellaneous	9,278	538	753	10,569
	<u>\$ 1,104,846</u>	<u>\$ 131,394</u>	<u>\$ 294,937</u>	<u>\$ 1,531,177</u>

See accompanying Notes to Financial Statements.

# Community-Word Project, Inc.

## Statements of Cash Flows

	<b>Years Ended June 30,</b>	
	<b>2022</b>	<b>2021</b>
<b>CASH FLOWS PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>		
Increase in net assets	\$ 229,525	\$ 339,636
Adjustments to reconcile increase in net assets to net cash provided by (used for) operating activities		
Deferred rent - straight line adjustment	(6,474)	1,594
Depreciation and amortization	16,783	4,172
Bad debt expense	7,500	3,200
Forgiveness of PPP loan payable	(220,887)	(220,887)
(Increase) decrease in assets		
Accounts and contributions receivable	(131,145)	42,953
Prepaid expenses	4,954	-
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	16,623	(7,533)
	<b>(83,121)</b>	<b>163,135</b>
<b>CASH FLOWS PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>		
Re-invested interest	(176,923)	(6,113)
Purchase of equipment	(59,500)	(11,742)
	<b>(236,423)</b>	<b>(17,855)</b>
<b>CASH FLOWS PROVIDED BY (USED FOR) FINANCING ACTIVITIES</b>		
Proceeds from PPP loan payable	-	220,887
	-	<b>220,887</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(319,544)</b>	<b>366,167</b>
<b>CASH AND CASH EQUIVALENTS, <i>beginning of year</i></b>	<b>970,455</b>	<b>604,288</b>
<b>CASH AND CASH EQUIVALENTS, <i>end of year</i></b>	<b>\$ 650,911</b>	<b>\$ 970,455</b>

See accompanying Notes to Financial Statements.

# Community-Word Project, Inc.

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021

### Note 1 - Summary of Significant Accounting Policies

#### *a. Nature of Business*

Community-Word Project, Inc. (“CWP” or the “Organization”) is located in New York, NY and was founded in July 1997 as a fiscal conduit and became its own 501(c)(3) in July of 2000, to promote the use of creative writing and arts methods to develop and expand literacy, communication, and technological skills of at-risk youth, as well as to foster their self-esteem and leadership skills.

#### *b. Basis of Presentation and Use of Estimates*

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), which 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. Accordingly, actual results could differ from those estimates.

#### *c. Net Asset Presentation*

In accordance with Accounting Standards Codification (“ASC”) Topic 958, *Not-for-Profit Entities*, net assets, revenues, gains, and losses are presented based upon the existence or absence of donor-imposed restrictions. Accordingly, the net assets of CWP and the changes therein are classified and reported as follows:

1. Without donor restrictions - This class consists of net assets that are not restricted by donor-imposed stipulations and available for use in general operations, including net assets that have been designated by management or the Board of Trustees for expenditure on specific purposes or projects.
2. With donor restrictions - This class consists of net assets resulting from contributions and other inflows of assets whose use by CWP is limited by donor-imposed stipulations. Some donor-imposed stipulations are temporary in nature, such as those that are met by the passage of time or can be fulfilled and removed by actions of CWP. Other donor-imposed stipulations are perpetual in nature, where the assets must be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose has been fulfilled, or both.

#### *d. Cash and Cash Equivalents*

The Organization considers all short-term, highly liquid investments with maturities of three months or less to be cash equivalents.

#### *e. Investments*

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based on quoted prices in active markets (national securities exchanges) for identical assets, with gains and losses included in the statements of activities.

# Community-Word Project, Inc.

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021

### Note 1 - Summary of Significant Accounting Policies - Continued

#### *e. Investments - Continued*

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment income (loss) includes the Organization's gains and losses of investments bought and sold as well as held during the year.

#### *f. Accounts and Contributions Receivable*

Accounts receivable consist of grant receivables, unconditional promises to give, and program fees due to the Organization. Unconditional promise to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, estimated using present value technique. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are reached. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

#### *g. Allowance for Uncollectible Receivables*

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis, and any specific known troubled accounts.

#### *h. Equipment*

Equipment is stated at cost or fair value at date of donation, with respect to donated items, less accumulated depreciation. Purchases of property and equipment with a cost in excess of \$1,000 and an estimated useful life exceeding two years are capitalized. Depreciation is calculated using the straight-line method based upon an estimated life of five years. Gains and losses resulting from the retirement of fixed assets are included within unrestricted net assets in the statements of activities.

#### *i. Board Designated Net Assets*

Included in net assets without donor restriction as of June 30, 2022, and 2021 are \$443,894 and \$266,971, respectively, of board designated net assets which have been designated for general use at the discretion of the board.

#### *j. Revenue and Support Recognition*

The Organization derives its revenue and other support from grants and program service fees. Additionally, the Organization receives support from fundraising activities, such as special events and contributions. Under ASC Topic 606, revenue is recognized when performance obligations to a customer are satisfied, and revenue is earned. The Organization also applies the guidance under Topic 958 - *Non-Profit Entities* to recognize support received that is not subject to revenue recognition under ASC Topic 606.

# Community-Word Project, Inc.

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021

### Note 1 - Summary of Significant Accounting Policies - Continued

#### *j. Revenue and Support Recognition - Continued*

##### Program fees

Program fees are recognized in accordance with ASC Topic 606, whereas the Organization has contracts with schools to provide approved services (performance obligations) to students. The Organization recognizes revenue in the period in which obligations to provide services are satisfied. As services are provided to consumers, CWP recognizes revenue, resulting in revenue recognized over time.

##### Fundraising

Fundraising revenue is comprised of payments received from third parties (individuals, corporations, and foundations) to support and/or attend fundraising events. The amount paid by individuals, corporations, and foundations that is above the value of goods or services received is considered a contribution. Fundraising revenue follows guidance under ASC 958 and is recognized at the time the fundraising event occurs.

##### Contributions

Contributions received and unconditional promises to give are measured at their fair market values and are reported as an increase in net assets. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the 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 restrictions. It is CWP's policy to report as unrestricted support contributions with donor-imposed restrictions when these restrictions are met in the same year that the contributions are received.

Gifts of goods and equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. In the absence of explicit donor stipulations about how long those long-lived assets must be maintained, CWP reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Organization recognizes in-kind services in accordance with applicable accounting standards if the services received (a) create or enhance non-financial assets or (b) require specialized skills, and are provided by individuals possessing those skills, and will typically need to be purchased if not provided by donation (see Note 11).

#### *k. Special Events*

Revenues and expenses incurred relative to special events are recognized upon occurrence of the respective event. Revenues are shown net of costs of direct benefits to donors. The costs of direct benefits to donors were \$15,328 and \$0 for the years ended June 30, 2022 and 2021.

# Community-Word Project, Inc.

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021

### Note 1 - Summary of Significant Accounting Policies - Continued

#### *l. Functional Allocation of Expenses*

Expenses by function have been allocated among program and supporting service classifications based on direct expenditures incurred. Any expenditures not directly chargeable (indirect expenses) are allocated on the basis of time records and on estimates made by the Organization's management.

#### *m. Income Taxes*

CWP is exempt from federal and state income taxes under the Internal Revenue Code, Section 501(c)(3). Accordingly, no provision for income taxes has been reflected in the accompanying financial statements.

CWP recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that CWP has no uncertain tax positions that would require financial statement recognition or disclosure.

#### *n. Newly Adopted Accounting Pronouncements*

In September 2020, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires a not-for-profit organization to provide additional disclosures on the contributed nonfinancial assets with the intent to improve transparency in the reporting of contributed nonfinancial assets. The standard was adopted for fiscal year ended June 30, 2022. The adoption of the standard did not materially impact the financial statements.

#### *o. Pending Accounting Pronouncements*

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which sets out the principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e., lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification.

Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases, and operating leases. The standard is effective for fiscal years beginning after December 15, 2022, with early adoption permitted. CWP is still evaluating the potential effect of this new guidance.

# Community-Word Project, Inc.

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021

### Note 1 - Summary of Significant Accounting Policies - Continued

*p. Subsequent Events*

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which is December 19, 2022.

### Note 2 - Liquidity and Availability

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include funds restricted for program use and amounts that are perpetually restricted in nature.

	June 30,	
	2022	2021
Financial assets, at year end	\$ 1,305,368	\$ 1,470,052
Less those unavailable for general expenditures within one year, due to		
Restricted by donor with purpose restrictions for programs	157,000	22,500
Board designated investment in deferred annuity	443,894	266,971
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 704,474</u>	<u>\$ 1,180,581</u>

The Organization's practice is to manage financial assets to be available for its general expenditures, liabilities, and other obligations. In the event of unanticipated liquidity need, the Organization could also draw upon its available uncollateralized revolving demand note with TD Bank (see Note 8).

### Note 3 - Fair Value Measurement

CWP reports its fair value measurements using a fair value hierarchy defined by U.S. GAAP that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted 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 U.S. GAAP are:

Level 1: Quoted prices for identical assets and liabilities traded in active exchange markets, such as the New York Stock Exchange.

Level 2: Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.

Level 3: Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

# Community-Word Project, Inc.

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021

### Note 3 - Fair Value Measurement - Continued

The following is a description of the valuation methodologies used for assets measured at fair value:

Single modified annuity: The Organization invested in an annuity whereby it can earn between 1.6% to 3.0% interest for the next five years. The Organization at any time can liquidate the annuity subject to penalty.

Fair values of assets measured are summarized below:

	June 30, 2022			
	Total	Level 1	Level 2	Level 3
Single modified annuity	\$ 274,691	\$ -	\$ 274,691	\$ -
Total investments	\$ 274,691	\$ -	\$ 274,691	\$ -
	June 30, 2021			
	Total	Level 1	Level 2	Level 3
Single modified annuity	\$ 266,971	\$ -	\$ 266,971	\$ -
Total investments	\$ 266,971	\$ -	\$ 266,971	\$ -

### Note 4 - Concentration of Credit Risk

Financial instruments that potentially subject CWP to significant concentrations of credit risk consist of cash and cash equivalents on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit.

### Note 5 - Contributions Receivable

Contributions receivable that are expected to be collected within one year are recorded at their net realizable value. Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates average 2.99% for the year ended June 30, 2022.

Contributions are expected to be collected, as of June 30, 2022, are as follows:

One year or less	\$ 75,000
Long-term contribution	75,000
	<hr/>
	150,000
Less discount on contributions receivable	4,292
	<hr/>
	\$ 145,708



# Community-Word Project, Inc.

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021

### Note 6 - Equipment

Property and equipment are comprised of the following:

	June 30,	
	2022	2021
Computer equipment	\$ 22,254	\$ 39,451
Software	59,500	-
Less accumulated depreciation	27,356	27,770
Equipment, net	<u>\$ 54,398</u>	<u>\$ 11,681</u>

### Note 7 - Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, are restricted for the following purposes:

	June 30,	
	2022	2021
Time restriction - Pierre and Tana Matisse Foundation	\$ 150,000	\$ -
Evaluation Protocol Development	7,000	20,000
Collaborative Arts Residency and TAP	-	2,500
	<u>\$ 157,000</u>	<u>\$ 22,500</u>

Net assets released from restrictions were as follows:

	Years Ended June 30,	
	2022	2021
Time restriction	<u>\$ 180,500</u>	<u>\$ 143,554</u>

### Note 8 - Revolving Demand Note

CWP has a \$150,000 uncollateralized revolving demand note with TD Bank. The note carries an interest rate of prime plus .74% and is payable on demand. There was no outstanding balance as of June 30, 2022 or 2021.

### Note 9 - Paycheck Protection Program ("PPP") Loan Payable

On May 1, 2020, the Organization was granted a loan from TD Bank, N.A. in the aggregate amount of \$220,887, pursuant to the PPP first draw (the "PPP1") under division A, Title I of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, which was enacted March 27, 2020.

On February 24, 2021, the Organization was granted a loan from TD Bank, N.A. in the aggregate amount of \$220,887, pursuant to the PPP second draw (the "PPP2") under Section 311 of the Economic Aid to Hard-Hi Small Businesses Act (the "Economic Aid Act") which was signed into law on December 27, 2020 and is part of the original CARES Act, which was enacted March 27, 2020.

# Community-Word Project, Inc.

## Notes to Financial Statements

Years Ended June 30, 2022 and 2021

### Note 9 - Paycheck Protection Program (“PPP”) Loan Payable - Continued

The loans are in the form of notes dated May 1, 2020 and February 24, 2021 issued by the borrower and mature on May 1, 2022 and February 24, 2026, respectively, and bear interest at a rate of 1% per annum. Pursuant to the CARES Act and the subsequent update under the PPP Flexibility Act of 2020 (“Flexibility Act”), the Organization has a period of ten months after the end of the loan forgiveness covered period to apply for forgiveness. In accordance with the Flexibility Act, the Organization elected the 24-week loan forgiveness covered period which begins on the date the lender disbursed the PPP funds. Payments of principal and interest on the loan are deferred during the ten-month period.

As of June 30, 2020, the Organization initially recorded PPP1 in the amount of \$220,887 as debt. The Organization received full forgiveness on PPP1 as of June 30, 2021, and therefore recorded the entire amount as income in the statement of activities.

As of June 30, 2021 the Organization initially recorded PPP2 in the amount of \$220,887 as debt. The Organization received full forgiveness on PPP2 as of June 30, 2022, and therefore has recorded the entire amount as income in the statement of activities.

### Note 10 - Contributions

CWP received contributions from various resources as follows:

	Years Ended June 30,	
	2022	2021
Foundations	\$ 738,093	\$ 727,728
Individuals	209,934	214,124
Corporations/corporate foundations	380,504	370,524
	<u>\$ 1,328,531</u>	<u>\$ 1,312,376</u>

### Note 11 - Nonfinancial Assets Contributed

The Organization records the value of donated specialized services based upon the fair market value at the date of donation. Voluntary donations of goods and services are recorded when those goods or services create or enhance nonfinancial assets or require specialized skills provided by donors possessing those skills and which would typically be purchased if not provided by donation. The Organization recorded in-kind design consultant services of \$2,000 and in-kind legal fees of \$14,763 for the years ended June 30, 2022 and 2021, respectively, which are included in both revenue and expense.

### Note 12 - Rental Commitments

CWP leases office space in New York City. Pursuant to an operating lease, the original office lease matured on August 31, 2022 and the Organization amended lease to extend an additional six months. The operating lease now expires on February 28, 2023.

# **Community-Word Project, Inc.**

## **Notes to Financial Statements**

**Years Ended June 30, 2022 and 2021**

### **Note 12 - Rental Commitments - Continued**

Future minimum payment under the operating lease agreement at June 30, 2022 is \$29,038 for fiscal year ending June 30, 2023. The Organization continues to seek other opportunities for office space once this current lease expires.

### **Note 13 - Risk and Uncertainty**

The Organization's continuing operations have been affected by the recent and ongoing outbreak of the coronavirus ("COVID-19") which was declared a pandemic by the World Health Organization in March 2020. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The COVID-19 and the actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including New York City, where the Organization operates and where the virus hit early and extremely hard in 2020. In 2021 and 2022, the Organization's programs transferred onto virtual platforms. The Organization received emergency grants which provided some relief from the pandemic. However, as COVID-19 and its virus variants are still impacting many regions of the country, there is still uncertainty regarding the future impact on the Organization's programming and finances.