



The Nora Project

Financial Statements
Years Ended
June 30, 2021 and 2020

Sassetti



CERTIFIED PUBLIC ACCOUNTANTS

THE NORA PROJECT
FINANCIAL STATEMENTS
JUNE 30, 2021 AND 2020

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The Board of Directors
The Nora Project
Highland Park, Illinois

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of **THE NORA PROJECT** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion to these financial statements based on our audits. We conducted our audits 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 whether the financial statements are free of 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 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 controls. 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 NORA PROJECT** as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended is in accordance with accounting principles generally accepted in the United States of America.

Sassetti LLC

October 20, 2021
Oak Park, Illinois

THE NORA PROJECT
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

| | 2021 | | 2020 | |
|-------------------------------------|-------------------------------|----------------------------|-------------------------------|----------------------------|
| | Without Donor Restrictions | With Donor Restrictions | Without Donor Restrictions | With Donor Restrictions |
| | Total | | Total | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 580,741 | \$ 10,380 | \$ 591,121 | \$ 7,500 |
| Investments | 98,367 | - | 98,367 | - |
| Pledges and program fees receivable | 2,210 | 11,000 | 13,210 | 28,000 |
| Prepaid expenses | 35,761 | - | 35,761 | - |
| Inventory | 4,973 | - | 4,973 | - |
| Total Assets | <u>\$ 722,052</u> | <u>\$ 21,380</u> | <u>\$ 743,432</u> | <u>\$ 35,500</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 10,353 | - | \$ 10,353 | \$ 6,316 |
| Accrued expenses | 24 | - | 24 | - |
| Paycheck Protection Program loan | - | - | - | - |
| Deferred revenue | 30,277 | - | 30,277 | - |
| Total Liabilities | <u>40,654</u> | <u>-</u> | <u>40,654</u> | <u>-</u> |
| NET ASSETS | | | | |
| Without donor restrictions | 681,398 | - | 681,398 | - |
| With donor restrictions | - | 21,380 | 21,380 | 35,500 |
| Total Net Assets | <u>681,398</u> | <u>21,380</u> | <u>702,778</u> | <u>35,500</u> |
| Total Liabilities and Net Assets | <u>\$ 722,052</u> | <u>\$ 21,380</u> | <u>\$ 743,432</u> | <u>\$ 35,500</u> |

The accompanying notes are an integral part of these financial statements.

THE NORA PROJECT
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2021 AND 2020

| | 2021 | | 2020 | | | |
|--|-------------------------------|----------------------------|------------|-------------------------------|----------------------------|------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| PUBLIC SUPPORT AND REVENUE | | | | | | |
| Direct public support | \$ 401,023 | \$ 33,500 | \$ 434,523 | \$ 427,396 | \$ 7,500 | \$ 434,896 |
| Fundraising and events | 417,744 | - | 417,744 | 328,096 | - | 328,096 |
| Program fees | 53,318 | - | 53,318 | - | - | - |
| Investment income, net | 1,035 | - | 1,035 | 3,270 | - | 3,270 |
| Realized and unrealized gains on investments | 8,138 | - | 8,138 | 1,075 | - | 1,075 |
| Merchandise sales | 2,904 | - | 2,904 | 450 | - | 450 |
| Paycheck Protection Program Grant | 56,380 | - | 56,380 | - | - | - |
| Net assets released from restrictions | 47,620 | (47,620) | - | 99,755 | (99,755) | - |
| Total Public Support and Revenues | 988,162 | (14,120) | 974,042 | 860,042 | (92,255) | 767,787 |
| FUNCTIONAL EXPENSES | | | | | | |
| Program services | 551,580 | - | 551,580 | 543,748 | - | 543,748 |
| Administrative and general | 115,832 | - | 115,832 | 94,271 | - | 94,271 |
| Fundraising | 146,348 | - | 146,348 | 90,983 | - | 90,983 |
| Total Expenses | 813,760 | - | 813,760 | 729,002 | - | 729,002 |
| CHANGE IN NET ASSETS | | | | | | |
| | 174,402 | (14,120) | 160,282 | 131,040 | (92,255) | 38,785 |
| NET ASSETS | | | | | | |
| Beginning of year | 506,996 | 35,500 | 542,496 | 375,956 | 127,755 | 503,711 |
| End of year | \$ 681,398 | \$ 21,380 | \$ 702,778 | \$ 506,996 | \$ 35,500 | \$ 542,496 |

The accompanying notes are an integral part of these financial statements.

THE NORA PROJECT
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2021 AND 2020

| | 2021 | | | 2020 | | | | |
|---------------------------|-------------------|----------------------------|-------------------|-------------------|-------------------|----------------------------|------------------|-------------------|
| | Program Services | Administrative and General | Fundraising | Totals | Program Services | Administrative and General | Fundraising | Totals |
| Salaries and wages | \$ 264,876 | \$ 39,097 | \$ 53,057 | \$ 357,030 | \$ 225,981 | \$ 28,781 | \$ 25,661 | \$ 280,423 |
| Payroll taxes | 20,009 | 2,726 | 3,849 | 26,584 | 16,443 | 2,126 | 1,935 | 20,504 |
| Accounting and audit fees | - | 35,191 | - | 35,191 | - | 33,097 | - | 33,097 |
| Advertising | - | - | 1,399 | 1,399 | - | - | 458 | 458 |
| Conferences and meetings | 35,256 | - | - | 35,256 | 48,652 | - | - | 48,652 |
| Consultants | 39,575 | 15,130 | - | 54,705 | 63,410 | 15,000 | - | 78,410 |
| Education and outreach | 62,098 | - | - | 62,098 | 66,482 | - | - | 66,482 |
| Information technology | 13,280 | - | 902 | 14,182 | 7,888 | - | - | 7,888 |
| Insurance | 58,559 | 9,560 | 15,017 | 83,136 | 45,320 | 6,031 | 5,779 | 57,130 |
| Legal fees | - | 388 | - | 388 | - | - | - | - |
| Payroll processing | - | 10,019 | - | 10,019 | - | 6,539 | - | 6,539 |
| Project leader fees | 37,250 | - | - | 37,250 | 60,159 | - | - | 60,159 |
| Retirement plan | 4,781 | 802 | 977 | 6,560 | 1,092 | 169 | 253 | 1,514 |
| Transaction fees | 1,329 | 289 | 9,596 | 11,214 | - | 71 | 4,440 | 4,511 |
| Special events | 3,897 | - | 43,790 | 47,687 | 2,381 | - | 26,693 | 29,074 |
| Subscriptions | - | - | 15,032 | 15,032 | - | - | 20,984 | 20,984 |
| Office supplies | - | 191 | - | 191 | - | 414 | - | 414 |
| Miscellaneous | 10,670 | 2,439 | 2,729 | 15,838 | 5,940 | 2,043 | 4,780 | 12,763 |
| Total Expenses | \$ 551,580 | \$ 115,832 | \$ 146,348 | \$ 813,760 | \$ 543,748 | \$ 94,271 | \$ 90,983 | \$ 729,002 |

The accompanying notes are an integral part of these financial statements.

THE NORA PROJECT
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

| | 2021 | 2020 |
|---|------------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 160,282 | \$ 38,785 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Forgiveness of Paycheck Protection Program loan | (56,380) | - |
| Donated marketable securities | (15,887) | (11,171) |
| Realized and unrealized gains on investment, net | (8,138) | (1,075) |
| (Increase)/decrease in: | | |
| Pledges receivable | 14,790 | 5,000 |
| Prepaid expenses | (14,884) | (13,683) |
| Inventory | (3,837) | (1,136) |
| (Decrease)/increase in: | | |
| Accounts payable | 4,037 | (8,296) |
| Accrued expenses | 24 | - |
| Deferred revenue | 25,842 | 4,435 |
| Net Cash Provided By Operating Activities | 105,849 | 12,859 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of investments | (11) | (1,237,963) |
| Sales of securities | 124,203 | 1,194,125 |
| Net Cash Provided by (Used In) Investing Activities | 124,192 | (43,838) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from note payable | - | 56,380 |
| Net Cash Provided By Financing Activities | - | 56,380 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 230,041 | 25,401 |
| CASH AND CASH EQUIVALENTS | | |
| Beginning of year | 361,080 | 335,679 |
| End of year | \$ 591,121 | \$ 361,080 |
| Cash paid for: | | |
| Interest | \$ - | \$ - |
| Taxes | \$ - | \$ - |

The accompanying notes are an integral part of these financial statements.

THE NORA PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

1. NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Nora Project (the Organization) is an Illinois not-for-profit corporation. The Nora Project trains and coaches educators and offers a suite of SEL programs that dive deeply into the concepts of empathy and inclusion, explicitly addressing disability and difference as a part of human diversity. The Organization serves schools primarily in the Chicagoland area and is expanding throughout the United States. The Organization is supported by grants and donations from its members and by the general public through various fundraising events.

Basis of Presentation - The accompanying financial statements are prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

Classification of Net Assets - Net assets of the Organization are classified as with or without donor restrictions depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion.

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions. The Organization reports gifts of cash or other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is fulfilled, the net assets are reclassified as net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as without donor restriction.

Revenue Recognition – The Organization generally measures exchange revenue based on the amount of consideration the Foundation expects to be entitled for the transfer of goods or services to a customer, then recognizes this revenue when or as the Organization satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Organization evaluates its revenue contracts with customers (i.e. earned revenue) based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

THE NORA PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

The Organization considers a contribution conditional if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Contributed income may include gifts of cash, collection items, or promises to give. Contributions of assets other than cash are reported at their estimated fair value in the period received. Contributed income that must be used to acquire long-lived assets are recorded as contributions with donor restrictions and grants until the assets are acquired and placed in service.

Fundraising and events income is recognized at the date of the event. Program fees revenue are recognized when the services are provided. Merchandise sales are recognized at the time of the sale. Investment return, including realized and unrealized gains and (losses), is reflected in the statement of activities and changes in net assets as an increase (decrease) in net assets.

Public Support and Revenue - Donations are generally available for unrestricted use in the related year unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. No allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year-end.

Grants and other contributions of cash and other assets are reported as donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided but donation, are recorded at their fair values in net period received.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. No cash payments were made for interest or income taxes.

Grants and Pledges Receivable - Unconditional promises to give are recorded in the year the promises are made, either without donor restriction, or with donor restriction for future periods.

THE NORA PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

The Organization believes that its pledges receivable are fully collectible at June 30, 2021. All pledges are expected to be realized in fiscal year 2022.

Investments - Investments are reported at fair market value determined at the end of each reporting period. Donated investments are recorded at the fair value as of the date of contribution. Unrealized gains and losses are included in the accompanying statements of activities.

Functional Allocation of Expenses – The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates of time and effort. Expenses allocated include salaries, payroll taxes and insurance.

Income Taxes - The Organization is exempt from federal income taxes under the provisions of the Internal Revenue Code Section 501(c)(3). However, exempt organizations may be subject to unrelated business income taxes when an organization generates revenues from activities which are unrelated to the exempt purpose of the organization. Management does not believe the Organization is subject to any unrelated business income tax. The Organization's Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they are filed.

2. DISAGGREGATED REVENUE

The following table shows the Organization's revenue disaggregated according to the timing of the transfer of goods and services for the years ending June 30:

| | 2021 | 2020 |
|---|------------|------------|
| Revenue recognized at a point in time | | |
| Program fees | \$ 53,318 | \$ - |
| Fundraising and events | 417,744 | 328,096 |
| Merchandise sales | 2,904 | 450 |
| Total revenue recognized at a point in time | \$ 473,966 | \$ 328,546 |

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

THE NORA PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

Investment income consists of the following components for the year ended June 30:

| | 2021 | 2020 |
|------------------------------|----------|----------|
| Dividend and interest income | \$ 1,035 | \$ 3,419 |
| Unrealized gains | 8,138 | 1,075 |
| Investment expenses | - | (149) |
| Total Investment income, net | \$ 9,173 | \$ 4,345 |

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value focuses on the price that would be received to sell the asset or paid to transfer the liability regardless of whether an observable liquid market price existed (an exit price). An exit price valuation will include margins for risk even if they are not observable. As the Organization is released from risk, the margins for risk will also be released through net realized gains (losses) in net income (loss). The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

- Level 1 Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2 Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include the use of option pricing models, discounted cash flow models and similar techniques. The results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There are no changes in the valuation of methodologies used at June 30, 2021 and 2020.

THE NORA PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

Fair values of assets measured on a recurring basis are as follows:

| | Fair Value Measurements at June 30, 2021 | | | |
|--------------------------|--|---------|---------|-----------|
| | Level 1 | Level 2 | Level 3 | Total |
| U.S. Treasury securities | \$ 98,367 | \$ - | \$ - | \$ 98,367 |

| | Fair Value Measurements at June 30, 2020 | | | |
|--------------------------|--|---------|---------|------------|
| | Level 1 | Level 2 | Level 3 | Total |
| U.S. Treasury securities | \$ 198,534 | \$ - | \$ - | \$ 198,534 |

4. CONCENTRATIONS

The Organization maintains its cash and investment accounts at various financial institutions. The balances may, at times, exceed federally insured limits.

5. PAYCHECK PROTECTION PROGRAM

On April 7, 2020, the Organization entered into a loan agreement with a commercial bank for \$56,380, pursuant to the Paycheck Protection Program (the “PPP”) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted March 27, 2020. The application for these funds required the Company in good faith to certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Organization. Under the terms of the PPP loan, the Organization was eligible for full or partial loan forgiveness. The Organization was granted forgiveness for this loan on May 6, 2021 and the amount of \$56,380 is included in the Statements of Activities as Paycheck Protection Program grant income for the year ended June 30, 2021.

6. RETIREMENT PLAN

The Organization maintains a 401(k) plan that covers full-time employees. The Organization made discretionary matching contributions of up to 1% of employee wages. The Organization contributed \$6,560 and \$1,514 for the year ended June 30, 2021 and 2020, respectively.

7. NET ASSETS WITH DONOR RESTRICTIONS

The Organization’s donor restricted net assets are restricted for the following purposes as of June 30:

THE NORA PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

| | <u>2021</u> | <u>2020</u> |
|--------------------------|------------------|------------------|
| Teacher development | \$ 7,500 | \$ 7,500 |
| Summer inclusion academy | 2,880 | - |
| Time restricted | <u>11,000</u> | <u>28,000</u> |
| | <u>\$ 21,380</u> | <u>\$ 35,500</u> |

Net assets were released from restrictions for the following purposes during the year ended June 30:

| | <u>2021</u> | <u>2020</u> |
|----------------------------|------------------|------------------|
| Flagship classroom program | \$ - | \$ 50,000 |
| Summer inclusion academy | 23,120 | - |
| Teacher development | 7,500 | 44,755 |
| Time restricted | <u>17,000</u> | <u>5,000</u> |
| | <u>\$ 47,620</u> | <u>\$ 99,755</u> |

8. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The organization has various sources of liquidity at its disposal, including cash and cash equivalents.

For purposes of analyzing resources available to meet general expenditures over the next 12-month period, the organization considers all expenditures related to its ongoing activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The Organization's financial assets available within one year of the statements of financial position date for general expenditure are as follows at June 30:

THE NORA PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 and 2020

| | 2021 | 2020 |
|--|------------|------------|
| Cash and cash equivalents | \$ 591,121 | \$ 361,080 |
| Investments | 98,367 | 198,534 |
| Pledges and program fees receivable | 13,210 | 28,000 |
| Total financial assets available within one year | 702,698 | 587,614 |
| Less amounts unavailable for general expenditure within one year due to: | | |
| Donor restriction | (21,380) | (18,500) |
| Total financial assets available to management for general expenditure within one year | \$ 681,318 | \$ 569,114 |

9. COVID-19 PANDEMIC UNCERTAINTIES

On March 10, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic, and on March 13, 2020, the President of the United States declared the COVID-19 pandemic a national emergency, invoking powers under the Stafford Act, the legislation that directs federal emergency disaster response. The Organization cannot predict how legal and regulatory responses to concerns about COVID-19 or other major public health issues will impact the Organization. The total magnitude, timing, and duration of such potential financial impacts cannot be reasonably estimated at this time.

10. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 20, 2021, the date the financial statements were available to be issued.