The Nora Project

Financial Statements

Year Ended June 30, 2019

Sassetti

CERTIFIED PUBLIC ACCOUNTANTS

THE NORA PROJECT

FINANCIAL STATEMENTS

JUNE 30, 2019

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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 of 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 about 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 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 Nora Project** 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.

Sassetti LLC

November 22, 2019
Oak Park, Illinois

THE NORA PROJECT

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Cash and cash equivalents	$ 240,924	94,755	$ 335,679
Investments	142,450	-	142,450
Pledges receivable	-	33,000	33,000
Prepaid expenses	7,194	-	7,194
Total Assets	$ 390,568	$ 127,755	$ 518,323
LIABILITIES			
Accounts payable	$ 14,612	$ -	$ 14,612
Total Liabilities	14,612	-	14,612
NET ASSETS			
Without donor restrictions	375,956	-	375,956
With donor restrictions	-	127,755	127,755
Total Net Assets	375,956	127,755	503,711
Total Liabilities and Net Assets	$ 390,568	$ 127,755	$ 518,323

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

THE NORA PROJECT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
Direct public support	$ 191,391	$ 115,000	$ 306,391
Fundraising and events	356,431	-	356,431
Investment income	3,056	-	3,056
Realized and unrealized gains on investments	1,079	-	1,079
Net assets released from restrictions	68,745	(68,745)	-
Total Revenues and Other Support	620,702	46,255	666,957
FUNCTIONAL EXPENSES			
Program services	409,444	-	409,444
Administrative and general	47,733	-	47,733
Fundraising	79,965	-	79,965
Total Expenses	537,142	-	537,142
CHANGE IN NET ASSETS	83,560	46,255	129,815
NET ASSETS			
Beginning of year	292,396	81,500	373,896
End of year	$ 375,956	$ 127,755	$ 503,711

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

THE NORA PROJECT

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program Services	Administrative and General	Fundraising	Totals
Wages	$ 172,204	$ 8,000	$ 12,000	$ 192,204
Payroll taxes	14,916	616	924	16,456
Accounting fees	-	21,497	-	21,497
Advertising	454	-	-	454
Conferences, conventions, and meetings	25,998	54	-	26,052
Consultants	38,199	5,916	6,316	50,431
Education and outreach	29,065	-	-	29,065
Equipment	41,104	-	-	41,104
Information technology	8,124	-	3,162	11,286
Insurance	23,097	1,903	2,558	27,558
Legal fees	-	273	-	273
Payroll processing	-	4,210	-	4,210
Professional fees	53,143	-	-	53,143
Retirement plan	1,223	80	120	1,423
Transaction fees	-	-	8,231	8,231
Travel	571	-	-	571
Special events	-	-	33,125	33,125
Subscriptions	-	-	11,911	11,911
Supplies	-	2,136	-	2,136
Miscellaneous	1,346	3,048	1,618	6,012
	$ 409,444	$ 47,733	$ 79,965	$ 537,142

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

THE NORA PROJECT

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	129,815
Realized and unrealized investment gains		(1,079)
Adjustments to reconcile net assets to net cash provided by operating activities:		
(Increase)/decrease in:		
Pledges receivable		48,500
Prepaid expenses		(6,886)
Increase in:		
Accounts payable		13,846
Net Cash Provided by Operating Activities		184,196
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments, net		(16,447)
Net Cash Used In Investing Activities		(16,447)
NET INCREASE IN CASH AND CASH EQUIVALENTS		167,749
CASH AND CASH EQUIVALENTS		
Beginning of year		167,930
End of year	$	335,679

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization - The Nora Project (the Organization) is an Illinois not-for-profit corporation. The Nora Project provides programming to promote meaningful connections between students and their peers with disabilities. Their year-long empathy education project pairs with the common core curriculum and uses inclusion as a tool to teach that everybody has a story. 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.

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.

Accounts Receivable - Accounts receivable are uncollateralized program service obligations due under normal trade terms requiring payments within 30 days of the invoice date. Payments of accounts receivable are allocated to specific invoices identified on the customer's remittance advice. Unspecified or unidentified remittances are applied against the entire customer balance. Grants, accounts receivable and unconditional promises to give are recorded net of an allowance for doubtful accounts. The Organization establishes this allowance based on historical performance and projections of trends. In addition, specific reserves are established for specific accounts identified as known collection problems occur due to insolvency, disputes, or other collection issues. At June 30, 2019, the Organization had no allowance for doubtful accounts.

Grants 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 Organization believes that its grants receivable are fully collectible at June 30, 2019.

Pledges are expected to be realized in the following periods:

2020	$ 10,000
2021	12,000
2022	11,000
	$ 33,000

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.

Expense Allocation – 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, consultants, 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.

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 received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as without donor restriction.

Contributions of donated noncash assets are recorded at their fair values in the period received. 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.

2. SUBSEQUENT EVENTS

The Organization has evaluated events which occurred after the balance sheet date through the date the financial statements were available to be issued of November 22, 2019.

3. FAIR VALUE OF INVESTMENTS

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, 2019.

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

	Fair Value Measurements at June 30, 2019			
	Level 1	Level 2	Level 3	Total
U.S. Treasury securities	$ 142,450	$ -	$ -	$ 142,450

4. CONCENTRATIONS

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

The Organization's credit risk related to accounts receivable is generally limited due to the fact that they are held with large organizations or local government entitles. For the year ended June 30, 2019, gross revenues from two grants accounted for 17% of total revenues. For the year ended June 30, 2019, pledges receivables from two different donors accounted for the full pledges receivable balance.

5. RETIREMENT PLAN

The Organization maintains a 401(k) plan that covers full-time employees. The Organization made discretionary matching contributions of up to one-percent of employee wages. The Organization contributed $1,423 for the year ended June 30, 2019.

6. NET ASSETS WITH DONOR RESTRICTIONS

The Organization's donor restricted net assets are restricted for the following purposes as of June 30, 2019:

Flagship classroom program	$	50,000
Teacher development		44,755
Time restricted		33,000
	$	127,755

Net assets were released from restrictions for the following purposes during the year ended June 30, 2019:

Teacher development	$	20,245
Time restricted		48,500
	$	68,745

7. 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:

Cash and cash equivalents	$	335,679
Investments		142,450
Pledges receivable		33,000
Total financial assets available within one year		511,129
Less amounts unavailable for general expenditure within one year due to:		
Donor restriction		(117,755)
Total financial assets available to management for general expenditure within one year	$	393,374

8. CHANGE IN ACCOUNTING PRINCIPLE

In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities. The major changes include: (a) requiring the presentation of only two classes of net assets now titled "net assets without donor restrictions" and "net assets with donor restrictions," (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes, and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

Implementation of ASU 2016-14 did not require reclassification or restatement of any opening balances related to the periods presented. The Organization's net assets previously reported as temporarily restricted are now reported as net assets with donor restrictions. Likewise, net assets previously reported as unrestricted are now reported as net assets without donor restrictions.

9. RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective during the Organization’s fiscal year ended June 30, 2020.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The new guidance provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. It also provides additional guidance on how to determine if a contribution is conditional. The new standard will be effective for transactions that occur during the Organization’s fiscal year ended June 30, 2020. Early adoption is permitted.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard will be effective for the Organization's June 30, 2022 financial statements.

The Organization is currently evaluating the impact of the adoption of the above standards on its financial statements.