

The Nora Project

Financial Statements

Years Ended

June 30, 2022 and 2021

Sassetti



CERTIFIED PUBLIC ACCOUNTANTS

THE NORA PROJECT
FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

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To the Board of Directors
The Nora Project
Highland Park, Illinois

INDEPENDENT AUDITORS' REPORT

Opinion

We have audited the accompanying financial statements of The Nora Project (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and 2021, and 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 financial statements referred to above present fairly, in all material respects, the financial position of The Nora Project 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. 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 Nora Project 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 Nora Project's ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Nora Project'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 Nora Project'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.

Oak Brook, Illinois
December 1, 2022

THE NORA PROJECT
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS						
Cash and cash equivalents	\$ 573,714	\$ -	\$ 573,714	\$ 580,741	\$ 10,380	\$ 591,121
Investments	98,380	-	98,380	98,367	-	98,367
Pledges and program fees receivable	2,000	25,000	27,000	2,210	11,000	13,210
Prepaid expenses	46,655	-	46,655	35,761	-	35,761
Inventory	-	-	-	4,973	-	4,973
Total Assets	<u>\$ 720,749</u>	<u>\$ 25,000</u>	<u>\$ 745,749</u>	<u>\$ 722,052</u>	<u>\$ 21,380</u>	<u>\$ 743,432</u>
LIABILITIES						
Accounts payable	\$ 1,064	\$ -	\$ 1,064	\$ 10,353	\$ -	\$ 10,353
Accrued expenses	13,851	-	13,851	24	-	24
Deferred revenue	71,477	-	71,477	30,277	-	30,277
Total Liabilities	<u>86,392</u>	<u>-</u>	<u>86,392</u>	<u>40,654</u>	<u>-</u>	<u>40,654</u>
NET ASSETS						
Without donor restrictions	634,357	-	634,357	681,398	-	681,398
With donor restrictions	-	25,000	25,000	-	21,380	21,380
Total Net Assets	<u>634,357</u>	<u>25,000</u>	<u>659,357</u>	<u>681,398</u>	<u>21,380</u>	<u>702,778</u>
Total Liabilities and Net Assets	<u>\$ 720,749</u>	<u>\$ 25,000</u>	<u>\$ 745,749</u>	<u>\$ 722,052</u>	<u>\$ 21,380</u>	<u>\$ 743,432</u>

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

THE NORA PROJECT
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE						
Direct public support	\$ 443,464	\$ 30,000	\$ 473,464	\$ 401,023	\$ 33,500	\$ 434,523
Fundraising and events	515,711	-	515,711	417,744	-	417,744
Program fees	54,118	-	54,118	53,318	-	53,318
Investment income, net	114	-	114	1,035	-	1,035
Realized and unrealized gains on investments	-	-	-	8,138	-	8,138
Merchandise sales	291	-	291	2,904	-	2,904
Paycheck Protection Program Grant	-	-	-	56,380	-	56,380
Net assets released from restrictions	26,380	(26,380)	-	47,620	(47,620)	-
Total Public Support and Revenues	1,040,078	3,620	1,043,698	988,162	(14,120)	974,042
FUNCTIONAL EXPENSES						
Program services	729,361	-	729,361	551,580	-	551,580
Administrative and general	152,915	-	152,915	115,832	-	115,832
Fundraising	204,843	-	204,843	146,348	-	146,348
Total Expenses	1,087,119	-	1,087,119	813,760	-	813,760
CHANGE IN NET ASSETS	(47,041)	3,620	(43,421)	174,402	(14,120)	160,282
NET ASSETS						
Beginning of year	681,398	21,380	702,778	506,996	35,500	542,496
End of year	<u>\$ 634,357</u>	<u>\$ 25,000</u>	<u>\$ 659,357</u>	<u>\$ 681,398</u>	<u>\$ 21,380</u>	<u>\$ 702,778</u>

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

THE NORA PROJECT
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022				2021			
	Program Services	Administrative and General	Fundraising	Totals	Program Services	Administrative and General	Fundraising	Totals
Salaries and wages	\$ 379,595	\$ 64,164	\$ 75,224	\$ 518,983	\$ 264,876	\$ 39,097	\$ 53,057	\$ 357,030
Payroll taxes	33,808	5,498	6,550	45,856	20,009	2,726	3,849	26,584
Accounting and audit fees	-	32,602	-	32,602	-	35,191	-	35,191
Advertising	7,910	5,700	3,850	17,460	-	-	1,399	1,399
Conferences and meetings	22,158	-	-	22,158	35,256	-	-	35,256
Consultants	62,008	4,175	-	66,183	39,575	15,130	-	54,705
Education and outreach	62,586	-	-	62,586	62,098	-	-	62,098
Information technology	25,371	-	-	25,371	13,280	-	902	14,182
Insurance	88,347	15,951	18,604	122,902	58,559	9,560	15,017	83,136
Legal fees	-	-	-	-	-	388	-	388
Payroll processing	-	15,134	-	15,134	-	10,019	-	10,019
Project leader fees	27,400	-	-	27,400	37,250	-	-	37,250
Retirement plan	9,286	1,871	2,049	13,206	4,781	802	977	6,560
Transaction fees	589	303	14,807	15,699	1,329	289	9,596	11,214
Travel	1,608	-	-	1,608	-	-	-	-
Special events	2,756	-	67,696	70,452	3,897	-	43,790	47,687
Subscriptions	-	-	11,066	11,066	-	-	15,032	15,032
Office supplies	-	4,610	-	4,610	-	191	-	191
Miscellaneous	5,939	2,907	4,997	13,843	10,670	2,439	2,729	15,838
Total Expenses	\$ 729,361	\$ 152,915	\$ 204,843	\$ 1,087,119	\$ 551,580	\$ 115,832	\$ 146,348	\$ 813,760

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

THE NORA PROJECT
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (43,421)	\$ 160,282
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Forgiveness of Paycheck Protection Program loan	-	(56,380)
Donated marketable securities	-	(15,887)
Realized and unrealized gains on investment, net	-	(8,138)
(Increase)/decrease in:		
Pledges receivable	(13,790)	14,790
Prepaid expenses	(10,894)	(14,884)
Inventory	4,973	(3,837)
(Decrease)/increase in:		
Accounts payable	(9,289)	4,037
Accrued expenses	13,827	24
Deferred revenue	41,200	25,842
Net Cash (Used in) Provided By Operating Activities	(17,394)	105,849
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(13)	(11)
Sales of securities	-	124,203
Net Cash (Used in) Provided by Investing Activities	(13)	124,192
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(17,407)	230,041
CASH AND CASH EQUIVALENTS		
Beginning of year	591,121	361,080
End of year	\$ 573,714	\$ 591,121
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, 2022 and 2021

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, 2022 and 2021

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 Organization believes that its pledges receivable are fully collectible at June 30, 2022.

THE NORA PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

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.

Subsequent Events - The Organization has evaluated subsequent events through December 1, 2022, the date the financial statements were available to be issued.

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:

	2022	2021
Revenue recognized at a point in time		
Program fees	\$ 54,118	\$ 53,318
Fundraising and events	515,711	417,744
Merchandise sales	291	2,904
Total revenue recognized at a point in time	\$ 570,120	\$ 473,966

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, 2022 and 2021

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

	2022	2021
Dividend and interest income	\$ 114	\$ 1,035
Unrealized gains	-	8,138
Total Investment income, net	\$ 114	\$ 9,173

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, 2022 and 2021.

THE NORA PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

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

	Fair Value Measurements at June 30, 2022			
	Level 1	Level 2	Level 3	Total
U.S. Treasury securities	\$ 98,380	\$ -	\$ -	\$ 98,380

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

4. PLEDGES RECEIVABLE

The Organization records pledges as promises to give in the period in which the promise is received. Payments due to be received beyond one year are not recorded at a discount amount due to the immateriality of the discount. Future pledges receivable collections are scheduled as follows at June 30:

	2022	2021
Less than one year	\$ 5,000	\$ 11,000
One to five years	20,000	-
	\$ 25,000	\$ 11,000

5. CONCENTRATIONS

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

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 \$13,206 and \$6,560 for the years ended June 30, 2022 and 2021, respectively.

THE NORA PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

7. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Teacher development	\$ -	\$ 7,500
Summer inclusion academy	-	2,880
Time restricted	<u>25,000</u>	<u>11,000</u>
	<u>\$ 25,000</u>	<u>\$ 21,380</u>

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

	<u>2022</u>	<u>2021</u>
Summer inclusion academy	\$ 15,380	\$ 23,120
Teacher development	-	7,500
Time restricted	<u>11,000</u>	<u>17,000</u>
	<u>\$ 26,380</u>	<u>\$ 47,620</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 NORA PROJECT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 and 2021

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:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 573,714	\$ 591,121
Investments	98,380	98,367
Pledges and program fees receivable	<u>27,000</u>	<u>13,210</u>
Total financial assets available within one year	<u>699,094</u>	<u>702,698</u>
Less amounts unavailable for general expenditure within one year due to:		
Donor restriction	<u>(20,000)</u>	<u>(30,620)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 679,094</u>	<u>\$ 672,078</u>