

Project Guardianship, Inc.

Financial Statements

December 31, 2023

Project Guardianship, Inc

Financial Statements
December 31, 2023

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Independent Auditors' Report

Board of Trustees
Project Guardianship, Inc.

Opinion

We have audited the accompanying financial statements of Project Guardianship, Inc. ("PG"), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, functional expenses and cash flows for the year 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 PG as of December 31, 2023, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of PG and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 PG's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 PG'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 PG'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.

Board of Trustees
Project Guardianship, Inc.
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Report on Summarized Comparative Information

We have previously audited PG's December 31, 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

PKF O'Connor Davies, LLP

August 28, 2024

Project Guardianship, Inc.

Statement of Financial Position

December 31, 2023

(with comparative amounts at December 31, 2022)

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 476,563	\$ 492,282
Government grants and contracts receivable	2,288,445	1,363,288
Grants receivable	95,250	80,000
Contributions receivable	10,916	500
Due from affiliate	233,611	202,608
Prepaid expenses	39,965	34,243
Client receivables	10,346	12,632
Security deposit	59,010	-
Guardianship assets held in trust	6,746,599	1,280,933
Right-of-use asset - operating lease, net	802,976	-
Property and equipment, net	62,661	-
	<u>\$ 10,826,342</u>	<u>\$ 3,466,486</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 308,037	\$ 219,569
Guardianship assets held in trust	6,746,599	1,280,933
Line of credit	400,000	-
Lease payable	832,615	-
Refundable advances	774,364	150,000
Total Liabilities	<u>9,061,615</u>	<u>1,650,502</u>
Net Assets		
Without donor restrictions	1,518,793	1,371,819
With donor restrictions	245,934	444,165
Total Net Assets	<u>1,764,727</u>	<u>1,815,984</u>
	<u>\$ 10,826,342</u>	<u>\$ 3,466,486</u>

See notes to financial statements

Project Guardianship, Inc.

Statement of Activities
Year Ended December 31, 2023
(with summarized totals for the year ended December 31, 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>	<u>2022 Total</u>
REVENUE AND SUPPORT				
Government grants and contracts	\$ 3,226,280	\$ -	\$ 3,226,280	\$ 2,294,407
Grants	61,750	442,000	503,750	729,840
Contributions	66,633	-	66,633	52,168
Technical assistance fees	50,911	-	50,911	116,205
Other income	-	-	-	329
In-kind services	182,505	-	182,505	121,026
In-kind rent	81,228	-	81,228	84,597
Net assets released from restriction	<u>640,231</u>	<u>(640,231)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>4,309,538</u>	<u>(198,231)</u>	<u>4,111,307</u>	<u>3,398,572</u>
EXPENSES				
Program services	3,411,114	-	3,411,114	2,377,709
Supporting Services				
Management and general	583,067	-	583,067	430,554
Fundraising	<u>168,383</u>	<u>-</u>	<u>168,383</u>	<u>154,324</u>
Total Expenses	<u>4,162,564</u>	<u>-</u>	<u>4,162,564</u>	<u>2,962,587</u>
Change in Net Assets	146,974	(198,231)	(51,257)	435,985
NET ASSETS				
Beginning of year	<u>1,371,819</u>	<u>444,165</u>	<u>1,815,984</u>	<u>1,379,999</u>
End of year	<u>\$ 1,518,793</u>	<u>\$ 245,934</u>	<u>\$ 1,764,727</u>	<u>\$ 1,815,984</u>

See notes to financial statements

Project Guardianship, Inc.

Statement of Functional Expenses
Year Ended December 31, 2023
(with summarized totals for the year ended December 31, 2022)

	Program Services				Supporting Services		2023 Total	2022 Total
	Guardianship Services	Training and Education	Advocacy Services	Total Program Services	Management and General	Fundraising		
Salaries and wages	\$ 1,695,026	\$ 268,510	\$ 212,299	\$ 2,175,835	\$ 143,716	\$ 109,159	\$ 2,428,710	\$ 1,871,152
Payroll taxes and employee benefits	416,706	66,011	52,192	534,909	35,331	26,836	597,076	459,056
In-kind services	-	-	-	-	182,505	-	182,505	121,026
Professional fees	207,164	84,721	41,880	333,765	88,379	28,450	450,594	264,800
Insurance	-	-	-	-	39,936	-	39,936	10,968
Bank charges and fees	-	-	-	-	5,531	-	5,531	4,335
Equipment lease	2,372	-	-	2,372	1,130	-	3,502	3,642
In-kind rent	81,228	-	-	81,228	-	-	81,228	84,597
Storage rent	-	-	-	-	-	-	-	1,977
Travel and conferences	11,328	178	3,756	15,262	-	-	15,262	9,365
Postage	3,928	-	-	3,928	966	-	4,894	5,633
Software	-	-	-	-	57,067	-	57,067	59,473
Computer equipment	-	-	-	-	7,181	-	7,181	7,410
Telephone and internet	13,972	2,213	1,750	17,935	1,185	900	20,020	17,293
Dues and subscriptions	7,789	-	375	8,164	649	-	8,813	5,156
Interest	-	-	-	-	2,089	-	2,089	-
Recruiting	-	-	-	-	9,187	-	9,187	7,127
Office supplies	14,556	-	-	14,556	1,057	-	15,613	13,742
Staff training	8,515	7,225	-	15,740	-	-	15,740	6,428
Occupancy and maintenance	47,199	7,063	5,539	59,801	3,764	2,941	66,506	-
Subcontractors	143,114	-	-	143,114	-	-	143,114	-
Depreciation expense	1,508	239	189	1,936	128	97	2,161	-
Bad debt expense	-	-	-	-	-	-	-	400
Other	2,569	-	-	2,569	3,266	-	5,835	9,007
Total Functional Expenses	\$ 2,656,974	\$ 436,160	\$ 317,980	\$ 3,411,114	\$ 583,067	\$ 168,383	\$ 4,162,564	\$ 2,962,587

See notes to financial statements

Project Guardianship, Inc.

Statement of Cash Flows
Year Ended December 31, 2023

(with comparative amounts for the year ended December 31, 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (51,257)	\$ 435,985
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	2,161	-
Bad debt expense	-	400
Amortization of right-of-use asset - operating lease	34,234	-
Changes in operating assets and liabilities		
Government grants and contracts receivable	(925,157)	(1,247,455)
Grants receivable	(15,250)	(25,000)
Contributions receivable	(10,416)	4,500
Due from affiliate	(31,003)	97,246
Prepaid expenses	(5,722)	(16,287)
Client receivables	2,286	(12,460)
Security deposit	(59,010)	-
Accounts payable and accrued expenses	88,468	45,782
Refundable advances	624,364	(60,000)
Operating lease liability	(4,595)	-
Net Cash from Operating Activities	<u>(350,897)</u>	<u>(777,289)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(64,822)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	625,470	-
Payment of line of credit	<u>(225,470)</u>	<u>-</u>
Net Cash from Financing Activities	<u>400,000</u>	<u>-</u>
 Net Change in Cash and Cash Equivalents	 (15,719)	 (777,289)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>492,282</u>	<u>1,269,571</u>
End of year	<u>\$ 476,563</u>	<u>\$ 492,282</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 2,089	\$ -

See notes to financial statements

Project Guardianship, Inc.

Notes to Financial Statements
December 31, 2023

1. Organization and Tax Status

Project Guardianship, Inc. ("PG") is a not-for-profit organization whose mission is to provide guardianship and other support services for poor, elderly, disabled, or otherwise vulnerable individuals who lack the capacity to meet personal needs or manage their own affairs in order to help such individuals gain access to necessary support services, meet basic needs, and remain independent and engaged in their communities. PG was formerly a program under Vera Institute of Justice, Inc. ("Vera") called The Guardianship Project ("TGP") that began in 2004 before being spun off from Vera into a separate legal entity. On January 28, 2020, PG was incorporated in the State of New York under section 501(c)(3) of the Internal Revenue Code with Vera being the sole member of PG. At December 31, 2023, Vera is still the sole member of PG.

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Adoption of New Accounting Policies

Credit Losses

In June 2016, the Financial Accounting Standards Board issued an accounting pronouncement related to the measurement of credit losses on financial instruments. This pronouncement and subsequently issued Accounting Standards Updates, clarified certain provisions of the new guidance, changed the incurred loss model for most financial assets and required the use of an "expected loss" model for instruments measured at amortized cost.

Under this model, entities are required to estimate the lifetime expected credit losses on such instruments and record an allowance to offset the amortized cost basis of the financial asset, resulting in a net presentation of the amount expected to be collected on the financial asset. PG adopted ASU 2016-13 effective January 1, 2023. The adoption did not have an impact on PG's financial statements.

Use of Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make certain 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 revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Project Guardianship, Inc.

Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid fixed income investments with a maturity of three months or less at time of purchase.

Government Grants and Contracts Receivable and Grants Receivable

Government grants and contracts receivable and grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probably uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding, after management has used reasonable collection efforts, are written off through a charge to the valuation allowance and a credit to receivables.

Contributions Receivable

PG's revenue related to contributions received is recognized as revenue in the period received at its fair value and PG distinguishes such contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using the prime rate applicable to the year in which contributions are made. Amortization of discounts is included in contribution revenue.

Client Receivables

From time to time, PG will pay expenses on behalf of clients for those clients holding a credit card. PG advances the funds to clients by paying the bills on their behalf prior to all receipts and supporting documentation being collected. Once all receipts are collected and substantiated by PG personnel, the related funding will be withdrawn from the corresponding client's bank accounts held in trust by PG. At December 31, 2023 and 2022, the balance owed from clients to PG was \$10,346 and \$12,632.

Allowance for Credit Losses

PG provides an allowance for credit losses based upon prior experience and management's assessment of the collectability of existing specific accounts. Management deems all receivables to be collectable at December 31, 2023 and 2022.

Advertising

Advertising is expensed as it is incurred.

Project Guardianship, Inc.

Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Net Asset Classification

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

Without donor restrictions - consist of resources available for the general support of PG's operations and that may be used at the discretion of PG's management and the Board of Trustees.

With donor restrictions - consist of resources which have either an implied or stated time restriction or have been restricted by donors for specific activities, including gift instruments requiring the principal be invested in perpetuity and the income be used for specific or general purposes. Donor restrictions that have been satisfied are reported in the statement of activities as net assets released from restrictions and are reclassified to net assets without donor restrictions.

In-kind Contributions

In-kind contributions are recognized in the accompanying financial statements based on their fair value. PG recognizes the fair value of donated services which create or enhance nonfinancial assets, or require specialized skills provided by individuals possessing those skills and would typically be purchased if not provided by donation. Contributed services that do not meet these criteria are not recognized as revenue and are not reported in the accompanying financial statements.

In-kind services primarily relate to donated services performed by professionals in the course of carrying out the functions and activities of the programs of PG.

Since 2005, PG has been granted use of space below fair rental value by the New York State Unified Court System ("NYS UCS") on a month to month basis at 320 Jay Street, Brooklyn, New York and 360 Adams Street, Brooklyn, New York. For the years ended December 31, 2023 and 2022, contributed rent reported in the statement of activities is based on fair rental value of \$81,228 and \$84,597.

Revenue Recognition

PG recognizes grant and contract revenues in the statement of activities to the extent that reimbursable expenses have been incurred for the purpose specified by the grantor during the period. Funds received in advance are reported as refundable advances in the statement of financial position. Revenue for performance based grants and contracts is recognized based on actual services rendered, not to exceed the maximum allowable amount per the grant or contract.

Project Guardianship, Inc.

Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Contributions, including unconditional promises to give, are reported as revenues in the period received. Unconditional promises to give that are greater than one year are discounted to reflect the present value of future cash flows using a risk adjusted discount rate assigned in the year the respective pledge originates. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any.

Contributions that the donor requires to be used to acquire long-lived assets (e.g. building improvements, furniture, fixtures and equipment) are reported as with donor restrictions. PG reflects the expiration of the donor-imposed restriction when long-lived assets have been placed in service, at which time net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Conditional contributions and grants are recognized as revenue when the conditions on which they depend have been substantially met.

Contract assets were \$10,346, \$12,632, and \$572 at December 31, 2023, 2022, and 2021. There were no contract liabilities at December 31, 2023, 2022, and 2021.

Technical assistance fees relate to earnings PG receives based on work performed on a final accounting of transactions for clients being discharged along with annual trust accounting filed with the courts. Revenue is recognized once the court approves the final accounting filings and issues a check for PG's portion of the assets.

Functional Expense Allocations

PG allocates its expenses on a functional basis among its various programs and support services. Expenditures which can be identified with a specific program or support service are allocated directly, according to their natural expenditures. Costs that are common to several functions are allocated among the program and supporting services based on time and effort records and estimates made by PG's management, these include salaries and wages, payroll taxes, and employee benefits.

Accounting for Uncertainty in Income Taxes

PG recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management has determined that PG had no uncertain tax positions that would require financial statement recognition or disclosure. PG is no longer subject to examinations by the applicable taxing jurisdictions for years prior to December 31, 2020.

Project Guardianship, Inc.

Notes to Financial Statements
December 31, 2023

2. Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost and depreciated on a straight line basis over their estimated useful lives, ranging from 3 to 15 years. PG capitalizes all expenditures for property and equipment in excess of \$2,500. Leasehold improvements are stated at cost and depreciated on a straight-line basis over the shorter of the lease term or their estimated useful life.

Leases

PG leases a building and determined if the arrangement is a lease at inception. The operating lease is included in right-of-use asset – operating lease, net (“ROU asset”), and lease payable on the accompanying statement of financial position.

ROU asset represents the right to use an underlying asset for the lease term and lease payable represents the obligation to make lease payments arising from the lease. Operating lease ROU asset and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The lease does not provide an implicit borrowing rate. PG uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset includes any lease payments made and excludes lease incentives. The lease term may include options to extend the lease and when it is reasonably certain that PG will exercise that option, such amounts are included in ROU asset and lease liabilities. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

PG’s lease agreement does not contain any material residual value guarantees or material restrictive covenants.

PG has a lease agreement with lease and non-lease components, which are generally accounted for separately. Variable lease components in this lease are cleaning and security and are recognized in operating expenses in the period in which the obligation is incurred.

PG applies the short-term lease exemption to all of its classes of underlying assets. During the years ended December 31, 2023 and 2022, there were no short-term lease costs.

Subsequent Events Evaluation by Management

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 date is August 28, 2024.

Project Guardianship, Inc.

Notes to Financial Statements
December 31, 2023

3. Concentrations of Credit Risk

Financial instruments that potentially subject PG to concentrations of credit risk consist principally of cash, investments and contributions receivable. PG places its cash with financial institutions and maintains balances which are generally covered by Federal Deposit Insurance Corporation (“FDIC”) limits which are covered up to \$250,000. At times cash balances may exceed FDIC limits. At December 31, 2023 and 2022, PG’s uninsured cash balance totaled approximately \$225,000 and \$238,000.

Government grants and contracts receivable credit risk is concentrated due to the nature of the grants and contracts and funding being provided by a few agencies. PG regularly monitors its government grants and contracts receivable by investigating delayed payments and differences when payments received do not conform to the amount billed. PG considers all government grants and contracts receivables to be collectible.

Grants receivable credit risk is concentrated due to the receivable balance relating to three institutional donors which have all made installment payments in the past.

Contributions receivable credit risk is concentrated due to the receivable balance relating to few institutional donors which have made installment payments in the past.

4. Economic Dependency

Funding from the New York State Unified Court System (“NYS UCS”) comprised 55% and 65% of total revenue and support in the years ended December 31, 2023 and 2022. Grants receivable from NYS UCS comprised 34% and 58% of total assets (excluding guardianship assets held in trust) in the years ended December 31, 2023 and 2022. PG is economically dependent on these funds to continue operations.

5. Property and Equipment

Property and equipment consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Furniture and fixtures	\$ 64,822	\$ -
Accumulated depreciation	<u>(2,161)</u>	<u>-</u>
	<u>\$ 62,661</u>	<u>\$ -</u>

6. Line of Credit

At December 31, 2023, PG has a \$1,000,000 revolving line of credit with a financial institution through October 31, 2025. Borrowings under this arrangement bear interest at the Wall Street Journal prime rate plus .25% and secured by all assets of PG. The interest rate at December 31, 2023 was 8.75%. PG had outstanding borrowing on the line of credit of \$400,000 and \$0 as of December 31, 2023 and 2022. Interest expense on the revolving line of credit was \$2,089 and \$0 for the years ended December 31, 2023 and 2022. Vera is a guarantor on the line of credit.

Project Guardianship, Inc.

Notes to Financial Statements December 31, 2023

7. Net Assets with Donor Restrictions

The following summarizes the changes in the net assets with donor restrictions and the related purposes for the year ended December 31, 2023:

Purpose/Retriction	Beginning of Year	Additions	Net Assets Released	End of Year
Restricted by Time	\$ 30,000	\$ 40,000	\$ (30,000)	\$ 40,000
Restricted by Purpose				
Guardianship for seniors	394,165	352,000	(540,231)	205,934
Research project/cost benefit analysis	20,000	-	(20,000)	-
Office transitions	-	50,000	(50,000)	-
Total Restricted by Purpose	<u>414,165</u>	<u>402,000</u>	<u>(610,231)</u>	<u>205,934</u>
Total Net Assets with Donor Restrictions	<u>\$ 444,165</u>	<u>\$ 442,000</u>	<u>\$ (640,231)</u>	<u>\$ 245,934</u>

The following summarizes the changes in the net assets with donor restrictions and the related purposes for the year ended December 31, 2022:

Purpose/Retriction	Beginning of Year	Additions	Net Assets Released	End of Year
Restricted by Time	\$ 45,000	\$ 30,000	\$ (45,000)	\$ 30,000
Restricted by Purpose				
Guardianship for seniors	20,000	592,700	(218,535)	394,165
Research project/cost benefit analysis	50,000	-	(30,000)	20,000
Personnel and indirect costs	357,146	52,515	(409,661)	-
Total Restricted by Purpose	<u>427,146</u>	<u>645,215</u>	<u>(658,196)</u>	<u>414,165</u>
Total Net Assets with Donor Restrictions	<u>\$ 472,146</u>	<u>\$ 675,215</u>	<u>\$ (703,196)</u>	<u>\$ 444,165</u>

8. Employee Benefit Plans

PG has a 401(k) plan covering all employees. Contributions by PG to the plan on behalf of employees are 5% of an employee's annual eligible compensation. Employees are eligible to participate in the plan upon date of hire and are immediately fully vested in all employer contributions made on their behalf. Contributions by PG to the plan amounted to \$70,524 and \$59,432 for the years ended December 31, 2023 and 2022.

9. Commitments and Contingencies

PG has contracted with various funding agencies to perform various client guardianship services and receives revenue from the New York City and state governments. Reimbursements received under these contracts and payments are subject to audit by state governments and other agencies. Upon audit, if discrepancies are discovered, PG could be held responsible for refunding the amounts in question.

Project Guardianship, Inc.

Notes to Financial Statements
December 31, 2023

10. Related Party Transactions

There is an agreement between Vera and PG for the exchange of services including payroll, space, and other expenses incurred by Vera on behalf of PG. During the years ended December 31, 2023 and 2022, total expenses incurred and paid by Vera totaled \$30,480 and \$59,145.

During the year ended December 31, 2023, there was no grant revenue and technical assistance fees transferred from Vera. During the year ended December 31, 2022, total grant revenue and technical assistance fees transferred from Vera amounted to \$294,200 and \$116,205.

During the years ended December 31, 2023 and 2022, revenue in the accompanying statement of activities includes contributions from certain members of the Board totaling \$26,753 and \$12,335.

11. Guardianship Assets Held in Trust

PG provides guardianship services for older adults and people with disabilities in New York City who have been determined by NYS UCS to be unable to care for themselves. PG's administration of these assets is limited as dictated to certain appointed tasks as outlined in the order and judgment administered by a judge under NYS UCS which limits the scope of PG's authority to handle financial tasks. On November 1, 2020, an independence agreement was executed between Vera and PG at which point all new guardianship clients appointed by NYS UCS are sent to PG. Vera continues to be responsible for historic guardianship clients and has subcontracted the work out to PG. At times during the year, cash balances for PG held in the designated individual's and Vera's name, may exceed federally insured limits prescribed by the FDIC. Real property held by PG on behalf of clients is valued using the historical cost principle with the property's value being determined at the point in time when PG is appointed as guardian for the client and asset. Guardianship assets held in trust are comprised of the following at December 31:

	<u>2023</u>	<u>2022</u>
Cash	\$ 3,454,938	\$ 1,280,933
Real Property	2,749,000	-
Investments	<u>542,661</u>	<u>-</u>
	<u>\$ 6,746,599</u>	<u>\$ 1,280,933</u>

All investment amounts within the guardianship assets held in trust are valued using Level 1 inputs and consist of domestic and international equities and mutual funds.

Project Guardianship, Inc.

Notes to Financial Statements December 31, 2023

12. In-Kind Contributions

In-kind contributions consist of the following for the years ended December 31:

	2023	2022	Usage In Program/Activities	Donor Restriction
Pro-bono legal services	\$ 182,505	\$ 121,026	Management and General Program Services	None
Donated office space	81,228	84,597		None
	\$ 263,733	\$ 205,623		

PG does not have a policy to monetize donations of non-financial assets.

Pro-bono legal services are recorded at fair value based on estimates used for current legal services provided by the law firm.

Donated office space is recorded at fair value determined through comparable lease rates of similar properties within the same area of the forms.

13. Liquidity and Availability of Financial Assets

PG's financial assets reduced by amounts not available for general use within one year, due to contractual or donor-imposed restrictions, are composed of the following at December 31:

	2023	2022
Financial Assets:		
Cash	\$ 476,563	\$ 492,282
Government grants and contracts receivable	2,288,445	1,363,288
Grants receivable	95,250	80,000
Contributions receivable	10,916	500
Due from affiliate	233,611	202,608
Client receivable	10,346	12,632
	3,115,131	2,151,310
Less amount unavailable for general expenditure		
Amounts restricted for purpose by donor	(205,934)	(414,165)
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 2,909,197	\$ 1,737,145

As part of PG's strategy, management structures its financial assets to be available as its general expenditures and liabilities come due within one year. PG receives cash flows from various foundation, government, and institutional grants to fund its programs to meet future needs. In addition, PG has a \$1,000,000 revolving line of credit available to assist with cash flow needs.

Project Guardianship, Inc.

Notes to Financial Statements
December 31, 2023

14. Operating Lease

PG entered into a lease agreement on November 1, 2023 for space in New York City under a noncancellable operating lease expiring January 31, 2029.

PG amortizes the operating lease right-of-use asset over the remaining life of the lease agreement. The right-of-use asset consists of the following at December 31, 2023.

Right of use asset - operating lease	\$ 837,210
Less: accumulated amortization	<u>(34,234)</u>
	<u>\$ 802,976</u>

Future minimum payments under the lease arrangement are as follows for the years ending December 31:

2024	\$ 165,308
2025	184,384
2026	188,910
2027	193,556
2028	198,311
Thereafter	<u>16,559</u>
Total Future Minimum Lease Payments	947,028
Less imputed interest	<u>(114,413)</u>
Present Value of Operating Lease Liabilities	<u>\$ 832,615</u>

Occupancy and maintenance expense for 2023 was \$66,506, with \$10,158 related to imputed interest on lease liabilities, \$34,234 related to amortization on the right-of-use asset and the remainder of \$22,114 relates to variable lease and maintenance expenses.

The right-of-use asset and corresponding liability associated with future lease payments on the above noted lease are shown below at December 31, 2023.

Weighted Average:	
Discount rate	4.92%
Remaining lease term in years	5.08

Supplemental cash flow information related to operating leases was as follows for the year ended December 31:

	<u>2023</u>	<u>2022</u>
ROU assets obtained in exchange for operating lease obligations	\$ 837,210	\$ -
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 14,753	\$ -

Rent for 2022 consisted only of in-kind amounts.

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