

**THE KINDNESS PROJECT**

**FINANCIAL REPORT  
(Reviewed)**

**December 31, 2021**

**BUCKNO  
LISICKY**   
**& COMPANY**

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*A Professional Corporation*

**Certified Public Accountants | Business Consultants**

# **THE KINDNESS PROJECT**

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## **INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

To the Board of Directors  
The Kindness Project  
Emmaus, Pennsylvania

We have reviewed the accompanying financial statements of The Kindness Project (a nonprofit organization) which comprise the statements of assets, liabilities and net assets – modified cash basis as of December 31, 2021, and the related statements of revenues, expenses and changes in net assets – modified cash basis and functional expenses – modified cash basis for the year then ended and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for preparation of financial statements in the circumstances. Management is also responsible 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.

### **Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of The Kindness Project and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

*Buckno Lisicky & Co PC*

Allentown, Pennsylvania  
February 17, 2023

## THE KINDNESS PROJECT

### Statement of Assets, Liabilities and Net Assets - Modified Cash Basis

December 31, 2021

See Independent Accountants' Review Report

#### ASSETS

Cash	\$	278,766
Other assets		64
Land and buildings, net of depreciation		<u>347,756</u>

<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>626,586</u></b>
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#### LIABILITIES AND NET ASSETS

##### LIABILITIES

Long-term debt	\$	284,709
<b>TOTAL LIABILITIES</b>		<u>284,709</u>

##### NET ASSETS

Without donor restrictions		338,877
With donor restrictions		<u>3,000</u>
<b>TOTAL NET ASSETS</b>		<u>341,877</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u>626,586</u></b>
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**THE KINDNESS PROJECT****Statement of Revenues, Expenses and Changes in Net Assets - Modified Cash Basis****Year Ended December 31, 2021****See Independent Accountants' Review Report**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
REVENUE AND SUPPORT			
Contributions	\$ 204,892	\$ 5,085	\$ 209,977
Local and foundation grants	11,500	-	11,500
Fundraising events	48,592	-	48,592
Less: direct benefit costs to donors	(2,526)	-	(2,526)
Miscellaneous income	15,987	-	15,987
Net assets released from restrictions	4,585	(4,585)	-
<b>TOTAL REVENUE AND SUPPORT</b>	<b>283,030</b>	<b>500</b>	<b>283,530</b>
EXPENSES			
Program services	72,471	-	72,471
Management and general	10,136	-	10,136
Fundraising	13,459	-	13,459
<b>TOTAL EXPENSES</b>	<b>96,066</b>	<b>-</b>	<b>96,066</b>
<b>CHANGE IN NET ASSETS</b>	<b>186,964</b>	<b>500</b>	<b>187,464</b>
NET ASSETS, beginning	151,913	2,500	154,413
<b>NET ASSETS, ending</b>	<b>\$ 338,877</b>	<b>\$ 3,000</b>	<b>\$ 341,877</b>

**THE KINDNESS PROJECT****Statement of Functional Expenses - Modified Cash Basis****Year Ended December 31, 2021****See Independent Accountants' Review Report**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fund Raising</b>	<b>Total</b>
Wages	\$ 35,100	\$ 2,340	\$ 9,360	\$ 46,800
Payroll taxes	2,962	790	197	3,949
Advertising	-	-	130	130
Rent expense	7,500	-	-	7,500
Utilities	2,181	-	-	2,181
Professional fees	-	3,173	-	3,173
Insurance	1,787	558	-	2,345
Supplies	1,442	-	-	1,442
Conferences and meetings	-	223	-	223
Registration fees	-	150	-	150
Office supplies	-	91	-	91
Bank charges	-	-	295	295
Postage and shipping	-	-	2,261	2,261
Payroll processing fees	-	912	-	912
Dues and subscriptions	-	648	-	648
Real estate taxes	7,583	-	-	7,583
Interest expense	7,623	-	-	7,623
Repairs and maintenance	1,061	-	-	1,061
Direct cost of special events	-	-	2,526	2,526
Volunteer expense	1,886	-	-	1,886
Miscellaneous	-	1,010	1,216	2,226
Depreciation	3,346	-	-	3,346
Charitable contributions	-	241	-	241
	<u>72,471</u>	<u>10,136</u>	<u>15,985</u>	<u>98,592</u>
Less expenses included with revenues on the Statement of Revenues, Expenses and Changes in Net Assets				
Direct cost of special events	-	-	(2,526)	(2,526)
	<u>\$ 72,471</u>	<u>\$ 10,136</u>	<u>\$ 13,459</u>	<u>\$ 96,066</u>

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization and nature of activities**

The Kindness Project is a non-profit organization that provides support to foster families and foster children. The sources of revenue are contributions and fundraising events.

**Basis of accounting**

The financial statements of The Kindness Project have been prepared on the modified cash basis of accounting; consequently, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when a liability is incurred. Modification to the cash basis of accounting include the capitalization and depreciation of property and equipment and the recording of debt.

**Basis of presentation**

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) in its Accounting Standards Update (ASU) No. 2016-14, which provides guidance for classification of net assets. The amounts for each of the two classes of net assets are based on the existence or absence of donor-imposed restrictions described as follows:

**Net assets without donor restrictions** – net assets of the Organization whose use has not been restricted by an outside donor or law. They are available for any use carrying out the operations of the Organization. This class also includes assets previously restricted where restrictions have expired or been met.

**Net assets with donor restrictions** – net assets of the Organization whose use has been limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled and removed by actions of the Organization. When such stipulations end or are fulfilled, the net assets with donor restrictions are released to net assets without donor restrictions.

**Functional allocation of expenses**

The costs of providing various programs have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the various programs and support services. Supporting services consist of management and general expenses and fundraising expenses.

The financial statements report expenses that are attributed to more than one program or supporting function. Therefore, certain expenses require allocation on a reasonable basis that is consistently applied. Expenses are generally allocated on the basis of an estimate of time and effort or on the basis of square footage.

**Use of estimates**

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect certain



## THE KINDNESS PROJECT

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### Notes to the Financial Statements

December 31, 2021

reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### Property and equipment

Property and equipment are stated at cost. Depreciation on property and equipment is recorded by the straight-line method over their estimated useful lives of 5 to 40 years.

#### Advertising

The Organization expenses all advertising costs as paid or incurred the first time. The amount of advertising expensed during the years ended December 31, 2021 is \$130.

#### Income taxes

The Organization is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code.

The Organization files a Return of Organization Exempt From Income Tax annually. The Organization's returns for 2019, 2020, and 2021 are subject to examination by the IRS, generally for three years after they were filed.

#### Date of management's review

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 17, 2023, the date the financial statements were available to be issued.

### NOTE 2. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2021 consist of the following:

Buildings	\$ 301,102
Land	<u>50,000</u>
	351,102
Less: Accumulated depreciation	<u>(3,346)</u>
	<u><u>\$ 347,756</u></u>

Depreciation expense for the year ended December 31, 2021 is \$3,346.

### NOTE 3. LONG-TERM DEBT

On March 19, 2021, the Organization signed a mortgage in the amount of \$288,000 at a fixed rate of 3.99%. The Organization must make 59 equal monthly payments of principal and interest in the amount of \$1,364. Following those 59 payments, the Organization will make one final payment equal to the remaining balance of the loan. The balance owed on the mortgage is \$284,604 as of December 31, 2021. Future payments are below:

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### Notes to the Financial Statements

December 31, 2021

Years Ending	Principal	Interest	Total
2022	\$ 5,265	\$ 11,106	\$ 16,371
2023	5,476	10,895	16,371
2024	5,696	10,675	16,371
2025	5,924	10,447	16,371
2026	262,243	3,160	265,403
	<u>\$ 284,604</u>	<u>\$ 46,283</u>	<u>\$ 330,887</u>

#### NOTE 4. NET ASSETS WITH DONOR RESTRICTIONS

As of December 31, 2021, the donor restricted net assets, consisted solely of contributions. The activity in net assets with donor restrictions for the years ended December 31, 2021 is as follows:

Beginning balance	\$ 2,500
Donations and contributions	5,085
Released from restrictions	<u>(4,585)</u>
Ending balance	<u>\$ 3,000</u>
Restricted for:	
Lesson room construction	<u>\$ 3,000</u>
	<u>\$ 3,000</u>

#### NOTE 5. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is without donor restrictions limiting their use within one year of the balance sheet date, comprise of the following:

Cash	\$ 278,766
Less: donor restricted portion	<u>(3,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 275,766</u>

As part of The Kindness Project's liquidity management, it has a policy to structure its financial assets to become available as its general expenditures, liabilities, and other obligations become due.

**NOTE 6. CONCENTRATIONS**

The Organization maintains its cash and cash equivalent in a commercial bank, which at times may exceed federally insured limits of \$250,000. The Organization has not experienced any losses in such accounts.