

PROJECT SWEET PEAS
(A Nonprofit Organization)

Financial Statements

December 31, 2021 and 2020

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(A Nonprofit Organization)

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Independent Auditor's Report

Board of Directors
Project Sweet Peas
Warwick, Rhode Island

Opinion

We have audited the accompanying financial statements of Project Sweet Peas (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets (modified cash basis) as of December 31, 2021 and 2020, and the related statements of revenue, expenses, and changes in net assets (modified cash basis), cash flows (modified cash basis), and functional expenses (modified cash basis) 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 statements of assets, liabilities, and net assets of Project Sweet Peas as of December 31, 2021 and 2020, and its revenue, expenses, and changes in net assets, cash flows, and functional expenses for the year then ended, in accordance with the modified cash basis of accounting as described in Note 1.

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Project Sweet Peas 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.

Basis of Accounting

We draw attention to Note 1 of the financial statements that describes the basis of accounting. The financial statements are prepared on 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 opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1 and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of

Responsibilities of Management for the Financial Statements (continued)

internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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, including omissions, 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 Project Sweet Peas' 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 Project Sweet Peas' 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.

Ward, Fisher & Company, LLP

May 9, 2022

PROJECT SWEET PEAS
(A Nonprofit Organization)

Statements of Assets, Liabilities, and Net Assets
(Modified Cash Basis)
December 31, 2021 and 2020

ASSETS		
	2021	2020
<i>Current Assets</i>		
Cash	\$ 338,551	\$ 278,865
Accounts receivable	3,290	-
Inventory	107,557	90,402
Prepaid expense	7,268	3,990
Deposits	1,165	-
<i>Total current assets</i>	\$ 457,831	\$ 373,257
LIABILITIES AND NET ASSETS		
<i>Current Liabilities</i>		
Deferred revenue - fundraising	\$ 10,447	\$ -
Payroll taxes payable	679	-
<i>Total current liabilities</i>	11,126	-
<i>Net Assets</i>		
Net assets with donor restrictions	13,000	2,190
Net assets without donor restrictions	433,705	371,067
<i>Total net assets</i>	446,705	373,257
TOTAL LIABILITIES AND NET ASSETS	\$ 457,831	\$ 373,257

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

PROJECT SWEET PEAS
(A Nonprofit Organization)

Statements of Revenues, Expenses, and Changes in Net Assets
(Modified Cash Basis)
Years Ended December 31, 2021 and 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2021 Total	2020 Total
Revenues				
Donations	\$ 209,913	\$ -	\$ 209,913	\$ 139,247
Grants	109,240	13,000	122,240	59,660
Donations in kind	42,839	-	42,839	41,421
Fundraising events, net of direct costs of \$11,375 in 2021 and \$20,006 in 2020	36,180	-	36,180	39,124
Merchandise, net of direct costs of \$37,275 in 2021 and \$22,872 in 2020	5,065	-	5,065	7,006
Bank interest	126	-	126	522
Total revenues	<u>403,363</u>	<u>13,000</u>	<u>416,363</u>	<u>286,980</u>
Expenses				
Program services	278,767	2,190	280,957	156,671
Management and general	61,958	-	61,958	26,333
Total expenses	<u>340,725</u>	<u>2,190</u>	<u>342,915</u>	<u>183,004</u>
Change in Net Assets	62,638	10,810	73,448	103,976
Net assets, beginning of year	<u>371,067</u>	<u>2,190</u>	<u>373,257</u>	<u>269,281</u>
NET ASSETS, END OF YEAR	<u>\$ 433,705</u>	<u>\$ 13,000</u>	<u>\$ 446,705</u>	<u>\$ 373,257</u>

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

PROJECT SWEET PEAS
(A Nonprofit Organization)

Statements of Cash Flows
(Modified Cash Basis)
For the Years Ended December 31, 2021 and 2020

	2021	2020
<i>Cash Flows from Operating Activities:</i>		
Change in net assets	\$ 73,448	\$ 103,976
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) Decrease in:		
Inventory	(17,155)	(20,117)
Accounts receivable	(3,290)	
Prepaid expense	(3,278)	(1,578)
Deposits	(1,165)	600
Increase (Decrease) in:		
Deferred revenue - fundraising	10,447	(4,850)
Payroll taxes payable	679	
Net increase in cash and cash equivalents	59,686	78,031
Cash and cash equivalents, beginning of year	278,865	200,834
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 338,551	\$ 278,865

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

PROJECT SWEET PEAS
(A Nonprofit Organization)

Statements of Functional Expenses
(Modified Cash Basis)
For the Years Ended December 31, 2021 and 2020

	Program Services	Management and General	Fundraising	2021 Total	2020 Total
Care package items and program expenses	\$ 231,958	\$ -	\$ -	231,958	\$ 122,523
In-Kind items' delivery value	25,684	-	-	25,684	21,303
Postage	23,315	-	-	23,315	12,845
Payroll	7,200	7,200	3,600	18,000	-
Payroll taxes	634	634	318	1,586	-
Office rent	9,990	1,110	-	11,100	4,575
Printing/Office	-	4,537	-	4,537	2,781
Conferences	-	451	-	451	382
NPO insurance	53	1,607	31	1,691	2,212
Professional expense	-	7,650	-	7,650	7,500
Advertising/promotional	-	1,220	-	1,220	509
Bank and donation processing fees	-	5,193	-	5,193	1,734
Donor management	-	7,386	-	7,386	4,236
NPO registrations	-	1,035	-	1,035	1,170
Website hosting and maintenance	-	180	-	180	18
Volunteer events	-	-	-	-	1,058
Payroll expense	123	123	62	308	-
Utilities	1,459	162	-	1,621	158
TOTAL FUNCTIONAL EXPENSES	\$ 300,416	\$ 38,488	\$ 4,011	\$ 342,915	\$ 183,004

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

PROJECT SWEET PEAS
(A Nonprofit Organization)

Notes to Financial Statements
December 31, 2021 and 2020

1. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Project Sweet Peas (the “Organization”) is a national non-profit organization that offers programs and services that support the well-being of families who have an infant in intensive care and of those who have experienced pregnancy and infant loss.

Basis of Accounting

The Organization prepares its financial statements on a modified cash basis. Under this basis, revenues are generally recognized when collected, rather than when earned, and expenditures are generally recognized when paid, rather than when incurred.

Classes of Net Assets

The financial statements report amounts by class of net assets.

Net assets without donor restrictions are currently available for operating purposes under the direction of the Board, designated by the Board for specific use, donor-advised funds, or invested in property and equipment.

Net assets with donor restrictions are stipulated by donors for specific operating purposes or for the acquisition of property and equipment or are time restricted. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment return available for operations.

Inventory

The inventory includes items that are used mostly for care packages and there are supplies used for events. The inventory is calculated at average price or the fair value of donations.

2. DONATED INVENTORY

In-kind donations of inventory used by the Organization are valued at the estimated fair value at the time of the donation. In-kind donations of inventory totaled \$42,839 and \$41,421 for the years ended December 31, 2021 and 2020, respectively.

3. CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

4. INCOME TAX STATUS

The Organization's activities are generally exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code.

For the years ended December 31, 2021 and 2020, management of the Organization is not aware of any material uncertain tax positions to be accounted in the financial statements.

All tax-exempt entities are subject to review and audit by federal, state, and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

5. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 9, 2022, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the years ended December 31, 2021 and 2020.

6. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2021, donor-restricted net assets were available for the following purposes:

Beginning balance, food and gift cards	\$ 2,190
Grants received	13,000
Funds disbursed	<u>(2,190)</u>
Ending balance, food, gift cards, and gala	<u>\$13,000</u>

7. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflect the Organization's financial assets as of the statements of assets, liabilities, and net assets – modified cash basis date, reduced by amounts not available for general use within one year of the statements of financial position date because of contractual or donor-imposed restrictions or internal designations. Amounts available at December 31, 2021 and 2020, included donor-restricted amounts that are available for general expenditure in the following year.

	<u>2021</u>	<u>2020</u>
Current assets, excluding non-financial assets	\$ 338,551	\$ 278,865
Subtract: donor restrictions for specific purposes	<u>(13,000)</u>	<u>(2,190)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 325,551</u>	<u>\$ 276,675</u>