

PROJECT SWEET PEAS
(A Nonprofit Organization)

Financial Statements

December 31, 2022 and 2021

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(A Nonprofit Organization)

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Table of Contents

	<u>Page(s)</u>
Independent Auditor's Report	1 - 2
Statements of Assets, Liabilities, and Net Assets (Modified Cash Basis)	3
Statements of Revenues, Expenses, and Changes in Net Assets (Modified Cash Basis)	4
Statements of Cash Flows (Modified Cash Basis)	5
Statements of Functional Expenses	6
Notes to Financial Statements	7 - 9

Ward, Fisher & Company, LLP
CERTIFIED PUBLIC ACCOUNTANTS

WARWICK EXECUTIVE PARK
250C CENTERVILLE ROAD
WARWICK, RHODE ISLAND 02886-4353
(401) 384-6464
FAX: (401) 384-6770
www.wardfisher.com

Independent Auditor's Report

Robert D. Giudici, C.P.A.
James H. Aceto, C.P.A.

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, 2022 and 2021, 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, 2022 and 2021, 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 12, 2023

PROJECT SWEET PEAS
(A Nonprofit Organization)

Statements of Assets, Liabilities, and Net Assets
(Modified Cash Basis)
December 31, 2022 and 2021

ASSETS

	2022	2021
<i>Current Assets</i>		
Cash	\$ 263,673	\$ 338,551
Accounts receivable	9,410	3,290
Inventory	122,845	107,557
Prepaid expense	22,227	7,268
Deposits	1,165	1,165
<i>Total current assets</i>	\$ 419,320	\$ 457,831

LIABILITIES AND NET ASSETS

<i>Current Liabilities</i>		
Deferred revenue - fundraising	\$ 3,490	\$ 10,447
Payroll taxes payable	754	679
Accrued expenses	130	-
<i>Total current liabilities</i>	4,374	11,126
<i>Net Assets</i>		
Net assets with donor restrictions	4,437	13,000
Net assets without donor restrictions	410,509	433,705
<i>Total net assets</i>	414,946	446,705
 TOTAL LIABILITIES AND NET ASSETS	 \$ 419,320	 \$ 457,831

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, 2022 and 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	2022 Total	2021 Total
Revenues				
Donations	\$ 199,919	\$ -	\$ 199,919	\$ 209,913
Grants	54,610	16,540	71,150	122,240
Donations in kind	23,358	-	23,358	42,839
Fundraising events, net of direct costs of \$22,649 in 2022 and \$11,375 in 2021	22,331	-	22,331	36,180
Merchandise, net of direct costs of \$29,141 in 2022 and \$37,275 in 2021	15,328	-	15,328	5,065
Bank interest	61	-	61	126
Total revenues	<u>315,607</u>	<u>16,540</u>	<u>332,147</u>	<u>416,363</u>
Expenses				
Program services	276,330	25,103	301,433	300,416
Management and general	55,894	-	55,894	38,488
Fundraising expense	6,579	-	6,579	4,011
Total expenses	<u>338,803</u>	<u>25,103</u>	<u>363,906</u>	<u>342,915</u>
Change in Net Assets	(23,196)	(8,563)	(31,759)	73,448
Net assets, beginning of year	<u>433,705</u>	<u>13,000</u>	<u>446,705</u>	<u>373,257</u>
NET ASSETS, END OF YEAR	<u>\$ 410,509</u>	<u>\$ 4,437</u>	<u>\$ 414,946</u>	<u>\$ 446,705</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, 2022 and 2021

	2022	2021
<i>Cash Flows from Operating Activities:</i>		
Change in net assets	\$ (31,759)	\$ 73,448
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) Decrease in:		
Inventory	(15,288)	(17,155)
Accounts receivable	(6,120)	(3,290)
Prepaid expense	(14,959)	(3,278)
Deposits	-	(1,165)
Increase (Decrease) in:		
Deferred revenue - fundraising	(6,957)	10,447
Payroll taxes payable	75	679
Accrued expenses	130	-
Net increase (decrease) in cash and cash equivalents	(74,878)	59,686
Cash and cash equivalents, beginning of year	338,551	278,865
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 263,673	\$ 338,551

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, 2022 and 2021

	Program Services	Management and General	Fundraising	2022 Total	2021 Total
Care package items and program expenses	\$ 234,963	\$ -	\$ -	\$ 234,963	\$ 231,958
In-Kind items' delivery value	8,070	-	-	8,070	25,684
Postage	27,196	-	-	27,196	23,315
Payroll	17,887	18,739	5,962	42,588	18,000
Payroll taxes	1,554	1,628	518	3,700	1,586
Office rent	9,450	1,050	-	10,500	11,100
Printing/Office	-	3,743	-	3,743	4,537
Conferences	-	3,120	-	3,120	451
NPO insurance	-	2,820	-	2,820	1,691
Professional expense	-	8,743	-	8,743	7,650
Advertising/promotional	-	2,192	-	2,192	1,220
Bank and donation processing fees	-	7,309	-	7,309	5,193
Donor management	-	4,062	-	4,062	7,386
NPO registrations	-	1,213	-	1,213	1,035
Website hosting and maintenance	-	532	-	532	180
Volunteer events	-	209	-	209	-
Payroll expense	296	310	99	705	308
Utilities	2,017	224	-	2,241	1,621
TOTAL FUNCTIONAL EXPENSES	\$ 301,433	\$ 55,894	\$ 6,579	\$ 363,906	\$ 342,915

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

PROJECT SWEET PEAS
(A Nonprofit Organization)

Notes to Financial Statements
December 31, 2022 and 2021

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 \$23,358 and \$42,839 for the years ended December 31, 2022 and 2021, respectively.

PROJECT SWEET PEAS
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Notes to Financial Statements
December 31, 2022 and 2021

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, 2022 and 2021, 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 12, 2023, 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, 2022 and 2021.

6. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2022, donor-restricted net assets were available for the following purposes:

Beginning balance, food and gift cards	\$13,000
Grants received	16,540
Funds disbursed	<u>(25,103)</u>
Ending balance, food, gift cards, and gala	<u>\$ 4,437</u>

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Notes to Financial Statements
December 31, 2022 and 2021

7. OPERATING LEASE

The Organization leases its facility under an annual agreement. The payments for use of the facility related to the agreement are recorded as office rent. For the years ended December 31, 2022 and 2021, rent expense for the operating lease totaled \$10,500 and \$11,100, respectively.

8. 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, 2022 and 2021 included donor-restricted amounts that are available for general expenditure in the following year.

	<u>2022</u>	<u>2021</u>
Current assets, excluding non-financial assets	\$ 263,673	\$ 338,551
Subtract: donor restrictions for specific purposes	<u>(4,437)</u>	<u>(13,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 259,236</u>	<u>\$ 325,551</u>