

THE PITTSBURGH PROJECT
FINANCIAL STATEMENTS
WITH PRIOR YEAR COMPARATIVE TOTALS
YEAR ENDED - DECEMBER 31, 2020

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THE PITTSBURGH PROJECT

FINANCIAL STATEMENTS

YEAR ENDED - DECEMBER 31, 2020

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CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Independent Auditor's Report

To the Board of Directors
The Pittsburgh Project
Pittsburgh, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of The Pittsburgh Project (not-for-profit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Pittsburgh Project (not-for-profit organization) as of December 31, 2020, 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.

Report on 2019 Financial Statements

We have previously audited The Pittsburgh Project (not-for-profit organization)'s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 11, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.



June 10, 2021
Pittsburgh, Pennsylvania

THE PITTSBURGH PROJECT
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH PRIOR YEAR COMPARATIVE TOTALS

ASSETS	2020	2019
Current Assets:		
Cash & Cash Equivalent	\$ 236,597	\$ 7,811
Receivables	37,101	-
Prepaid Expenses	30,669	15,386
Total Current Assets	<u>304,367</u>	<u>23,197</u>
Fixed Assets:		
Land	47,518	47,518
Buildings and Improvements	4,941,542	4,941,542
Office Furniture and Fixtures	135,405	135,405
Vehicles-Vans	51,006	51,006
Machinery and Equipment	286,576	321,855
Total Fixed Assets	<u>5,462,047</u>	<u>5,497,326</u>
Less: Accumulated Depreciation	<u>(3,378,181)</u>	<u>(3,314,895)</u>
Total Fixed Assets, Net	2,083,866	2,182,431
Other Assets		
Under Construction: Gymnasium	651,319	651,319
Total Assets	<u><u>\$ 3,039,552</u></u>	<u><u>\$ 2,856,947</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 149,469	\$ 158,134
Payroll Tax Liabilities	204,500	185,989
Credit Cards	-	52,307
Deferred Revenue	73,925	-
Accrued Interest on Notes Payable	29,856	24,958
Notes Payable (Current Portion)	37,777	34,247
Line of Credit	525,000	525,000
PPP Loan (COVID-19)	203,636	-
Total Current Liabilities	<u>1,224,163</u>	<u>980,635</u>
Non Current Liabilities:		
Notes Payable (Less Current Portion)	<u>362,124</u>	<u>352,939</u>
Total Non Current Liabilities	<u>362,124</u>	<u>352,939</u>
Total Liabilities	1,586,287	1,333,574
Net Assets:		
Without Donor Restrictions	1,395,019	1,519,042
With Donor Restrictions	<u>58,246</u>	<u>4,331</u>
Total Net Assets	<u>1,453,265</u>	<u>1,523,373</u>
Total Liabilities and Net Assets	<u><u>\$ 3,039,552</u></u>	<u><u>\$ 2,856,947</u></u>

(The independent auditor's report and the accompanying notes are an integral part of this report.)

THE PITTSBURGH PROJECT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH PRIOR YEAR COMPARATIVE TOTALS

SUPPORT AND REVENUE	Without Donor Restriction	With Donor Restriction	2020	Comparative Totals 2019
Support:				
Foundations and Corporations	\$ 150,714	\$ 55,000	\$ 205,714	\$ 434,383
Churches	74,992	-	74,992	206,052
Individuals	335,105	-	335,105	652,141
Other Contributions	12,930	-	12,930	48,193
Donated Services & Materials	41,319	-	41,319	7,738
Total Support	615,060	55,000	670,060	1,348,507
Revenue:				
Program Fees	-	-	-	24,715
Events & Other Program Income	-	-	-	17,535
Charles Street Café	-	-	-	3,237
Contracts	111,887	-	111,887	35,593
Special Fundraisers	6,878	-	6,878	111,432
Rents	31,317	-	31,317	745
Gain on the Sale of Fixed Assets	6,400	-	6,400	-
Interest Income & Other Income	-	-	-	26,223
Total Revenue	156,482	-	156,482	219,480
Reclassifications:				
Released from Restrictions	1,085	(1,085)	-	-
Total Support and Revenue	772,627	53,915	826,542	1,567,987
EXPENSES				
Program Services:				
Youth Development	393,010	-	393,010	878,049
Homeowner Services	214,229	-	214,229	567,796
Community Outreach	32,258	-	32,258	72,528
Social Enterprise	9,401	-	9,401	20,821
Total Program Services	648,898	-	648,898	1,539,194
Supporting Services:				
Management and General	234,570	-	234,570	365,192
Fundraising and Development	13,182	-	13,182	114,220
Total Supporting Services	247,752	-	247,752	479,412
Total Expenses	896,650	-	896,650	2,018,606
Changes in Net Assets	(124,023)	53,915	(70,108)	(450,619)
Net Assets, Beginning of Year	1,519,042	4,331	1,523,373	1,973,992
Net Assets, End of Year	<u>\$ 1,395,019</u>	<u>\$ 58,246</u>	<u>\$ 1,453,265</u>	<u>\$ 1,523,373</u>

(The independent auditor's report and the accompanying notes are an integral part of this report.)

THE PITTSBURGH PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH PRIOR YEAR COMPARATIVE TOTALS

Description	PROGRAM SERVICES				TOTAL PROGRAM SERVICES	SUPPORT SERVICES		TOTAL SUPPORT SERVICES	2020 TOTAL	COMPARATIVE TOTALS 2019
	Youth Development	Homeowner Services	Community Outreach	Social Enterprise		Management & General	Fundraising			
Gross Wages	\$ 141,884	\$ 81,603	\$ 12,218	\$ 4,103	\$ 239,808	\$ 50,189	\$ 9,463	\$ 59,652	\$ 299,460	\$ 978,474
Employer Payroll Taxes	13,817	7,947	1,190	400	23,354	4,888	922	5,810	29,164	94,325
Benefits	24,435	14,053	2,104	707	41,299	8,643	1,630	10,273	51,572	160,485
Café Inventory	-	-	-	-	-	-	-	-	-	906
College Scholarships	19,150	-	-	-	19,150	-	-	-	19,150	9,850
Meals	-	-	1,350	-	1,350	-	-	-	1,350	15,829
Payroll Fees	1,997	1,148	172	58	3,375	706	133	839	4,214	4,542
Construction Materials & Tools	-	12,176	168	-	12,344	1,749	-	1,749	14,093	26,145
Facilities: Maintenance & Repairs	4,357	5,284	-	-	9,641	3,849	-	3,849	13,490	31,291
Facilities: Rentals & Utilities	42,771	29,918	-	-	72,689	21,790	-	21,790	94,479	119,886
Fees: Professional	2,024	690	103	35	2,852	51,999	80	52,079	54,931	79,500
Contracted Workers	-	-	-	-	-	-	-	-	-	30,078
Special Events	-	-	-	-	-	-	-	-	-	29,010
Fees: Legal	-	-	-	-	-	1,471	-	1,471	1,471	19,001
Professional Development	-	-	-	-	-	-	-	-	-	630
Program & Office Supplies	21,536	4,028	515	973	27,052	7,712	467	8,179	35,231	53,681
Donated Services	3,125	3,125	3,125	3,125	12,500	12,500	-	12,500	25,000	-
Program Food	-	-	-	-	-	-	-	-	-	52,224
Printing, Postage, & Shipping	-	-	-	-	-	-	-	-	-	5,626
Vehicle Expense	-	-	-	-	-	-	-	-	-	14,909
Interest & Credit Card Fees	37,898	18,949	3,644	-	60,491	12,389	-	12,389	72,880	63,508
Depreciation Expense	51,255	25,627	4,928	-	81,810	16,756	-	16,756	98,566	132,273
Insurance	27,810	9,681	2,741	-	40,232	8,746	487	9,233	49,465	77,756
Taxes (Other Than Payroll)	-	-	-	-	-	515	-	515	515	491
Travel Expense	646	-	-	-	646	-	-	-	646	8,606
Penalty and Interest	-	-	-	-	-	22,668	-	22,668	22,668	-
Miscellaneous	305	-	-	-	305	-	-	-	305	6,305
Charitable Contributions	-	-	-	-	-	8,000	-	8,000	8,000	3,275
Total	\$ 393,010	\$ 214,229	\$ 32,258	\$ 9,401	\$ 648,898	\$ 234,570	\$ 13,182	\$ 247,752	\$ 896,650	\$ 2,018,606
	43.83%	23.89%	3.60%	1.05%	72.37%	26.16%	1.47%	27.63%	100.00%	

Allocation Method

See Note 2N

(The independent auditor's report and the accompanying notes are an integral part of this report.)

THE PITTSBURGH PROJECT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH PRIOR YEAR COMPARATIVE TOTALS

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change Net Assets	\$ (70,108)	\$ (450,619)
Adjustments to Reconcile Change in Net Assets To Net Cash Provided (Used) by Operating Activities:		
Depreciation	98,566	132,273
Changes in Current Assets and Liabilities:		
Accounts Receivable	(37,101)	21,343
Prepaid Expenses	(15,283)	23,822
Payroll Liabilities	18,511	185,989
Deferred Revenue	73,925	(91,780)
Accounts Payable	<u>(56,075)</u>	<u>102,787</u>
Net Cash Provided (Used) by Operating Activities	12,435	(76,185)
Cash Flows from Investing Activities:		
Purchase of Fixed Assets	-	(7,116)
Withdrawal of Funds from Construction Escrow	-	98,650
Cash Flows Provided by Investing Activities:	<u>-</u>	<u>91,534</u>
Cash Flows from Financing Activities:		
Proceeds from PPP Loan (COVID-19)	203,636	-
Loan Borrowing	20,050	-
Loan (Repayment)	<u>(7,335)</u>	<u>(7,538)</u>
Cash Flows Provided (Used) by Financing Activities:	216,351	(7,538)
Net Change in Cash	228,786	7,811
Cash at Beginning of Year	<u>7,811</u>	<u>-</u>
Cash at End of Year	<u>\$ 236,597</u>	<u>\$ 7,811</u>
Interest Paid	<u>\$ 12,139</u>	<u>\$ 29,098</u>

(The independent auditor's report and the accompanying notes are an integral part of this report.)

THE PITTSBURGH PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1: DESCRIPTION OF ORGANIZATION

The Pittsburgh Project, (The Project) was organized in 1989 as a Pennsylvania non-profit corporation. The Pittsburgh Project is a neighborhood-based Christian community development organization.

The vision of The Pittsburgh Project is “That Pittsburgh will be called a City of Truth, where once again men and women of ripe old age will sit in the streets each with cane in hand because of age, and where the city streets will be filled with boys and girls playing there.” (From Zechariah 8:4-5)

The mission of The Pittsburgh Project is: “Sharing Hope, Empowering Youth, and Building Community.” The program center of The Pittsburgh Project is located at 2801 North Charles Street, Pittsburgh, PA 15214. The telephone number is (412) 321-1678. The website is www.pittsburghproject.org.

The Project is exempt from income tax under section 501(c)(3) of the U.S. Internal Revenue Code and contributions to it are tax deductible within limitations prescribed by the code.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Project uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses recorded when incurred without regard to the time of cash receipt or disbursement. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions.

B. Financial Statement Presentation

The Project reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction summarized as follows:

Without Donor Restriction: Net assets over which The Project has discretionary control that are not subject to donor-imposed stipulations.

With Donor Restriction: Net assets that are subject to donor-imposed stipulations that may or will be met, either by actions of The Project and/or the passage of time. When a restriction expires, with donor restricted net assets are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

C. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in preparing these financial statements include the fair market value of investments, depreciation of property and equipment, and the allocation of expenses. Accordingly, actual results could differ from those estimates.

D. Cash and Cash Equivalents

The Project considers all highly liquid deposits available for current use with an initial maturity of ninety days or less to be cash equivalents.

THE PITTSBURGH PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Liquidity

The Project has financial assets of \$246,121 that are not subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

Financial assets available within one year of December 31, 2020 are:

Financial Assets:	
Cash and Cash Equivalents	\$ 236,597
Accounts Receivable	37,101
Prepaid Expense	<u>30,669</u>
Total Financial Assets	304,367
Less: Financial Assets Held to Meet Donor-Imposed Restrictions:	
Purpose Restricted Net Assets (Note 9)	<u>(58,246)</u>
Amount Available for Programming Expenditures Within One Year	<u><u>\$ 246,121</u></u>

The Project has a policy structure its financial assets to be available to meet general expenditures over the next 12 months. The Project plans to operate with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The Project has a goal to maintain cash on hand to meet 60 days of normal operating expenses which are on average \$149,442.

Management plans to pursue unrestricted grants as well as potentially lease or sell of selected property to raise the necessary financial support to underwrite the current extended liabilities. Management is aware of the financial situation and believe they are taking the necessary steps to reduce their liabilities.

F. Property and Equipment

Property and equipment acquired with a basis of \$5,000 or greater are recorded at cost when purchased. Expenditures for renewals and improvements that significantly extend the useful life of an asset are capitalized. Expenditures for maintenance and repairs are expensed. Gains and losses on disposition of property and equipment are reflected in income. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

No portion of the cost or donated value of buildings has been allocated to land because it was determined that land was not a material component of the purchase price.

Depreciation expense amounted to \$98,566 for the year ended December 31, 2020.

In 2020, the Project sold 3 vehicles and realized a capital gain of \$6,400.

G. Financial Statement Presentation

The organization implemented FASB Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, in the year of 2019, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a disclosure about liquidity and availability of resources (Note 2E)

This change in accounting principle was adopted early. Therefore, no effect is noted in the current year financial statements.

THE PITTSBURGH PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment when circumstances indicate the carrying value of an asset may not be recovered. For assets that are to be held and used, impairment is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than their carrying value. If impairment exists, an adjustment is made to write the asset down to its fair value, and a loss is recorded as the difference between the carrying value and fair value. Fair values are determined based on quoted market values, discounted cash flows, or internal and external appraisals, as applicable. Assets to be disposed of are carried at the lower of carrying value or estimated net realizable value. There were no impairment losses recognized in the current year.

I. Support and Revenue Recognition

Support including unconditional promises to give, are recognized as revenues in the period received. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as unrestricted support. Promises to give that are scheduled to be received after the financial position date are shown as increases in temporarily restricted net assets and are reclassified to unrestricted net assets when the purpose or time restriction is met. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year, if any, are discounted at the appropriate rate commensurate with risks involved.

Amounts received as deposits for tuition applicable to the ensuing year are recorded as a liability (deferred revenue) and are recorded as income during the year of program participation.

J. Donated Services and Materials

When services are donated to The Project by interested parties in the course of carrying out its mission, in general, no amounts are reflected in the financial statements for those services since generally there is no objective basis to measure the value of such services. In limited circumstances, however, objectively measurable donated services are recorded. These donated services must require specialized skills, be provided by individuals possessing those skills, and would typically be purchased if not provided by donation. The Project received \$25,000 in donated services during the year under audit.

Donated materials are recorded at their fair value at the date of the donation. The Project received \$16,319 in donated materials. (See Note 4.)

These donations are reported as increases in without donor restricted net assets unless the donor has restricted the donated asset to a specific purpose.

K. Income Tax Status

The Internal Revenue Service has determined that The Project is exempt from federal income taxes under the Internal Revenue Code Section 501(c)(3) and files an IRS Form 990. Accordingly, no provision for income taxes is recorded in the accompanying financial statements.

As a tax-exempt organization, no part of The Project's net assets can inure to the benefit of any private individual. In the event The Project is dissolved and liquidated, the net assets, after paying all liabilities, would be distributed to a similar tax-exempt organization, which in the judgment of the Board of Directors, has a purpose clearly allied to that of The Project's.

The Project accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. The Project's IRS Form 990 is subject to review for three years subsequent to the date filed.

THE PITTSBURGH PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Advertising

The Project uses advertising to promote its programs and services. Advertising and promotional costs are expensed as incurred. For the year ended December 31, 2020 advertising expense was \$0.

M. Subsequent Events

Subsequent events were evaluated through the Independent Auditor's report date, which is the date the financial statements were available to be issued and has determined the following events required disclosure:

COVID-19

In early March 2020, there was a global pandemic of COVID-19 resulting in many changes in social interaction and business operations. The Project was affected by this pandemic as they were unable to hold major fundraising events and have, temporarily halted and ceased some operations. Therefore, these changes have already resulted in economic downturns of which the total impact, either direct or indirect, to the Project cannot be determined, but prospectively could have a material impact on operations, programming, cashflow and liquidity.

On June 26, 2020, the Project received loan proceeds in the amount of \$203,636 under the Paycheck Protection Program ("PPP"). Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" (24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over four years at an interest rate of 1%, with a deferral of payments for 12 months after the end of the covered period. The Project used PPP loan proceeds for purposes consistent with the PPP and applied for forgiveness on May 26, 2021 - within 12 months of the end of the covered period.

If the application for forgiveness is not made within 12 months of the end of the covered period, payments of principal and interest will be required through the maturity date of June 25, 2025. The terms of the loan provide for customary events of default, including payment defaults, breach of representation of warranties, and insolvency events. The PPP loan may be accelerated upon the occurrence of a default event.

On May 23, 2021, the Project received a second loan under the Paycheck Protection Program in the amount of \$239,515.

N. Functional Allocation of Expenses

The costs of providing the various programs and supporting services of The Project have been summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses are charged to each program based on direct expenses incurred. Salaries and other payroll related costs were allocated according to time spent by The Project's staff in the various programs and supporting services. Common expenses have been allocated between functional activities based on management's analysis of personnel time and applied to non-program functions as follows:

- General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.
- Fundraising expenses includes those costs directly related to this function. In addition, a reasonable allocation of personnel and other costs attributable to fundraising activity.

THE PITTSBURGH PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 3: FUNCTIONAL CATEGORIES

The Project seeks to serve three primary groups:

1. Children and youth who live in Pittsburgh's North Side,
2. Youth, adults, and families who participate in Service Camps and Retreats, and
3. Vulnerable homeowners/residents who live on Pittsburgh's North Side.

The Project's strategy for community development attempts to build assets and diminish risk factors in the lives of children and youth, families, and neighborhoods. A study conducted by the Search Institute (Minneapolis, MN) empirically demonstrated that young people who have more foundational building blocks, or assets, in their lives are less likely to be involved in high-risk behavior. In fact, those who have the majority of forty identified assets are least likely to smoke, drink, use drugs, drive recklessly, be involved in premarital sex, fail in school, commit acts of violence, or attempt suicide. Conversely, those with fewer assets were significantly more likely to engage in high-risk behavior. The Project's strategies and programs apply a multi-tiered approach, which addresses persons at their point of need and readiness. These programs attempt to grow individuals from the high-risk and low-asset range to the low-risk and high-asset level.

A. Youth Development Programs – To develop servant leaders among children and youth who live primarily in Pittsburgh's urban North Side, The Pittsburgh Project operate a series of asset-building, afterschool and summer programs in which children and youth grow academically, relationally, and spiritually, and become prepared to transform culture and to serve neighbors. Approximately 135 youth participate daily in these programs during the school year, and 50 participate in the summer programs, which include:

1. **Out of School Time (OST)** – nurture and provide assets through extensive afterschool activities. Our teachers and volunteers empower young people to succeed academically through one-on-one homework help, supplemental education in reading, writing, or math instruction, and a host of creative outlets for students, including classes in the performing and visual arts and S.T.E.M. programming. Class size is limited to a maximum of 10 students, with one adult teacher and an aide. Teachers provide consistent adult relationships, teach Bible lessons, and facilitate the work of over 25 volunteers who donated 50 hours of their time.
2. **Summer Day Camp (grades K-8)** – is a seven-week, multi-dimensional summer programs for young people in grades K-8. These all-day camps include two healthy meals, educational programming, recreational activities, and opportunities in the performing and visual arts, creative writing, swimming lessons, and weekly field trips. Middle School camp offers youth service opportunities, environmental education, and career exploration. Students in grades 3-8 also have the opportunity to attend a week-long sleep away camp outside of Pittsburgh.
3. **Leaders In Training (grades 9-12)** – is designed to help high school students grow into their full potential as tomorrow's leaders. Reserved for a group of forty students who demonstrate a motivation to serve, The Project's L.I.T. program offers participants one-on-one and small group mentoring, paid on-the-job training, opportunities for service, higher education preparation, and college scholarships. Those who complete their four-month "Beginning Leaders" training are granted employment at The Pittsburgh Project as teacher's aides, food service assistants, baristas, or lawn care specialists. Those who complete The Project's 28 weeks of higher education preparation, plus at least two years in the L.I.T. program are eligible for yearly college scholarships of up to \$3,000, for a maximum total of \$12,000.

B. Homeowner Services – To uphold the dignity of vulnerable homeowners, we provide services that include free minor home repairs, yard maintenance, visitation, and links with social service and local churches. We focus on homeowners who are economically in-need and at risk of eviction and homelessness, those who are isolated and devoid of social resources, and those who are in poor health due to advanced age, illness, or disability. We work toward ensuring that every vulnerable homeowner is able to live in a safe, healthy, and accessible home, with all the social networks needed for optimum living. Student volunteers who participate in our Service Camps and Retreats are the primary source of the volunteer construction hours used to perform these services. In addition to minor home repair and lawn care services, The Pittsburgh Project also coordinates a network of volunteers to

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NOTE 3: FUNCTIONAL CATEGORIES (Continued)

- B. Homeowner Services (Continued)** – visit and provide ongoing relational care for some of our city’s shut-ins. These volunteers also act as a link to connect homeowners with other agencies who can provide specialized services to meet the changing needs of homeowners. We also develop servant leaders from among participants in our Service Camps and Retreats, helping them become agents of renewal in their neighborhoods, schools, and churches. Through resident Summer Service Camps and resident Weekend Service Retreats during the school year, young people and adults give their hearts, minds, bodies, and souls in service to the widowed, elderly, poor, and disabled. They, in turn, grow from such cross-cultural, multi-ethnic, and intergenerational friendships that are mutually beneficial. We hope that participants develop a worldview that has servant-leadership at its core. Service Camp and Retreat participants provide the lion’s share of the volunteer construction hours used to perform The Project’s free minor home repair services. In the evening, participants share in developmental activities that are designed to nurture in them a commitment to being change-agents in their own neighborhoods and cities. Individuals from across the country take part annually in these resident programs and give thousands of volunteer hours that go directly into the provision of minor home repairs for in-need families.
- C. Community Outreach** – The Project’s Community Outreach efforts focus on activities to increase and improve the physical and human resources on the North Side. These efforts include operation of a public park and pool, where children and families gather for recreational and social activities. 230 volunteers assisted in community outreach efforts donating 1,920 hours.
- D. Social Enterprise** – We also run social enterprises that are designed to capitalize on The Project’s human and physical assets in order to provide training, employment opportunities, and revenue. By making assets work more strategically, The Pittsburgh Project can move towards greater financial sustainability and strategic viability. One such enterprise is the Charles Street Café, which historically has been operated between June and August. The Café is a specialty coffee shop that provides training and employment to high school students enrolled in our programs and generates revenue to support the work of The Pittsburgh Project. While the Café has been closed due to a COVID-19-related hiatus since 2020, The Pittsburgh Project is desirous of pursuing it or further programs like it in the future.
- E. Supporting Services**
- 1. Management and General** - These are costs not identified with a program, but are indispensable to the operation of the organization.
 - 2. Fundraising & Development** - These are costs that specifically relate to raising moneys for the organization.

NOTE 4: DONATED SERVICES AND MATERIALS

Donated services and materials for the year were as follows:

William Shimko performed the duties of the Interim Executive Director for a period of 5 months following the furlough of staff.

Interim Executive Director's Time Donation	\$ 25,000
Total	\$ 25,000

Donated Materials:	
Community Care	\$ 11,005
Youth and Community Event Supplies	3,240
Staff Furlough Care	1,350
Youth and Families Supplies	724
Total	\$ 16,319

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NOTE 5: OPERATING LEASES

As of December 31, 2020, the Project has no operating leases.

NOTE 6: NOTES

The Project had a line of credit with a bank of \$525,000, which had an outstanding balance at year-end of \$525,000. The interest rate at a fully floating prime rate, was at 3.25% at year-end.

In December of 2011, a loan to complete the gymnasium was executed. On December 5, 2014, the outstanding principal of \$133,467, was converted to a term note payable over 120 payments. On October 7, 2016, the loan was refinanced as part of a \$400,000 Standby Credit Open End Mortgage Term Note bearing an interest rate of prime plus 1%. Only interest payments were required in for the first two years. On December 16, 2021, the Project increased the amount of their loan by consolidating their credit card debt and closed their credit card account. The note is amortized over a 10-year period starting on October 7, 2018 and matures on October 7, 2028. At year-end, the outstanding balance was \$399,901, with an interest rate of 4.25%.

Required principal payments are as follows:

2021	37,777
2022	39,414
2023	41,122
2024	42,904
Beyond	238,685

From December 15, 2020, to current, the above information on the line of credit payments have been superseded by a forbearance agreement between the Project and the bank.

NOTE 7: FOWLER PARK

In 2006, The Project negotiated a fifteen (15) year lease for \$1 per year with the City of Pittsburgh for use of Fowler Park, a City park which has a swimming pool with a locker room, and playground. Under the terms of the agreement, The Project operates the Park for the benefit of the public and incurs the cost thereof. This was undertaken so that the community can continue to have a place for public recreation and interaction.

In April 2010, The Project entered into a Right of Entry Agreement with the City of Pittsburgh for an abandoned baseball field located near the program center (Sanguini Field). The field is used for the urban farming program to provide fresh, healthy produce to community members. The term of this Right of Entry shall be of indefinite duration, at the discretion of the City.

In 2011, construction of the gymnasium at the Fowler Park location began but was halted in 2012 after unforeseen construction issues were found that would add significant cost to the project and in order to allow the Project to focus on organizational stability. The Project plans to complete the construction at a later date. Pursuant to the Fowler Park lease, the gymnasium becomes the property of the City of Pittsburgh. However, the lease does give the Project the ability to move the building to a new location after canceling the lease, subject to an option for the City to negotiate a fair market price for the purchase of the building.

NOTE 8: RETIREMENT PLAN

In prior years, The Pittsburgh Project has offered a year-end bonus for eligible staff members that, at the discretion of the employee, may be taken as a cash bonus or contributed to the respective employee's individual retirement accounts as a part of each employee's gross compensation. Due to budgetary constraints, this bonus was suspended in 2019, but may be reinstated in future years.

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NOTE 9: CHANGES IN DONOR RESTRICTED NET ASSETS

Net assets with donor restrictions activity for the year ended December 31, 2020 are as follows:

Purpose	Restriction Type	2019	Revenue	Released	2020
Afterschool Programming	Expenditure Fulfillment	\$ -	\$ 50,000	\$ -	\$ 50,000
Servant Leadership Roast	Expenditure Fulfillment	-	5,000	-	5,000
Gymnasium	Expenditure Fulfillment	2,000	-	-	2,000
Ballfield Farm	Expenditure Fulfillment	831	-	831	-
Field Trips	Expenditure Fulfillment	1,500	-	254	1,246
		<u>\$ 4,331</u>	<u>\$ 55,000</u>	<u>\$ 1,085</u>	<u>\$ 58,246</u>

NOTE 10: SPECIAL EVENTS

Marathon:

In 2020, The Pittsburgh Project participated as a charity in the Dick's Sporting Goods Marathon fundraiser in May. As a registered charity, The Pittsburgh Project had dozens of runners raise money and run on behalf of the organization to raise a awareness about the mission of the organization.

Revenue	\$ 6,878
Expenditures	<u>(646)</u>
	<u>\$ 6,232</u>

NOTE 11: RENTAL REVENUE

The Project has the following leases:

- a) A lease for the 3rd floor of the former school building. The lease had an initial term of 3 years expiring on December 31, 2020, with annual renewals. The tenant is currently on a year-to-year lease agreement. During 2020, the tenant paid 2021 rent in advance and this amount is reflected as a deferred revenue liability.
- b) A lease for the church sanctuary, (1) office space, and (5) classrooms in the former school building. The initial term of the lease has expired, and the tenant is currently renting on a month-to-month basis.
- c) A lease for a portion of the former school building. The initial term of the lease has expired, and the tenant is currently renting on a month-to-month basis.

NOTE 12: POTENTIAL PENALTIES AND INTEREST,

IRS has assessed a penalty of \$17,010 for the late filing of the 2019, form 990 information return. The Project is vigorously appealing this penalty and believes that it will be successful in having it abated, hence the liability has not been recorded.

On June 9, 2021, The IRS has assessed penalty and interest of \$13,781 and \$8,887, respectively for the failure to pay the proper 2019 federal withholding taxes.