THE PITTSBURGH PROJECT

AUDITED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

THE PITTSBURGH PROJECT
PITTSBURGH, PENNSYLVANIA

AUDITED FINANCIAL STATEMENTS

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Palermo/Kissinger
& Associates, P.C.
Certified Public Accountants

To the Board of Directors of the
The Pittsburgh Project
Pittsburgh, Pennsylvania

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of The Pittsburgh Project (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses and cash flows 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 financial position of The Pittsburgh Project as of December 31, 2022 and 2021, and the changes in its net assets and its cash flow for the years 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Pittsburgh Project 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 these 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 The Pittsburgh Project's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 auditor's reports 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 The Pittsburgh Project'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 The Pittsburgh Project'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.

Palermo/Kissinger & Assoc., P.C.

Palermo/Kissinger & Associates, P.C.
Washington, Pennsylvania
September 30, 2023

THE PITTSBURGH PROJECT
STATEMENTS OF FINANCIAL POSITION
DECMEBER 31, 2022 AND 2021

ASSETS

	2022	2021
CURRENT ASSETS		
Cash on hand and in bank	$ 550,823	$ 485,367
Accounts receivable	52,800	25,241
Prepaid rent - current portion	150,000	1,000
TOTAL CURRENT ASSETS	753,623	511,608
FIXED ASSETS		
Land	47,518	47,518
Building and improvements	399,771	4,941,542
Office furniture and fixtures	-	135,405
Vehicles - vans	51,006	51,006
Machinery and equipment	8,331	263,793
	506,626	5,439,264
Less: accumulated depreciation	(249,673)	(3,453,601)
TOTAL FIXED ASSETS	256,953	1,985,663
OTHER ASSETS		
Construction in progress - Gymnasium	-	651,319
Prepaid rent, less current portion	212,500	-
Right-of-Use Asset	589,551	-
TOTAL OTHER ASSETS	802,051	651,319
TOTAL ASSETS	$ 1,812,627	$ 3,148,590

LIABILITIES AND NET ASSETS

	2022	2021
CURRENT LIABILITIES		
Accounts payable and accrued expenses	$ 6,403	$ 24,505
Payroll related liabilities	26,987	124,294
Accrued interest on outstanding debt	-	81,887
Line of credit - bank	-	525,000
Notes payable - current portion	-	60,000
Current portion of lease liabilities	126,049	-
TOTAL CURRENT LIABILITIES	159,439	815,686
LONG-TERM LIABILITIES- Less current portions due within one year:		
Notes payable	-	277,958
Operating lease liability	463,502	-
TOTAL LONG-TERM LIABILITIES	463,502	277,958
TOTAL LIABILITIES	622,941	1,093,644
NET ASSETS		
Net assets without donor restrictions:		
Undesignated	932,733	280,922
Invested in fixed assets, net of related debt	256,953	1,774,024
Total net assets without donor restrictions	1,189,686	2,054,946
Net assets with donor restrictions	-	-
TOTAL NET ASSETS	1,189,686	2,054,946
TOTAL LIABILITIES AND NET ASSETS	$ 1,812,627	$ 3,148,590

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

THE PITTSBURGH PROJECT
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
NET ASSETS WITHOUT DONOR RESTRICTIONS:		
SUPPORT, REVENUE, AND GAINS		
SUPPORT:		
Grants	$ 210,532	$ 230,825
Payroll Protection Plan debt forgiveness	-	442,531
Donations	281,818	344,665
Special events revenue, net direct expenses of $11,671 and $11,945, respectively	11,128	6,407
Penalty abatement	-	13,781
TOTAL SUPPORT	503,478	1,038,209
REVENUE AND GAINS:		
Contract revenues	314,491	226,781
Rental income	58,690	129,027
Other income	5,617	43,161
Gain on disposal of fixed assets	125,190	2,600
TOTAL REVENUE AND GAINS	503,988	401,569
TOTAL SUPPORT, REVENUE, AND GAINS	1,007,466	1,439,778
NET ASSETS RELEASED FROM RESTRICTIONS		
Reclassification by satisfaction of purpose restrictions	-	58,246
TOTAL SUPPORT, REVENUE, GAINS & RECLASSIFICATIONS	1,007,466	1,498,024
EXPENSES		
Youth Development Program	570,244	366,556
Community Outreach Program	391,634	302,676
Social Enterprise Program	15,158	8,803
Management and General	166,704	143,232
Fundraising and Development	31,136	16,830
TOTAL EXPENSES	1,174,876	838,097
OTHER EXPENSES AND LOSSES		
Loss on impairment of long-lived assets	697,850	-
TOTAL EXPENSES AND LOSSES	1,872,726	838,097
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS	(865,260)	659,927
NET ASSETS WITH DONOR RESTRICTIONS:		
Satisfaction of purpose restrictions	-	(58,246)
DECREASE IN NET ASSETS WITH DONOR RESTRICTIONS	-	(58,246)
INCREASE (DECREASE) IN NET ASSETS	(865,260)	601,681
NET ASSETS AT BEGINNING OF YEAR	2,054,946	1,453,265
NET ASSETS AT END OF YEAR	$ 1,189,686	$ 2,054,946

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

THE PITTSBURGH PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	PROGRAM SERVICES				SUPPORTIVE SERVICES			
	YOUTH DEVELOPMENT PROGRAM	COMMUNITY OUTREACH PROGRAM	SOCIAL ENTERPRISE PROGRAM	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING AND DEVELOPMENT	TOTAL SUPPORTIVE SERVICES	TOTAL EXPENSES
PERSONNEL EXPENSES								
Salaries and wages	$ 220,704	$ 145,940	$ 6,382	373,026	$ 78,071	$ 14,720	$ 92,791	$ 465,817
Payroll taxes and employee benefits	50,760	33,565	1,467	85,792	17,955	3,385	21,340	107,132
TOTAL PERSONNEL EXPENSES	271,464	179,505	7,849	458,818	96,026	18,105	114,131	572,949
OPERATING EXPENSES								
Occupancy	127,763	23,942	1,047	152,752	12,808	2,415	15,223	167,975
Advertising	418	100	-	518	-	1,354	1,354	1,872
Operating supplies	42,312	14,021	2,166	58,499	3,824	4,823	8,647	67,146
Professional fees	24,664	97,375	53	122,092	39,428	3,581	43,009	165,101
Scholarships	6,000	-	-	6,000	-	-	-	6,000
Interest	9,108	4,554	-	13,662	1,518	-	1,518	15,180
Insurance	26,377	18,287	372	45,036	7,671	858	8,529	53,565
Depreciation and amortization	18,070	28,271	-	46,341	2,317	-	2,317	48,658
Repairs and maintenance	29,144	22,983	3,535	55,662	-	-	-	55,662
Other operating expenses	14,924	2,596	136	17,656	3,112	-	3,112	20,768
TOTAL OPERATING EXPENSES	298,780	212,129	7,309	518,218	70,678	13,031	83,709	601,927
TOTAL FUNCTIONAL EXPENSES	$ 570,244	$ 391,634	$ 15,158	977,036	$ 166,704	$ 31,136	$ 197,840	$ 1,174,876

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

THE PITTSBURGH PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	PROGRAM SERVICES				SUPPORTIVE SERVICES			
	YOUTH DEVELOPMENT PROGRAM	COMMUNITY OUTREACH PROGRAM	SOCIAL ENTERPRISE PROGRAM	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING AND DEVELOPMENT	TOTAL SUPPORTIVE SERVICES	TOTAL EXPENSES
PERSONNEL EXPENSES								
Salaries and wages	$ 188,029	$ 124,334	$ 5,437	317,800	$ 66,512	$ 12,540	$ 79,052	$ 396,852
Payroll taxes and employee benefits	34,246	22,645	990	57,881	12,114	2,284	14,398	72,279
TOTAL PERSONNEL EXPENSES	222,275	146,979	6,427	375,681	78,626	14,824	93,450	469,131
OPERATING EXPENSES								
Occupancy	27,268	35,584	-	62,852	3,359	1,462	4,821	67,673
Advertising	-	100	-	100	-	85	85	185
Operating supplies	28,898	10,992	1,330	41,220	2,809	157	2,966	44,186
Professional fees	1,823	991	40	2,854	45,015	93	45,108	47,962
Scholarships	7,000	-	-	7,000	-	-	-	7,000
Interest	19,122	9,834	-	28,956	3,640	-	3,640	32,596
Insurance	20,324	10,825	91	31,240	5,747	209	5,956	37,196
Depreciation and amortization	22,143	72,274	-	94,417	3,786	-	3,786	98,203
Repairs and maintenance	10,459	8,865	915	20,239	-	-	-	20,239
Other operating expenses	7,244	6,232	-	13,476	250	-	250	13,726
TOTAL OPERATING EXPENSES	144,281	155,697	2,376	302,354	64,606	2,006	66,612	368,966
TOTAL FUNCTIONAL EXPENSES	$ 366,556	$ 302,676	$ 8,803	678,035	$ 143,232	$ 16,830	$ 160,062	$ 838,097

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

THE PITTSBURGH PROJECT
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOW FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ (865,260)	$ 601,681
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation and amortization	48,658	98,203
Noncash PPP principal debt forgiveness	-	(442,531)
Noncash penalty abatement	-	(13,781)
Noncash rent forgiveness	87,500	-
Gain on disposal of fixed assets	(125,190)	(2,600)
Loss on impairment of long-lived assets	697,850	-
(Increase) decrease in accounts receivable	(27,559)	11,860
(Increase) decrease in prepaid expenses	1,000	29,669
Increase (decrease) in deferred revenue	-	(73,925)
Increase (decrease) in accounts payable and accrued expenses	(18,102)	(111,183)
Increase (decrease) in payroll related liabilities	(97,307)	(80,206)
Increase (decrease) in accrued interest	(81,887)	52,031
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(380,297)	69,218
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	1,308,711	2,600
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,308,711	2,600
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from paycheck protection program loan	-	238,895
Repayment of long-term debt	(862,958)	(61,943)
NET CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES	(862,958)	176,952
NET INCREASE IN CASH	65,456	248,770
CASH AT BEGINNING OF YEAR	485,367	236,597
CASH AT END OF YEAR	$ 550,823	$ 485,367
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Interest expense paid during the year	$ 15,180	$ 32,596
Noncash financing activities:		
PPP debt forgiveness - principal	$ -	$ 438,727
PPP debt forgiveness - interest	$ -	$ 3,804
Penalty abatement	$ -	$ 13,781
Rent forgiveness	$ 87,500	$ -

SEE ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION AND PROGRAM SERVICES

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 Project seeks to serve three primary groups:

1. Children and youth who live in Pittsburgh's North Side,
2. Vulnerable homeowners/residents who live on Pittsburgh's North Side, and
3. Youth, adults, families, and community partners who work alongside the organization.

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. The programs of The Project attempt to grow individuals from the high-risk and low-asset range to the low-risk and high-asset level. The programs of The Project consist of the following:

Youth Development Programs - To develop servant leaders among children and youth who live primarily in Pittsburgh's urban North Side. The Pittsburgh Project operates 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. The youth development programs consist of the following:

Out of School Time (OST) – The OST program nurtures and provides assets through extensive after school activities. The 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.

Summer Day Camp – A seven-week, multi-dimensional summer programs for young people in grades Kindergarten through 8th grade. 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.

NOTE 1 – ORGANIZATION AND PROGRAM SERVICES (continued)

Youth Development Programs (continued)

Leaders In Training (L.I.T.) – This program 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.

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.

In addition, The Project provides the administrative link between the Urban Redevelopment Authority of Pittsburgh, contractor, and homeowner for the Homeowner Assistance Program. This program exists to repair city homes to meet safety codes. The administrator connects with homeowners, edits bids and schedules with contractors, and communicates with and invoices Urban Redevelopment Authority of Pittsburgh. Homeowners have to be at or below 50 percent of the Area Median Income and reside in the city.

Social Enterprise – The Project runs 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 Project can move towards greater financial sustainability and strategic viability.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements are presented on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The financial statements of the WCHS are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, Presentation of Financial Statements of Not-for-Profit Entities, dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). ASC 958-205 was effective January 1, 2018.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of The Project and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of The Project. The Project's board may designate assets without restrictions for specific operational purposes.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of The Project or by the passage of time.

Recently Issued Accounting Pronouncements

- In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This guidance requires the rights and obligations of new and existing arrangements to be recognized as assets and liabilities on the statement of financial position. The Guidance requires disclosures to better inform financial statement users of the amount, timing and uncertainty of cash flows arising from leases. The primary impact of this guidance, which was effective for periods beginning after December 15, 2021 was to record right-of-use assets and obligations for current operating leases.

Cash On Hand and in Bank

For the purposes of the cash flows statement, The Project considers investments with a maturity of three months or less to be cash equivalents. The cash on hand and in bank included three checking accounts maintained at one bank. Cash accounts at banks are insured by the FDIC for up to $250,000. Total uninsured amounts were $300,823 and $235,367 at December 31, 2022 and 2021, respectively.

Depreciation

Depreciation of fixed assets is provided over the estimated useful lives of the respective assets on a straight-line basis.

Fair Value Measurement

The Project applies the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10 for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC 820-10 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820-10 also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Project is a nonprofit organization exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code. The Project has been classified as an entity that is not a private foundation within the meaning of Section 509 (a). Donors are entitled to deductions from income tax for contributions made to The Project in accordance with these regulations.

The Project has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10 (formerly Interpretation Number 48 (FIN 48)), *Accounting for Uncertainty in Income Taxes*, which clarifies the accounting for uncertainty in income taxes. ASC 740-10 prescribes 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 has been met. The standard also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition.

Management has determined that there are no material uncertain tax positions or unrecognized tax benefits and there is no material impact on the financial statements. In addition, there were no penalties or interest recognized on the statement of activity as a result of the adoption. Interest expense of $2,805 for unpaid payroll tax liabilities was recognized on the statement of activity for the year ended December 31, 2021. The accounts payable and accrued expenses on the statement of financial position as of December 31, 2021, includes $11,446 of assessed interest payable on the unpaid payroll tax liabilities.

The Project's ASC 740-10 evaluation was performed for the tax years 2019 through 2022, which are the years that remain subject to examination by the Internal Revenue Service and various state agencies as of December 31, 2022.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted in a systematic and rational matter as determined by management. The expenses that are allocated include the following:

Expenses	Method of Allocation
Salaries and benefits	Time and effort
Insurance	Time and effort
Utilities	Square footage
Depreciation	Square footage

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue and Support

The Project derives its revenue and support primarily from grants, program service revenue, and contributions. Under ASC 606, revenue is recognized when performance obligations are satisfied, and revenue is earned for each of the major revenue categories. The Project also applies the guidance under ASC Topic 958 Non-Profit Entities, to recognize support received that is not subject to revenue recognition under ASC 606.

Contributions

Under generally accepted accounting principles for not-for-profit Organizations, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

Contributions are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, 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. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Project reports the support as net assets without donor restrictions. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are place in service.

Donated Services

When services are donated to The Project in the course of carrying out its mission, ingeneral, 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. During the years ended December 31, 2022 and 2021, The Project did not have any donated services that met the criteria to be recognized as contributions.

Advertising costs

Advertising costs are expensed as incurred. Total advertising costs for the years ended December 31, 2022 and 2021 were $1,873 and $185, respectively.

Subsequent Events

In accordance with Accounting Standards Codification (ASC) 855-10, *Subsequent Events*, The Project has evaluated subsequent events through September 30, 2023 which is the date financial statements were available to be issued.

NOTE 3 – LIQUIDITY

The Project's financial assets available within one year of December 31, 2022 and 2021 for general expenses are as follows:

	2022	2021
Cash on hand and in bank	$550,823	$485,367
Accounts receivable	52,800	25,241
Prepaid rent	150,000	1,000
Total financial assets available	$753,623	$511,608

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

NOTE 4 – FIXED ASSETS

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. Depreciation expense amounted to $48,657 and $98,203 for the years ended December 31, 2022 and 2021, respectively.

NOTE 5 – SALE OF FIXED ASSETS

In May 2022, The Pittsburgh Project completed the sale of the guesthouse, school, and parking lot for $1,300,000 in addition to future rental forgiveness of $450,000, totaling $1,750,000. Proceeds from the sale were used to pay off the Dollar Bank line of credit, the Dollar Bank note payable, all accrued interest owed to Dollar Bank, and all outstanding payroll tax liabilities. As a result of the sale, The Project reduced its rental income by $75,000 annually.

At the time of the sale, The Pittsburgh Project entered into a five-year lease for the first and second floors of the former school building. The terms of the lease call for annual rent payments of $150,000. As part of the sales agreement, the rent payment of $150,000 due from The Pittsburgh Project for the space occupied in the school building was waived for the first two years, and discounted for years three and four by $100,000 and $50,000, respectively.

NOTE 6 – 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.

During the year ended December 31, 2022, The Pittsburgh Project determined that the carrying value of its fixed assets was significantly higher than the fair value of the assets. In addition, the construction of the gymnasium that had begun in 2011 at the Fowler Park location was discontinued to allow the Project to focus on organizational stability. As a result, an impairment loss of long-lived assets was recognized in the amount of $697,850 for the year ended December 31, 2022.

NOTE 7 – PAYROLL PROTECTION PROGRAM

On June 26, 2020, the Project received loan proceeds in the amount of $203,636 under the Paycheck Protection Program (PPP). The PPP was established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The loan bears interest at a rate of 1% annually, with payments deferred for six months from the origination date. The loan, as well as the accrued interest is forgivable under the CARES Act, as long as The Project uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities and maintains its current level of full-time equivalent employees. Any amount not forgiven is payable over a two-year period. On August 19, 2021, $199,212 of the loan and accrued interest of $2,274 was forgiven. The Project paid the remaining balance of $4,424 during the year ended December 31, 2021.

On May 23, 2021, The Project received a second loan in the amount of $239,515 under the Paycheck Protection Program (PPP), established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act). The loan bears interest at a rate of 1% annually, with payments deferred for six months from the origination date. The loan, as well as the accrued interest is forgivable under the CARES Act, as long as The Project uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities and maintains its current level of full-time equivalent employees. Any amount not forgiven is payable over a two-year period. The loan and accrued interest of $1,530 was forgiven in its entirety on November 24, 2021.

Therefore, debt forgiveness revenue of $442,531 from the Payroll Protection Program was recognized for the year ended December 31, 2021.

NOTE 8 – NOTES PAYABLE

A. The Project had a line of credit with Dollar bank of $525,000, which had an outstanding balance at December 31, 2021 of $525,000. The interest rate at a fully floating prime rate, was at 3.25% at year-end. Accrued interest on the line of credit at December 31, 2021 was $35,314. In May 2022, The Project used proceeds from the sale of the guesthouse, school and parking lot to pay off the line of credit. Total interest expense for the line of credit was $8,367 and $17,062 for the years ended December 31, 2022 and 2021, respectively.

B. In December 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, 2020, the Project increased the amount of their loan by consolidating their credit card debt and closed their credit card account. On December 15, 2020, The Projected entered into a forbearance agreement with Dollar Bank. The agreement calls for monthly payment of $5,000 applied towards the principal, with interest accruing at a rate of 4.25%. At December 31, 2021 the outstanding balance was $337,958. Accrued interest on the loan at December 31, 2021 was $46,574. In May 2022, The Project used proceeds from the sale of the guesthouse, school and parking lot to pay off the loan as well as accrued interest. Total interest expense for the years ended December 31, 2022 and 2021 was $6,812 and $13,902, respectively.

NOTE 9 – 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.

NOTE 10 – RENTAL REVENUE

The Project has the following leases:

A. The Project entered into an annual lease for the church sanctuary, (I) office space, and (5) classrooms in the former school building. The lease calls for monthly payment of $2,000. Total rent revenue from this lease was $24,000 and $24,0000 during the years ended December 31, 2022 and 2021, respectively.

B. The Project leases approximately 2,000 square feet of shared space including a portion of the facility's kitchen and one of the garage bays under a lease agreement that runs from March 30, 2021 through April 30, 2023. The lease calls for monthly payments of $700 for the first year and increases to $817 for the second year. Total rent revenue from this lease was $9,453 and $6,300 during the years ended December 31, 2022 and 2021, respectively.

C. The Project leases a portion of the former school building to two tenants on a month-to-month basis at a rate of $125 and $680 per month. Total rent revenue from these leases was $9,662 and $9,662 for the years ended December 31, 2022 and 2021, respectively.

D. The Project leased the 3rd floor of the former school building on a year-to-year lease agreement that expired December 31, 2021. The lease calls for monthly payment of $6,250. Total rent revenue from this lease was $75,000 during the year ended December 31, 2021.

The Project also rents space on an as-needed basis for retreats as well as other meetings throughout the year. Total rent revenue from these events was $15,577 and $14,065 during the years ended December 31, 2022 and 2021, respectively.

NOTE 11 – PENALTY ABATEMENT

On June 9, 2020, the Internal Revenue Service assessed penalties of $13,781 for the failure to pay the proper 2019 federal withholding taxes. During the year ended December 31, 2021, The Project was notified these penalties had been abated. Therefore, penalty abatement revenue of $13,781 was recognized for the year ended December 31, 2021.

NOTE 12 – SPECIAL EVENTS

The Project hosts two annual fundraisers: a Golf Outing and a Fall Festival. Total revenue for these fundraisers consists of the cost of direct benefit to the donors plus the contribution component of the registration fee. The Project recognizes the contribution portion immediately and the exchange portion upon completion of the event.

The direct benefit portion of the Golf Outing included in the registration fee was comprised of lunch, facility use, the cost to play a round of golf with cart, and event materials. Management estimated the direct benefit to be $75 and $70 per golfer for the years ended December 31, 2022 and 2021, respectively. The estimated direct benefit of sponsorships was $150 and $150 for the years ended December 31, 2022 and 2021, respectively.

NOTE 12 – SPECIAL EVENTS (continued)

The direct benefit portion of the Fall Festival included in the price of a ticket was comprised of event activities, prizes, and event materials. Management estimated the direct benefit to be equal to the ticket price charged for the event for the years ended December 31, 2022 and 2021. The estimated direct benefit of sponsorships was $50 and $50 for the years ended December 31, 2022 and 2021, respectively.

NOTE 13 – RIGHT-OF-USE ASSETS AND OPERATING LEASE LIABILITY

The Pittsburgh Projected adopted ASU No. 2016-02, *Leases* as of January 1, 2022. ASU No. 2016-02 establishes principles that require a lessee to create a lease asset and a lease liability for those leases classified as operating leases under previous accounting principles generally accepted in the United States of America. The new lease asset and liability are called Right-of-Use Assets and Operating Lease Liabilities within the financial statements.

The Pittsburgh Project has entered into agreements giving rise to the following Right-of-Use Assets and Operating Lease Liabilities:

On May 25, 2022, The Pittsburgh Project entered into a five-year lease for the first and second floors of the former school building. The terms of the lease call for annual rent payments of $150,000. Rent totaling $450,000 was prepaid with the sale of the school building to cover the first two years of rent in full, $100,000 applied to year three, and $50,000 applied to year four of the lease. The total prepaid rent at December 31, 2022 was $362,500, of which $150,000 will be recognized as rent expense during the year ended December 31, 2023.

The following schedule represents the right-of-use assets and outstanding lease liability for The Pittsburgh Project:

Year Ending December 31,	Amount
2023	$126,049
2024	131,840
2025	137,896
2026	144,231
2027	49,535
Total	$589,551