

PROJECTS FOR HUMANITY

AUDITED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

AS OF AND FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022

PROJECTS FOR HUMANITY

AUDITED FINANCIAL STATEMENTS

AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Projects for Humanity

Opinion

We have audited the financial statements of Projects for Humanity (the "Organization"), which comprise the statements of financial position as of December 31, 2023 and 2022, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2023 and 2022, and the statements of activities and changes in net assets, and its cash flows 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 (GAAS). 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 Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 the 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



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 GAAS 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 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 consolidated financial statements.

In performing an audit in accordance with GAAS, 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

OAK Advisors, LLC

Houston, Texas
November 8, 2024

PROJECTS FOR HUMANITY

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current assets:		
Cash	\$ 232,327	\$ 143,330
Marketable securities	61,275	28,476
Total current assets	<u>293,602</u>	<u>171,806</u>
<u>Total Assets</u>	<u>\$ 293,602</u>	<u>\$ 171,806</u>
Net assets		
Without donor restrictions	<u>293,602</u>	<u>171,806</u>
<u>Total Net Assets</u>	<u>\$ 293,602</u>	<u>\$ 171,806</u>

The accompanying notes are an integral part of these financial statements

PROJECTS FOR HUMANITY

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023			2022		
	With donor restrictions	Without donor restrictions	Total	With donor restrictions	Without donor restrictions	Total
Revenues:						
Donations	\$ -	\$ 463,003	\$ 463,003	\$ -	\$ 365,384	\$ 365,384
Total revenues	-	463,003	463,003	-	365,384	365,384
Expenses:						
Program services	-	243,967	243,967	-	215,067	215,067
Management and general	-	5,952	5,952	-	5,756	5,756
Fundraising	-	101,637	101,637	-	76,383	76,383
Total expenses	-	351,556	351,556	-	297,206	297,206
Other income						
Unrealized gains and losses of marketable securities	-	9,829	9,829	-	4,260	4,260
Investment income	-	520	520	-	33	33
Total other income	-	10,349	10,349	-	4,293	4,293
Changes in net assets	-	121,796	121,796	-	72,471	72,471
Net assets, beginning of the year	-	171,806	171,806	-	99,335	99,335
Net assets, end of the year	\$ -	\$ 293,602	\$ 293,602	\$ -	\$ 171,806	\$ 171,806

The accompanying notes are an integral part of these financial statements

PROJECTS FOR HUMANITY

**STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023				2022			
	Program services	Supporting services Management and General	Fundraising	Total	Program services	Supporting services Management and General	Fundraising	Total
Expenses:								
Advertising & Promotion	\$ -	\$ -	\$ 1,909	\$ 1,909	\$ -	\$ -	\$ 8,580	\$ 8,580
Bank Charges & Fees	11,839	1,147	-	12,986	4,945	1,888	-	6,833
Conference & Meetings	-	-	-	-	-	-	1,445	1,445
Disaster Relief Project	14,858	-	-	14,858	73,600	-	-	73,600
Education Support	60,700	-	-	60,700	74,982	-	-	74,982
Equipment Rental	-	-	-	-	-	-	2,075	2,075
Food & Nutrition Expenses	59,900	-	-	59,900	-	-	-	-
Free Medical Treatment	-	-	-	-	2,649	-	-	2,649
Fundraising Expenses	-	-	22,728	22,728	-	-	29,725	29,725
Marketing	-	-	68,000	68,000	-	-	21,064	21,064
Orphan Care	34,500	-	-	34,500	31,850	-	-	31,850
Professional Services	-	1,800	-	1,800	-	1,400	-	1,400
Professional Services- Marketing	-	-	9,000	9,000	-	-	-	-
Refugee Assistance	400	-	-	400	350	-	-	350
Rent & Lease	-	-	-	-	-	-	12,394	12,394
Transfer Fee	270	-	-	270	-	-	-	-
Travel	-	-	-	-	-	-	1,100	1,100
Underprivileged Development	61,500	-	-	61,500	26,691	-	-	26,691
Website & Software	-	3,005	-	3,005	-	2,468	-	2,468
Totals	\$ 243,967	\$ 5,952	\$ 101,637	\$ 351,556	\$ 215,067	\$ 5,756	\$ 76,383	\$ 297,206

The accompanying notes are an integral part of these financial statements

PROJECTS FOR HUMANITY

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Cash flow From Operating Activities:		
Changes in net assets	\$ 121,796	\$ 72,471
Adjustments to reconcile net assets to net cash provided by operating activities:		
Gain on investments	(10,349)	(4,293)
Changes in:		
Accounts payable	-	15,000
Net cash provided by operating activities	<u>111,447</u>	<u>83,178</u>
Cash flow From Investing Activities:		
Purchases of investments	(36,079)	(21,747)
Sales of investments	13,629	2,533
Net cash used by investing activities	<u>(22,450)</u>	<u>(19,214)</u>
Change in Cash	88,997	63,964
Cash at beginning of year	143,330	79,366
Cash at end of year	<u>\$ 232,327</u>	<u>\$ 143,330</u>

The accompanying notes are an integral part of these financial statements

PROJECTS FOR HUMANITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Note 1: NATURE OF ACTIVITIES

Projects for Humanity (the "Organization") is a not-for-profit organization incorporated in the State of Texas on September 7, 2017. The Organization began operations in Houston, Texas, in September 2017 and strives to enhance the lives and well-being of underprivileged individuals and communities through humanitarian support, free medical treatment, education, and developmental assistance. The Organization is primarily funded by funds received from donations.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The Organization's financial statements are presented in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

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 Organization. These net assets may be used at the discretion of the Organization.

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 Organization. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted donations are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash - The Organization's cash consists of cash held on deposit with banks.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in net assets without donor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Advertising - The Organization expenses marketing and advertising costs as incurred. During the years ended December 31, 2023, and 2022, the Organization expensed approximately \$69,909 and \$29,600, respectively, in marketing and advertising costs.

Fundraising costs - The Organization incurs fundraising costs to persuade potential donors to make donations to the Organization. These costs are expensed as paid.

PROJECTS FOR HUMANITY

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition - Donations 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. Donations that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the donation is recognized. All other donor restricted donations are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cost Allocation - The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include advertising, insurance, merchant service fees, operating supplies, and telecommunications, which are allocated based on estimates of usage; contract labor, payroll, and related expenses, which are allocated based on estimates of time and effort; and depreciation, which is allocated based on the ratio of total expenses for each respective program or supporting service to total expenses, excluding expenses attributable to fundraising.

Note 3: FAIR VALUE MEASUREMENTS

Current accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below

Level 1 — Valuations based on quoted prices for identical assets and liabilities in active markets.

Level 2 — Valuations based on observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.

Level 3 — Valuations based on unobservable inputs reflecting our own assumptions, consistent with reasonably available assumptions made by other market participants. These valuations require significant judgment.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Note 3: FAIR VALUE MEASUREMENTS (CONTINUED)

The following is a description of the valuation methodologies used for the Organization's investments measured at fair value:

Insured deposits: Valued at the closing price reported on the active market on which the individual insured deposit instruments are held.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded. NAV approximates fair value as determined by the respective fund managers. NAV is calculated based on the market value of the fund's assets minus its liabilities and divided by the number of shares outstanding. While the NAV serves as a reasonable estimate of fair value, it may not precisely reflect the price at which the fund's assets could be liquidated in the current market conditions. Investors are advised to consider additional factors, such as market volatility and the nature of the fund's investments, when evaluating the fair value of mutual fund holdings.

Common stocks: The Organization measures its investments in common stocks at fair value, which is determined based on the market approach. Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

The following table presents the fair value hierarchy for assets and liabilities measured at fair value on a recurring basis as of December 31:

	2023			
	Level 1	Level 2	Level 3	Total
Insured deposits	\$ 24,530	\$ -	\$ -	\$ 24,530
Mutual funds	1,821	-	-	1,821
Common stocks	34,924	-	-	34,924
	<u>\$ 61,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,275</u>
	2022			
	Level 1	Level 2	Level 3	Total
Insured deposits	\$ 12,528	\$ -	\$ -	\$ 12,528
Mutual funds	14,409	-	-	14,409
Common stocks	1,539	-	-	1,539
	<u>\$ 28,476</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,476</u>

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FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

Note 4: LIQUIDITY AND AVAILABILITY

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures and other obligations come due. As of December 31, 2023 and 2022, the Organization's liquid assets available in the next 12 months are as follows:

	<u>2023</u>	<u>2022</u>
Liquid assets available in the next 12 months:		
Cash	\$ 232,327	\$ 143,330
Marketable securities	61,275	28,476
	<u>293,602</u>	<u>171,806</u>

Note 5: INCOME TAXES

The Organization is generally exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. As of December 31, 2023 and 2022, there were no uncertain tax positions that exist.

Note 6: SUBSEQUENT EVENTS

The Organization evaluated subsequent events through November 8, 2024, which is the date the financial statements were available to be issued. There are no additional events that have occurred such that adjustments to the amounts or disclosures presented in the notes to the financial statements are warranted.