

PROJECT PURPLE

SEYMOUR, CONNECTICUT

COMPARATIVE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

KENDALL, PREBOLA AND JONES

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Kendall, Prebola and Jones, LLC
Certified Public Accountants

Board of Directors
Project Purple
115 Main St, Suite 1
Seymour, CT 06483

INDEPENDENT AUDITOR'S REPORT

Opinion

We have audited the accompanying financial statements of Project Purple (a nonprofit organization), which comprise the Statements of Financial Position as of December 31, 2023 and 2022, 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 Project Purple as of December 31, 2023 and 2022, and the changes in its 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 audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Project Purple 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, Project Purple replaced its incurred loss method of measuring financial assets with an expected loss method as of January 1, 2023, due to the adoption of Financial Accounting Standards Board's Accounting Standards Update No. 2016-13, *Financial Instruments - Credit Losses* (Topic 326), as amended. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the financial statements, Project Purple has changed its method of accounting for leasing transactions as of January 1, 2022, due to the adoption of Financial Accounting Standards Board's Accounting Standards Update No. 2016-02, *Leases* (Topic 842), as amended. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 Project Purple'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 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Project Purple'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 Project Purple'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.

Kendall, Prebola and Jones

Kendall, Prebola and Jones
Certified Public Accountants

Bedford, Pennsylvania
October 8, 2024

PROJECT PURPLE
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$ 335,076	\$ 971,816
Certificates of Deposit	704,000	350,004
Investments	779,648	-
Accounts Receivable	990	27,039
Interest Receivable	26,554	5,383
Promises to Give	16,523	45,788
Prepaid Expenses	28,493	42,929
Inventory for Resale	<u>23,789</u>	<u>21,169</u>
Total Current Assets	<u>\$ 1,915,073</u>	<u>\$ 1,464,128</u>
<u>Fixed Assets:</u>		
Computer Equipment	\$ 37,153	\$ 34,853
Less: Accumulated Depreciation	<u>(33,030)</u>	<u>(29,615)</u>
Total Fixed Assets	<u>\$ 4,123</u>	<u>\$ 5,238</u>
<u>Other Assets:</u>		
Security Deposits	\$ 4,000	\$ 4,000
Intangible Assets, Net of Amortization	<u>21,690</u>	<u>15,914</u>
Total Other Assets	<u>\$ 25,690</u>	<u>\$ 19,914</u>
<u>Non-Current Assets:</u>		
Operating Lease, Right-of-Use Assets	\$ -	\$ 6,532
Total Non-Current Assets	<u>\$ -</u>	<u>\$ 6,532</u>
TOTAL ASSETS	<u>\$ 1,944,886</u>	<u>\$ 1,495,812</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities:</u>		
Accounts Payable and Accrued Expenses	\$ 18,987	\$ 22,717
Payroll Taxes and Withholdings	200	2,596
Accrued Salaries	69,454	55,332
Operating Lease Liability, Current Portion	<u>-</u>	<u>7,012</u>
Total Current Liabilities	<u>\$ 88,641</u>	<u>\$ 87,657</u>
Total Liabilities	<u>\$ 88,641</u>	<u>\$ 87,657</u>
<u>Net Assets:</u>		
Without Donor Restrictions	\$ 1,066,210	\$ 1,044,618
Board Designated	262,000	262,000
With Donor Restrictions	<u>528,035</u>	<u>101,537</u>
Total Net Assets	<u>\$ 1,856,245</u>	<u>\$ 1,408,155</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,944,886</u>	<u>\$ 1,495,812</u>

(See Accompanying Notes and Auditor's Report)

PROJECT PURPLE
COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	December 31, 2023			December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support:						
Donations and Contributions	\$ 1,878,119	\$ 548,479	\$ 2,426,598	\$ 1,605,793	\$ 86,260	\$ 1,692,053
Sponsorships	500	-	500	-	3,100	3,100
Event Registrations	34,911	-	34,911	31,579	-	31,579
Retail Merchandise Sales, Net of \$4,198 and \$2,245						
Cost of Goods Sold, Respectively	4,198	-	4,198	2,245	-	2,245
Special Event - Golf outing:						
Sponsorships	\$ -	\$ 35,424	\$ 35,424	\$ -	\$ 19,300	\$ 19,300
Donations	21,557	-	21,557	11,482	-	11,482
Gifts-in-Kind	5,195	-	5,195	4,063	-	4,063
Registration Fees	50,650	-	50,650	47,700	-	47,700
Raffle and Games of Chance	5,695	-	5,695	4,570	-	4,570
Less Direct Benefit to Donors	<u>(55,724)</u>	<u>-</u>	<u>(55,724)</u>	<u>(56,913)</u>	<u>-</u>	<u>(56,913)</u>
Total Special Event	\$ 27,373	\$ 35,424	\$ 62,797	\$ 10,902	\$ 19,300	\$ 30,202
Interest	32,515	-	32,515	5,874	-	5,874
Loss on Disposal of Fixed Assets	(5,075)	-	(5,075)	-	-	-
Net Assets Released from Restrictions, Satisfaction of Program Restrictions	<u>157,405</u>	<u>(157,405)</u>	<u>-</u>	<u>40,404</u>	<u>(40,404)</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>\$ 2,129,946</u>	<u>\$ 426,498</u>	<u>\$ 2,556,444</u>	<u>\$ 1,696,797</u>	<u>\$ 68,256</u>	<u>\$ 1,765,053</u>
Expenses:						
Program and Marathon Activities	\$ 1,127,074	\$ -	\$ 1,127,074	\$ 827,106	\$ -	\$ 827,106
Research, Scholarships, and Patient Aid	719,067	-	719,067	415,087	-	415,087
General and Administrative	158,646	-	158,646	115,328	-	115,328
Fundraising	<u>103,567</u>	<u>-</u>	<u>103,567</u>	<u>62,957</u>	<u>-</u>	<u>62,957</u>
Total Expenses	<u>\$ 2,108,354</u>	<u>\$ -</u>	<u>\$ 2,108,354</u>	<u>\$ 1,420,478</u>	<u>\$ -</u>	<u>\$ 1,420,478</u>
Changes in Net Assets	\$ 21,592	\$ 426,498	\$ 448,090	\$ 276,319	\$ 68,256	\$ 344,575
Net Assets, Beginning of Year	<u>1,306,618</u>	<u>101,537</u>	<u>1,408,155</u>	<u>1,030,299</u>	<u>33,281</u>	<u>1,063,580</u>
Net Assets, End of Year	<u>\$ 1,328,210</u>	<u>\$ 528,035</u>	<u>\$ 1,856,245</u>	<u>\$ 1,306,618</u>	<u>\$ 101,537</u>	<u>\$ 1,408,155</u>

(See Accompanying Notes and Auditor's Report)

PROJECT PURPLE
COMPARATIVE STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	December 31, 2023					December 31, 2022				
	<u>Total</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Program and Marathon Activities</u>	<u>Research, Scholarships and Patient Aid</u>	<u>Total</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Program and Marathon Activities</u>	<u>Research, Scholarships and Patient Aid</u>
<u>Expenses:</u>										
Salaries	\$ 540,424	\$ 89,214	\$ 31,452	\$ 399,526	\$ 20,232	\$ 390,028	\$ 71,681	\$ 32,974	\$ 233,845	\$ 51,528
Fringe Benefits	86,250	13,653	5,626	64,987	1,984	62,892	11,558	5,317	37,708	8,309
Professional Development	499	499	-	-	-	3,021	141	-	2,880	-
Consulting	2,000	2,000	-	-	-	48,327	79	7,020	41,228	-
Grant Research	125,000	-	-	-	125,000	125,000	-	-	-	125,000
Training and Coaching	21,363	-	-	21,363	-	-	-	-	-	-
Event Coordinator	6,900	-	-	6,900	-	6,000	-	-	6,000	-
Legal	-	-	-	-	-	6,365	6,365	-	-	-
Accounting and Audit	21,456	21,456	-	-	-	2,142	2,142	-	-	-
Promotion and Advertising	133,005	-	-	133,005	-	134,963	183	-	134,780	-
Technology and Applications	37,061	5,503	2,039	29,024	495	20,375	3,256	1,920	12,625	2,574
Telephone and Conferencing	10,086	1,498	555	7,898	135	9,740	1,556	918	6,036	1,230
Membership Dues	2,031	2,031	-	-	-	1,704	1,304	-	400	-
Apparel	61,525	-	-	61,525	-	67,254	-	-	67,254	-
Pre/Post Marathon Events	38,512	-	-	38,512	-	29,823	-	-	29,823	-
Race Registration	123,823	-	-	123,823	-	101,786	-	-	101,786	-
Race Supplies	10,255	-	-	10,255	-	6,428	-	-	6,428	-
Event - Other	7,611	-	-	7,611	-	2,239	-	-	2,239	-
Travel and Lodging	112,626	5,344	17,338	89,944	-	48,557	-	-	48,557	-
Conferences and Meetings	11,591	706	-	10,885	-	-	-	-	-	-
Rent	28,170	4,183	1,550	22,061	376	26,280	4,199	2,477	16,285	3,319
Office Supplies	4,303	639	237	3,369	58	6,739	1,077	635	4,176	851
Office Expense	5,632	855	402	4,302	73	3,678	588	347	2,279	464
Maintenance and Repair	9,426	1,400	519	7,381	126	5,601	895	528	3,471	707
Equipment Rental	2,020	300	111	1,582	27	1,627	260	153	1,008	206
Printing and Duplicating	8,293	157	58	8,064	14	11,913	1,903	1,123	7,382	1,505
Photography and Video	8,358	-	-	8,358	-	8,250	-	-	8,250	-
Runner and Participant Incentives	20,828	-	-	20,828	-	21,340	-	-	21,340	-
Research Grants	326,000	-	-	-	326,000	75,000	-	-	-	75,000
Patient Aid	198,709	-	-	-	198,709	127,514	-	-	-	127,514
Patient Care Packages and Meals	19,375	-	-	-	19,375	11,763	-	-	-	11,763
Scholarships	25,832	-	-	-	25,832	-	-	-	-	-
Sponsorship	5,950	-	-	5,950	-	3,700	-	-	3,700	-
Postage and Shipping	38,179	5,669	2,101	29,899	510	36,130	5,773	3,406	22,388	4,563
Insurance	4,377	1,454	-	2,923	-	3,977	1,454	-	2,523	-
Credit Card Processing Fees	41,421	341	41,080	-	-	5,726	-	5,726	-	-
Bank Service Charges	398	398	-	-	-	215	215	-	-	-
Depreciation and Amortization	9,065	1,346	499	7,099	121	4,381	699	413	2,715	554
Total Expenses	\$ 2,108,354	\$ 158,646	\$ 103,567	\$ 1,127,074	\$ 719,067	\$ 1,420,478	\$ 115,328	\$ 62,957	\$ 827,106	\$ 415,087

(See Accompanying Notes and Auditor's Report)

PROJECT PURPLE
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ 448,090	\$ 344,575
Adjustments to Reconcile Changes in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation and Amortization	9,065	4,381
Loss on Disposal of Asset	5,075	-
Amortization Right-of-Use Assets	6,532	26,216
Reduction of Lease Obligation for Operating Leases	(7,012)	(27,986)
(Increase)/Decrease in Assets:		
Accounts Receivable	26,049	78,400
Interest Receivable	(21,171)	(5,383)
Promises to Give	29,265	46,819
Prepaid Expenses	14,436	15,468
Inventory for Resale	(2,620)	(2,411)
Increase/(Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(3,730)	(7,174)
Payroll Taxes and Withholdings	(2,397)	2,596
Accrued Salaries	14,122	27,341
	14,122	27,341
Net Cash Flows from Operating Activities	\$ 515,704	\$ 502,842
<u>Cash Flows (for) Investing Activities:</u>		
Purchase of Certificates of Deposit	\$ (704,000)	\$ (350,004)
Proceeds from Sale of Certificates of Deposit	350,004	-
Purchase of Investments	(779,648)	-
Acquisition of Fixed Assets	(2,300)	(1,989)
Acquisition of Intangible Assets	(16,500)	-
	(1,152,444)	(351,993)
Net Cash Flows (for) Investing Activities	\$ (1,152,444)	\$ (351,993)
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ (636,740)	\$ 150,849
Cash and Cash Equivalents, Beginning of Year	971,816	820,967
Cash and Cash Equivalents, End of Year	\$ 335,076	\$ 971,816

Supplemental Disclosures:

- a) No interest was paid during the years ended December 31, 2023 and 2022.
- b) No income taxes were paid during the years ended December 31, 2023 and 2022.

Non-Cash Disclosures:

- a) Non-Cash activities include the recording of an Operating Right-of-Use Asset of \$32,749 and an Operating Lease Liability of \$34,999 during the year ended December 31, 2022.

(See Accompanying Notes and Auditor's Report)

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

Project Purple (the Organization) was incorporated on September 15, 2010, pursuant to the provisions of the Connecticut Business Corporation Act. The mission of Project Purple is to raise awareness and funds toward a cure of pancreatic cancer. In addition, Project Purple motivates people to run in world-renowned marathons and half marathons to raise mission critical funds.

Pancreatic cancer is the third most common cause of cancer related deaths in the United States and has a five-year survival rate of less than seven percent. Helping patients and their families, Project Purple is a leading nonprofit organization dedicated to raising awareness and funds toward a cure for pancreatic cancer.



(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies of Project Purple are summarized below:

(a) Basis of Accounting and Presentation:

The accompanying financial statements have been prepared on the accrual basis of accounting, which presents financial position, activities, functional expenses and cash flows in accordance with accounting principles generally accepted in the United States of America.

(b) Revenue Recognition:

Contributions

The Organization has implemented the accounting and reporting standards surrounding contributions. These standards affect financial statement reporting and disclosures included within the body of the financial statements. The standards promulgate clarity for distinguishing between exchange transactions and those of a non-reciprocal arrangement leading to a contribution, while providing rules and guidance on what constitutes an underlying condition that may be associated with a contribution.

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. 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.

Conditional contributions are determined on the basis of whether or not an underlying agreement includes both a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. If both exist, then the contribution is conditional.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(b) Revenue Recognition: (Continued)

Contributions (Continued)

Barriers include and are not limited to:

- Measurable performance-related barrier(s) (e.g., specified level of service, specific output, or outcome, matching requirement);
- Extent to which a stipulation limits discretion on conduct of activity (e.g., qualifying expenses, specific protocols); and
- Extent to which a stipulation is related to the purpose of the agreement (excludes administrative or trivial items).

Conditional contributions are not recognized as revenue until they become unconditional, that is, until all conditions on which they depend are substantially met. Therefore, any respective advance payments received are recorded as a refundable advance and subsequently recognized as contribution revenue when the underlying conditions are fulfilled.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restriction, if any, on the contribution. An allowance for uncollectible contributions receivable is provided based upon management's judgement, including such factors as prior collection history and type of contribution.

Exchange Transactions

Project Purple has adopted the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, "Revenue for Contracts with Customers," and a series of amendments which together hereinafter are referred to as "ASC Topic 606." This standard outlines a single comprehensive model for entities to use in accounting for revenues arising from contracts with customers (donors). Central to the revenue recognition framework is a five-step revenue recognition model that requires reporting entities to:

1. Identify the contract;
2. Identify the performance obligations of the contract;
3. Determine the transaction price of the contract;
4. Allocate the transaction price to the performance obligations, and;
5. Recognize revenue.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(c) Corporate Taxes:

Income Tax

Project Purple is exempt from federal and state income taxes (other than on unrelated business income) under the provisions of Section 501(c)(3) of the Internal Revenue Code and similar state income tax laws. Accordingly, no income taxes have been provided for in the accompanying financial statements. Project Purple has been classified as other than a private foundation under Section 509(a)(1) of the Internal Revenue Code and accordingly, contributions qualify as a charitable tax deduction by the contributor under Section 170(b)(1)(A)(vi). Project Purple did not have any net unrelated business income during the years ended December 31, 2023 and 2022.

Sales Tax

Connecticut law provides for an exemption from sales and use tax for qualifying organizations. Project Purple is exempt from Connecticut sales and use taxes provided the purchases are made by the organization; the purchases are exclusively for the purposes for which the organization was established and are paid for with organization funds.

(d) Net Assets:

Project Purple reports information regarding its financial position and activities according to two classes of net assets. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of restrictions on use that are placed by the donor. Accordingly, net assets of Project Purple and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets without donor restrictions are resources available to support operations and over which the Board of Directors has discretionary control. The only limits on the use of these net assets are the broad limits resulting from Project Purple's purpose, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements that are entered into in the course of its operations.

Net assets in the amount of \$262,000 for the years ended December 31, 2023 and 2022 were designated by the Board of Directors to be utilized for the purpose of medical research.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(d) Net Assets: (Continued)

Net Assets with Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature whereby Project Purple must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service unless the donor provides more specific directions about the period of its use.

Net assets with donor restrictions were available at year end for the following programs:

	<u>2023</u>	<u>2022</u>
Medical Research	\$ 493,955	\$ 71,287
Patient Aid and Meals	24,080	30,000
Event Sponsorships	<u>-</u>	<u>250</u>
Total Net Assets with Donor Restrictions	<u>\$ 518,035</u>	<u>\$ 101,537</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, the passage of time, or by occurrence of other events specified by the donors for the following programs:

	<u>2023</u>	<u>2022</u>
Event Sponsorships	\$ 35,674	\$ 22,150
Patient Aid and Meals	62,618	18,254
Medical Research	43,281	-
Scholarships	<u>25,832</u>	<u>-</u>
Total Net Assets Released from Restrictions	<u>\$ 167,405</u>	<u>\$ 40,404</u>

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(e) Contributed Nonfinancial Assets:

Donated services are recognized as contributions in accordance with FASB ASC 958, *Accounting for Contributions Received and Contributions Made*, if the services received create or enhance nonfinancial assets or require specialized skills, and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services and promises to give services that do not meet the above criteria are not recognized.

Members of the Board of Directors donated significant amounts of their time in the Organization's supporting services for which no value has been recorded. In addition, many individuals, college interns and the alumni group volunteered their time and performed a variety of tasks to assist Project Purple with its programs. These donated services are not reflected in the financial statements because they do not meet the criteria for inclusion.

In-kind contributions are recorded in the Statements of Activities at estimated fair value and recognized as revenue and expense (or an asset) in the period they are received. There were no donated services recorded in the financial statements for the years ended December 31, 2023 and 2022.

(f) Basic Programs:

Patient Financial Aid

Project Purple has become a leading provider of financial aid to families battling pancreatic cancer. We offer grants to families that are battling this disease from all over the United States. We offer financial assistance with housing, utilities, medical, and we also have a miscellaneous category that has been used to cover things like gas, alternative lodging, and anything not covered in the other categories. Patients are eligible to apply once every 12 months, and our typical cycle lasts anywhere from 3-4 weeks, depending on the application, if all the requirements are in good order. We require patients to submit proof of diagnosis and current protocol, photo id, previous year's tax filing, as well as any bills that they are looking for assistance with.

Research for Pancreatic Cancer

Project Purple is committed to funding critical research towards a cure and early detection of pancreatic cancer. Project Purple has funded over \$3,000,000.00 since inception for clinical and scientific research towards its mission with some of the top scientists and doctors in the United States working towards that goal. Our research approach is to assist in funding of this critical research with some of the top scientists and doctors in the World. The scope of the many projects has ranged from immunology, early detection, basic science, clinical trials, and much more.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(g) Functional Expense Allocation Policies and Procedures:

The Statement of Functional Expenses presents an allocation of each expense category between program services, general and administrative, and fundraising activities. Program service costs pertain to providing research grants and patient aid, and participating in marathons, half marathons, 5K races and other endurance events. General and administrative costs pertain to supporting activities. Fundraising expenses relate to fundraising activities such as generating contributions and grants, and the organization of other fundraising events.

Management has established functional expense allocation policies and procedures based on a reasonable analysis of cost drivers and reasonable allocation estimates based on financial results and industry standards. Expenses that can be identified with a specific program or support service are charged directly to the program or support service.

Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Personnel expense for salaries, payroll taxes and employee benefit plans are allocated based on estimated time spent on particular activities.
- Costs of legal and accounting, professional fees, and other similar expenses are allocated based on the underlying use of these costs by various programs determined by management and evaluated annually.
- Cost for office supplies, telephone, technology, office equipment, software and related depreciation, insurance, and rent are allocated between administrative and program functions on a percentage basis that is equivalent to the hours worked by each employee.

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.

(h) 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, liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support and revenues and expenses during the reporting period. Actual results could differ from those estimates.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(i) Fair Value of Certain Financial Instruments:

Some of Project Purple's financial instruments are not measured at fair value on a recurring basis but nevertheless are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such accounts include cash and cash equivalents, accounts receivable, promises to give, prepaid expenses and deposits, accounts payable, and accrued expenses.

(j) Certificates of Deposit:

Certificates of deposit are other investments with original maturities greater than three months and are carried at cost. The certificates of deposit do not qualify as securities as defined in FASB ASC 320, *Investments - Debt and Equity Securities*, thus the fair value disclosures required by ASC 820, *Fair Value Measurements and Disclosures*, are not provided.

(k) Inventories:

Inventory consists of items held for resale and are stated at the lower of cost or net realizable value. Cost is determined on the first-in, first-out (FIFO) method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the Statement of Activities in the period in which it occurs.

(l) Right-of-Use ("ROU") Assets (Operating and Finance Leases):

Effective January 1, 2022, the Organization adopted the Financial Accounting Standard Board's Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*, as amended. This guidance is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases.

A right-of-use asset is measured at the commencement date of a lease at the amount of the initially measured liability plus any lease payments made to the lessor before or after the commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, the ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, and the addition or subtraction of any prepaid lease payments (accrued lease payments, less the unamortized balance of lease incentives received.) Operating lease payments are recognized on a straight-line basis over the lease term. Finance Lease ROU assets are amortized on a straight-line basis of the shorter of the lease term or the remaining useful life of the asset.

As an accounting policy, Project Purple has elected to apply the short-term lease exception to all leases having initial terms of 12 months or less and recognizes rent expense on a straight-line basis over the lease term. The Organization has also established a capitalization policy of \$1,250 as the threshold to record an operating lease as a Right-of-Use Asset and a respective operating lease liability.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

(m) Lease Liability:

The Organization accounts for leases in accordance with FASB ASC Topic 842. The Organization is a lessee in a noncancellable operating lease for building space. Lease liabilities are increased by interest and reduced by payments each period, and the Right-of-Use Asset is amortized over the lease term. For operating leases, interest on the lease liability and the amortization of the right-of-use asset result in straight-line rent expense over the lease term. Variable lease expenses, if any, are recognized when incurred.

A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following the lease term, purchase options or amounts that are probable of being owed under a residual value guarantee.

The discount rate is the rate implicit in the lease if it is readily determinable. The implicit rates of the Organization's leases were not readily determinable; therefore, the Organization used the risk-free rate as published by the U.S. Treasury.

(n) Reclassifications:

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These reclassifications had no effect on the change in the net assets or to total net assets from the prior years.

(2) CHANGE IN ACCOUNTING PRINCIPLES:

**Financial Accounting Standard Board (FASB) Accounting Standards Update (ASU) 2016-13
Topic 326**

On January 1, 2023, the Organization adopted FASB ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): *Measurement of Credit Losses on Financial Instruments*, and all related subsequent amendments thereto. This Accounting Standard Update replaced the incurred loss method of measuring financial assets (the impairment loss model) with an expected loss method, which is referred to as the current expected credit loss (CECL) method. The current expected credit loss method requires an estimate of credit losses over the life of the financial asset using historical experience, current conditions, and reasonable and supportable forecasts. For the Organization, the ASU applies to the measurement of its trade receivables. Accounts receivable are now presented by using an allowance for credit losses to reduce the receivables balance to the net amount expected to be collected over the lives of the receivables. The Organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Organization's financial statements but did change how the allowance for credit losses is determined.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(2) CHANGE IN ACCOUNTING PRINCIPLES: (Continued)

Financial Accounting Standard Board (FASB) Accounting Standards Update (ASU) 2016-02 Topic 842

Effective January 1, 2022, the Organization adopted FASB ASU No. 2016-02, *Leases (Topic 842)*, as amended. This guidance is intended to improve financial reporting of leasing transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months. Key provisions in this guidance include additional disclosures surrounding the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted FASB ASC Topic 842, with an initial application of January 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. The Organization did not restate prior comparative periods as presented under ASC Topic 842, and instead evaluated whether a cumulative effect adjustment to net assets as of January 1, 2022, was necessary for the cumulative impact of the adoption of FASB ASC Topic 842.

The most significant effect of adopting FASB ASC Topic 842 was the recognition of \$32,749 of operating lease Right-of-Use (“ROU”) assets and a total of \$34,999 of current and long-term operating lease liabilities on the Statements of Financial Position as of January 1, 2022.

As part of the transition, the Organization implemented new controls and key system functionality to enable the preparation of financial information on adoption and elected to apply the following practical expedients:

- No reassessment of whether any expired or existing contracts contain a lease,
- No reassessment of the lease classification for any expired or existing leases, and
- No reassessment of initial direct costs for any existing leases as of the effective date.
- In calculating the right-of-use assets and lease liability, the Organization has elected to combine lease and non-lease components (except for building leases).
- As an accounting policy, the Organization has elected to apply the short-term lease exception to all leases having initial terms of 12 months or less and recognizes rent expense on a straight-line basis over the lease term.
- As an accounting policy, the Organization has elected the risk-free discount rate to be applied to all leases.

(3) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

The following reflects Project Purple’s financial assets as of the Statement of Financial Position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position date.

Project Purple has certain donor-restricted net assets that are considered to be available for general expenditures, because the restrictions on the net assets are expected to be met by conducting the normal activities of the programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(3) LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS: (Continued)

Project Purple also has other assets limited to use for donor-restricted purposes and for contractually required obligations which have not been included as a financial asset. In addition, the Board of Directors has designated certain assets to be utilized for the purpose of medical research. Because of this board designation, those funds are not considered to be available for general expenditures within the next year.

	2023	2022
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 335,076	\$ 971,816
Certificates of Deposit	704,000	350,004
Investments	779,648	-
Accounts Receivable	990	27,039
Interest Receivable	26,554	5,383
Promises to Give	16,523	45,788
Total Financial Assets	\$ 1,862,791	\$ 1,400,030
Less Amounts Not Available for General Expenditure Within One Year Due to:		
Internal Board Designations:		
Donor-Imposed Restrictions	\$ 262,000	\$ 262,000
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 1,600,791	\$ 1,138,030

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

(4) ACCOUNTING FOR UNCERTAIN TAX POSITIONS:

Accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in Project Purple’s financial statements and prescribe a threshold of “more likely than not” for recognition of tax positions taken or expected to be taken in a tax return. Project Purple performed an evaluation of uncertain tax positions for the year ended December 31, 2023, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2023, the statute of limitations for tax years 2020 through 2023 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which Project Purple files tax returns. It is Project Purple’s policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2023, Project Purple had no accruals for interest and/or penalties.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(5) CASH, CASH EQUIVALENTS AND CERTIFICATES OF DEPOSIT:

Cash and Cash Equivalents

The carrying amount of cash and cash equivalents at year end consisted of the following:

	<u>2023</u>	<u>2022</u>
Non-Interest Bearing Checking Accounts	\$ 184,972	\$ 971,816
Bank Deposit Sweep Program	<u>150,104</u>	<u>-</u>
Total	<u>\$ 335,076</u>	<u>\$ 971,816</u>

Certificates of Deposit

Certificates of Deposit are valued at original cost. Balances at year end consisted of the following:

	<u>2023</u>	<u>2022</u>
Certificates of Deposit	<u>\$ 704,000</u>	<u>\$ 350,004</u>

For purposes of the cash flow statement and financial statement presentation, cash and cash equivalents are short term, highly liquid investments with original maturity of three months or less.

Project Purple maintains its operating funds with various financial institutions in the form of noninterest bearing business checking accounts. These accounts are covered under the Federal Deposit Insurance Corporation (FDIC) program. Deposits held in non-interest-bearing transaction accounts are aggregated with interest-bearing deposits and the combined total is insured up to \$250,000 under the Federal Deposit Insurance Corporation Program per banking institution.

As of December 31, 2023 and 2022, \$-0- and \$154,215, respectively, of the bank balance was deposited in excess of the Federal Deposit Insurance Corporation insurance limits. Due to increased cash flows at certain times during the year, the amount of funds at risk may have been greater than at year end. Project Purple was at risk for the funds held in excess of the insured amounts. Project Purple has not experienced any losses related to these accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Bank Deposit Sweep Program

In order to minimize credit risk on deposits held with Osaic Institutions, Inc., Project Purple has entered into a bank deposit sweep agreement with Pershing, LLC. Through this agreement, funds held as cash balances in the brokerage account are transferred to a bank deposit sweep product, which allocates swept balances to participating banks whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). Deposits are held in interest-bearing Deposit Accounts with the financial institutions which provide for unlimited withdrawals.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(6) INVESTMENTS:

Project Purple invested in debt securities during the year, which are subject to market fluctuations. Standards for accounting for investments in equity securities and debt instruments are contained in FASB ASC 958-320, *Investments-Debt and Equity Securities*. Investments in debt securities have been measured at fair value and are recorded as such in the Statement of Financial Position. The Organization has the intent and ability to hold its investment securities until maturity. Investments were not impaired during or subsequent to the period of December 31, 2023. The fair values for marketable debt securities are based on quoted market prices. Unrealized gains and losses are included in the change in net assets. A comparison of the carrying value of these investments at year end December 31, 2023, was as follows:

	<u>Cost</u>	<u>Gross Unrealized Gains</u>	<u>Gross Unrealized (Losses)</u>	<u>Fair Market Value</u>
Treasury Bills - Zero Coupon	\$ 779,648	\$ -	\$ -	\$ 779,648
Total	<u>\$ 779,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 779,648</u>

Unrealized gains and losses on investments are based on the difference between cost and fair value. There were no gross unrealized gains/(losses) on investments at December 31, 2023.

Investments are reported at cost, if purchased, or at fair value, if donated. Thereafter, investments are reported at their fair values in the Statements of Financial Position, and changes in fair value are reported as investment return in the Statements of Activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the Statements of Activities in the period in which the securities are sold. Interest is recorded when earned. Dividends are accrued as of the ex-dividend date.

The composition of investment return for the year ended December 31, 2023, consisted of the following:

Interest	\$ 16,392
Interest - Government Debt Securities	<u>16,123</u>
Total	<u>\$ 32,515</u>

Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the value of investment securities will occur in the near term and that such change could affect the amounts reported in the Statement of Financial Position. The Organization attempts to limit its credit risk associated with investments through diversification and by utilizing the expertise and processes of an outside investment consultant. Investments held by the Organization's brokerage firm are insured by the Securities Investor Protection Corporation (SIPC) for loss, theft, or destruction of securities while in the brokerage firm's custody.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(7) FAIR VALUE MEASUREMENTS:

Financial Accounting Standards Board ASC No. 820-10, *Fair Value Measurements*, establishes a framework for measuring fair value. Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. 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 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 under FASB ASC No. 820-10 are described as follows:

Level 1 - Valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Valuation methodology include inputs, either directly or indirectly, including:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; (such as interest rate and yield curves);
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable (supported by little or no market activity) and not corroborated by market data. Unobservable inputs reflect the organization's estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is available because it generally provides the most reliable evidence of fair value. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2023.

Government Debt Securities: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(7) FAIR VALUE MEASUREMENTS: (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2023.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Treasury Bills - Zero Coupon	\$ -	\$ 779,648	\$ -	\$ 779,648
Total Assets at Fair Value	<u>\$ -</u>	<u>\$ 779,648</u>	<u>\$ -</u>	<u>\$ 779,648</u>

(8) ACCOUNTS RECEIVABLE AND PROMISES TO GIVE:

Accounts Receivable

Accounts receivable are current and are considered fully collectible by management. Balances at year end consisted of the following:

	<u>2023</u>	<u>2022</u>
Employee Retention Tax Credit	\$ -	\$ 27,039
Reimbursable Expenses	990	-
Interest	<u>26,554</u>	<u>5,383</u>
Total	<u>\$ 27,544</u>	<u>\$ 32,422</u>

Accounts receivable are reported at the net amount expected to be collected, which is the amount the Organization has an unconditional right to receive less management's estimate of amounts that may not be collectible (the allowance for credit losses). The Organization uses historical loss information based on the aging of receivables as the basis to determine expected credit losses for receivables and believes that the composition of receivables at year-end is consistent with historical conditions as credit terms and practices and the customer base has remained consistent with prior years.

In determining the allowance for credit losses, the Organization separates its accounts receivable into risk pools based on their aging and type. In determining the amount of the allowance, the Organization develops a loss rate for each risk pool. Expected credit losses are estimated using three-year historical loss information due to the make-up of the receivables during the historical period being similar to the receivables outstanding at year end. The Organization adjusts its calculated historical loss rates when needed relative to current economic conditions.

Receivables are evaluated for potential credit loss based on three aging categories: current, performing, and nonperforming. Current receivables are those for which the participants and funding sources remain current with all contractual terms. Performing receivables are those in which the participants and funding sources are not current with all contractual terms but have made payments within the last 60 days. Nonperforming receivables are those in which the participant and funding sources have defaulted on the contractual terms and no payments have been received for more than 60 days.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(8) ACCOUNTS RECEIVABLE AND PROMISES TO GIVE: (Continued)

Accounts Receivable (Continued)

Trade receivables related to program service fees (i.e., registration fees, merchandise sales, etc.) are recognized as revenue on the accrual basis of accounting at the time the program activity has occurred. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for credit losses and a credit to accounts receivable, typically when no payments have been received for one year. Based on the analysis of each of the risk pools, there were no credit losses requiring recognition during the year ended December 31, 2023.

Project Purple's accounts receivable consists of unsecured amounts due from public funding sources whose ability to pay is subject to changes in general economic conditions. Because Project Purple does not require collateral, it is at credit risk for the amounts owed to it throughout the year and at year end. As of December 31, 2022, approximately eighty-three percent (83%), respectively, of Project Purple's accounts receivable (\$27,039) was due from the United States Treasury for reimbursement under the Employee Retention Credit Program (ERC).

Promises to Give

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Promises to give represent amounts committed by donors that have not been received by Project Purple. Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Project Purple uses the credit loss method to determine uncollectible promises to give. Promises to give at year end consisted of the following:

	<u>2023</u>	<u>2022</u>
General Support	\$ 16,523	\$ 43,288
Sponsorship	<u>-</u>	<u>2,500</u>
Total	<u>\$ 16,523</u>	<u>\$ 45,788</u>

The above promises to give are due to be received in less than one year.

(9) INVENTORY:

Inventory consists of apparel items held for resale and are stated at the lower of cost or net realizable value. Cost is determined on the first-in, first-out (FIFO) method. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the Statement of Activities in the period in which it occurs. The value of inventory at December 31, 2023 and 2022 was \$23,789 and \$21,169, respectively.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(10) FIXED ASSETS:

Fixed assets are recorded at cost, or in the case of contributed assets, at the fair market value at the date of contribution. If an expenditure in excess of \$750 results in an asset having an estimated useful life, which extends substantially beyond the year of acquisition, the expenditure is capitalized at cost and depreciated over the estimated useful life of the asset. Depreciation has been provided on the straight-line method over the estimated useful lives of the assets. Depreciation expense for the years ended December 31, 2023 and 2022 was \$3,416 and \$3,315, respectively. Maintenance and repairs are charged to expenses as incurred. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is reflected in income for the period. Classification of fixed assets and their estimated useful lives are as summarized below:

	<u>Life</u>	<u>2023</u>	<u>2022</u>
Computer Equipment	3 Years	\$ 29,127	\$ 26,827
Other Assets	5 Years	8,026	8,026
Less: Accumulated Depreciation		<u>(33,030)</u>	<u>(29,615)</u>
Total		<u>\$ 4,123</u>	<u>\$ 5,238</u>

(11) INTANGIBLE ASSETS:

Certain intangible assets have been capitalized and amortized on a straight-line basis over the life of the asset. Amortization expense related to these assets for the years ended December 31, 2023 and 2022 was \$5,649 and \$1,066, respectively.

December 31, 2023

<u>Description</u>	<u>Period</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Book Value</u>
Trademarks	15 Years	\$ 17,385	\$ 9,179	\$ 8,206
Internet Domain Name	15 Years	3,000	1,433	1,567
Website	3 Years	<u>16,500</u>	<u>4,583</u>	<u>11,917</u>
Total		<u>\$ 36,885</u>	<u>\$ 15,195</u>	<u>\$ 21,690</u>

December 31, 2022

<u>Description</u>	<u>Period</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Book Value</u>
Trademarks	15 Years	\$ 18,060	\$ 3,913	\$ 14,147
Internet Domain Name	15 Years	3,000	1,233	1,767
Website	3 Years	<u>4,400</u>	<u>4,400</u>	<u>-</u>
Total		<u>\$ 25,460</u>	<u>\$ 9,546</u>	<u>\$ 15,914</u>

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(12) GRANTS PAYABLE:

Project Purple's goal is to improve the quality of life and to extend the survival rate for pancreatic cancer patients. To help accomplish this goal, grants are provided to institutions to support and conduct research directly related to new therapies to stop the process of cancer growth and metastasis and to better treat the systematic problems associated with cancer. These grants not only raise awareness of the disease but also encourage donations and participation in finding a cure for pancreatic cancer. Grants authorized but unpaid at year end are reported as liabilities. Grants to be paid in more than one year are discounted to net present value. There were no grants deemed payable at December 31, 2023 and 2022.

(13) RELATED PARTY TRANSACTIONS:

Contributions

Various board members of Project Purple and the organizations with which they are affiliated made contributions to Project Purple for the purpose of general operating support. Such payments in the amount of \$16,152 and \$6,525 were made during the years ended December 31, 2023 and 2022, respectively.

(14) COMMITMENTS:

Photocopier Lease

Project Purple entered into an operating lease with LEAF Capital Funding on May 4, 2018, for the rental of a Copystar CS 307ci photocopier. This lease calls for forty-eight (48) monthly payments of \$79, commencing on June 4, 2018. This lease has continued on a month-to-month basis. Rental expense for the years ending December 31, 2023 and 2022 was \$948 and \$954, respectively.

Operating Lease - Office Space (115 Main Street)

Project Purple entered into a lease agreement for the rental of office space located at 115 Main Street, Seymour, Connecticut, for a period of five years (60 months), commencing on April 1, 2018, and expiring on March 31, 2023. The monthly payments made under this lease include the cost of utilities including heat, water, sewer and electricity. In addition, there is an annual escalation clause of approximately five percent (5%) per year. Initial monthly base rental payments under the lease were \$2,000. As a provision of the lease agreement, a security deposit in the amount of \$4,000 was required to be made. Upon the expiration of this lease on March 31, 2023, rental payments of \$2,400 were made on a month-to-month basis for the remainder of the year. Rental expense under this lease for the years ended December 31, 2023 and 2022, was \$28,170 and \$26,280, respectively.

As more fully described under Note 2 to the financial statements, this agreement was recorded in accordance with ASC Topic 842 and resulted in the recognition of \$32,749 of operating lease Right-of-Use ("ROU") assets and a total of \$34,999 of current and long-term operating lease liabilities on the Statements of Financial Position as of January 1, 2022.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(14) COMMITMENTS: (Continued)

The following summarizes the line items in the Statement of Financial Position that include amounts for operating leases as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating Lease Right-of-Use Asset	\$ -	\$ 6,532
Operating Lease Liability, Current	\$ -	\$ 7,012
Operating Lease Liability, Non-Current	-	-
Total Operating Lease Liability	<u>\$ -</u>	<u>\$ 7,012</u>

Quantitative Lease Disclosures Summary

The following summarizes certain presented and additional quantitative lease disclosures required under ASC Topic 842:

	<u>2023</u>	<u>2022</u>
<u>Lease Cost</u>		
Operating Lease Cost	\$ 6,570	\$ 26,280
Short-term Lease Cost	22,548	954
Variable Lease Cost	-	-
Total Lease Cost	<u>\$ 29,118</u>	<u>\$ 27,234</u>
<u>Other Information</u>		
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating Cash Flow from Operating Leases	<u>\$ 7,050</u>	<u>\$ 28,050</u>
Right-of-use Assets Obtained in Exchange for New Operating Lease Liabilities	<u>\$ -</u>	<u>\$ 32,749</u>
Weighted-Average Remaining Lease Term-Operating Leases	-	0.25 years
Weighted-Average Discount Rate-Operating Leases	-	0.50%
Maturity Analysis for Operating Lease Liabilities:		
Undiscounted Cash Flows:		
2023	<u>\$ -</u>	<u>\$ 7,050</u>
Total Payments	\$ -	\$ 7,050
Less: Interest	-	(38)
Present Value of Operating Lease Liability	<u>\$ -</u>	<u>\$ 7,012</u>

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(14) COMMITMENTS: (Continued)

Consulting Contract - Data Collection

Project Purple entered into a nine-year service agreement with the Arbor Research Collaborative for Health in the amount of \$1.25 million to establish a dedicated center focused on the early detection and treatment of pancreatic cancer. The project titled, “The High Risk Consortium,” will unite an internationally based team that will focus on improving the identification of high-risk patients, lead national clinical research efforts to validate an early detection blood test, and develop prevention strategies for high-risk individuals. Project Purple made its first payment on this service contract during the year ended December 31, 2019, in the amount of \$250,000, and made an annual payment of \$125,000 each year from 2020 through 2023. As of December 31, 2023, there is a remaining commitment to Arbor Research in the amount of \$375,000, which has not been reflected as a liability within these financial statements.

Secured Credit Cards

Project Purple utilizes a credit card issued by American Express for purchases related to the Organization’s activity. This credit card issued by American Express does not have a spending limit. Purchases and balances owed on these credit cards are guaranteed by the Chief Executive Officer of Project Purple.

(15) PROMISES TO GIVE TO OTHERS:

During the year ended December 31, 2019, Project Purple pledged a total of \$1,250,000 to the Laura and Isaac Perlmutter Cancer Center at NYU Langone (through the Arbor Research Collaborative for Health) to establish a dedicated center focused on the early detection and treatment of pancreatic cancer. The Center will be the coordinating hub for a network of regional, national, and international partners from industry and academia, organized to enroll participants in pancreatic cancer early detection and prevention studies while gathering biosamples for research. This consortium will focus on improving the identification of high-risk patients, lead national clinical research efforts to validate an early detection blood test, and develop prevention strategies for high-risk individuals.

This grant, which is payable through December 31, 2027, with annual payments of \$125,000, has been determined to be a conditional promise to give. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. As such, \$125,000 has been recognized as a contribution during each of the years ended December 31, 2023 and 2022. Additional expenses will be recognized yearly when the conditions on which each payment has been established have been met.

(16) CONTINGENCIES:

Program Support

Project Purple depends on contributions and grants for a significant portion of its revenue. The ability of Project Purple’s contributors and grantors to continue giving amounts comparable with prior years may be dependent upon future economic conditions and continued deductibility for income tax purposes of contributions and grants to Project Purple. While Project Purple’s Board of Directors and management believe Project Purple has the resources to continue its programs, its ability to do so and the extent to which it continues may be dependent on the above factors.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(16) CONTINGENCIES: (Continued)

Litigation

From time to time, Project Purple is involved in routine litigation that arises in the ordinary course of business. There are no significant pending legal proceedings to which Project Purple is a party for which management believes the ultimate outcome would have a material adverse effect on the Organization's financial position.

(17) CONCENTRATIONS:

Based on the nature and purpose of Project Purple, significant revenues are received through individuals interested in increasing the awareness of and providing funds towards a cure for pancreatic cancer. In addition, approximately eighteen percent (18%) of current year contribution revenue was derived from two separate donors (\$425,000) for the purpose of cancer research. If a significant reduction in revenues from these donors should occur, it may have a significant effect on the Organizations programs.

(18) SUBSEQUENT EVENTS:

Financial Statements

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through October 8, 2024, the date the financial statements were available to be issued, and has determined that no adjustments are necessary to the amounts reported in the accompanying financial statements.

(19) FUNDRAISING:

Expenses for the purpose of fundraising in the amount of \$103,567 and \$62,957 were incurred during the years ended December 31, 2023 and 2022, respectively.

(20) ADVERTISING COSTS:

ASC 720-35 *Other Expenses - Advertising Costs* requires direct response advertising to be capitalized when it can be shown that customers responded to a specific advertisement and there is probable future economic benefit. The Organization does not currently use direct response advertising; hence advertising costs are expensed when incurred. Advertising expense in the amount of \$133,005 and \$134,963 was incurred during the years ended December 31, 2023 and 2022, respectively.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(21) PENSION PLAN:

403(b) Plan

Project Purple provides pension benefits for its employees through a defined contribution 403(b) retirement plan which is currently administered by Principal Financial. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Provisions of the plan allow for employees to contribute up to the statutory limits set by the Internal Revenue Code. Project Purple may, at its sole discretion, make a matching contribution or a non-elective contribution on behalf of the employee. Employees are eligible to participate immediately upon their date of hire. Project Purple did not make a contribution to the plan on behalf of the employees during the years ended December 31, 2023 or 2022.

(22) EMPLOYEE BENEFITS:

The cost of fringe benefits incurred for the years ended December 31, 2023 and 2022 consisted of the following:

	2023	2022
Social Security	\$ 37,217	\$ 26,123
Health and Dental Insurance	13,280	12,605
Life and Disability Insurance	3,713	3,027
Unemployment	3,429	2,051
Workers Compensation	2,077	1,864
Pension Plan Administration	2,322	1,775
Fringe DeMinimus	24,212	15,447
Total	\$ 86,250	\$ 62,892

(23) OTHER MATTERS:

Project Purple's interest the past couple of years is helping to find an early detection test for pancreatic cancer. We know that the sooner the cancer is found the odds of survival go up dramatically. Project Purple has invested heavily over the past 36 months in establishing an early detection center of high-risk patients in Nebraska and Chicago, as well as helping to set up a worldwide consortium of centers with a goal of monitoring high-risk families associated with pancreatic cancer. We continue to invest funds for the consolidated data storage at Arbor Research for all 35 centers worldwide to provide samples and data to Arbor to be collected, validated, and then shared with everyone involved in the consortium.

Pancreatic cancer continues to increase in cases diagnosed, and the mortality rate is quickly climbing to the #2 killer nationally. Early detection of the disease is key in changing both of these things, and we hope to play a big part in it.