

PROJECT PURPLE
SEYMOUR, CONNECTICUT

COMPARATIVE FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 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 Project Purple as of December 31, 2022 and 2021, 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 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 ("ASU") 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 24, 2023

PROJECT PURPLE
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$ 971,816	\$ 820,967
Certificates of Deposit	350,004	-
Accounts Receivable	32,422	105,439
Promises Receivable	45,788	92,607
Prepaid Expenses	42,929	58,397
Inventory for Resale	<u>21,169</u>	<u>18,758</u>
Total Current Assets	<u>\$ 1,464,128</u>	<u>\$ 1,096,168</u>
<u>Fixed Assets:</u>		
Fixed Assets, Net of Accumulated Depreciation	<u>\$ 5,238</u>	<u>\$ 6,564</u>
Total Fixed Assets	<u>\$ 5,238</u>	<u>\$ 6,564</u>
<u>Other Assets:</u>		
Security Deposits	\$ 4,000	\$ 4,000
Intangible Assets, Net of Amortization	<u>15,914</u>	<u>16,980</u>
Total Other Assets	<u>\$ 19,914</u>	<u>\$ 20,980</u>
<u>Non-Current Assets:</u>		
Operating Lease, Right-of-Use Assets	<u>\$ 6,532</u>	<u>\$ -</u>
Total Non-Current Assets	<u>\$ 6,532</u>	<u>\$ -</u>
TOTAL ASSETS	<u>\$ 1,495,812</u>	<u>\$ 1,123,712</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities:</u>		
Accounts Payable and Accrued Expenses	\$ 22,717	\$ 29,891
Payroll Taxes and Withholdings	2,596	-
Accrued Salaries	55,332	27,991
Operating Lease Liability, Current Portion	7,012	-
Deferred Rent Abatement, Current Portion	<u>-</u>	<u>1,770</u>
Total Current Liabilities	<u>\$ 87,657</u>	<u>\$ 59,652</u>
<u>Long-Term Liabilities:</u>		
Deferred Rent Abatement, Net of Current Portion	<u>\$ -</u>	<u>\$ 480</u>
Total Long-Term Liabilities	<u>\$ -</u>	<u>\$ 480</u>
Total Liabilities	<u>\$ 87,657</u>	<u>\$ 60,132</u>
<u>Net Assets:</u>		
Without Donor Restrictions	\$ 1,044,618	\$ 1,030,299
Board Designated	262,000	-
With Donor Restrictions	<u>101,537</u>	<u>33,281</u>
Total Net Assets	<u>\$ 1,408,155</u>	<u>\$ 1,063,580</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,495,812</u>	<u>\$ 1,123,712</u>

(See Accompanying Notes and Auditor's Report)

PROJECT PURPLE
COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	December 31, 2022			December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenues, Gains and Other Support:</u>						
Donations and Contributions	\$ 1,605,793	\$ 86,260	\$ 1,692,053	\$ 1,108,893	\$ 31,177	\$ 1,140,070
Sponsorships	-	3,100	3,100	-	3,078	3,078
Gifts-in-Kind	4,063	-	4,063	5,802	-	5,802
Government Grants	-	-	-	77,303	-	77,303
Government Subsidy - Retention Credit	-	-	-	73,703	-	73,703
Event Registrations	31,579	-	31,579	41,211	-	41,211
Retail Merchandise Sales, Net of \$2,245 and \$3,450						
Cost of Goods Sold, Respectively	2,245	-	2,245	3,451	-	3,451
Special Event - Golf outing:						
Sponsorships	\$ -	\$ 19,300	\$ 19,300	\$ -	\$ 9,522	\$ 9,522
Donations	11,482	-	11,482	14,096	-	14,096
Registration Fees	47,700	-	47,700	19,255	-	19,255
Raffle and Games of Chance	4,570	-	4,570	4,396	-	4,396
Less Direct Benefit to Donors	<u>(56,913)</u>	<u>-</u>	<u>(56,913)</u>	<u>(37,834)</u>	<u>-</u>	<u>(37,834)</u>
Total Special Event	\$ 6,839	\$ 19,300	\$ 26,139	\$ (87)	\$ 9,522	\$ 9,435
Interest	5,874	-	5,874	1,815	-	1,815
Net Assets Released from Restrictions, Satisfaction of Program Restrictions	<u>40,404</u>	<u>(40,404)</u>	<u>-</u>	<u>67,695</u>	<u>(67,695)</u>	<u>-</u>
Total Revenues, Gains and Other Support	<u>\$ 1,696,797</u>	<u>\$ 68,256</u>	<u>\$ 1,765,053</u>	<u>\$ 1,379,786</u>	<u>\$ (23,918)</u>	<u>\$ 1,355,868</u>
<u>Expenses:</u>						
Program and Marathon Activities	\$ 827,106	\$ -	\$ 827,106	\$ 565,970	\$ -	\$ 565,970
Research, Scholarships and Patient Aid	415,087	-	415,087	295,834	-	295,834
Fundraising	62,957	-	62,957	52,633	-	52,633
General and Administrative	<u>115,328</u>	<u>-</u>	<u>115,328</u>	<u>108,929</u>	<u>-</u>	<u>108,929</u>
Total Expenses	<u>\$ 1,420,478</u>	<u>\$ -</u>	<u>\$ 1,420,478</u>	<u>\$ 1,023,366</u>	<u>\$ -</u>	<u>\$ 1,023,366</u>
Changes in Net Assets	\$ 276,319	\$ 68,256	\$ 344,575	\$ 356,420	\$ (23,918)	\$ 332,502
Net Assets, Beginning of Year	<u>1,030,299</u>	<u>33,281</u>	<u>1,063,580</u>	<u>673,879</u>	<u>57,199</u>	<u>731,078</u>
Net Assets, End 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>

(See Accompanying Notes and Auditor's Report)

PROJECT PURPLE
COMPARATIVE STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	December 31, 2022					December 31, 2021				
	Total	General and Administrative	Fundraising	Program and Marathon Activities	Research, Scholarships and Patient Aid	Total	General and Administrative	Fundraising	Program and Marathon Activities	Research, Scholarships and Patient Aid
<u>Expenses:</u>										
Salaries	\$ 390,028	\$ 71,681	\$ 32,974	\$ 233,845	\$ 51,528	\$ 323,669	\$ 61,360	\$ 20,404	\$ 196,308	\$ 45,597
Fringe Benefits	62,892	11,558	5,317	37,708	8,309	47,600	6,769	3,120	32,630	5,081
Professional Development	3,021	141	-	2,880	-	4,623	1,123	-	3,500	-
Consulting	48,327	79	7,020	41,228	-	11,760	980	-	7,720	3,060
Grant Research	125,000	-	-	-	125,000	125,000	-	-	-	125,000
Event Coordinator	6,000	-	-	6,000	-	1,000	-	-	1,000	-
Legal	6,365	6,365	-	-	-	3,550	3,550	-	-	-
Accounting and Audit	2,142	2,142	-	-	-	13,925	13,925	-	-	-
Promotion and Advertising	134,963	183	-	134,780	-	77,445	311	-	77,134	-
Technology and Applications	20,375	3,256	1,920	12,625	2,574	19,220	3,594	1,147	11,376	3,103
Telephone and Conferencing	9,740	1,556	918	6,036	1,230	7,323	1,369	437	4,335	1,182
Membership Dues	1,704	1,304	-	400	-	1,809	1,409	-	400	-
Apparel	67,254	-	-	67,254	-	33,996	-	-	33,996	-
Pre/Post Marathon Events	29,823	-	-	29,823	-	2,702	-	-	2,702	-
Race Registration	101,786	-	-	101,786	-	112,334	-	-	112,334	-
Race Supplies	6,428	-	-	6,428	-	4,336	-	-	4,336	-
Event - Other	2,239	-	-	2,239	-	364	-	-	364	-
Travel and Lodging	48,557	-	-	48,557	-	15,047	-	-	15,047	-
Rent	26,280	4,199	2,477	16,285	3,319	26,280	4,913	1,570	15,555	4,242
Office Supplies	6,739	1,077	635	4,176	851	2,763	517	165	1,635	446
Office Expense	3,678	588	347	2,279	464	3,062	576	182	1,810	494
Maintenance and Repair	5,601	895	528	3,471	707	5,757	1,077	344	3,407	929
Equipment Rental	1,627	260	153	1,008	206	1,393	260	83	825	225
Printing and Duplicating	11,913	1,903	1,123	7,382	1,505	700	110	35	460	95
Photography and Video	8,250	-	-	8,250	-	4,975	-	-	4,975	-
Runner and Participant Incentives	21,340	-	-	21,340	-	16,243	-	-	16,243	-
Research Grants	75,000	-	-	-	75,000	17,573	-	-	-	17,573
Patient Aid	127,514	-	-	-	127,514	75,848	-	-	-	75,848
Patient Care Packages	11,763	-	-	-	11,763	8,216	-	-	-	8,216
Sponsorship	3,700	-	-	3,700	-	-	-	-	-	-
Postage and Shipping	36,130	5,773	3,406	22,388	4,563	25,416	4,753	1,516	15,044	4,103
Insurance	3,977	1,454	-	2,523	-	1,941	1,454	-	487	-
Credit Card Processing Fees	5,726	-	5,726	-	-	23,393	-	23,393	-	-
Bank Service Charges	215	215	-	-	-	137	137	-	-	-
Depreciation and Amortization	4,381	699	413	2,715	554	3,966	742	237	2,347	640
Total Expenses	\$ 1,420,478	\$ 115,328	\$ 62,957	\$ 827,106	\$ 415,087	\$ 1,023,366	\$ 108,929	\$ 52,633	\$ 565,970	\$ 295,834

(See Accompanying Notes and Auditor's Report)

PROJECT PURPLE
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ 344,575	\$ 332,502
Adjustments to Reconcile Changes in Net Assets to Net Cash Flows from Operating Activities:		
Depreciation and Amortization	4,381	3,966
Amortization Right-of-Use Assets	26,216	-
Reduction of Lease Obligation for Operating Leases	(27,986)	-
(Increase)/Decrease in Assets:		
Accounts Receivable	73,017	(73,728)
Promises Receivable	46,819	(66,683)
Prepaid Expenses	15,468	65,740
Inventory for Resale	(2,411)	(4,033)
Increase/(Decrease) in Liabilities:		
Accounts Payable and Accrued Expenses	(7,174)	27,539
Payroll Taxes and Withholdings	2,596	(150)
Accrued Salaries	27,341	24,937
Deferred Rent Abatement	<u>-</u>	<u>(1,020)</u>
Net Cash Flows from Operating Activities	<u>\$ 502,842</u>	<u>\$ 309,070</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of Certificates of Deposit	\$ (350,004)	\$ -
Acquisition of Fixed Assets	(1,989)	-
Acquisition of Intangible Assets	<u>-</u>	<u>(3,285)</u>
Net Cash Flows from Investing Activities	<u>\$ (351,993)</u>	<u>\$ (3,285)</u>
Net Increase in Cash and Cash Equivalents	\$ 150,849	\$ 305,785
Cash and Cash Equivalents, Beginning of Year	<u>820,967</u>	<u>515,182</u>
Cash and Cash Equivalents, End of Year	<u>\$ 971,816</u>	<u>\$ 820,967</u>

Supplemental Disclosures:

- a) No interest was paid during the years ended December 31, 2022 and 2021.
- b) No income taxes were paid during the years ended December 31, 2022 and 2021.

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 statement 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, 2022 and 2021.

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 year ended December 31, 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>2022</u>	<u>2021</u>
Medical Research	\$ 71,287	\$ 33,281
Patient Aid	30,000	-
Event Sponsorships	<u>250</u>	<u>-</u>
Total Net Assets with Donor Restrictions	<u>\$ 101,537</u>	<u>\$ 33,281</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>2022</u>	<u>2021</u>
Event Sponsorships	\$ 22,150	\$ 12,600
Patient Aid	18,254	27,522
Medical Research	<u>-</u>	<u>27,573</u>
Total Net Assets Released from Restrictions	<u>\$ 40,404</u>	<u>\$ 67,695</u>

(e) Donated Services:

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.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

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

(e) Donated Services: (Continued)

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 statement 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, 2022 and 2021.

(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 \$510,000 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 United States. The scope of the many projects has ranged from immunology, early detection, basic science, clinical trials and much more.

(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.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

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

(g) Functional Expense Allocation Policies and Procedures: (Continued)

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, dues and subscriptions, 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.

(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.

(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, accounts and promises receivable, prepaid expenses, 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 Financial Accounting Standard Board ("FASB") Accounting Standards Codification ("ASC") 320, *Investments - Debt and Equity Securities*, thus the fair value disclosures required by ASC 820, *Fair Value Measurements and Disclosures*, are not provided.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

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

(k) Right-of-Use (“ROU”) Assets (Operating and Finance Leases):

FASB ASC Topic 842 provides that the recording of Right-of-Use (“ROU”) Assets while transitioning to implementation date of ASC Topic 842 will include the present value of the respective lease liability, prepaid rent, other unamortized cost, and deferred rent liability. Right-of-Use Assets are amortized over the term of the lease.

Accounting principles generally accepted in the United States of America require that rent expense, pursuant to a non-cancelable lease including a rent abatement period and/or fixed scheduled rent increases, be recorded on a straight-line basis over the term of the lease. Prior to the adoption of the new lease standard, ASC Topic 842, the difference between this expense and the required lease payments was reflected as deferred rent abatement liability in the accompanying statement of financial position.

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. There is an annual escalation clause of approximately five percent (5%) per year. As of December 31, 2021, \$2,250 of future rent payments were reflected as a liability to adjust the actual rent paid to conform to the straight-line basis.

With the Organization’s adoption of ASC 842, the deferred rent abatement balance as of December 31, 2021, was reclassified (zeroed-out) and included in the determination of lease’s respective Right-of-Use Asset account beginning balance effective January 1, 2022.

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.

(l) 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.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

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

(l) Lease Liability: (Continued)

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.

(m) 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:

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 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.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(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 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.

	2022	2021
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 971,816	\$ 820,967
Certificates of Deposit	350,004	-
Accounts Receivable	32,422	105,439
Promises Receivable	45,788	92,607
Total Financial Assets	\$ 1,400,030	\$ 1,019,013
Less Amounts Not Available for General Expenditure Within One Year Due to:		
Internal Board Designations:		
Donor-Imposed Restrictions	\$ 262,000	\$ -
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 1,138,030	\$ 1,019,013

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.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(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, 2022, 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, 2022, the statute of limitations for tax years 2019 through 2021 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, 2022, Project Purple had no accruals for interest and/or penalties.

(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:

	2022	2021
Non-Interest Bearing Checking Accounts	\$ 971,816	\$ 820,967
Total	\$ 971,816	\$ 820,967

Certificates of Deposit

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

	2022	2021
Certificates of Deposit	\$ 350,004	\$ -

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 deposits in three financial institutions in the form of 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 any interest-bearing deposits and the combined total is insured up to \$250,000 per banking institution.

As of December 31, 2022 and 2021, \$154,215 and \$142,104, 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.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(6) ACCOUNTS AND PROMISES RECEIVABLE:

Accounts Receivable

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

	2022	2021
Employee Retention Tax Credit	\$ 27,039	\$ 103,624
Interest	5,383	1,815
Total	\$ 32,422	\$ 105,439

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 and 2021, approximately eighty-three percent (83%) and ninety-eight percent (98%), respectively, of Project Purple's accounts receivable (\$27,039 and \$103,624) was due from the United States Treasury for reimbursement under the Employee Retention Credit Program (ERC).

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Management believes that an allowance was not required based on its evaluation of collectability of receivables for the years ended December 31, 2022 and 2021.

Promises Receivable

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

	2022	2021
General Support	\$ 43,288	\$ 92,607
Sponsorship	2,500	-
Total	\$ 45,788	\$ 92,607

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

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(7) 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, 2022 and 2021 was \$21,169 and \$18,758, respectively.

(8) 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, 2022 and 2021 was \$3,315 and \$2,901, 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>2022</u>	<u>2021</u>	<u>Life</u>
Computer Equipment	\$ 26,828	\$ 25,737	3 Years
Other Assets	8,025	8,025	5 Years
Less: Accumulated Depreciation	<u>(29,615)</u>	<u>(27,198)</u>	
Total	<u>\$ 5,238</u>	<u>\$ 6,564</u>	

(9) 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, 2022 and 2021 was \$1,066 and \$1,065, respectively.

<u>December 31, 2022</u>				
<u>Description</u>	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Book Value</u>	<u>Period</u>
Trademarks	\$ 18,060	\$ 3,913	\$ 14,147	15 Years
Internet Domain Name	3,000	1,233	1,767	15 Years
Website	<u>4,400</u>	<u>4,400</u>	<u>-</u>	3 Years
Total	<u>\$ 25,460</u>	<u>\$ 9,546</u>	<u>\$ 15,914</u>	

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(9) INTANGIBLE ASSETS: (Continued)

December 31, 2021				
Description	Cost	Accumulated Amortization	Book Value	Period
Trademarks	\$ 18,060	\$ 3,047	\$ 15,013	15 Years
Internet Domain Name	3,000	1,033	1,967	15 Years
Website	4,400	4,400	-	3 Years
Total	\$ 25,460	\$ 8,480	\$ 16,980	

(10) 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, 2022 and 2021. During the year ended December 31, 2021, Project Purple incurred total grant expense of \$27,573.

(11) PAYCHECK PROTECTION PROGRAM:

The Paycheck Protection Program was established under the CARES Act on March 27, 2020, and was designed to provide cash-flow assistance to small businesses including certain not-for-profit organizations. This program provides relief as a result of the Coronavirus pandemic with loan funds to pay up to 24 weeks of payroll costs including fringe benefits, rent and utilities commencing on the date of loan origination. The Paycheck Protection Program is a loan program that is guaranteed in its entirety through the Small Business Administration and offers a maturity of two years and an interest rate of one percent (1%). The principal amount of the loan may be partially or fully forgiven if the loan funds are utilized in manner consistent with the allowable use of loan proceeds.

Paycheck Protection Program funds are being reported in accordance with FASB ASC 958-605. Due to the forgiveness being conditional on incurring the qualified expenses, the funds were accounted for as a refundable advance and were recognized as contribution revenue as the qualified expenses were incurred.

The Consolidated Appropriations Act, 2021 package, which was signed into law on December 27, 2020, extends the Paycheck Protection Program (PPP) to include a second round of funding to certain businesses that received funding under the original Paycheck Protection Program. On January 28, 2021, Project Purple received an additional paycheck protection program loan in the amount of \$77,303. The Organization intends to use the proceeds for purposes consistent with the Paycheck Protection Program. This loan was forgiven by ION Bank on May 2, 2022.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(12) EMPLOYEE RETENTION TAX CREDIT:

The Employee Retention Tax Credit (ERC) is an incentive originally created within the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) intended to encourage employers to keep employees on the payroll throughout the pandemic. The ERC is a refundable payroll tax credit for wages paid and health coverage provided by an employer whose operations were either fully or partially suspended due to a COVID-19-related governmental order or that experienced a significant reduction in gross receipts. Under the CARES Act, organizations could take advantage of either the Paycheck Protection Program or the Employee Retention Tax Credit, but not both. The Consolidated Appropriations Act of December 2020 (Relief Act) eliminated this limitation and permitted organizations to claim both the ERC and participate in the Paycheck Protection Program retroactive to March 12, 2020. Project Purple applied for a refund of taxes paid in the amount of \$73,703 relating to the year ended December 31, 2021.

(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 \$6,525 and \$12,919 were made during the years ended December 31, 2022 and 2021, 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, 2022 and 2021 was \$954 and \$979, 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. Rental expense under this lease for the years ended December 31, 2022 and 2021, was \$26,280.

As noted under section (2), page 14, 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, 2022:

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

Quantitative Lease Disclosures Summary

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

	<u>2022</u>
<u>Lease Cost</u>	
Operating Lease Cost	\$ 26,280
Short-term Lease Cost	954
Variable Lease Cost	<u>-</u>
Total Lease Cost	\$ <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>28,050</u>
Right-of-use Assets Obtained in Exchange for New Operating Lease Liabilities	\$ <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>7,050</u>
Total Payments	\$ 7,050
Less: Interest	<u>(38)</u>
Present Value of Operating Lease Liability	\$ <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 2022. As of December 31, 2022, there is a remaining commitment to Arbor Research in the amount of \$500,000, which has not been reflected as a liability within these financial statements.

Secured Credit Cards

Project Purple utilizes one 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 and \$125,000 has been recognized as a contribution during the years ended December 31, 2022 and 2021, respectively. Additional expense will be recognized yearly when the conditions on which each payment has been established have been met.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(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.

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.

(18) SUBSEQUENT EVENTS:

Financial Statements

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through October 24, 2023, 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 \$62,957 and \$52,633 were incurred during the years ended December 31, 2022 and 2021, respectively.

(20) 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, 2022 or 2021.

PROJECT PURPLE
NOTES TO FINANCIAL STATEMENTS

(21) EMPLOYEE BENEFITS:

The cost of fringe benefits incurred for the years ended December 31, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Social Security	\$ 26,123	\$ 22,488
Health and Dental Insurance	12,605	10,592
Life and Disability Insurance	3,027	3,826
Unemployment	2,051	1,701
Workers Compensation	1,864	2,392
Pension Plan Administration	1,775	1,665
Fringe DeMinimus	<u>15,447</u>	<u>4,936</u>
Total	<u>\$ 62,892</u>	<u>\$ 47,600</u>

(22) 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.