

BOMA PROJECT

The BOMA Project, Inc.

FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 and 2019



Innovative
Entrepreneurial
Experienced

THE BOMA PROJECT, INC.
FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 and 2019

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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' AUDIT REPORT

Innovative
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To the Board of Directors of the
The BOMA Project, Inc.
Manchester Center, Vermont

Report on the Financial Statements

We have audited the accompanying financial statements of the BOMA Project, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

John W. Davis
CPA, CFP®, PFS, CVA, CEPA

Management's Responsibility for the Financial Statements

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

Bret L. Hodgdon
CPA, CFP®, CFE, CGMA

Mandy Bradley
CPA, M.S.

Auditor's Responsibility

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

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Suite 201
Williston, Vermont
05495

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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The BOMA Project, Inc. as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Licensed
VT Accounting Firm
#92-0000343

www.dh-cpa.com

To the Board of Directors of the
The BOMA Project, Inc.
Manchester Center, Vermont
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Report on Summarized Comparative Information

We have previously audited the Organization's financial statements for the year ended September 30, 2019, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 22, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Darin J. Holgado *CPA, PLLC*

Williston, Vermont
February 25, 2021

THE BOMA PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,555,929	\$ 300,971
Promises to give	21,468	132,550
Grants receivable	90,000	75,000
Prepaid expenses, current portion	47,817	29,773
	<u>1,715,214</u>	<u>538,294</u>
OTHER ASSETS		
Investments	992,965	653,130
Prepaid expenses, net of current portion	—	10,938
	<u>992,965</u>	<u>664,068</u>
Total assets	<u>\$ 2,708,179</u>	<u>\$ 1,202,362</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 11,514	\$ 3,431
Accrued expenses	352	11,062
Refundable advances	145,500	—
Short-term debt	—	180,486
	<u>157,366</u>	<u>194,979</u>
Total current liabilities	<u>157,366</u>	<u>194,979</u>
Total liabilities	<u>157,366</u>	<u>194,979</u>
NET ASSETS		
Without donor restrictions	1,796,169	430,007
With donor restrictions	754,644	577,376
	<u>2,550,813</u>	<u>1,007,383</u>
Total net assets	<u>2,550,813</u>	<u>1,007,383</u>
Total liabilities and net assets	<u>\$ 2,708,179</u>	<u>\$ 1,202,362</u>

See Independent Certified Public Accountants' Audit Report and Notes to Financial Statements.

THE BOMA PROJECT, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended September 30, 2020 (With Comparative Totals for 2019)

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2020</u> <u>Totals</u>	<u>2019</u> <u>Totals</u>
SUPPORT, REVENUES, AND RECLASSIFICATIONS				
Grants and contributions	\$ 4,046,776	\$ 712,295	\$ 4,759,071	\$ 3,836,583
Net investment income	33,501	--	33,501	18,635
Other income	4,277	--	4,277	2,905
	<u>4,084,554</u>	<u>712,295</u>	<u>4,796,849</u>	<u>3,858,123</u>
Total support and revenues				
Net assets released from restrictions	<u>535,027</u>	<u>(535,027)</u>	<u>--</u>	<u>--</u>
Total support, revenues and reclassifications	<u>4,619,581</u>	<u>177,268</u>	<u>4,796,849</u>	<u>3,858,123</u>
OPERATING EXPENSES				
Program services	<u>2,647,822</u>	<u>--</u>	<u>2,647,822</u>	<u>3,616,658</u>
Supporting activities				
Management and general	316,217	--	316,217	318,079
Fundraising	289,380	--	289,380	255,085
	<u>605,597</u>	<u>--</u>	<u>605,597</u>	<u>573,164</u>
Total supporting activities				
Total operating expenses	<u>3,253,419</u>	<u>--</u>	<u>3,253,419</u>	<u>4,189,822</u>
Change in net assets	1,366,162	177,268	1,543,430	(331,699)
Net assets, beginning of year	<u>430,007</u>	<u>577,376</u>	<u>1,007,383</u>	<u>1,339,082</u>
Net assets, end of year	<u>\$ 1,796,169</u>	<u>\$ 754,644</u>	<u>\$ 2,550,813</u>	<u>\$ 1,007,383</u>

See Independent Certified Public Accountants' Audit Report and Notes to Financial Statements.

THE BOMA PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2020 (With Comparative Totals for 2019)

	<u>Program</u> <u>Services</u>	<u>General and</u> <u>Administrative</u>	<u>Fundraising</u>	<u>2020</u> <u>Totals</u>	<u>2019</u> <u>Totals</u>
Personnel expenses					
Salaries and wages	\$ 361,326	\$ 213,028	\$ 188,913	\$ 763,267	\$ 831,642
Payroll taxes	27,321	18,709	15,200	61,230	66,402
Employee benefits	105,958	9,443	9,790	125,191	100,075
Retirement	25,188	8,911	11,672	45,771	43,219
Total personnel	<u>519,793</u>	<u>250,091</u>	<u>225,575</u>	<u>995,459</u>	<u>1,041,338</u>
Grants to BOMA - Kenya	1,969,640	--	--	1,969,640	2,663,070
Consultants and professional fees	93,868	37,380	26,300	157,548	249,704
Travel	18,997	10,512	6,701	36,210	114,736
Office and technology	32,391	7,643	17,807	57,841	47,257
Outreach and publications	2,275	--	7,854	10,129	27,667
Occupancy	--	--	--	--	13,730
Conferences and meetings	6,921	3,352	783	11,056	13,923
Fees	1,510	4,771	2,847	9,128	8,600
Insurance	2,427	1,094	1,455	4,976	8,429
Interest	--	1,374	--	1,374	1,345
Miscellaneous	--	--	58	58	23
Total expenses	<u>\$2,647,822</u>	<u>\$ 316,217</u>	<u>\$ 289,380</u>	<u>\$3,253,419</u>	<u>\$ 4,189,822</u>

See Independent Certified Public Accountants' Audit Report and Notes to Financial Statements.

THE BOMA PROJECT, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,543,430	\$ (331,699)
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Investment earnings reinvested	(5,067)	(12,811)
Net realized and unrealized gain on investments	(28,434)	(5,824)
Changes in:		
Accounts receivable		
Promises to give	111,082	(132,550)
Grants receivable	(15,000)	225,000
Prepaid expenses	(7,106)	(26,328)
Accounts payable	8,083	(9,527)
Accrued expenses	(10,710)	5,255
Refundable advances	145,500	(206,879)
	<u>1,741,778</u>	<u>(495,363)</u>
Net cash provided by (used in) operating activities		
	<u>1,741,778</u>	<u>(495,363)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net purchases of investments	(306,334)	(8,901)
	<u>(306,334)</u>	<u>(8,901)</u>
Net cash used in investing activities		
	<u>(306,334)</u>	<u>(8,901)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowing	--	314,486
Principal payments on short-term borrowing	(180,486)	(134,000)
	<u>(180,486)</u>	<u>180,486</u>
Net cash provided (used) by financing activities		
	<u>(180,486)</u>	<u>180,486</u>
Net change in cash	1,254,958	(323,778)
Cash, beginning of the year	300,971	624,749
	<u>300,971</u>	<u>624,749</u>
Cash, end of the year	\$ 1,555,929	\$ 300,971
	<u>\$ 1,555,929</u>	<u>\$ 300,971</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid during the year	\$ 1,374	\$ 1,345
	<u>\$ 1,374</u>	<u>\$ 1,345</u>

See Independent Certified Public Accountants' Audit Report and Notes to Financial Statements.

THE BOMA PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS September 30, 2020 and 2019

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of operations

The BOMA Project, Inc. (the Organization) is a non-profit organization incorporated in 2005 under the Laws of the State of Vermont. BOMA is an organization committed to alleviating poverty, empowering women and building resiliency in the arid lands of rural Africa (historically with a focus in northern Kenya). The Organization's support comes primarily from grants and contributions from individuals, businesses, foundations and US and international aid agencies.

Through September 30, 2012, the Organization operated in Kenya by employing staff, renting office space, maintaining a local bank account, and directly operating its core program activities. On October 1, 2012, all of its Kenyan activities were transferred to a separate entity – "The BOMA Project – Kenya" – a duly formed and registered non-governmental organization (NGO). As discussed in Note 12., The BOMA Project – Kenya's (BOMA Kenya) operations are not consolidated with the Organization and all transfers of funds from the Organization to BOMA Kenya after September 30, 2012 are shown as grant expenses on the Statement of Functional Expenses.

BOMA Kenya is subject to audit requirements established by the federal government of Kenya and has been audited for the year ended December 31, 2019 (with the audit report dated August 7, 2020).

Additional information regarding the Organization's programs may be found by visiting its website at <https://bomaproject.org>.

Description of Programs

A description of the programs included in these financial statements is as follows:

Rural Entrepreneur Access Project:

The Rural Entrepreneur Access Project (REAP) is a two-year poverty-graduation program that provides women with seed capital (in the form of grants), sustained business skill and savings training, and hands-on mentoring. REAP replaces aid with sustainable income and helps lift women out of extreme poverty so they can survive drought, feed their families, pay for school fees and medical care, and accumulate savings for long-term stability.

Technical Advisory:

As a strategic partner and technical advisor to non-governmental organization, the Organization leverages its expertise and conclusive evidence of impact to embed the graduation approach into humanitarian response systems in fragile states and regions. As a technical advisor to governments, the Organization supports the activities and processes that will lead to the adoption of the graduation approach into social protection systems, beginning with Kenya.

THE BOMA PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Description of Programs (continued)

Education and Advocacy

The Organization has a strong commitment to expand the knowledge of poverty graduation, livelihoods, gender programming, financial inclusion, and savings models by collaborating with research institutions and partners that can help us advance global knowledge on the unique challenges of the arid lands of Africa. The Organization continues to bring the issues of the most vulnerable populations in forgotten areas into global debate through publications and speaking engagements. In addition, the Organization conducts outreach with governments and other stakeholders in the poverty graduation field by hosting poverty graduation learning events, field visits, and briefing for government delegations, such as for Kenya, Ethiopia and Sudan, who are interested in testing the Organization's model in their countries.

A summary of the Organization's significant accounting policies follows:

Basis of accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Basis of presentation

The financial statement presentation follows the recommendations of the Not-for-Profit Topic of the Codified FASB Accounting Standards. Accordingly, the Organization is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions, which represents the expendable resources that are available for operations at management's discretion; and net assets with donor restrictions, which represents resources restricted by donors as to purpose or by the passage of time and resources whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

THE BOMA PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Comparative financial information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the audited financial statements for the year ended September 30, 2019, from which the summarized information was derived.

Recently issued accounting standards

In June, 2018, FASB issued Accounting Standards Update (ASU) 2018-08, Not for Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605), with the intention to address the diversity in practice among not-for-profit organizations for grant and contribution accounting. The Organization has adopted Topic 605 as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. The adoption of the standard did not have a material impact on the Organization's financial statements. There was no cumulative effect of adoption of the standard.

Cash and cash equivalents

The Organization considers all investments with an original maturity of three months or less to be cash and cash equivalents with the exception of cash included in the Organization's investment portfolio (See Note 5.).

Promises to give

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the Statement of Activities and Changes in Net Assets.

Allowance for doubtful accounts

It is the policy of management to review the outstanding receivables at year end, as well as the bad debt write offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. There was no allowance for doubtful accounts at September 30, 2020 and 2019.

THE BOMA PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Property and equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the assets' estimated useful lives. Additions and betterments with a value in excess of \$5,000 are capitalized, and expenditures for repairs and maintenance are expensed when incurred. Upon the sale or retirement, the costs and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is included in the Statement of Activities and Changes in Net Assets.

Investments

Investments consist of cash, fixed income securities and equities that have been designated for long-term investment by the Organization.

Fair value measurements

Professional literature defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The guidance states that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions market participants would use in pricing the asset or liability under current market conditions at the measurement date. As a basis for considering market participant assumptions in fair value measurements, the guidance establishes a fair value hierarchy that is based on the subjectivity of inputs.

It distinguishes between observable inputs (Levels 1 and 2) which are either observable from market data or corroborated by observable market data and those that are unobservable (Level 3).

Three levels of inputs that may be used to measure fair value are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs include quoted prices (interest rates, yield curves, etc.) or inputs derived principally from or corroborated by observable market data by correlation or other means. This category generally includes certain U.S. Government and agency mortgage-backed debt securities and alternative investments using net asset value (NAV) per share for which the Organization has the ability to redeem its investment at or close to the measurement date.

THE BOMA PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Fair value measurements (continued)

Level 3 – Inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. The inputs reflect the Organization's assumptions based on the best information available in the circumstances. This category generally includes certain private debt and equity instruments, alternative investments where the investee at NAV per share or the redemption date is not close to the measurement date. This category also includes investments held in trust where the Organization is not the trustee and the beneficial interest is in perpetual trust.

All long-term investments (see Note 5.) have been valued in accordance with the definition of Level 1 inputs as described above.

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

Accrued compensated absences

The Organization provides each employee with vacation, sick, and personal hours, which are accumulated on a pro-rata basis as actual hours are worked. Compensated absences do not carry forward from year to year.

Advertising

Advertising costs are expensed as incurred and totaled \$387 and \$194 for the years ended September 30, 2020 and 2019, respectively.

Income taxes

The Organization is a not-for-profit organization, exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and none of its present or anticipated future activities are subject to taxation as unrelated business income; therefore, no provision for income taxes has been made in the accompanying financial statements.

The Organization annually files an IRS Form 990, *Return of Organization Exempt From Income Tax*, tax return in the U.S. Federal jurisdiction. The Organization is no longer subject to U.S. Federal income tax examination by tax authorities for the years prior to September 30, 2017. In the normal course of business, the Organization is subject to examination by various taxing authorities. Although the outcome of tax audits is always uncertain, the management of the Organization believes that there are no significant unrecognized tax liabilities at September 30, 2020 and 2019.

THE BOMA PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Concentration of credit risk

Bank balances are insured by the Federal Deposit Insurance Corporation (FDIC). The Organization maintains its cash balances with financial institutions. At various times during the year balances may briefly be in excess of the federally insured limit.

Expense allocation

The cost of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on the functions of the employees and actual hours attributable to each activity.

Net asset classification

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operation and not subject to donor (or certain grantor) restrictions. The board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulated that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue recognition

In accordance with provisions of the ASC Topic 958-605, Revenue Recognition, the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and whether a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958- 605 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should report such awards as conditional grant advance liabilities until such conditions are met.

THE BOMA PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

The Organization records contributions as support without donor restrictions and support with donor restrictions depending on the existence or nature of donor restrictions. Unconditional promises to give are recorded as promises to give and allowances are provided for promises estimated to be uncollectible. Unconditional promises to give due in the next year are reflected as current promises to give, while promises to give due in subsequent years are reflected as long-term promises to give and are reflected at the present value. Conditional promises to give are those promises to give with a measurable performance or other barrier and a right of return and are not recognized until the conditions on which they depend have been met. Funds received with donor conditions are recorded as refundable advances until the conditions are substantially met.

Grants and other contributions of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the 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.

Restricted contributions that meet restrictions in the same reporting period as received are reported as increases in net assets without donor restrictions.

Contributions of non-cash assets are recorded at their fair values in the period received. Contributions of services that create or enhance non-financial assets or that require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Donated investments are also reported at fair value at the date of receipt, which is then treated as the Organization's cost basis.

The Organization receives donated services from a variety of volunteers who assist in the programs of the Organization as well as the supporting services. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of volunteer efforts have not been met.

Subsequent events

Subsequent events have been evaluated through February 25, 2021, which is the date the financial statements were issued.

THE BOMA PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

Note 2. Liquidity and Availability of Financial Assets

The Organization has \$1,715,214 of financial assets available within one year of the balance sheet date, and those assets are presented as current assets on the accompanying Statement of Financial Position. None of the financial assets other than the promises to give are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition to these financial assets available within one year of the balance sheet date, the Organization has \$992,965 of investments that could be released as deemed necessary.

Note 3. Promises to Give

Substantially all unconditional promises to give at year-end are from the Organization's Legacy Fund campaign and are collectible within one year. The Legacy Fund was established in 2019 to honor the work of the founder of the Organization.

Note 4. Grants Receivable

Grants receivable consisted of grants to support REAP and general operations and totaled \$90,000 and \$75,000 at September 30, 2020 and 2019, respectively.

Note 5. Investments

Investments (all Level 1), at fair value, consisted of the following at September 30:

	<u>2020</u>	<u>2019</u>
Cash and equivalents		
Cash	\$ 650,054	\$ 347,168
Mutual Funds		
Global Equity	—	4,452
Large Cap Equity	221,286	186,958
Taxable Bond	121,625	114,552
	<u>992,965</u>	<u>653,130</u>
Total investments	\$ 992,965	\$ 653,130

The following table provides additional information regarding the aggregate changes in Level 1 investments for the year ended September 30:

	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 653,130	\$ 625,594
Total return on investments	33,501	18,635
Purchases, sales, issuances, etc. (net)	306,334	8,901
	<u>992,965</u>	<u>653,130</u>
Ending balance	\$ 992,965	\$ 653,130

THE BOMA PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
September 30, 2020 and 2019

Note 5. Investments (continued)

The following schedule summarizes the investment income reported in the statement of activities as an increase in net assets without donor restrictions for the year ended September 30:

	<u>2020</u>	<u>2019</u>
Interest and dividend income	\$ 5,067	\$ 12,811
Net realized and unrealized loss	<u>28,434</u>	<u>5,824</u>
Net increase in investments	<u>\$ 33,501</u>	<u>\$ 18,635</u>

Note 6. Commitments and Contingencies

The Organization rented office space in Vermont under a non-cancelable lease entered into in July 2017 running through July 2019. In July 2019, the Organization gave up its office space and moved to a remote-work environment. Minimum monthly rental payments of \$950 were due throughout the lease term. Rent expense under this lease totaled \$9,500 for the year ended September 30, 2019

Note 7. Conditional Promises to Give

The Organization also had \$1,378,693 in conditional promises to give from several U.S. and foreign private foundation conditioned on the Organization meeting certain program milestones.

Note 8. Refundable Advances

Paycheck Protection Program

On April 27, 2020, the Organization entered into a note agreement in the amount of \$145,500 with Berkshire Bank under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after eight or 24 weeks, as decided by the Organization, as long as the Organization uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the Organization terminates employees or reduces salaries during the forgiveness period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months after the forgiveness period ends.

The Organization intends to use the proceeds for purposes consistent with the PPP. It expects to meet the PPP loan eligibility criteria and concludes that the PPP loan represents, in substance, a grant that is expected to be forgiven. The Organization may account for the PPP loan, in accordance with FASB ASC 958-605, Not-for-Profit Entities: Revenue Recognition, as a conditional contribution and has accounted for the loan proceeds as a refundable advance on the accompanying Statement of Financial Position. Any unforgiven amount will mature on April 27, 2022.

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Note 9. Short-Term Debt

Short-term debt consisted of an installment note with Open Road Ventures with an outstanding balance of \$180,486 at September 30, 2019. The note had an interest rate of 2.00% and was due in two periodic payments of principal and interest according to various scenarios agreed to with Open Road Ventures. The remaining balance was paid in full in December 2019.

Note 10. Defined Contribution Plan

The Organizations has established a 403(b) retirement plan that covers substantially all full-time employees who meet certain minimum age and service requirements. After employees meet certain eligibility requirements, the Organization makes a 100% matching contribution, not to exceed 6% of an employees' annual salary. The Organization's contributions totaled \$45,771 and \$43,219, for the years ended September 30, 2020 and 2019, respectively.

Note 11. Net Assets With Donor Restrictions

Net assets are available for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Rural Entrepreneur Access Project	\$ 250,000	\$ 160,513
Special projects	414,644	391,863
Time restricted	<u>90,000</u>	<u>25,000</u>
Total net assets with donor restrictions	<u>\$ 754,644</u>	<u>\$ 577,376</u>

Net assets released due to the satisfaction of time and program restrictions totaled \$535,027 and \$2,662,740 for the years ended September 30, 2020 and 2019, respectively.

Note 12. Foreign Operations

As discussed in Note 1., beginning October 1, 2012, the Organization operates its Kenyan activities through a stand-alone entity – BOMA Kenya. The Organization currently provides most of BOMA Kenya's support and, therefore, the Organization has both an economic interest in and de facto control over BOMA Kenya. However, the Organization has no legal right to appoint a majority of BOMA Kenya's board members and therefore lacks legal control. In this situation (economic interest and control through something other than legal control), under GAAP, consolidation of the financially-related organization is permitted but not required. The Organization has elected to not consolidate BOMA Kenya into its financial statements, and, as discussed above, shows the transfer of assets to BOMA Kenya as "Grants to BOMA - Kenya" on the Statement of Functional Expenses.

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Note 13. Coronavirus

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (COVID-19). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic. This pandemic has adversely affected global economic activity and has greatly contributed to the significant deterioration and volatility in financial markets throughout the world.

Depending on the continued severity and length of the outbreak, this pandemic could present material uncertainty and risk with respect to the Organization. This includes an adverse effect on the ability to continue with its overall operating performance, the ability to collect its receivables, the value of its investments and the financial condition of the underlying entities invested in, as well as the ability to provide underlying financial information in a timely manner.

The continued rapid development and fluidity of this situation precludes management from making an estimate as to the ultimate adverse impact of the pandemic on the Organization’s liquidity, financial condition, and results of operations for fiscal year 2021.

Note 14. Reclassifications

Certain amounts for the year ended September 30, 2019 have been reclassified for comparative purposes to conform to the presentation of the September 30, 2020 financial statements. The reclassifications have no effect on net assets for the year ended September 30, 2019.