

PRECIOUS PROJECT, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2018

Smith  Sullivan
& Brown PC

CERTIFIED PUBLIC ACCOUNTANTS

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PRECIOUS PROJECT, INC.
REPORT ON FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018



Mission Statement

The mission of Precious Project is to offer high quality education and care to orphaned and vulnerable children in rural Tanzania. We partner with the local community to provide Primary School, Children's Home, Community Center and an organic farm, and improve agricultural development through sustainable environmental practices. Precious Project also supports women's empowerment groups that foster economic self-sufficiency.

PRECIOUS PROJECT, INC.
REPORT ON FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Precious Project, Inc.
Lincoln, Massachusetts

We have audited the accompanying financial statements of Precious Project, Inc. (a Massachusetts nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' 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 of material misstatement.

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 Organization'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 Organization'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.

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 Precious Project, Inc. as of December 31, 2018 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
May 9, 2019

PRECIOUS PROJECT, INC.

STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018

ASSETS

CURRENT ASSETS:

Cash, Without Donor Restrictions	\$ 254,516
Cash, Board Designated Operating Reserve	53,889
Cash, With Donor Restrictions	262,310
Contributions Receivable	139,500
Prepaid Expenses	73,521
Total Current Assets	<u>783,736</u>

NON-CURRENT ASSETS:

Contributions Receivable, Non-Current	<u>172,000</u>
Total Non-Current Assets	<u>172,000</u>

TOTAL ASSETS

\$ 955,736

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts Payable and Accrued Expenses	<u>\$ 1,177</u>
Total Current Liabilities	<u>1,177</u>

NET ASSETS:

Net Assets Without Donor Restrictions:	
Undesignated Net Assets	326,860
Board Designated Operating Reserve	53,889
Total Net Assets Without Donor Restrictions	<u>380,749</u>
Net Assets With Donor Restrictions	<u>573,810</u>
Total Net Assets	<u>954,559</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 955,736

PRECIOUS PROJECT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>TOTAL</u> <u>ACTIVITIES</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>			
<i>Support and Revenues:</i>			
Gifts, Grants and Contributions	\$ 356,705	\$ 441,488	\$ 798,193
Donated Goods and Services	108,682	-	108,682
Interest Income	4,267	-	4,267
Total Support and Revenues	<u>469,654</u>	<u>441,488</u>	<u>911,142</u>
<i>Reclassification of Net Assets:</i>			
Net Assets Released from Restriction	<u>282,331</u>	<u>(282,331)</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>751,985</u>	<u>159,157</u>	<u>911,142</u>
<u>FUNCTIONAL EXPENSES:</u>			
Program Services	468,656	-	468,656
Administrative	74,335	-	74,335
Fund Raising	<u>54,792</u>	<u>-</u>	<u>54,792</u>
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>597,783</u>	<u>-</u>	<u>597,783</u>
<u>CHANGE IN NET ASSETS</u>	154,202	159,157	313,359
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>226,547</u>	<u>414,653</u>	<u>641,200</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 380,749</u>	<u>\$ 573,810</u>	<u>\$ 954,559</u>

PRECIOUS PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL</u> <u>EXPENSES</u>
Grants to Tanzanian Partner	\$ 321,002	\$ -	\$ -	\$ 321,002
Salaries and Payroll Taxes	32,799	52,479	45,918	131,196
Employee Benefits	1,544	2,471	2,162	6,177
Professional Fees	57,755	15,012	-	72,767
Travel Costs	53,803	181	1,077	55,061
Office Supplies and Expenses	540	709	1,369	2,618
Computer and IT Expenses	-	154	363	517
Printing and Postage	-	110	819	929
Dues, Fees and Subscriptions	912	2,738	2,663	6,313
Insurance	301	481	421	1,203
Total Functional Expenses	<u>\$ 468,656</u>	<u>\$ 74,335</u>	<u>\$ 54,792</u>	<u>\$ 597,783</u>

PRECIOUS PROJECT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in Net Assets	<u>\$ 313,359</u>
 <i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>	
 <i>(Increase) Decrease in Current Assets:</i>	
Contributions Receivable	(95,500)
Prepaid Expenses	(10,147)
 <i>Increase (Decrease) in Current Liabilities:</i>	
Accounts Payable and Accrued Expenses	1,177
 <i>(Increase) Decrease in Non-Current Assets:</i>	
Contributions Receivable, Non-Current	<u>(75,500)</u>
Net Adjustment	<u>(179,970)</u>
 <u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	 <u>133,389</u>
 <u>NET INCREASE IN CASH BALANCES</u>	 133,389
 <u>CASH BALANCES - BEGINNING OF YEAR</u>	 <u>437,326</u>
 <u>CASH BALANCES - END OF YEAR</u>	 <u>\$ 570,715</u>
 <i>Cash Balances :</i>	
<i>Cash, Without Donor Restrictions</i>	\$ 254,516
<i>Cash, Board Designated Operating Reserve</i>	53,889
<i>Cash, With Donor Restrictions</i>	<u>262,310</u>
	<u>\$ 570,715</u>

PRECIOUS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

NOTE 1 ORGANIZATION AND AFFILIATION

Precious Project, Inc. (“Precious Project” or the “Organization”) was incorporated in July 2014 under Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code. The Organization has been classified as an organization which is not a private foundation under Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes. The Organization is primarily supported by gifts, grants and contributions.

Tanzanian Affiliate:

Precious Project provides funding to Precious Orphans Children (“POCH”), a nonprofit organization based in Tanzania. POCH is closely affiliated with, but not controlled by, Precious Project and is responsible for its own filings in Tanzania; accordingly, the accounts of POCH are not included within these financial statements. Financial support is sent to Tanzania, via wire transfer, and is used to support the programs described in Note 2.

Oversight of Foreign Activities:

Together, the Board of Directors and Management of Precious Project have implemented a comprehensive monitoring policy for oversight of grants made to its Tanzanian Partner. The Organization has designed its monitoring plan to address two primary areas of focus, which have been identified as financial accountability and programmatic compliance. To achieve the highest standards of integrity, transparency and best practices, the following principles have been incorporated into the Organization’s ongoing monitoring activities:

Financial Oversight includes approval of the POCH annual budget, monthly accountings which include budget vs. actual, monthly wire transfers to coincide with approved budgeted expenditures, and monthly communications to monitor expenses and financial activities.

Programmatic Oversight involves monthly reporting on program activities from its Tanzanian Partner, frequent site visits to Tanzania, commitments from board members of Precious Project to make site visits at least once annually (much of which is contributed by the respective board members), representation on the governing body of POCH and involvement in the program design and implementation.

PRECIOUS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(Continued)

NOTE 2 PROGRAM SERVICES

Precious Project is helping to transform a rural, impoverished community in Tanzania by eliminating disparities in education, care of children and economic development. The Project's foundation is based on five pillars:

- Providing children access to quality education
- Caring for orphans and abandoned children
- Empowering women with skills to create micro-businesses
- Educating the next generation to participate in the digital economy
- Modeling and teaching agricultural best practices

Each project is focused on serving as a resource for the community and model for long-term self-sustainability.

Precious Primary School:

In October 2015, Precious Project completed construction of a 10-room primary school to address the educational challenges in the Tanzanian village of Nshupu. The Precious English Medium Primary School - the cornerstone of Precious Project - opened its doors in January 2016 and currently provides a quality education for 230 children from six surrounding villages. Precious Primary School students begin as early as age 3 in the preschool (or "baby class") and matriculate through seventh grade. The primary school has thrived during its inaugural years, as 2018 Tanzanian National Exam results listed the top 25 students in the District as attendees of Precious Primary School. Also in 2018, Precious Primary School was proud to celebrate its first graduating class of nine seventh-graders, all of whom will move on to secondary school.

Precious Secondary School:

In 2018, Precious Project Board members unanimously agreed to build a secondary school in order to further the education of Precious Primary School graduates. The decision was driven by the fact that there are no quality public secondary schools nearby, and even these Government-funded schools require a fee that many families cannot afford. A Precious Secondary School would offer continued high quality education to Precious students with the aim to prepare them for college or university admission. Preliminary planning and fundraising for a Secondary School began in 2018 with the goal to open its doors as soon as economically feasible.

Precious Children's Home:

The Precious Children's Home provides a safe, nurturing and healthy environment for children at risk. Under Precious Project, the small "family" home has grown from nine to 22 residential children and moved in 2014 from a cramped, rented cement block to a beautiful permanent home. "Mamas", an affectionate name given to the women who watch over the children, provide daily loving care as well as cook, clean, and do the laundry. All the children's needs are provided for including their education and health care.

PRECIOUS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(Continued)

NOTE 2 *(Continued)*

Women Empowerment:

Precious Project helps village women create and manage their own self-help groups. Groups comprise approximately 30 members. Each group creates a savings and loan program, has its own by-laws, and determines the terms and conditions of loans including the interest rate. Groups meet weekly to pool their savings, repay loans, and vote on who will receive a new round of loans. Members use their loans to start or expand micro-businesses, pay school tuition fees for their children, and to cover unanticipated expenses, such as food, medicine, or other needs. As loans are repaid and new loans are made, the accrued interest expands the amount of money available for future loans.

Technology for Education:

Precious Project seeks to leverage information and communications technology (“ICT”) to boost student learning and performance, bridge the education gap in Tanzania's primary education, and prepare its young citizens with the knowledge and skills to participate in the digital world economy. Precious' ICT project efforts are multifaceted to maximize the project's success and focuses on implementing technology that is easy and intuitive for children to use, not dependent on reliable electricity or the internet, and simple to maintain.

Sustainability:

Precious Project aims to model sustainability and self-sufficiency for its community and students. Our organic farm produces nutritious foods such as bananas, avocados and a variety of vegetables for the Precious Home and the Precious Primary School. The sale of excess crops provides additional income to support our projects. Precious Project has also installed water tanks to capture and filter rainwater and a biogas system. Additionally, Precious Project drilled a borehole for an artesian well, which augments the farm's rainwater collection while also supplying fresh water to the nearby public school and abutting neighbors. In 2018, Precious Project installed solar panels which provide enough electricity to meet the needs of the school, home and other facilities on campus. The chicken coop was expanded to house 300 chickens, whose meat and eggs feed the Precious community, provide fertilizer and an additional source of revenue. Precious Project continues to hold workshops for its staff, families and the greater community which cover a range of topics from women's health, to small business and entrepreneurship, to making sack gardens, to mental health, domestic and child abuse awareness trainings.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which affect significant elements of the Organization's financial statements are described below to enhance the usefulness of the financial statements to the reader. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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 year. Actual results could differ from those estimates.

PRECIOUS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(Continued)

NOTE 3 (Continued)

Basis of Accounting:

The Organization's policy is to maintain its books and prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. Revenues and gains are recognized in the year in which they become due and expenses and losses are recognized in the year in which the liability is incurred.

Financial Statement Presentation:

As required by the *FASB Accounting Standards Codification*TM, the Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. These classifications are related to the existence or absence of donor-imposed restrictions as presented below:

Net Assets Without Donor Restrictions - consists of assets, public support and program revenues which are available and used for operations and programs. Net assets without donor restrictions represents the portion of net assets of the Organization that is not restricted by donor-imposed stipulations. Contributions are considered available for use unless specifically restricted by the donor. In addition, net assets within this classification may include funds which represent resources designated by the Board of Directors for specific purposes. During the year ended December 31, 2018, the Board of Directors established and funded an operating reserve of \$53,889.

Net Assets With Donor Restrictions - includes funds with donor-imposed restrictions which permit the donee organization to expend the assets as specified and are satisfied either by the passage of time or by actions of the Organization. Resources of this nature originate from gifts, grants, bequests, contracts and may include investment income earned on restricted funds. These net assets may also include resources which have a donor-imposed restriction which stipulates that a portion of the assets are to be maintained in perpetuity, but permits the Organization to expend part or all of the income derived from the donated assets.

Contributions Receivable:

Contributions Receivable reflects unconditional promises to give. Receivables are classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. Promises to give with expected payment dates that extend beyond one year are discounted to their present value when such amounts are considered material.

Management periodically reviews specific grants, commitments and agreements to determine if any balances are uncollectible. Management believes that all receivables are collectible; therefore, no allowance for doubtful amounts has been established. If balances due are determined to be uncollectible in subsequent periods, an allowance will be established at that time.

PRECIOUS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(Continued)

NOTE 3 (Continued)

Prepaid Expenses:

In order to properly match expenses in the same accounting period as the associated revenue, the policy of the Organization is to defer expenses incurred during the fiscal year which are directly attributable to the following year's program. These amounts are reported as *Prepaid Expenses* in the accompanying Statement of Financial Position.

Gifts, Grants and Contributions:

As required by the *FASB Accounting Standards Codification*TM, contributions are required to be recorded as receivables and revenues and the Organization is required to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, collection items, or promises to give.

Contributions, including unconditional promises to give, are recognized as revenues in the year received. Conditional promises to give are not recognized until they become unconditional, that is, at the time when the conditions on which they depend are substantially met. Contributions of assets other than cash are reported at their estimated fair value.

Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions depending on the nature of the restriction until the restriction expires, at which time these amounts are reclassified to net assets without donor restrictions.

Donated Goods and Services:

As required by the *FASB Accounting Standards Codification*TM, the Organization maintains a policy whereby the value of donated goods and services which require a specialized skill and/or which would have otherwise been purchased by the Organization, are recognized on the Statement of Activities and are listed as expenses on the Statement of Functional Expenses.

Functional Expenses:

As required by the *FASB Accounting Standards Codification*TM, the Organization allocates its expenses on a functional basis among various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expense classification. Other expenses that are common to several functions are allocated according to management's estimates about space and time usage. Expenses that are allocated based upon time and usage consist of *Salaries and Payroll Taxes* and *Employee Benefits*.

Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

Administrative - includes all activities related to the Organization's internal management and accounting for program services.

Fund Raising - includes all activities related to maintaining contributor information, writing grant proposals, direct mail solicitation, indirect costs of fund raising events, distribution of materials and other similar projects related to the procurement of funds.

PRECIOUS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(Continued)

NOTE 3 *(Continued)*

Recent Accounting Guidance:

Recently Implemented Standards

In August 2016, the Financial Accounting Standards Board (“FASB”) issued ASC Update No. 2016-14, (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*, with the goal of improving not-for-profit financial statements to provide more useful information to donors, grantors, creditors, and other financial statement users. This ASU modified the current guidance over several criteria, of which the following affected the Organization’s financial statements:

- The Organization’s net assets are segregated into two categories, “with donor restrictions” and “without donor restrictions”, as opposed to the previous requirement of three classes of net assets.
- The Organization provided qualitative and quantitative information relating to management of liquidity and the availability of financial assets to cover short-term cash needs within one year from the statement of financial position date.
- The Organization provided a more in-depth explanation of the methods used to allocate costs among program and supporting functions.

Recently Issued Standards

In May 2014, the FASB issued ASC Update No. 2014-09, (Topic 606) *Revenue from Contracts with Customers*. This ASU is a comprehensive new revenue recognition model that requires an organization to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. This updated guidance impacts not-for-profit entities that have revenue transactions other than contributions. In August 2015, the FASB deferred the effective date of ASC Update No. 2014-09 by one year when it issued ASC Update No. 2015-14, (Topic 606) *Revenue from Contracts with Customers*. This standard is effective for this Organization in financial statements issued for the fiscal year beginning January 1, 2019. The adoption of this ASU is not expected to have a material effect on the Organization’s financial position or change in net assets.

In June 2018, the FASB issued ASC Update No. 2018-08, (Topic 958) *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. The ASU also provides additional guidance to help determine whether a contribution is conditional or unconditional. This standard is effective for this Organization in financial statements issued for the fiscal year beginning January 1, 2019. The adoption of this ASU is not expected to have a material effect on the Organization’s financial position or change in net assets.

In February 2016, the FASB issued ASC Update No. 2016-02, (Topic 842) *Leases* which establishes a comprehensive new lease accounting model. The new standard clarifies the definition of a lease and causes lessees to recognize leases on the balance sheet as a lease liability with a corresponding right-of-use asset for leases with a lease term of more than one year. This standard is effective for this Organization in financial statements issued for the fiscal year beginning January 1, 2020. The new standard requires a modified retrospective transition for capital or operating leases existing at or entered into after the beginning of the earliest comparative period presented in the financial statements, but it does not require transition accounting for leases that expire prior to the date of initial application. The adoption of this ASU is not expected to have a material effect on the Organization’s financial position or change in net assets.

PRECIOUS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(Continued)

NOTE 4 CONTRIBUTIONS RECEIVABLE

The Organization's non-current contributions receivable are as follows:

<u>Year Contributions to be Paid</u>	<u>Balance of Contributions Due as of December 31, 2018</u>
December 31, 2020	\$ 82,000
December 31, 2021	18,000
December 31, 2022	17,000
December 31, 2023	17,000
December 31, 2024 and After	<u>38,000</u>
Total	<u>\$172,000</u>

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of unexpended donor-designated grants and contributions with the following restrictions as of December 31, 2018:

<u>Nature of Restriction</u>	<u>Amount</u>
Scholarships	\$198,105
School Fund	167,900
School Accelerator Fund	131,405
Time Restricted	64,000
Home Fund	<u>12,400</u>
Total	<u>\$573,810</u>

Net assets released from donor restrictions by incurring expenses which satisfied the restricted purposes by occurrence of events specified by the donors during the year presented were as follows:

<u>Nature of Restriction</u>	<u>Amount</u>
Scholarships	\$ 43,584
School Fund	67,832
School Accelerator Fund	18,773
Time Restricted	76,050
Home Fund	22,730
POCH Capital	49,512
Community Fund	2,850
Farm Fund	<u>1,000</u>
Total	<u>\$282,331</u>

PRECIOUS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(Continued)

NOTE 6 DONATED GOODS AND SERVICES

Volunteers are an integral component of Precious Project. For the year presented, the Organization recognized the following in-kind contributions in the accompanying financial statements:

<u>Description</u>	<u>Amount</u>
Travel Expenses	\$ 50,287
Professional Fees	57,755
Supplies	<u>640</u>
Total	<u>\$108,682</u>

NOTE 7 CONCENTRATION OF CREDIT RISKS

Cash Balances:

The Organization is subject to concentrations in credit risk relating to cash balances. For the year presented, the Organization's cash deposits are held primarily in one financial institution in checking and money market savings accounts. Deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. The Organization had \$280,471 in excess of federally insured limits as of December 31, 2018; however, Organization has not experienced any losses on such accounts and Management considers credit risk on cash to be low.

Contributions Receivable:

For the year ended December 31, 2018, 44% of total *Contributions Receivable* are from two private donors.

Foreign Operations:

The primary purpose of the Organization is to provide high quality education and care to orphaned and vulnerable children in rural Tanzania. Therefore, the majority of the Organization's activities are concentrated in this region. In addition, grants to its Tanzania Partner represents 54% of total expenses for the year ended December 31, 2018.

PRECIOUS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

(Continued)

NOTE 8 LIQUIDITY AND AVAILABILITY

The following table reflects the Organization's financial assets as of December 31, 2018, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	<u>Amount</u>
Financial Assets:	
Cash	\$ 570,715
Contributions Receivable	<u>311,500</u>
Total Financial Assets as of December 31, 2018	882,215
Less amount not available to be used within one year:	
Contributions Receivable after one year	<u>(172,000)</u>
Financial assets available to meet general expenditures within one year	<u>\$ 710,215</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization has a Board-Designated reserve that, while the Organization does not intend to spend these funds for purposes within the next year, these amounts could be made available for current operations, if necessary.

NOTE 9 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through May 9, 2019, the date which the financial statements were available for issue, and noted no events which met the recognition or disclosure criteria.