PRISM PROJECT
FINANCIAL STATEMENTS
FOR THE PERIOD JANUARY THROUGH DECEMBER 2022

PRISM PROJECT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Prism Project

Opinion

We have audited the accompanying financial statements of Prism Project (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, cash flows, and functional expenses for the year 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 Prism Project as of December 31, 2022, 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.

Basis for Opinion

We conducted our audit 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 Prism Project and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Prism Project '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 Prism Project '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 Prism Project'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.

Hunt CPA & Advs LLC

Flint, Michigan

December 29, 2023

Prism Project
Statement of Financial Position

As of DECEMBER 31, 2022

Assets	
Current Assets	
Cash (See note B)	25,360
Other Current Assets	
Gift Cards	145
Total Other Current Assets	145
Total Current Assets	25,505
Fixed Assets (See note G)	
Gate Entry System	3,268
Machinery & Equipment	1,836
Mission Ranch Capital Improvements	171,203
ROU Asset Mission Ranch Lease	602,925
Accumulated Depreciation	(61)
Total Fixed Assets	779,171
Total assets	804,676

See independent auditors report and accompanying footnotes

Prism Project
Statement of Financial Position
As of DECEMBER 31, 2022

Liabilities	
Current Liabilities	
Accounts Payable	3,268
Total Accounts Payable	3,268
Other Current Liabilties	
Payroll Liabilities	
MI Income Tax	2,133
MI Unemployment Tax	123
Total Payroll Liabilities	2,256
Total Other Current Liabilities	2,256
Total Current Liabilities	5,524
Long-Term Liabilities	
Longterm Lease Liability	602,925
Total Long-Term Liabilities	602,925
Total Liabilities	608,449
Equity	
Opening Balance Equity	25
Restricted Income	
ECO Paint the Light Fundraiser 2022	2,140
Medical & Therapy Expense Restricted Income	2,000
Sarah's Garden	5,050
Total Restricted Income	9,190
Retained earnings	126,460
Net Revenue	60,551
Total Equity	196,226
Total Liabilities and Equity	804,676

See independent auditors report and accompanying footnotes

Prism Project
Statement of Activity
For the period January through December 31, 2022

Revenues	
Fundraising Income	51,501
In-Kind Service Income	60,045
Income Released from Restrictions	37,249
Income Unrestricted	132,917
Sales of Product Revenue	177
Total Revenue	281,889
Gross Profit	281,889
Expenditures	
Advertising & Marketing	118
Bank Charges & Fees	1,296
Contractors	9,047
Depreciation Expense	661
Education Expense	273
Free to Dream Festival Expense	500
Fundraising Expense	6,281
Legal & Professional Services	2,435
Mission Ranch Program Expense	111,044
Office Expenses	837
Other Business Expenses	1,190
Salaries and labor	76,377
Taxes	6,798
Payroll Expenses	588
Repairs & Maintenance	376
Taxes & Licenses	20
Volunteer Expense	4,296
Total Expenditures	**222,137**
Net Operating Revenue	59,751
Other Revenue	
Other Miscellaneous Revenue	800
Total Other Revenue	800
Net Revenue	60,551
Total expenses	217,327
Net income	$ 64,561

Prism Project
Statement of Cash Flows
For the period January through December 31, 2022

	Total
OPERATING ACTIVITIES	
Net Revenue	60,551
Adjustments to reconcile Net Revenue to Net Cash provided by operations:	
Accounts Receivable (A/R)	-
Uncategorized Asset - Gift Cards	(145)
Accumulated Depreciation	61
Accounts Payable (A/P)	3,268
Direct Deposit Payable	-
Payroll Liabilities:Federal Taxes (941/944)	-
Payroll Liabilities:MI Income Tax	2,039
Payroll Liabilities:MI Unemployment Tax	64
Total Adjustments to reconcile Net Revenue to Net Cash provided by operations:	**5,287**
Net cash provided by operating activities	**65,839**
INVESTING ACTIVITIES	
1978 Dodge Pickup & Plow (deleted)	4,000
Machinery & Equipment	(1,836)
Mission Ranch Capital Improvements	(171,203)
Gate Entry System	(3,268)
ROU Asset Mission Ranch Lease	(602,925)
Net cash provided by investing activities	**(775,232)**
FINANCING ACTIVITIES	
Longterm Lease Liability	602,925
Restricted Income	-
Restricted Income:ECO Paint the Light Fundraiser 2022	2,140
Restricted Income:Home Depot Grant - 2022 Gift Cards	-
Restricted Income:Medical & Therapy Expense Restricted Income	2,000
Restricted Income:Safe House Project Grant - Restricted	(25,000)
Restricted Income:Sarah's Garden	5,050
Net cash provided by financing activities	**587,115**
Net cash increase for period	**(122,278)**
Cash at beginning of period	147,638
Cash at end of period	**25,360**

See independent auditors report and accompanying footnotes

Prism Project
Statement of Functional Expenses
For the period January through December 31, 2022

	Programs	G&A	Fundraising	Total
Expenses				
Salary		76,377		76,377
Payroll taxes		6,798		6,798
Advertising			618	618
Office expenses		837		837
Depreciation expense		661		661
Rent expense	60,000			60,000
Insurance expense	16,615			16,615
Household items	10,515			10,515
Volunteer expense	6,056	4,296		10,352
Utilities	9,162			9,162
Contractors		9,047		9,047
Repairs & maintenance	5,219	376		5,595
Staff training	3,691			3,691
Legal & professional		2,435		2,435
Fundraising expenses			1,466	1,466
Bank charges & fees		1,301		1,301
Other business expense		1,190		1,190
Therapy & activity supplies	750			750
Payroll software fees		588		588
Materials & supplies	294			294
Education expense		273		273
Taxes & licenses		20		20
Total Expenses	**112,302**	**104,199**	**2,084**	**$ 218,585**

See independent auditors report and accompanying footnotes

PRISM PROJECT

NOTES TO FINANCIAL STATEMENTS

NOTE A-NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Prism Project (the Organization) brings education and awareness about human trafficking to the general public and provides a long-term safe house for minors who have been sex trafficked where they can receive the comprehensive care necessary to heal and thrive in life after rescue.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Cash Equivalents Restricted to Purchase Property and Equipment

Cash equivalents restricted to purchase property and equipment have been restricted by donors and are not available for operating purposes.

Property and Equipment

The Organization capitalizes property and equipment over $1,000. Lesser amounts are expensed. Purchased property and equipment is capitalized at cost. Donations of property and equipment are capitalized at their estimated fair value at the date contributed. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the

donated or acquired assets are placed in service. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from five years for furniture and vehicles to thirty years for buildings.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Estimates

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

NOTE B-CASH AND CASH EQUIVALENTS

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the amounts shown in the statement of cash flows:

	2022
Cash and cash equivalents – Unrestricted	$ 16,170
Cash equivalents – Restricted	9,190
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	$ 25,360

NOTE C-RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions are available for the following purposes or periods:

	2022
Subject to expenditure for specified purposes:	
Purchase of art therapy supplies	$ 2,140
Purchase of medical equipment	2,000
Purchase of supplies for Sarah's garden project	5,050
Total restricted net assets	9,190

NOTE D-LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization'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. Donor-restricted amounts that are unavailable for use within one year for general purposes include the allocation from the United Way, and the fourth quarter investment return that will be appropriated from the endowment in the first quarter of the year.

	2022
Financial assets at year-end	$ 25,360
Less those unavailable for general expenditures within one year, due to:	
Donor-restricted to purchase of art therapy supplies	2,140
Donor-restricted to purchase of medical equipment	2,000
Donor-restricted to purchase of supplies for Sarah’s garden project	5,050
Financial assets available to meet cash needs for general expenditure within one year	$ 16,170

NOTE E-PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2022
Gate Entry System	3.268
Machinery & Equipment	1,836
ROU Asset Mission Ranch Capital Improvements	602,925
Mission Ranch Capital Improvements	171,203
Fixed Assets	779,232
Accumulated depreciation	(61)
Total Fixed Assets	$ 779,171

NOTE F-DESCRIPTION OF LEASING ARRANGEMENTS

The facility used to provide housing for the Organization's care recipients is leased under a long-term (5-year) arrangement (financing lease) with a tiered payment system based on income/licensing of the program. Since the Organization opened its doors in 2022 but did not obtain its reimbursement contract with the State of Michigan until January of 2023, which allowed it to begin serving children through MDHHS, the monthly rent expense was less in 2022 than it will be 2023. In 2023 the full lease payment amount will begin.

The ROU Asset Mission Ranch Lease included in Fixed Assets at December 31, 2022 was $602,925 (gross) and the capital lease liability included in Long-term debt was $602,925. The future minimum lease payments under those capital lease as of December 31, 2022 were as follows:

Calendar Year Ending December 31	
2022	$50,000
2023	118,585
2024	144,780
2025	144,780
2026	144,780
Total	$602,925

NOTE G-EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through December 29, 2023, the date which the financial statements were available to be issued.