

PROJECT SUNSHINE, INC.

**Financial Statements
For the Year Ended
December 31, 2024**



One Battery Park Plaza
New York, NY 10004-1405
Tel: 212-661-7777

Independent Auditor's Report

To the Board of Directors of
Project Sunshine, Inc.

Opinion

We have audited the accompanying financial statements of Project Sunshine, Inc. ("Project Sunshine") which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses and cash flows 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 Project Sunshine as of December 31, 2024, and the results of its activities 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 Project Sunshine 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 Project Sunshine's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 Sunshine'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 Sunshine'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.

Prior Year Financial Statements

Project Sunshine's financial statements for the year ended December 31, 2023 were audited by other auditors whose report dated November 15, 2024 expressed an unmodified opinion on those financial statements.

Condon O'Meara McHugh & Donnelly LLP

August 7, 2025

PROJECT SUNSHINE, INC.
Statements of Financial Position

Assets

	December 31	
	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 762,878	\$ 688,163
Investments, at fair value	2,154,538	2,449,912
Contributions receivable, net	1,714,375	1,441,687
Prepaid expenses and other assets	423,938	280,629
Property and equipment, net – at cost	1,231,089	1,413,697
Right-of-use asset – operating lease	<u>546,530</u>	<u>292,708</u>
Total assets	<u>\$ 6,833,348</u>	<u>\$ 6,566,796</u>

Liabilities and Net Assets

Liabilities

Accounts payable and accrued expenses	\$ 228,884	\$ 303,190
Deferred revenue	-	15,000
Operating lease obligation	<u>555,743</u>	<u>299,543</u>
Total liabilities	<u>784,627</u>	<u>617,733</u>

Net assets

Without donor restrictions	4,506,633	4,347,966
With donor restrictions	<u>1,542,088</u>	<u>1,601,097</u>
Total net assets	<u>6,048,721</u>	<u>5,949,063</u>
Total liabilities and net assets	<u>\$ 6,833,348</u>	<u>\$ 6,566,796</u>

See notes to financial statements.

PROJECT SUNSHINE, INC.

Statements of Activities

	Year Ended December 31					
	2024			2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue						
Grants and contributions	\$ 2,948,893	\$ 461,320	\$ 3,410,213	\$ 2,879,125	\$ 1,581,097	\$ 4,460,222
Contributed nonfinancial assets	126,839	-	126,839	111,709	-	111,709
Special event revenue (net of \$309,286 and \$301,012 for 2024 and 2023, respectively)	1,366,685	-	1,366,685	1,302,174	-	1,302,174
Net investment return	229,069	-	229,069	292,289	-	292,289
Net assets released from restrictions	<u>520,329</u>	<u>(520,329)</u>	<u>-</u>	<u>242,786</u>	<u>(242,786)</u>	<u>-</u>
Total support and revenue	<u>5,191,815</u>	<u>(59,009)</u>	<u>5,132,806</u>	<u>4,828,083</u>	<u>1,338,311</u>	<u>6,166,394</u>
Expenses						
Program services	4,133,420	-	4,133,420	4,264,549	-	4,264,549
Supporting activities						
Management and general	396,736	-	396,736	440,283	-	440,283
Fundraising	<u>502,992</u>	<u>-</u>	<u>502,992</u>	<u>415,036</u>	<u>-</u>	<u>415,036</u>
Total expenses	<u>5,033,148</u>	<u>-</u>	<u>5,033,148</u>	<u>5,119,868</u>	<u>-</u>	<u>5,119,868</u>
Increase (decrease) in net assets	158,667	(59,009)	99,658	(291,785)	1,338,311	1,046,526
Net assets, beginning of year	<u>4,347,966</u>	<u>1,601,097</u>	<u>5,949,063</u>	<u>4,639,751</u>	<u>262,786</u>	<u>4,902,537</u>
Net assets, end of year	<u>\$ 4,506,633</u>	<u>\$ 1,542,088</u>	<u>\$ 6,048,721</u>	<u>\$ 4,347,966</u>	<u>\$ 1,601,097</u>	<u>\$ 5,949,063</u>

PROJECT SUNSHINE, INC.
Statements of Functional Expenses

Year Ended December 31								
	2024				2023			
	Supporting Activities				Supporting Activities			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Employee compensation								
Salaries and wages	\$ 1,371,677	\$ 152,802	\$ 247,275	\$ 1,771,754	\$ 1,422,937	\$ 158,742	\$ 178,871	\$ 1,760,550
Employee benefits	175,066	11,164	24,926	211,156	162,869	12,109	19,384	194,362
Payroll taxes	118,482	7,554	16,870	142,906	117,898	8,752	14,011	140,661
Total employee compensation	1,665,225	171,520	289,071	2,125,816	1,703,704	179,603	212,266	2,095,573
Other expenses								
Computer	205,064	7,167	28,986	241,217	266,100	13,011	49,891	329,002
Food	3,501	6,293	957	10,751	3,945	3,386	554	7,885
Insurance	22,907	1,440	3,217	27,564	24,724	1,838	2,943	29,505
Other	37,119	2,368	5,298	44,785	41,181	3,059	4,897	49,137
Occupancy	221,976	14,155	31,605	267,736	215,518	16,024	25,650	257,192
Office supplies and materials	26,782	931	5,631	33,344	31,223	1,046	5,354	37,623
Catering, facility and exhibit rental and other costs	-	-	309,286	309,286	-	-	301,012	301,012
Printing and postage	133,039	1,911	5,975	140,925	109,892	1,597	1,164	112,653
Materials and other support	1,102,417	-	5,381	1,107,798	1,478,827	-	214	1,479,041
Professional fees	156,691	169,813	16,754	343,258	115,517	192,992	9,426	317,935
Consulting fees	302,159	18,777	100,853	421,789	108,190	26,089	91,914	226,193
Telephone	16,763	129	289	17,181	17,385	249	399	18,033
Travel	14,205	1,792	7,993	23,990	27,282	399	8,780	36,461
Depreciation and amortization	225,572	440	982	226,994	121,061	990	1,584	123,635
Total other expenses	2,468,195	225,216	523,207	3,216,618	2,560,845	260,680	503,782	3,325,307
Total expenses	4,133,420	396,736	812,278	5,342,434	4,264,549	440,283	716,048	5,420,880
Less: expenses deducted directly on the statements of activities								
Direct cost of special events	-	-	(309,286)	(309,286)	-	-	(301,012)	(301,012)
Total expenses reported by function on the statements of activities	\$ 4,133,420	\$ 396,736	\$ 502,992	\$ 5,033,148	\$ 4,264,549	\$ 440,283	\$ 415,036	\$ 5,119,868

See notes to financial statements.

PROJECT SUNSHINE, INC.

Statements of Cash Flows

	Year Ended December 31	
	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Increase in net assets	\$ 99,658	\$ 1,046,526
Adjustments to reconcile increase in net assets to net cash (used in) operating activities		
Depreciation and amortization	226,994	123,635
Net realized and unrealized (gain) on investments	(148,821)	(232,014)
Change in present value discount on contributions receivable	(11,789)	120,729
Changes in operating assets and liabilities		
(Increase) in contributions receivable	(260,899)	(1,028,734)
(Increase) in prepaid expenses and other assets	(143,309)	(48,239)
(Increase) decrease in right-of-use asset – operating lease	(253,822)	248,053
Increase (decrease) in accounts payable and accrued expenses	(74,306)	51,302
(Decrease) in deferred revenue	(15,000)	(85,000)
Increase (decrease) in operating lease obligation	256,200	(246,218)
Net cash (used in) operating activities	<u>(325,094)</u>	<u>(49,960)</u>
Cash flows from investing activities		
Purchases of investments	(3,101,377)	(2,061,700)
Proceeds from sale of investments	3,545,572	2,846,716
Purchase of property and equipment	<u>(44,386)</u>	<u>(1,408,535)</u>
Net cash provided by (used in) investing activities	<u>399,809</u>	<u>(623,519)</u>
Net increase (decrease) in cash and cash equivalents	74,715	(673,479)
Cash and cash equivalents, beginning of year	<u>688,163</u>	<u>1,361,642</u>
Cash and cash equivalents, end of year	<u>\$ 762,878</u>	<u>\$ 688,163</u>
Supplemental disclosure of cash flows information:		
Purchase of property and equipment included in accounts payable	<u>\$ -</u>	<u>\$ 145,112</u>

See notes to financial statements.

PROJECT SUNSHINE, INC.**Notes to Financial Statements
December 31, 2024 and December 31, 2023****Note 1 – Nature of organization and summary of significant accounting policies****Nature of organization**

Project Sunshine, Inc. (“Project Sunshine”) was incorporated in 1998 and is organized under the state of New Jersey not-for-profit corporation law. Project Sunshine’s mission is to bring the healing power of play and connection to children with medical needs through the passion of dedicated volunteers. In 2024, Project Sunshine coordinated the services of over 18,100 volunteers who assembled Activity Kits that are sent to hospital partners across the country or led in- person and virtual programs that provide opportunities for creative expression, intellectual stimulation, socializing and sensory integration. Project Sunshine’s volunteers are organized by chapters. Chapters are not separate financial organizations. In 2024, Project Sunshine had 116 chapters of community and college volunteers. Project Sunshine partners with over 360 medical facilities across the U.S., Israel and Kenya, serving more than 256,100 pediatric patients and families. Project Sunshine Canada, whose financial statements are not included in these financial statements, operates programs in Canada under a separate entity with its own distinct Board. Project Sunshine Israel is a related party whose financial statements are not included in these financial statements as it does not meet the criteria for consolidation.

Basis of accounting

These financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net assets

Project Sunshine reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions are available for use in general operations and not subject to donor- imposed restrictions.

Net assets with donor restrictions contain donor-imposed restrictions that permit Project Sunshine to use or expend the assets as specified by the donor.

PROJECT SUNSHINE, INC.

Notes to Financial Statements (continued) December 31, 2024 and December 31, 2023

Note 1 – Nature of organization and summary of significant accounting policies (continued)

Support and revenue recognition

Project Sunshine's support and revenue consists of grants, contributions and special events. Grants and contributions are reported as support without donor restrictions or support with donor restrictions depending on the existence or absence of any donor restrictions. When a donor or sponsor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions; however, when a donor or sponsor restriction is met in the same period, the support is recorded as being without donor restrictions. If a contribution or grant agreement contains a right of release from the respective obligation provision on the part of the grantor, and the agreement also contains a barrier to overcome, Project Sunshine recognizes support for these conditional contributions when the related barrier to entitlement has been substantially overcome. As of December 31, 2024 and December 31, 2023, Project Sunshine has outstanding unrecorded conditional contributions receivable of \$428,500 and \$500,000, respectively.

Project Sunshine recognizes revenue, other than grants, contributions and fundraising, in accordance with ASC Topic 606, Revenue from Contracts with Customers, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize the revenue when or as the performance obligations are satisfied

Project Sunshine considers special event revenue to be both an exchange and a contribution transaction. Project Sunshine's performance obligation and condition of the contribution are to host the event for its registered attendees. Payments are received upon the event registration support and revenue are recognized at a point in time when the event takes place for both the exchange and contribution transaction. Deferred revenue was \$100,000 as of December 31, 2022, and was recognized as special event revenue during the year ended December 31, 2023. Deferred revenue of \$15,000 as of December 31, 2023 was recognized as special event revenue during the year ended December 31, 2024. There was no deferred revenue as of December 31, 2024.

Project Sunshine records various types of contributed support, including services and materials in support of the various aspects of its programs and operations. Accordingly, contributed services are recognized as support if those services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by people possessing those skills, and would typically be purchased by Project Sunshine if not provided by contribution. Contributed services received amounted to \$126,839 and \$111,709 for 2024 and 2023, respectively, and are included in the accompanying statements of activities and statements of functional expenses.

PROJECT SUNSHINE, INC.**Notes to Financial Statements (continued)
December 31, 2024 and December 31, 2023****Note 1 – Nature of organization and summary of significant accounting policies (continued)****Support and revenue recognition (continued)**

Unpaid volunteers have made a contribution of approximately 39,000 hours in 2024 and 28,000 hours in 2023, to assist in Project Sunshine's programs. The value of this contributed time is not reflected in these financial statements because such services do not meet the recognition requirements of U.S. GAAP.

Cash equivalents

Cash equivalents include money market accounts held in one financial institution. Project Sunshine considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments

Project Sunshine initially records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

Fair value measurements

Fair value refers to the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. Fair value measurements are required to be separately disclosed by level within the fair value hierarchy. The three levels of inputs used to measure fair value are as follows:

Level 1 – Quoted prices in active markets for identical assets.

Level 2 – Observable inputs other than level 1 prices such as quoted prices of similar assets; quoted prices in markets with insufficient volume or infrequent transactions (less than active markets).

Level 3 – Unobservable inputs to the valuation methodology that are significant to the measurement of fair value of assets.

PROJECT SUNSHINE, INC.**Notes to Financial Statements (continued)
December 31, 2024 and December 31, 2023****Note 1 – Nature of organization and summary of significant accounting policies (continued)****Fair value measurements (continued)**

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Mutual funds: Shares of mutual funds are valued at quoted market prices that represent the net asset value of shares held by Project Sunshine at year-end.

Equities: Equities are valued at the closing price reported on the active market on which the individual securities are traded.

Corporate and international bonds: Corporate and international bonds are valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

U.S. Government notes, bonds and bills: U.S. Government notes, bonds and bills are based on quoted market prices in active markets.

Contributions receivable, net

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Contributions receivable that are expected to be collected in one year or more are recorded at the present value of their estimated future cash flows, using a risk adjusted interest rate at the time the promise is received. Amortization of the discount is offset against contributions revenue.

Allowance for credit losses

As of December 31, 2024 and December 31, 2023, Project Sunshine has determined that its accounts and contributions receivable are all collectible and an allowance for any possible uncollectible receivables is not necessary. These estimates are based on management's experience, the aging of the receivables, subsequent receipts and current and anticipated future economic conditions. Project Sunshine did not have any bad debt write offs for 2024 and 2023.

Prepaid expenses and other assets

Prepaid expenses are payments to vendors that benefit future reporting periods, including unused portions of insurance policies in effect at year-end. Other assets include lease security deposits held by the landlord until the end of the lease term.

PROJECT SUNSHINE, INC.**Notes to Financial Statements (continued)
December 31, 2024 and December 31, 2023****Note 1 – Nature of organization and summary of significant accounting policies (continued)****Property and equipment**

Property and equipment is recorded at cost. Project Sunshine capitalizes all purchases of property and equipment with a cost in excess of \$500 and having an estimated life greater than one year. Depreciation is provided using the straight-line method based on the estimated useful lives of the assets. Leasehold improvements are amortized over the remaining life of the lease. Website and database are depreciated over a five to seven year estimated useful life. Office furniture and equipment are depreciated over a five to ten year estimated useful life. During 2024, fully depreciated property and equipment totaling \$131,715 was removed from Project Sunshine's accounts and records.

Operating leases

Right-of-use ("ROU") assets and lease liabilities are recognized at the lease commencement date based on the future lease payments over the expected lease term. Project Sunshine discounts its operating lease using a risk-free rate with a period comparative to that of the lease term. Project Sunshine has elected to exclude leases with terms shorter than twelve months.

Functional classification of expenses

Program services, management and general, and fundraising expenses have been recorded on the statements of functional expenses based on either a direct costing method for those expenses directly attributable to a particular program or supporting service function or on an allocation basis. Such allocations are determined by management and allocated on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, occupancy, computer, office supplies and materials, etc., which are allocated based on estimates of time and effort.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires the use of estimates and assumptions by management that could affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results may differ from those estimates.

PROJECT SUNSHINE, INC.**Notes to Financial Statements (continued)**
December 31, 2024 and December 31, 2023**Note 1 – Nature of organization and summary of significant accounting policies (continued)****Concentrations of credit risk**

Project Sunshine's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents, investments and receivable. Project Sunshine places its cash and cash equivalents with what it believes to be quality financial institutions. At times during the year, cash balances may exceed the FDIC insurance limit; however, Project Sunshine has not experienced any losses in these accounts to date. Investments are exposed to various risks such as interest rate, market volatility, liquidity and credit. Due to the level of uncertainty related to the foregoing risks, it is reasonably possible that changes in these risks could materially affect the fair value of the investments reported in the statement of financial position at December 31, 2024. Project Sunshine routinely assesses the financial strength of its cash, cash equivalents and investment portfolio and monitors its receivables on an ongoing basis. Accordingly, Project Sunshine believes no significant concentrations of credit risk exist with respect to its cash, cash equivalents, investments and receivable.

Concentrations of contributions receivable and support

For the year ended December 31, 2024, one donor contributed \$308,000, which accounted for 6% of total support and revenue. As of December 31, 2024, contributions receivable from five donors, totaling \$1,068,812, representing 59% of the total contributions receivable balance.

For the year ended December 31, 2023, one donor contributed \$500,000, which accounted for 8% of total grants and contributions. As of December 31, 2023, contributions receivable from two donors, totaling \$1,155,000 representing 74% of the total contributions receivable balance.

Subsequent events

Project Sunshine evaluated events occurring after the date of the financial statements to consider whether or not the effect of such events needs to be reflected and/or disclosed in the financial statements. Such evaluation was performed through August 7, 2025, the date that these financial statements were available to be issued.

PROJECT SUNSHINE, INC.

Notes to Financial Statements (continued)
December 31, 2024 and December 31, 2023

Note 2 – Liquidity and availability of financial assets

The following reflects Project Sunshine’s financial assets available within one year of the statements of financial position date for general expenditures over the next 12 months, reduced by amounts not available for general use because of contractual or donor-imposed restrictions, comprise the following as of December 31, 2024 and December 31, 2023:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 762,878	\$ 688,163
Investments	2,154,538	2,449,912
Contributions receivable, net	<u>1,714,375</u>	<u>1,441,687</u>
Total financial assets	4,631,791	4,579,762
Less: those unavailable for general expenditures within one year		
Donor-restricted assets	<u>1,542,088</u>	<u>1,601,097</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,089,703</u>	<u>\$ 2,978,665</u>

Project Sunshine regularly monitors the cash balance to ensure sufficient liquidity exists to meet its operating needs as well as other commitments and obligations over the next 12 months.

Note 3 – Investments, at fair value

The following table sets forth by level, within the fair value hierarchy, Project Sunshine’s investments at fair value as of December 31, 2024 and December 31, 2023:

	<u>2024</u>		
	Fair Value		
	<u>Measurements Using</u>		
	Quoted Prices in Active Markets for Identical Assets <u>Level 1</u>	Significant Other Observable Inputs <u>Level 2</u>	<u>Total</u>
Money market funds	\$ 34,341	\$ -	\$ 34,341
Mutual funds			
Fixed Income	1,269,689	-	1,269,689
Equity	<u>850,508</u>	<u>-</u>	<u>850,508</u>
Total investments	<u>\$ 2,154,538</u>	<u>\$ -</u>	<u>\$ 2,154,538</u>

PROJECT SUNSHINE, INC.

Notes to Financial Statements (continued)
December 31, 2024 and December 31, 2023

Note 3 – Investments, at fair value (continued)

	2023		
	Fair Value		
	Measurements Using		
	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Total
Cash and cash equivalents	\$ 1,964	\$ -	\$ 1,964
Money market funds	55,256	-	55,256
U.S. Treasury bills	20,757	-	20,757
U.S. Government notes and bonds	638,560	-	638,560
Bonds			
Corporate bonds	-	197,561	197,561
International bonds	-	183,230	183,230
Equities			
U.S. large capitalization	942,033	-	942,033
U.S. small capitalization	105,451	-	105,451
Developed international	226,166	-	226,166
Emerging markets	78,934	-	78,934
Total investments	<u>\$ 2,069,121</u>	<u>\$ 380,791</u>	<u>\$ 2,449,912</u>

Note 4 – Contributions receivable, net

At December 31, 2024 and December 31, 2023, the following is a summary of the contributions receivable, net. Net present value was calculated using a discount rate commensurate with the risk involved. The discount rates used in this calculation ranges from 4.25% to 4.33% in 2024 and 3.84% to 4.23% in 2023.

	2024	2023
Total contributions receivable	\$ 1,824,141	\$ 1,563,242
Net present value discount	<u>(109,766)</u>	<u>(121,555)</u>
Net present value of contributions receivable	<u>\$ 1,714,375</u>	<u>\$ 1,441,687</u>
Amount due in:		
Less than one year	\$ 843,590	\$ 478,992
One to five years	<u>980,551</u>	<u>1,084,250</u>
Total	<u>\$ 1,824,141</u>	<u>\$ 1,563,242</u>

PROJECT SUNSHINE, INC.

Notes to Financial Statements (continued)
December 31, 2024 and December 31, 2023

Note 5 – Property and equipment, net

Property and equipment, net, consists of the following, as of December 31:

	<u>2024</u>	<u>2023</u>
Website and database	\$ 1,630,856	\$ 1,718,185
Office furniture and equipment	<u>170,512</u>	<u>170,512</u>
Total	1,801,368	1,888,697
Less: accumulated depreciation and amortization	<u>(570,279)</u>	<u>(475,000)</u>
Property and equipment, net	<u>\$ 1,231,089</u>	<u>\$ 1,413,697</u>

Note 6 – Net assets with donor restrictions

As of December 31, 2024 and December 31, 2023, net assets with donor restrictions consisted of the following:

	<u>Balance at December 31 2023</u>	<u>Support</u>	<u>Released from Restrictions</u>	<u>Balance at December 31 2024</u>
Time restrictions	\$ 1,345,240	\$ 194,320	\$ (274,472)	\$ 1,265,088
Purpose restrictions	<u>255,857</u>	<u>267,000</u>	<u>(245,857)</u>	<u>277,000</u>
Total	<u>\$ 1,601,097</u>	<u>\$ 461,320</u>	<u>\$ (520,329)</u>	<u>\$ 1,542,088</u>

Note 7 – Operating leases

Project Sunshine leases office space under an operating lease agreement in New York City from an unrelated party that has an initial term from transition of 3.17 years. This lease includes one option to renew one year, generally at Project Sunshine's sole-discretion, with renewal terms that can extend the lease term. The option to extend a lease is included in the lease term when it is reasonably certain that Project Sunshine will exercise that option. This lease is deemed to be an operating lease based on the underlying terms of the agreement.

During 2024, Project Sunshine entered into an agreement to extend the office lease until February 28, 2027.

Operating lease cost is recognized on a straight-line basis over the lease term. For the years ended December 31, 2024 and December 31, 2023, the total lease expense was \$260,447 and \$252,447, respectively.

PROJECT SUNSHINE, INC.

Notes to Financial Statements (continued) December 31, 2024 and December 31, 2023

Note 7 – Operating leases (continued)

The following is a schedule of future minimum lease payments, including interest, under the term of the lease, together with the present value of the net minimum lease payments, as of December 31, 2024:

<u>Year</u>	<u>Amount</u>
2025	\$ 259,284
2026	259,284
2027	<u>43,214</u>
Total lease payments	561,782
Less: imputed interest (1.04%)	<u>(6,039)</u>
Total present value of lease liabilities	<u>\$ 555,743</u>

Note 8 – 401(k) plan

Project Sunshine participates in a 401(k) retirement plan (the “Plan”) for all employees meeting certain eligibility requirements. The amount, if any, contributed to the Plan is determined by resolution of the Board. There was no employer contributions to the Plan for the years ended December 31, 2024 and December 31, 2023.

Note 9 – Contributed nonfinancial assets

For the years ended December 31, 2024 and December 31, 2023, contributed nonfinancial assets recognized within the statements of activities included:

	<u>2024</u>	<u>2023</u>	<u>Utilization in Program/Activities</u>	<u>Donor Restriction</u>	<u>Value Techniques and Inputs</u> Contributed services from attorneys are valued at the estimated fair value based on current rates for similar legal services
Legal services	\$ 15,836	\$ 56,897	Management and general	No associated donor restrictions	Contributed services from advertisers are valued at the estimated fair value based on current rates for similar advertising services
Advertising services	107,163	51,285	Program services	No associated donor restrictions	Contributed services from graphic designers are valued at the estimated fair value based on current rates for similar graphic design services
Design services	<u>3,840</u>	<u>3,527</u>	Program services	No associated donor restrictions	
Total	<u>\$ 126,839</u>	<u>\$ 111,709</u>			

PROJECT SUNSHINE, INC.**Notes to Financial Statements (continued)**
December 31, 2024 and December 31, 2023**Note 10 – Tax status**

Project Sunshine is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, Project Sunshine has been determined by the Internal Revenue Service to be a publicly supported organization and not a private foundation within the meaning of Section 509(a)(1) of the Code and qualifies for the maximum charitable deduction for donors.

Management evaluated Project Sunshine’s tax positions for all open tax years and has concluded that Project Sunshine had taken no uncertain tax positions that require adjustment or disclosure to these financial statements. Generally, Project Sunshine is no longer subject to income tax examinations by U.S. federal, state or local tax authorities for years before 2021, which is the standard statute of limitations look-back period.