



C.E.A. SCHOLTES & ASSOCIATES
Certified Public Accountants

Wisdom Projects, Inc.

Financial Statements together with Independent Accountant's Review Report

As of and For the Year Ended August 31, 2024 (reviewed)
with comparative totals For the Year Ended August 31, 2023 (audited)



C.E.A. SCHOLTES & ASSOCIATES
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Wisdom Projects, Inc.
Baltimore, Maryland

We have reviewed the accompanying financial statements of Wisdom Projects, Inc. (the Organization), a nonprofit organization, which comprise the statement of financial position as of August 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Wisdom Projects, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

The accompanying financial statements for the fiscal year ended August 31, 2023 of the Organization were audited by us and we expressed an unmodified opinion on them in our report dated June 11, 2024, but we have not performed any auditing procedures since that date.

C.E.A. Scholtes & Associates

Baltimore, Maryland
February 10, 2025

WISDOM PROJECTS, INC.
STATEMENTS OF FINANCIAL POSITION
As of August 31, 2024 and 2023

	<i>Reviewed</i> <u>2024</u>	<i>Restated</i> <i>Audited</i> <u>2023</u>
ASSETS		
Current Assets		
Cash	\$ 24,970	\$ 54,696
Pledges Receivable	360,000	350,000
Prepaid Expenses	6,917	10,583
Total Current Assets	391,887	415,279
Other Assets		
Pledges Receivable, net of present value discount of \$13,810 and \$0, respectively	336,190	-
Total Other Assets	336,190	-
Total Assets	\$ 728,077	\$ 415,279
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$ 20,000	\$ -
Total Liabilities	20,000	-
Net Assets		
Without Donor Restrictions	11,887	65,279
With Donor Restrictions	696,190	350,000
Total Net Assets	708,077	415,279
Total Liabilities and Net Assets	\$ 728,077	\$ 415,279

See accompanying notes and independent accountant's review report.

WISDOM PROJECTS, INC.
STATEMENTS OF ACTIVITIES
For the Year Ended August 31, 2024
(with comparative totals For the Year Ended August 31, 2023)

	<i>Reviewed</i>		<i>Audited</i>	
	2024		2023	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues, Gains and Other Support				
Contributions	\$ 6,140	\$ 705,708	\$ 711,848	\$ 725,591
Consulting Services - Earned Income	11,200	-	11,200	6,217
	<u>17,340</u>	<u>705,708</u>	<u>723,048</u>	<u>731,808</u>
Satisfaction of Purpose and Time Restrictions	359,518	(359,518)	-	-
Total Revenues, Gains and Other Support	<u>376,858</u>	<u>346,190</u>	<u>723,048</u>	<u>731,808</u>
Expenses				
Program Services				
Community Education and Healing	385,917	-	385,917	460,276
Supporting Services				
Management and General	29,526	-	29,526	33,375
Fundraising	14,807	-	14,807	13,249
Total Supporting Services	<u>44,333</u>	<u>-</u>	<u>44,333</u>	<u>46,624</u>
Total Expenses	<u>430,250</u>	<u>-</u>	<u>430,250</u>	<u>506,900</u>
Change in Net Assets	(53,392)	346,190	292,798	224,908
Net Assets, Beginning of Year, As Previously Stated	54,696	350,000	404,696	179,788
Prior Period Adjustment (Note 7)	<u>10,583</u>	<u>-</u>	<u>10,583</u>	<u>-</u>
Net Assets, Beginning of Year, Restated	<u>65,279</u>	<u>350,000</u>	<u>415,279</u>	<u>179,788</u>
Net Assets, End of Year	<u>\$ 11,887</u>	<u>\$ 696,190</u>	<u>\$ 708,077</u>	<u>\$ 404,696</u>

See accompanying notes and independent accountant's review report.

WISDOM PROJECTS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended August 31, 2023

Audited

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Contributions	\$ 375,591	\$ 350,000	\$ 725,591
Consulting Services - Earned Income	6,217	-	6,217
	<u>381,808</u>	<u>350,000</u>	<u>731,808</u>
Satisfaction of Purpose and Time Restrictions	6,000	(6,000)	-
Total Revenues, Gains and Other Support	<u>387,808</u>	<u>344,000</u>	<u>731,808</u>
Expenses			
Program Services			
Community Education and Healing	460,276	-	460,276
Supporting Services			
Management and General	33,375	-	33,375
Fundraising	13,249	-	13,249
Total Supporting Services	<u>46,624</u>	<u>-</u>	<u>46,624</u>
Total Expenses	<u>506,900</u>	<u>-</u>	<u>506,900</u>
Change in Net Assets	(119,092)	344,000	224,908
Net Assets, Beginning of Year	<u>173,788</u>	<u>6,000</u>	<u>179,788</u>
Net Assets, End of Year, as Previously Stated	54,696	350,000	404,696
Prior Period Adjustment (Note 7)	<u>10,583</u>	<u>-</u>	<u>10,583</u>
Net Assets, End of Year, Restated	<u><u>\$ 65,279</u></u>	<u><u>\$ 350,000</u></u>	<u><u>\$ 415,279</u></u>

See accompanying notes and independent accountant's review report.

WISDOM PROJECTS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2024
(with comparative totals For the Year Ended August 31, 2023)

	<i>Reviewed</i>				<i>Audited</i>	
	2024				2023	
	Program Services	Supporting Services				
	Community Education and Healing	Management and General	Fundraising	Total	Total	Total
Bank Service Charges	\$ -	\$ 32	\$ -	\$ 32	\$ 32	\$ 35
Depreciation	-	-	-	-	-	596
Dues and Subscriptions	893	-	-	-	893	8,482
Employee Benefits	17,776	1,839	817	2,656	20,432	26,057
Equipment and Repairs	87	13	-	13	100	2,096
Information Technology	4,256	473	-	473	4,729	3,315
Insurance	3,992	597	-	597	4,589	4,899
Licenses and Fees	715	-	-	-	715	1,346
Marketing	-	-	5,189	5,189	5,189	2,003
Meals	5,851	-	-	-	5,851	2,956
Office and Other	3,470	1,097	-	1,097	4,567	582
Payroll and Payroll Related Expenses	191,428	19,803	8,801	28,604	220,032	255,118
Professional Fees	6,094	2,612	-	2,612	8,706	11,964
Program Events	5,769	-	-	-	5,769	9,774
Program Supplies	123,439	-	-	-	123,439	152,503
Rent and Utilities	20,482	3,060	-	3,060	23,542	22,985
Travel	1,665	-	-	-	1,665	2,189
Total Expenses	<u>\$ 385,917</u>	<u>\$ 29,526</u>	<u>\$ 14,807</u>	<u>\$ 44,333</u>	<u>\$ 430,250</u>	<u>\$ 506,900</u>

See accompanying notes and independent accountant's review report.

WISDOM PROJECTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended August 31, 2023

	<i>Audited</i>				
	Program Services	Supporting Services			
	Community Education and Healing	Management and General	Fundraising	Total	Total
Bank Service Charges	\$ -	\$ 35	\$ -	\$ 35	\$ 35
Depreciation	519	77	-	77	596
Dues and Subscriptions	8,482	-	-	-	8,482
Employee Benefits	22,670	2,345	1,042	3,387	26,057
Equipment and Repairs	1,824	272	-	272	2,096
Information Technology	2,984	331	-	331	3,315
Insurance	4,262	637	-	637	4,899
Licenses and Fees	1,346	-	-	-	1,346
Marketing	-	-	2,003	2,003	2,003
Meals	2,956	-	-	-	2,956
Office and Other	442	140	-	140	582
Payroll and Payroll Related Expenses	221,953	22,961	10,204	33,165	255,118
Professional Fees	8,375	3,589	-	3,589	11,964
Program Events	9,774	-	-	-	9,774
Program Supplies	152,503	-	-	-	152,503
Rent and Utilities	19,997	2,988	-	2,988	22,985
Travel	2,189	-	-	-	2,189
Total Expenses	\$ 460,276	\$ 33,375	\$ 13,249	\$ 46,624	\$ 506,900

See accompanying notes and independent accountant's review report.

WISDOM PROJECTS, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended August 31, 2024 and 2023

	<i>Reviewed</i>	<i>Audited</i>
	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 292,798	\$ 224,908
Adjustments to Reconcile Changes in Net Assets to Net Cash		
Used in Operating Activities:		
Depreciation	-	596
Present Value Discount	(13,810)	-
Changes in Assets and Liabilities:		
Increase in Pledges Receivable	(332,380)	(344,000)
Increase in Accounts Payable and Accrued Expenses	20,000	-
Net Cash Used in Operating Activities	<u>(29,726)</u>	<u>(118,496)</u>
Net Decrease in Cash	(29,726)	(118,496)
Cash, Beginning of Year	<u>54,696</u>	<u>173,192</u>
Cash, End of Year	<u><u>\$ 24,970</u></u>	<u><u>\$ 54,696</u></u>

See accompanying notes and independent accountant's review report.

WISDOM PROJECTS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended August 31, 2024 and 2023

1. Nature of Organization and Summary of Significant Accounting Policies

This summary of significant accounting policies of Wisdom Projects, Inc. (the Organization) is presented to assist in the understanding of the Organization's financial statements. The financial statements and notes are the representations of the Organization's management, who are responsible for its integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been applied in the preparation of the financial statements.

Nature of Organization

The Organization is a non-profit organization, headquartered in Baltimore, Maryland, dedicated to anti-oppressive community education and community health. The Organization is building movements and organizing communities for healing, justice, dignity and holistic learning.

Basis of Accounting

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (US GAAP) on the accrual basis of accounting, whereby, revenue is recognized when earned and expenses are recognized when incurred.

Basis of Presentation and Net Assets

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 958, *Not-for-Profit Entities*. Under ASC No. 958, 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 and net assets with donor restrictions.

Net assets without donor restrictions are the net assets that are not restricted by donor imposed stipulations.

Net assets with donor restrictions result from contributions whose use by the Organization is limited by donor imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations (temporary restrictions) or contributions whose use by the Organization is limited by donor imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise be removed by actions of the Organization (permanent restrictions). Net assets may be restricted for various purposes; such as for use in future periods or use for specified purposes or restricted in perpetuity. The Organization had \$696,190 and \$350,000 in net assets with donor restrictions as of August 31, 2024 and 2023, respectively.

WISDOM PROJECTS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended August 31, 2024 and 2023

1. Nature of Organization and Summary of Significant Accounting Policies – (continued)

Adoption of Accounting Pronouncements

In 2024, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326)*. This ASU addresses measurement and reporting of credit losses related to accounts receivable, notes receivable, leases receivable and held-to-security debt securities. The ASU mandates the current expected credit loss (CECL) model, which measures and reports expected losses over the contractual life of an asset. The measurement of expected life credit losses will be based on relevant information, not just past events (including historical experience and current conditions) but also the “reasonable and supportable” forecasts that affect collectability of the reported amount.

In 2023, the Organization adopted FASB Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The most significant change for lessees is the requirement under the guidance to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases. By definition, a short-term lease is one in which: (a) the lease term is 12 months or less and (b) there is not an option to purchase the underlying asset that the lessee is reasonably certain to exercise. For short-term leases, lessees may elect an accounting policy by class of underlying asset under which right-of-use assets and lease liabilities are not recognized and lease payments are generally recognized as expense over the lease term on a straight-line basis. This change results in lessees recognizing right-of-use assets and lease liabilities from most leases previously accounted for as operating leases under the existing lease accounting guidance. The Organization does not have any leases not considered short-term leases.

Reclassification

Certain prior year balances have been reclassified to conform with the current year presentation.

Liquidity

The following reflects the Organization’s financial assets as of August 31, 2024.

Cash	\$ 24,970
Pledges Receivable (current portion)	360,000
Less Those Amounts Unavailable for General Expenditures	
Within One Year, Due To:	
Net Assets With Donor Restrictions	<u>(346,190)</u>
Financial Assets Available to Meet Cash Needs for	
General Expenditures Within One Year	<u>\$ 38,780</u>

WISDOM PROJECTS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended August 31, 2024 and 2023

1. Nature of Organization and Summary of Significant Accounting Policies – (continued)

Liquidity – (continued)

The Organization's financial assets available within one year of August 31, 2024 for general expenditure was \$38,780. The Organization has a goal to maintain financial assets on hand to meet six months of normal operating expenses, which is expected to approximate \$215,000. As a 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.

Pledges Receivable

Pledges receivable are recognized as revenues or gains in the period received and as assets, decreases of liabilities or expenses depending on the form of the benefits received. Pledges receivable made to the Organization for future contributions that constitute unconditional promises to give are recorded as a receivable and as revenue at the present value of such future payments, adjusted for an allowance for doubtful pledges if appropriate.

Property and Equipment

The Organization capitalizes expenditures of \$2,000 or more for property and equipment having a useful life of more than one year. Expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is calculated using the straight-line method over three years for computer equipment.

Depreciation totaled \$0 and \$596 for the years ended August 31, 2024 and 2023, respectively.

Valuation of Long-Lived Assets

The Organization accounts for the valuation of long-lived assets under FASB ASC No. 360, *Property, Plant and Equipment*. ASC No. 360 requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of a long-lived asset is measured by a comparison of the carrying amount of the assets to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell. The Organization's management believes that there are no impaired long-lived assets as of August 31, 2024 and 2023 and, therefore, no impairment loss has been recorded during the years ended August 31, 2024 and 2023.

WISDOM PROJECTS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended August 31, 2024 and 2023

1. Nature of Organization and Summary of Significant Accounting Policies – (continued)

Revenue Recognition - Contributions

Contributions are recognized when received from the donor or when pledged if the promise to give is unconditional. Contributions are recorded as net assets without donor restrictions or with donor restricted support depending on the existence and/or the nature of any donor imposed restrictions.

Revenue Recognition – Contracts with Customers

The Organization’s accounting policies and performance obligations under its contracts with customers is described below.

Significant Accounting Policy

The Organization recognizes revenue as the services are provided (consulting services focused on principles of justice, equity, diversity and inclusion are rendered and provided). Unearned revenues, if any, are presented in the statement of financial position.

Provisions for estimated losses on contracts are made at the time a contract is executed based on management’s best estimates of the likelihood of a loss being incurred on a specific contract.

Contract costs include all direct materials and those indirect costs related to contract performance.

Performance Obligations and Contract Arrangements

The Organization’s performance obligations are achieved when the services are performed (consulting services are rendered and provided). The Organization performs consulting services which are invoiced per a structured timetable. The Organization does not provide financing options for its customers.

Contract Balances

The Organization’s accounts receivables from contracts with customers was \$0 as of August 31, 2024 and 2023.

WISDOM PROJECTS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended August 31, 2024 and 2023

1. Nature of Organization and Summary of Significant Accounting Policies – (continued)

Revenue Recognition – Contracts with Customers – (continued)

Significant Judgements

As noted above in “Significant Accounting Policy”, the Organization recognizes revenue at the time services are performed. Management believes this methodology for revenue recognition has historically proven reliable and reasonably accurate and faithfully depicts the transfer of goods and services. Accordingly, there has been no adjustment for the time value of money on revenue recognition. Contracts do not include provisions for refunds.

In-Kind Donations

Donated services that meet the requirement for recognition in the financial statements and donated materials are included in support and expense at the estimated fair values on the date which they were contributed. The requirements for recognition of donated services in the financial statements are (a) the donated services create or enhance non-financial assets or (b) the donated services require special skills, are provided by individuals who possess those special skills and the donated services would typically be purchased by the Organization if they had not been provided by contributions.

Functional Allocation of Expenses

Expenses are charged directly to program services and management and general based on specific identification. Indirect costs are allocated based on the direct expense allocations.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and comparable State law, and contributions to it are tax deductible within the limitations prescribed by the Code.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the positions. There were no unrecognized tax benefits identified or recorded as liabilities for the years ended August 31, 2024 and 2023. The Organization files federal and state information returns. The Organization’s Federal Forms 990 remain open for three years for federal and state examination.

WISDOM PROJECTS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended August 31, 2024 and 2023

1. Nature of Organization and Summary of Significant Accounting Policies – (continued)

Use of Estimates in Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets 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. Actual results could differ from those estimates.

Subsequent Events

The Organization evaluated the accompanying financial statements for subsequent events and transactions through February 10, 2025, the date these financial statements were available for issue, and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure.

2. Pledges Receivable, net

Pledges represent unconditional promises to give and are restricted as to purpose if specified by the donors and restricted as to time until collected. The outstanding balance adjusted for present value as of August 31, 2024 was \$696,190 and is expected to be collected as follows:

For the Year	
Ending	
<u>August 31,</u>	<u>Amount</u>
2025	\$ 360,000
2026	350,000
Gross Pledges	<u>710,000</u>
Less: present value discount	<u>(13,810)</u>
Pledges Receivable, net	<u><u>\$ 696,190</u></u>
Current portion	\$ 360,000
Long-term portion	336,190
Pledges Receivable, net	<u><u>\$ 696,190</u></u>

WISDOM PROJECTS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended August 31, 2024 and 2023

3. Property and Equipment, net

Property and equipment consisted of the following as of August 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Computer Equipment	\$ 5,365	\$ 5,365
less: accumulated depreciation	<u>(5,365)</u>	<u>(5,365)</u>
Property and Equipment, net	<u>\$ -</u>	<u>\$ -</u>

4. Satisfaction of Purpose and Time Restrictions

Net assets released from purpose and time restrictions for the years ended August 31, 2024 and 2023 are as follows:

Purpose Restricted Releases:	<u>2024</u>	<u>2023</u>
Field Trips	\$ 9,518	\$ 6,000
Time Restricted Releases:		
Pledges Receivable	<u>350,000</u>	<u>-</u>
Total Releases from Restriction	<u>\$ 359,518</u>	<u>\$ 6,000</u>

5. Net Assets With Donor Restrictions

The Organization had net assets with donor restrictions of \$696,190 and \$350,000 as of August 31, 2024 and 2023, respectively, restricted as to time.

6. Concentrations

One donor comprised 96% of total revenues, gains and other support for the years ended August 31, 2024 and 2023.

7. Prior Period Adjustment

During fiscal year 2024, management discovered an error in the Organization's financial statements as of and for the year ended August 31, 2023. Accordingly, the following adjustment was recorded to the fiscal year 2023 financial statements.

WISDOM PROJECTS, INC.
NOTES TO FINANCIAL STATEMENTS
For the Years Ended August 31, 2024 and 2023

7. Prior Period Adjustment – (continued)

Prepaid Expenses

Subsequent to the issuance of the financial statements as of and for the year ended August 31, 2023, management discovered that it had erroneously not recorded prepaid expenses for fiscal year 2024 payroll paid in fiscal year 2023. This resulted in an understatement of current assets and net assets. Prepaid expenses were understated by \$10,583 as of August 31, 2023. Accordingly, a prior period adjustment has been recorded to adjust net assets as of August 31, 2023. The effect of this correction on previously issued financial statements includes an increase in net assets without donor restrictions and an increase in prepaid expenses of \$10,583.