The 25 Project

McKinney, Texas

Consolidated Financial Statements Together With
Independent Accountant's Compilation Report

June 30, 2023 and 2022

R+A

RATLIFF + ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

The 25 Project
Consolidated Financial Statements
June 30, 2023 and 2022

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RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountant's Compilation Report

To the Board of Directors
The 25 Project
McKinney, Texas

Management is responsible for the accompanying consolidated financial statements of The 25 Project (a Texas not-for-profit corporation), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, "the financial statements") in accordance with accounting principles generally accepted in the United States of America. We have performed the compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Ratliff + Associates, P.C.

May 3, 2024

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The 25 Project

Consolidated Statements of Financial Position

For years ended June 30, 2023 and 2022

	2023	2022
Assets		
Cash and Cash Equivalents	$ 698,925	$ 811,846
Prepaid Expenses and Other Assets	87,157	34,424
Property and Equipment, Net	658,228	613,589
Construction in Process	111,937	-
Total Assets	**1,556,247**	**1,459,859**
Liabilities and Net Assets		
Liabilities		
Accounts Payable and Accrued Expenses	$ 30,634	$ 23,378
Total Liabilities	**30,634**	**23,378**
Net Assets		
Without donor restrictions	1,061,602	949,918
With donor restrictions	464,011	486,563
Total Net Assets	**1,525,613**	**1,436,481**
Total Liabilities and Net Assets	**$ 1,556,247**	**$ 1,459,859**

See the accompanying note disclosures and independent accountant's compilation report.

The 25 Project

Consolidated Statement of Activities

For year ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	$ 633,910	$ 768,932	$ 1,402,842
Other Revenue	25,800	-	25,800
Total Support and Revenue	**659,710**	**768,932**	**1,428,642**
Reclassifications			
Satisfaction of purpose restrictions	791,484	(791,484)	-
Expenses			
Program Services	965,449		965,449
General & Administrative	220,563		220,563
Fundraising	153,498		153,498
Total Expenses	**1,339,510**		**1,339,510**
Change in Net Assets:	**111,684**	**(22,552)**	**89,132**
Net Assets, Beginning of Year	**949,918**	**486,563**	**1,436,481**
Net Assets, End of Year	**$ 1,061,602**	**$ 464,011**	**$ 1,525,613**

The 25 Project

Consolidated Statement of Activities

For year ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions	$ 518,823	$ 818,217	$ 1,337,040
Other Revenue	3,600	-	3,600
Total Support and Revenue	**522,423**	**818,217**	**1,340,640**
Reclassifications			
Satisfaction of purpose restrictions	881,337	(881,337)	-
Expenses			
Program Services	768,272		768,272
General & Administrative	221,580		221,580
Fundraising	73,450		73,450
Total Expenses	**1,063,302**		**1,063,302**
Change in Net Assets:	**340,458**	**(63,120)**	**277,338**
Net Assets, Beginning of Year	**609,460**	**549,683**	**1,159,143**
Net Assets, End of Year	**$ 949,918**	**$ 486,563**	**$ 1,436,481**

See the accompanying note disclosures and independent accountant's compilation report.

The 25 Project

Consolidated Statements of Functional Expenses

For year ended June 30, 2023

	Program	General & Administrative	Fundraising	Total
Salaries and benefits	$ 333,036	$ 126,061	$ 108,741	$ 567,838
Professional fees	77,219	31,718	16,876	125,813
Grant and field expenses	266,166	-	-	266,166
Office expenses	57,960	24,712	10,117	92,789
Advertising	-	-	-	-
Facilities and Facilities Maintenance	23,543	6,259	3,700	33,502
Travel	175,848	10	688	176,546
Other expenses	31,677	31,803	13,376	76,856
Total expenses	**$ 965,449**	**$ 220,563**	**$ 153,498**	**$ 1,339,510**

For year ended June 30, 2022

	Program	General & Administrative	Fundraising	Total
Salaries and benefits	$ 258,938	$ 119,196	$ 39,280	$ 417,414
Professional fees	13,192	43,766	225	57,183
Grant and field expenses	313,540	-	-	313,540
Office expenses	46,472	25,650	17,742	89,864
Advertising	-	-	18	18
Facilities and Facilities Maintenance	19,936	5,808	1,501	27,245
Travel	99,042	11	1,313	100,366
Other expenses	17,152	27,149	13,371	57,672
Total expenses	**$ 768,272**	**$ 221,580**	**$ 73,450**	**$ 1,063,302**

The 25 Project

Consolidated Statements of Cash Flows

For years ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Change in net assets	$ 89,132	$ 277,338
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	30,361	16,803
Net change in operating assets and liabilities:		
Prepaid Expenses and Other Assets	(52,733)	15,992
Accounts Payable and Accrued Expenses	7,256	17,905
Net Cash Provided by Operating Activities	**74,016**	**328,038**
Cash Flows from Investing Activities:		
Purchases of property and equipment	(186,937)	(108,250)
Disposal of equipment	-	-
Net Cash Provided by Investing Activities	**(186,937)**	**(108,250)**
Net Change in Cash and Cash Equivalents	**(112,921)**	**219,788**
Cash and Cash Equivalents, Beginning of Year	**811,846**	**592,058**
Cash and Cash Equivalents, End of Year	**$ 698,925**	**$ 811,846**

The 25 Project

Note Disclosures to the Consolidated Financial Statements
June 30, 2023 and 2022

Note 1, Nature of the Organization

25 Project's mission is to bring hope and healing to the least of these. 25 Project serves orphans and vulnerable children in Sierra Leone, Dominican Republic, South Asia, and South Africa. While 25 Project strives to meet the physical needs of children through regular meals, shelter, and education, its greatest hope is that these children be transformed by the Gospel of Jesus Christ. 25 Project's primary source of support is contributions from the public. 25 Project also relies upon volunteers to help fill various roles within its home office located in McKinney, Texas.

25 Project is incorporated under the laws of the State of Texas as a not-for-profit religious organization. 25 Project operates as a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and is not a private foundation under Section 509(a) of the Code.

25 Project Sierra Leone, a community-based organization in Sierra Leone, is a related entity and controlled by 25 Project. 25 Project Dominican Republic, a nonprofit incorporated in Dominican Republic, is also a related entity and controlled by 25 Project. Therefore, both 25 Project Sierra Leone and 25 Project Dominican Republic are consolidated for these financial statements. All significant interorganizational transactions and accounts have been eliminated. See Note 6 disclosure.

Note 2, Significant Accounting Policies

The consolidated financial statements (or "financial statements" for purposes of this report) of 25 Project have been prepared on the accrual basis of accounting. 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 and disclosures. Accordingly, actual results could differ from those estimates. The significant accounting policies are described below. See Note 1 disclosure for consolidating entities.

Cash and Cash Equivalents

Cash and cash equivalents consist of checking and savings accounts. These accounts, from time to time, may exceed federally insured limits. 25 Project has not experienced any losses on these accounts and does not believe it is subject to any credit risk on cash and cash equivalents.

Liquidity

The liquidity disclosure highlights restrictions on the use of resources that make otherwise liquid assets unavailable for meeting near-term financial requirements. The Liquidity and Restricted Net Assets notes disclose the extent to which the balance sheet comprises financial assets can be converted to cash within one year, and any limitations that would preclude their use.

The 25 Project

Note Disclosures to the Consolidated Financial Statements
June 30, 2023 and 2022

Note 2, Significant Accounting Policies (continued)

Net Assets

The financial statements report amounts separately by class of net assets:

Net assets without donor restrictions are those currently available for use at the discretion of the board and those resources invested in property and equipment.

Net assets with donor restrictions are those stipulated by donors for specific operating purposes, including projects, or those with time restrictions not currently available for use until commitments regarding their use have been fulfilled.

Support, Revenue, and Reclassifications

Support is recognized when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to 25 Project. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Noncash gifts are recorded as contributions at their estimated fair value on the date of the gift.

25 Project reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets through purpose and/or time restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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.

Expenses

Expenses are reported when incurred by both function and natural classification in a single location on the statement of functional expenses. 25 Project incurred $0 and $18, respectively, in advertising costs during the years ended June 30, 2023 and 2022. Certain categories of expenses that are attributable to more than one program or function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include facilities and facilities maintenance which are allocated based on a square footage basis, as well as salaries and benefits, professional fees, office expenses, travel, and other expenses, which are allocated on the basis of time and effort. The costs of providing program services and supporting activities have been summarized on the functional basis. 25 Project incurred no joint costs for the years ending June 30, 2023 and 2022.

Property and Equipment, Net

Property and equipment are recorded at cost or if donated, at their estimated fair market value at the date of the gift. Items with a cost or fair value in excess of $1,000 are capitalized. Depreciation is calculated using the straight-line method over estimated useful life ranging from three to forty years.

The 25 Project

Note Disclosures to the Consolidated Financial Statements
June 30, 2023 and 2022

Note 2, Significant Accounting Policies (continued)

Uncertain Tax Positions

The financial statement effects of a tax position taken or expected to be taken are recognized in the financial statements when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. As of June 30, 2023 and 2022, 25 Project had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

25 Project is required annually to file Form 990. Tax returns are open to examination by the relevant taxing authorities for a period of three years from the date the returns are filed.

Note 3, Liquidity and Funds Available

The following reflects 25 Project's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditure within one year.

	2023	2022
Financial assets:		
Cash and cash equivalents	$698,925	$811,846
Less those unavailable for general expenditures within one year, due to:		
Donor restrictions	$464,011	$486,563
Financial assets available to meet cash needs for general expenditures within one year:	$234,914	$325,283

25 Project regularly monitors liquidity required to meet its operating needs and other contractual commitments. 25 Project's practice is to pay bills as soon as they are received.

Note 4, Lease Commitment

25 Project leases facilities. Total rent expense for the years ended June 30, 2023 and 2022 were $22,020 and $21,790, respectively. Subsequent to fiscal year end 2021, 25 Project extended their lease until December 2023. Future minimum lease payments for 2024 are $11,010.

The 25 Project

Note Disclosures to the Consolidated Financial Statements
June 30, 2023 and 2022

Note 5, Restricted Net Assets

Net assets with donor restrictions consist of the following:

	2023	2022
Name Changer Projects	$321,986	$361,818
Support-Raised Staff	0	31,008
Short-Term Trips	126,794	75,076
Other Programs	15,231	18,661
Total	$464,011	$486,563

Note 6, Property and Equipment (Net)

Property and equipment, net consists of:

	2023	2022
Land	$ 70,750	$ 70,750
Buildings	592,864	517,864
Vehicles	14,000	14,000
Computer Equipment	32,074	33,273
Less accumulated depreciation	(51,460)	(22,298)
Property and Equipment, Net	$658,228	$613,589
Construction in Process	$111,937	$ 0

In fiscal year 2021, the land was purchased by 25 Project Sierra Leone, which is consolidated with these financial statements (see Note 1 disclosure). The land will be used for a ministry center in Waterloo, Sierra Leone. Building construction began in August 2020 and was completed and placed in service in June 2022.

In fiscal year 2022, an additional piece of land was purchased by 25 Project Sierra Leone and will be used for a second ministry center in Tombo, Sierra Leone. Building construction began in July 2022 and was completed in January 2024 for additional costs of $104,497.

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Note Disclosures to the Consolidated Financial Statements
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Note 7, Subsequent Events

Subsequent events have been evaluated through the date of the independent accountant's compilation report on page one, which is the date the financial statements were available to be issued.