



The BOMA Project, Inc.

FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 and 2021



THE BOMA PROJECT, INC.
FINANCIAL STATEMENTS
SEPTEMBER 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
The BOMA Project, Inc.
Manchester Center, Vermont

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The BOMA Project, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of The BOMA Project, Inc. as of September 30, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 The BOMA Project, Inc. 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 opinions.

Responsibilities of Management 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, 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 The BOMA Project, Inc.'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 and *Government 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 and *Government 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 The BOMA Project Inc.'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 The BOMA Project Inc.'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.

To the Board of Directors of the
The BOMA Project, Inc.
Manchester Center, Vermont
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Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2023 on our consideration of The BOMA Project Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The BOMA Project Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The BOMA Project Inc.'s internal control over financial reporting and compliance

Report on Summarized Comparative Information

We have previously audited The BOMA Project's financial statements for the year ended September 30, 2021, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 27, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Dennis & Hazelton Accountants CPAs, PLLC

Williston, Vermont
May 15, 2023

THE BOMA PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 12,150,233	\$ 11,671,092
Grants receivable	415,606	10,000
Prepaid expenses	<u>61,554</u>	<u>35,053</u>
Total current assets	<u>12,627,393</u>	<u>11,716,145</u>
INVESTMENTS		
Total other assets	<u>1,002,823</u>	<u>1,046,590</u>
Total assets	<u>\$ 13,630,216</u>	<u>\$ 12,762,735</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 70,475	\$ 24,648
Accrued expenses	<u>35,505</u>	<u>6,961</u>
Total current liabilities	<u>105,980</u>	<u>31,609</u>
Total liabilities	<u>105,980</u>	<u>31,609</u>
NET ASSETS		
Without donor restrictions	8,308,780	12,060,616
With donor restrictions	<u>5,215,456</u>	<u>670,510</u>
Total net assets	<u>13,524,236</u>	<u>12,731,126</u>
Total liabilities and net assets	<u>\$ 13,630,216</u>	<u>\$ 12,762,735</u>

See Independent Auditors' Report and Notes to Financial Statements.

THE BOMA PROJECT, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
For the Year Ended September 30, 2022 (With Comparative Totals for 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Totals</u>	<u>2021 Totals</u>
SUPPORT, REVENUES, AND RECLASSIFICATIONS				
Grants and contributions	\$ 2,827,820	\$ 6,199,987	\$ 9,027,807	\$14,454,368
Government grants	1,598,099	--	1,598,099	478,628
Interest and other income	<u>17,794</u>	<u>--</u>	<u>17,794</u>	<u>10,536</u>
Total support and revenues	4,443,713	6,199,987	10,643,700	14,943,532
Net assets released from restrictions	<u>1,655,041</u>	<u>(1,655,041)</u>	<u>--</u>	<u>--</u>
Total support, revenues and reclassifications	<u>6,098,754</u>	<u>4,544,946</u>	<u>10,643,700</u>	<u>14,943,532</u>
OPERATING EXPENSES				
Program services	<u>8,366,654</u>	<u>--</u>	<u>8,366,654</u>	<u>4,132,717</u>
Supporting activities				
Management and general	962,246	--	962,246	432,956
Fundraising	<u>466,618</u>	<u>--</u>	<u>466,618</u>	<u>406,440</u>
Total supporting activities	<u>1,428,864</u>	<u>--</u>	<u>1,428,864</u>	<u>839,396</u>
Total operating expenses	<u>9,795,518</u>	<u>--</u>	<u>9,795,518</u>	<u>4,972,113</u>
Change in net asstes before non-operating activity	<u>(3,696,764)</u>	<u>4,544,946</u>	<u>848,182</u>	<u>9,971,419</u>
NON-OPERATING ACTIVITY				
Grant revenue - PPP	--	--	--	145,500
Net investment income (loss)	<u>(55,072)</u>	<u>--</u>	<u>(55,072)</u>	<u>63,394</u>
Total non-operating activity	<u>(55,072)</u>	<u>--</u>	<u>(55,072)</u>	<u>208,894</u>
Change in net assets	(3,751,836)	4,544,946	793,110	10,180,313
Net assets, beginning of year	<u>12,060,616</u>	<u>670,510</u>	<u>12,731,126</u>	<u>2,550,813</u>
Net assets, end of year	<u>\$ 8,308,780</u>	<u>\$ 5,215,456</u>	<u>\$13,524,236</u>	<u>\$12,731,126</u>

See Independent Auditors' Report and Notes to Financial Statements.

THE BOMA PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2022 (With Comparative Totals for 2021)

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>2022 Totals</u>	<u>2021 Totals</u>
Personnel expenses					
Salaries and wages	\$ 387,923	\$ 390,209	\$ 284,198	\$ 1,062,330	\$ 842,866
Payroll taxes	29,056	26,210	22,007	77,273	69,962
Employee benefits	40,143	16,258	17,516	73,917	129,648
Retirement	19,379	23,896	15,859	59,134	49,346
Total personnel	<u>476,501</u>	<u>456,573</u>	<u>339,580</u>	<u>1,272,654</u>	<u>1,091,822</u>
Grants to BOMA - Kenya	6,853,279	--	--	6,853,279	3,310,535
Grant partner subawards	351,036	--	--	351,036	--
Consultants and professional fees	279,934	250,675	82,800	613,409	364,653
Recruiting	150,207	64,699	--	214,906	649
Travel	69,777	88,959	6,982	165,718	52,476
Office and technology	135,075	61,066	20,308	216,449	88,292
Outreach and publications	24,246	130	4,678	29,054	10,469
Occupancy	--	19,590	--	19,590	--
Conferences and meetings	18,091	15,947	125	34,163	22,648
Fees	4,870	2,738	9,768	17,376	19,728
Insurance	3,638	1,869	2,377	7,884	8,289
Interest	--	--	--	--	1,363
Miscellaneous	--	--	--	--	<u>1,189</u>
Total expenses	<u>\$ 8,366,654</u>	<u>\$ 962,246</u>	<u>\$ 466,618</u>	<u>\$ 9,795,518</u>	<u>\$ 4,972,113</u>

See Independent Auditors' Report and Notes to Financial Statements.

THE BOMA PROJECT, INC.

STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 793,110	\$ 10,180,313
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
PPP loan forgiveness	--	(145,500)
Investment earnings reinvested	(9,698)	(4,786)
Net realized and unrealized (gain) loss on investments	65,501	(58,608)
Changes in:		
Promises to give	--	21,468
Grants receivable	(405,606)	80,000
Prepaid expenses	(26,501)	12,764
Accounts payable	45,827	13,134
Accrued expenses	<u>28,544</u>	<u>6,609</u>
Net cash provided by operating activities	<u>491,177</u>	<u>10,105,394</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Net sales (purchases) of investments	<u>(12,036)</u>	<u>9,769</u>
Net cash provided by (used in) investing activities	<u>(12,036)</u>	<u>9,769</u>
Net change in cash	479,141	10,115,163
Cash and cash equivalents, beginning of the year	<u>11,671,092</u>	<u>1,555,929</u>
Cash and cash equivalents, end of the year	<u>\$ 12,150,233</u>	<u>\$ 11,671,092</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid during the year	<u>\$ --</u>	<u>\$ 1,363</u>

See Independent Auditors' Report and Notes to Financial Statements.

THE BOMA PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS September 30, 2022 and 2021

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of operations

The BOMA Project, Inc. (the Organization) is a non-profit organization incorporated in 2005 under the Laws of the State of Vermont . BOMA is an organization committed to alleviating poverty, empowering women and building resiliency in the arid lands of rural Africa (historically with a focus in northern Kenya). The Organization's support comes primarily from grants and contributions from individuals, businesses, foundations and US and international aid agencies.

Through September 30, 2012, the Organization operated in Kenya by employing staff, renting office space, maintaining a local bank account, and directly operating its core program activities. On October 1, 2012, all of its Kenyan activities were transferred to a separate entity – “The BOMA Project – Kenya” – a duly formed and registered non-governmental organization (NGO). As discussed in Note 9., The BOMA Project – Kenya's (BOMA Kenya) operations are not consolidated with the Organization and all transfers of funds from the Organization to BOMA Kenya after September 30, 2012 are shown as grant expenses on the Statement of Functional Expenses.

BOMA Kenya is subject to audit requirements established by the federal government of Kenya and has been audited for the year ended December 31, 2021 (with the audit report dated July 13, 2022).

Additional information regarding the Organization's programs may be found by visiting its website at <https://bomaproject.org>.

Description of Programs

A description of the programs included in these financial statements is as follows:

Rural Entrepreneur Access Project:

The Rural Entrepreneur Access Project (REAP) is a two-year poverty-graduation program that provides women with seed capital (in the form of grants), sustained business skill and savings training, and hands-on mentoring. REAP replaces aid with sustainable income and helps lift women out of extreme poverty so they can survive drought, feed their families, pay for school fees and medical care, and accumulate savings for long-term stability.

Technical Advisory:

As a strategic partner and technical advisor to non-governmental organization, the Organization leverages its expertise and conclusive evidence of impact to embed the graduation approach into humanitarian response systems in fragile states and regions. As a technical advisor to governments, the Organization supports the activities and processes that will lead to the adoption of the graduation approach into social protection systems, beginning with Kenya.

THE BOMA PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS September 30, 2022 and 2021

Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Description of Programs (continued)

Education and Advocacy

The Organization has a strong commitment to expand the knowledge of poverty graduation, livelihoods, gender programming, financial inclusion, and savings models by collaborating with research institutions and partners that can help us advance global knowledge on the unique challenges of the arid lands of Africa. The Organization continues to bring the issues of the most vulnerable populations in forgotten areas into global debate through publications and speaking engagements. In addition, the Organization conducts outreach with governments and other stakeholders in the poverty graduation field by hosting poverty graduation learning events, field visits, and briefing for government delegations, such as for Kenya, Ethiopia and Sudan, who are interested in testing the Organization's model in their countries.

A summary of the Organization's significant accounting policies follows:

Basis of accounting

The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Basis of presentation

The financial statement presentation follows the recommendations of the Not-for-Profit Topic of the Codified FASB Accounting Standards. Accordingly, 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, which represents the expendable resources that are available for operations at management's discretion; and net assets with donor restrictions, which represents resources restricted by donors as to purpose or by the passage of time and resources whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Comparative financial information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the audited financial statements for the year ended September 30, 2021, from which the summarized information was derived.

THE BOMA PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS September 30, 2022 and 2021

Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Recently issued accounting standards

In February 2016, FASB issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842). The standard provides that non-profit entities recognize lease assets and lease liabilities on the balance sheet and disclose key information about leasing arrangements. Effective October 1, 2022, the Organization will be required to record lease assets and offsetting lease liabilities for all leasing arrangements with a term of more than twelve months. The adoption of the standard is not expected to have a material impact on the Organization's financial statements.

Use of estimates

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 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. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

The Organization considers all investments with an original maturity of three months or less to be cash and cash equivalents with the exception of cash included in the Organization's investment portfolio (See Note 4.).

Promises to give

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the Statement of Activities and Changes in Net Assets.

Receivables and allowance for doubtful accounts

Grants receivable consist of amounts due from finders based on costs incurred for program services. It is the policy of management to review the outstanding receivables at year end, as well as the bad debt write offs experienced in the past, and establish an allowance for doubtful accounts for uncollectible amounts. There was no allowance for doubtful accounts at September 30, 2022 and 2021.

THE BOMA PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS September 30, 2022 and 2021

Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Property and equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method over the assets' estimated useful lives. Additions and betterments with a value in excess of \$5,000 are capitalized, and expenditures for repairs and maintenance are expensed when incurred. Upon the sale or retirement, the costs and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is included in the Statement of Activities and Changes in Net Assets.

Investments

Investments consist of cash, fixed income securities and equities that have been designated for long-term investment by the Organization.

Fair value measurements

Professional literature defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The guidance states that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions market participants would use in pricing the asset or liability under current market conditions at the measurement date. As a basis for considering market participant assumptions in fair value measurements, the guidance establishes a fair value hierarchy that is based on the subjectivity of inputs.

It distinguishes between observable inputs (Levels 1 and 2) which are either observable from market data or corroborated by observable market data and those that are unobservable (Level 3).

Three levels of inputs that may be used to measure fair value are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs include quoted prices (interest rates, yield curves, etc.) or inputs derived principally from or corroborated by observable market data by correlation or other means. This category generally includes certain U.S. Government and agency mortgage-backed debt securities and alternative investments using net asset value (NAV) per share for which the Organization has the ability to redeem its investment at or close to the measurement date.

THE BOMA PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS September 30, 2022 and 2021

Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Fair value measurements (continued)

Level 3 – Inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. The inputs reflect the Organization's assumptions based on the best information available in the circumstances. This category generally includes certain private debt and equity instruments, alternative investments where the investee at NAV per share or the redemption date is not close to the measurement date. This category also includes investments held in trust where the Organization is not the trustee and the beneficial interest is in perpetual trust.

All long-term investments (see Note 4.) have been valued in accordance with the definition of Level 1 inputs as described above.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair value. Furthermore, although the Organization management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Accrued compensated absences

The Organization provides each employee with vacation, sick, and personal hours, which are accumulated on a pro-rata basis as actual hours are worked. Compensated absences do not carry forward from year to year.

Advertising

Advertising costs are expensed as incurred. There were no advertising expenses for the years ended September 30, 2022 and 2021.

Income taxes

The Organization is a not-for-profit organization, exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and none of its present or anticipated future activities are subject to taxation as unrelated business income; therefore, no provision for income taxes has been made in the accompanying financial statements.

The Organization annually files an IRS Form 990, Return of Organization Exempt From Income Tax, tax return in the U.S. Federal jurisdiction. The Organization is no longer subject to U.S. Federal income tax examination by tax authorities for the years prior to September 30, 2019. In the normal course of business, the Organization is subject to examination by various taxing authorities. Although the outcome of tax audits is always uncertain, the management of the Organization believes that there are no significant unrecognized tax liabilities at September 30, 2022 and 2021.

THE BOMA PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS September 30, 2022 and 2021

Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Concentration of credit risk

Bank balances are insured by the Federal Deposit Insurance Corporation (FDIC). The Organization maintains its cash balances with financial institutions. At various times during the year balances may briefly be in excess of the federally insured limit.

Expense allocation

The cost of providing the Organization's various programs and supporting services have been summarized on a functional basis in the statement of activities and changes in net assets. The statement of functional expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on the functions of the employees and actual hours attributable to each activity.

Net asset classification

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operation and not subject to donor (or certain grantor) restrictions. The board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulated that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue recognition

In accordance with provisions of the ASC Topic 958-605, Revenue Recognition, the Organization must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and whether a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958- 605 prescribes that the Organization should not consider probability of compliance with the barrier when determining if such awards are conditional and should report such awards as conditional grant advance liabilities until such conditions are met.

THE BOMA PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

The Organization records contributions as support without donor restrictions and support with donor restrictions depending on the existence or nature of donor restrictions. Unconditional promises to give are recorded as promises to give and allowances are provided for promises estimated to be uncollectible. Unconditional promises to give due in the next year are reflected as current promises to give, while promises to give due in subsequent years are reflected as long-term promises to give and are reflected at the present value. Conditional promises to give are those promises to give with a measurable performance or other barrier and a right of return and are not recognized until the conditions on which they depend have been met. Funds received with donor conditions are recorded as refundable advances until the conditions are substantially met.

Grants and other contributions of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Restricted contributions that meet restrictions in the same reporting period as received are reported as increases in net assets without donor restrictions.

Contributions of non-cash assets are recorded at their fair values in the period received. Contributions of services that create or enhance non-financial assets or that require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Donated investments are also reported at fair value at the date of receipt, which is then treated as the Organization's cost basis.

The Organization receives donated services from a variety of volunteers who assist in the programs of the Organization as well as the supporting services. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of volunteer efforts have not been met.

Individual grant arrangements have been evaluated and most have been determined to be nonreciprocal, meaning the granting entity has not received a direct benefit in exchange for the resources provided. Instead, revenue is recognized like a conditional contribution, i.e. when the barrier to entitlement is overcome. The barrier to entitlement is considered overcome when expenditures associated with each grant are determined to be allowable, and all other significant conditions of the grant are met. Grants that have been determined to be reciprocal fall under the scope of Topic 606 and are not recognized as the performance obligations are satisfied.

THE BOMA PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

Note 1. Nature of Operations and Summary of Significant Accounting Policies (continued)

Revenue recognition (continued)

A portion of the Organization's revenue is derived from cost-reimbursable federal grant, which are conditioned upon certain performance requirements or with the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when expenditures are incurred in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the accompanying Statements of Financial Position. The Organization received cost reimbursable grants of \$795,449 and \$2,182,738 that have not been recognized as at September 30, 2022 and 2021, respectively, because qualifying expenditures have not yet been incurred. No amounts have been received in advance under these federal grants.

Reclassifications

Certain amounts for the year ended September 30, 2021 have been reclassified for comparative purposes to conform to the presentation of the September 30, 2022 financial statements. The reclassifications have no effect on net assets for the year ended September 30, 2021.

Subsequent events

Subsequent events have been evaluated through May 15, 2023 which is the date the financial statements were issued.

Note 2. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the Statement of Financial Position, comprise the following at September 30:

	<u>2021</u>	<u>2020</u>
Financial assets, at year end:		
Cash and cash equivalents	\$ 12,150,233	\$ 11,671,092
Grants receivable	<u>415,606</u>	<u>10,000</u>
Total financial assets available within one year	<u>12,565,839</u>	<u>11,681,092</u>
Liquidity resources:		
Investments	<u>1,002,823</u>	<u>1,046,590</u>
Total financial assets available and liquidity resources available within one year	<u>\$ 13,568,662</u>	<u>\$ 12,727,682</u>

None of the financial assets other than the promises to give are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

THE BOMA PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

Note 3. Grants Receivable

Grants receivable consisted of the following at September 30:

	<u>2022</u>	<u>2021</u>
REAP and general operations	\$ 119,943	\$ 10,000
USAID NAWIRI consortium	<u>295,663</u>	<u>--</u>
Total grants receivable	<u>\$ 415,606</u>	<u>\$ 10,000</u>

Note 4. Investments

Investments (all Level 1), at fair value, consisted of the following at September 30:

	<u>2022</u>	<u>2021</u>
Cash and equivalents	\$ 654,533	\$ 650,153
Mutual Funds		
Large Cap Equity	239,324	275,345
Taxable Bond	<u>108,966</u>	<u>121,092</u>
Total investments	<u>\$ 1,002,823</u>	<u>\$ 1,046,590</u>

The following table provides additional information regarding the aggregate changes in Level 1 investments for the year ended September 30:

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 1,046,590	\$ 992,965
Total return on investments	(55,072)	63,394
Purchases, sales, issuances, etc. (net)	<u>11,305</u>	<u>(9,769)</u>
Ending balance	<u>\$ 1,002,823</u>	<u>\$ 1,046,590</u>

The following schedule summarizes the investment income reported in the statement of activities as an increase in net assets without donor restrictions for the year ended September 30:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 10,429	\$ 4,786
Net realized and unrealized loss	<u>(65,501)</u>	<u>58,608</u>
Net increase in investments	<u>\$ (55,072)</u>	<u>\$ 63,394</u>

Note 5. Conditional Promises to Give

The Organization also had \$7,696,112 and \$1,254,524 in conditional promises to give from several U.S. and foreign private foundations conditioned on the Organization meeting certain program milestones at September 30, 2022 and 2021, respectively.

THE BOMA PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

Note 6. Commitments and Contingencies

In March 2022, the Organization entered into an agreement to lease office space in Portland, Oregon from March 1, 2022 through February 28, 2023. This lease calls for monthly payments of \$1,917 from March 1, 2022 through February 28, 2023. Rent expense under this lease totaled \$12,969. Future minimum rental payments under this lease total \$9,583. All payments are due within one year.

Note 7. Defined Contribution Plan

The Organization has established a 403(b) retirement plan that covers substantially all full-time employees who meet certain minimum age and service requirements. After employees meet certain eligibility requirements, the Organization makes a 100% matching contribution, not to exceed 6% of an employees' annual salary. The Organization's contributions totaled \$59,134 and \$49,346, for the years ended September 30, 2022 and 2021, respectively.

Note 8. Net Assets With Donor Restrictions

Net assets are available for the following purposes or periods:

	<u>2022</u>	<u>2021</u>
Green Rural Entrepreneur Access Project	\$ 182,826	\$ --
Special projects	602,879	670,510
LIFT Northern Kenya project (IKEA grant)	<u>4,429,751</u>	<u>--</u>
Total net assets with donor restrictions	<u>\$ 5,215,456</u>	<u>\$ 670,510</u>

The Organization received \$4,500,000 from the IKEA Foundation during the year ended September 30, 2022 to support the LIFT Northern Kenya project. The Organization incurred expenses under this grant totaling \$70,249 for the year ended September 30, 2022.

Net assets released due to the satisfaction of time and program restrictions totaled \$1,655,041 and \$654,155 for the years ended September 30, 2022 and 2021, respectively.

Note 9. Foreign Operations

As discussed in Note 1., beginning October 1, 2012, the Organization operates its Kenyan activities through a stand-alone entity – BOMA Kenya. The Organization currently provides most of BOMA Kenya's support and, therefore, the Organization has both an economic interest in and de facto control over BOMA Kenya. However, the Organization has no legal right to appoint a majority of BOMA Kenya's board members and therefore lacks legal control. In this situation (economic interest and control through something other than legal control), under GAAP, consolidation of the financially-related organization is permitted but not required. The Organization has elected to not consolidate BOMA Kenya into its financial statements, and, as discussed above, shows the transfer of assets to BOMA Kenya as "Grants to BOMA - Kenya" on the Statement of Functional Expenses.

THE BOMA PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS
September 30, 2022 and 2021

Note 10. Coronavirus

On January 30, 2020, the World Health Organization announced a global health emergency because of a new strain of coronavirus (COVID-19). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic. This pandemic has adversely affected global economic activity and has greatly contributed to the significant deterioration and volatility in financial markets throughout the world.

Depending on the length of the outbreak, this pandemic could continue to present material uncertainty and risk with respect to the Organization and the global economy. This includes an adverse effect on the ability to continue with its overall operating performance, the ability to collect its trade receivables, the value of its investments and the financial condition of the underlying entities invested in, as well as the ability to provide underlying financial information in a timely manner.

The fluidity of this situation precludes managements from making an estimate as to the ultimate adverse impact of the pandemic on the Organization's, liquidity, financial condition, and results of operations for fiscal year 2022.

SUPPLEMENTAL INFORMATION

THE BOMA PROJECT, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
September 30, 2022

<u>Federal Grantor/ Pass Through Grantor/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Grantor #</u>	<u>Expenditures</u>	<u>Subgrants</u>
Pass-through Mercy Corps				
U.S Agency for International Development Food for Peace Development Assistance Program (DAP)	98.007	BOMA NAWIRI 33143S003	<u>1,589,099</u>	<u>1,410,598</u>
Total expenditures of federal awards			<u>\$1,589,099</u>	<u>\$1,410,598</u>

THE BOMA PROJECT, INC.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2022**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the BOMA Project, Inc. (the Organization) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

Note 2. Summary of Significant Accounting Principles

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in as required by Title 2 U.S. CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior year. Pass-through entity identifying numbers are presented where available. The Organization has elected to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
The BOMA Project, Inc.
Manchester Center, Vermont

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The BOMA Project, Inc. (a nonprofit organization) which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 15, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The BOMA Project, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The BOMA Project, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The BOMA Project, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The BOMA Project, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



To the Board of Directors of
The BOMA Project, Inc.
Manchester Center, Vermont
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Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dennis & Holly Lou Amurta CPAs, PLLC

Williston, Vermont
May 15, 2023





INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
The BOMA Project, Inc.
Manchester Center, Vermont

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The BOMA Project, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of The BOMA Project, Inc.'s major federal programs for the year ended September 30, 2022. The BOMA Project, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, The BOMA Project, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended September 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The BOMA Project, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of The BOMA Project, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to The BOMA Project, Inc.'s federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on The BOMA Project, Inc.'s compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about The BOMA Project, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 BOMA Project, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of The BOMA Project, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of The BOMA Project, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

To the Board of Directors of
The BOMA Project, Inc.
Manchester Center, Vermont
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Report on Internal Control over Compliance (continued)

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Dennis & Holly Lou Amurto CPAs, PLLC

Williston, Vermont
May 15, 2023

THE BOMA PROJECT, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2022

Section I--Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency identified not considered to be material weakness?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal Control over major programs:	
Material weakness(es) identified?	No
Significant deficiency identified not considered to be material weakness?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 516?	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
98.007	Food for Peace Development Assistance Program (DAP)

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

Section II--Financial Statement Findings

No financial statement findings or questioned costs were reported.

Section III—Federal Award Findings and Questioned Costs

No federal award filings or questioned costs were reported.