

PRECIOUS PROJECT, INC.

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITORS' REPORT

YEAR ENDED DECEMBER 31, 2025

(With Summarized Comparative Information for 2024)

Smith  Sullivan
& Brown PC

CERTIFIED PUBLIC ACCOUNTANTS

80 Flanders Road, Suite 302  Westborough, Massachusetts 01581

Tel: 508.871.7178 Fax: 508.871.7179 www.ssbcpa.com

PRECIOUS PROJECT, INC.

REPORT ON FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

(With Summarized Comparative Information for 2024)



Vision Statement

To be widely recognized as a unique education center that develops children intellectually and socially to serve the country of Tanzania. Our diverse efforts meaningfully enhance gender equity, economic self-sufficiency and environmental sustainability.

Mission Statement

To nurture, educate and empower impoverished youth in Tanzania to be productive members and the future leaders of their country.

PRECIOUS PROJECT, INC.
REPORT ON FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2025
(With Summarized Comparative Information for 2024)

C O N T E N T S

	<i>Pages</i>
Independent Auditors' Report.....	1 - 2
Statements of Financial Position as of December 31, 2025 and 2024.....	3
Statement of Activities for the Year Ended December 31, 2025..... <i>(With Summarized Comparative Totals for 2024)</i>	4
Statement of Functional Expenses for the Year Ended December 31, 2025..... <i>(With Summarized Comparative Totals for 2024)</i>	5
Statements of Cash Flows for the Years Ended December 31, 2025 and 2024.....	6
Notes to Financial Statements.....	7 - 15

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Precious Project, Inc.
Dedham, Massachusetts

Opinion

We have audited the accompanying financial statements of Precious Project, Inc. (a Massachusetts nonprofit organization), which comprise the statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Precious Project, Inc. as of December 31, 2025, and the changes in its net assets and its cash flows for the year then ended in conformity 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 ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Precious Project, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' 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 GAAS 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, including omissions, 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.

To the Board of Directors
Precious Project, Inc.

In performing an audit in accordance with GAAS, 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 Precious 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 Precious 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.

Report on Summarized Comparative Information

We have previously audited Precious Project, Inc.'s 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 1, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Smith, Sullivan & Brown, PC

Westborough, Massachusetts
April 28, 2026

PRECIOUS PROJECT, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2025 AND 2024

ASSETS

	<u>2025</u>	<u>2024</u>
<u>CURRENT ASSETS:</u>		
Cash	\$ 248,295	\$ 639,243
Certificate of Deposit	1,587,316	-
Contributions Receivable	10,000	112,597
Grant Advances to Tanzanian Partner	160,152	76,028
Prepaid Expenses	4,732	2,622
Total Current Assets	<u>2,010,495</u>	<u>830,490</u>
<u>NON-CURRENT ASSETS:</u>		
Board Designated Operating Reserve	179,870	151,339
Contributions Receivable, Non-Current	-	16,000
Total Non-Current Assets	<u>179,870</u>	<u>167,339</u>
<u>TOTAL ASSETS</u>	<u>\$ 2,190,365</u>	<u>\$ 997,829</u>

LIABILITIES AND NET ASSETS

<u>CURRENT LIABILITIES:</u>		
Accounts Payable and Accrued Expenses	\$ 3,417	\$ 1,215
Accrued Payroll and Related Costs	5,661	12,240
Total Current Liabilities	<u>9,078</u>	<u>13,455</u>
<u>NET ASSETS:</u>		
Net Assets Without Donor Restrictions:		
Undesignated Net Assets	1,944,617	417,673
Board Designated Operating Reserve	179,870	151,339
Total Net Assets Without Donor Restrictions	2,124,487	569,012
Net Assets With Donor Restrictions	56,800	415,362
Total Net Assets	<u>2,181,287</u>	<u>984,374</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 2,190,365</u>	<u>\$ 997,829</u>

PRECIOUS PROJECT, INC.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025
(With Summarized Comparative Totals for 2024)

	<u>WITHOUT</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>WITH</u> <u>DONOR</u> <u>RESTRICTIONS</u>	<u>TOTAL ACTIVITIES</u>	
			<u>2025</u>	<u>2024</u>
<u>SUPPORT, REVENUES AND RECLASSIFICATIONS:</u>				
<i>Support and Revenues:</i>				
Gifts, Grants and Contributions	\$ 1,857,182	\$ 115,534	\$ 1,972,716	\$ 1,369,632
Donated Goods and Services	57,727	-	57,727	16,930
Interest Income	17,678	-	17,678	21,148
Total Support and Revenues	<u>1,932,587</u>	<u>115,534</u>	<u>2,048,121</u>	<u>1,407,710</u>
<i>Reclassification of Net Assets:</i>				
Net Assets Released from Restriction	<u>474,096</u>	<u>(474,096)</u>	<u>-</u>	<u>-</u>
<u>TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS</u>	<u>2,406,683</u>	<u>(358,562)</u>	<u>2,048,121</u>	<u>1,407,710</u>
<u>FUNCTIONAL EXPENSES:</u>				
Program Services	583,291	-	583,291	1,021,184
Administrative	93,992	-	93,992	78,064
Fund Raising	<u>173,925</u>	<u>-</u>	<u>173,925</u>	<u>161,240</u>
<u>TOTAL FUNCTIONAL EXPENSES</u>	<u>851,208</u>	<u>-</u>	<u>851,208</u>	<u>1,260,488</u>
<u>CHANGE IN NET ASSETS</u>	1,555,475	(358,562)	1,196,913	147,222
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>569,012</u>	<u>415,362</u>	<u>984,374</u>	<u>837,152</u>
<u>NET ASSETS - END OF YEAR</u>	<u>\$ 2,124,487</u>	<u>\$ 56,800</u>	<u>\$ 2,181,287</u>	<u>\$ 984,374</u>

PRECIOUS PROJECT, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2025

(With Summarized Comparative Totals for 2024)

	<u>PROGRAM</u> <u>SERVICES</u>	<u>ADMINI-</u> <u>STRATIVE</u>	<u>FUND</u> <u>RAISING</u>	<u>TOTAL</u> <u>FUNCTIONAL EXPENSES</u>	
				<u>2025</u>	<u>2024</u>
Grants to Tanzanian Partner	\$ 488,510	\$ -	\$ -	\$ 488,510	\$ 950,811
Personnel Costs	53,272	53,272	154,719	261,263	237,602
Professional Fees	21,000	27,311	-	48,311	24,199
Events and Donor Cultivation	-	-	12,360	12,360	14,214
Travel Costs	20,071	-	270	20,341	15,241
Office Supplies and Expenses	-	3,319	380	3,699	3,510
Printing and Postage	-	31	1,744	1,775	2,426
Dues, Fees and Subscriptions	-	9,621	3,300	12,921	10,457
Insurance	438	438	1,152	2,028	2,028
	<u>438</u>	<u>438</u>	<u>1,152</u>	<u>2,028</u>	<u>2,028</u>
Total Functional Expenses	<u>\$ 583,291</u>	<u>\$ 93,992</u>	<u>\$ 173,925</u>	<u>\$ 851,208</u>	<u>\$ 1,260,488</u>

PRECIOUS PROJECT, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 1,196,913	\$ 147,222
<i>Adjustments to Reconcile the Above to Net Cash Provided by Operating Activities:</i>		
Interest Income on Certificates of Deposit	(17,186)	-
<i>(Increase) Decrease in Current Assets:</i>		
Contributions Receivable	102,597	(98,997)
Grant Advances to Tanzanian Partner	(84,124)	46,097
Prepaid Expenses	(2,110)	(13)
<i>Increase (Decrease) in Current Liabilities:</i>		
Accounts Payable and Accrued Expenses	2,202	(613)
Accrued Payroll and Related Costs	(6,579)	497
<i>(Increase) Decrease in Non-Current Assets:</i>		
Contributions Receivable, Non-Current	16,000	2,070
Net Adjustment	<u>10,800</u>	<u>(50,959)</u>
<u>NET CASH PROVIDED BY OPERATING ACTIVITIES</u>	<u>1,207,713</u>	<u>96,263</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Cash Outlay for Purchase of Certificate of Deposit	<u>(1,750,000)</u>	-
Net Cash Flows from Investing Activities	<u>(1,750,000)</u>	-
<u>NET INCREASE (DECREASE) IN CASH BALANCES</u>	<u>(542,287)</u>	<u>96,263</u>
<u>CASH BALANCES - BEGINNING OF YEAR</u>	<u>790,582</u>	<u>694,319</u>
<u>CASH BALANCES - END OF YEAR</u>	<u>\$ 248,295</u>	<u>\$ 790,582</u>
<i>Cash Balances:</i>		
Cash	\$ 248,295	\$ 639,243
Board Designated Operating Reserve	-	151,339
Total	<u>\$ 248,295</u>	<u>\$ 790,582</u>

PRECIOUS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

(With Summarized Comparative Information for 2024)

NOTE 1 ORGANIZATION AND AFFILIATION

Precious Project, Inc. (“Precious Project”, the “Project” or the “Organization”) was incorporated in July 2014 under Massachusetts General Laws Chapter 180 and qualifies as a tax-exempt nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code (“IRC”). The Organization has been classified as an organization which is not a private foundation under IRC Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes. The Organization is primarily supported by gifts, grants and contributions.

Tanzanian Affiliate:

Precious Project provides funding to Precious Orphans Children (“POCH”), a nonprofit organization based in Tanzania. POCH is closely affiliated with, but not controlled by Precious Project and is responsible for its own filings in Tanzania; accordingly, the accounts of POCH are not included within these financial statements. Financial support is sent to Tanzania, via wire transfer, and is used to support the programs described in Note 2.

Oversight of Foreign Activities:

Together, the Board of Directors and Management of Precious Project have implemented a comprehensive monitoring policy for oversight of grants made to its Tanzanian Partner. The Organization has designed its monitoring plan to address two primary areas of focus, which have been identified as financial accountability and programmatic compliance. To achieve the highest standards of integrity, transparency and best practices, the following principles have been incorporated into the Organization’s ongoing monitoring activities:

Financial Oversight includes approval of the POCH annual budget, monthly accountings which include budget vs. actual, monthly wire transfers to coincide with approved budgeted expenditures, and monthly communications to monitor expenses and financial activities. In addition, POCH is subject to independent financial statement audits under Tanzanian regulations.

Programmatic Oversight involves monthly reporting on program activities from its Tanzanian Partner, site visits to Tanzania (when possible), commitments from board members of Precious Project to make site visits at least once annually (much of which is contributed by the respective board members), representation on the governing body of POCH and involvement in the program design and implementation.

NOTE 2 PROGRAM SERVICES

Precious Project is helping to transform a rural, impoverished community in Tanzania by eliminating disparities in education, care of children and economic development. The Project’s foundation is based on five pillars:

- Providing children access to quality education
- Caring for orphans and abandoned children
- Empowering women with skills to create micro-businesses
- Educating the next generation to participate in the digital economy
- Modeling and teaching agricultural best practices

PRECIOUS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

(With Summarized Comparative Information for 2024)

(Continued)

NOTE 2 *(Continued)*

Each project is focused on serving as a resource for the community and model for long-term self-sustainability.

Precious Primary School:

In October 2015, Precious Project completed construction of a 10-room primary school to address the educational challenges in the Tanzanian village of Nshupu. The Precious English Medium Primary School - the cornerstone of Precious Project - opened its doors in January 2016 and currently provides a quality education for 600+ children from six surrounding villages. Precious Primary School students begin as early as age 3 in the preschool (or baby class) and matriculate through seventh grade. The primary school has thrived during its inaugural years, as 2018 Tanzanian National Exam results listed the top 25 students in the District as attendees of Precious Primary School. In 2021, Precious Primary School ranked #1 in the district, #9 in the region and #81 in Tanzania. To date, all Precious Primary School graduates have moved on to secondary school.

Precious Secondary School:

In 2018, Precious Project Board members unanimously agreed to build a secondary school in order to further the education of Precious Primary School graduates. The decision was driven by the fact there are no quality public secondary schools nearby, and even these Government-funded schools require a fee that many families cannot afford. A Precious Secondary School would offer continued high quality education to Precious students with the aim to prepare them for college or university admission. In 2019 and 2020, capital funds were raised to secure land and build the secondary school. Twenty-one acres of land were purchased for the site of the secondary school, 12 acres of which was immediately cultivated into farmland to supply additional food for the primary school, home, and eventual secondary school. The secondary school opened its doors in January 2022 and is on target to reach full capacity of 600 students by 2027.

Precious Children's Home:

The Precious Children's Home provides a safe, nurturing and healthy environment for children at risk. The small "family" home moved in 2014 from a cramped rented cement block with nine children to a beautiful permanent home, which now houses 32 residential children. "Mamas", an affectionate name given to the women who watch over the children, provide daily loving care as well as cook, clean, and do the laundry. All the children's needs are provided for including their education and health care.

Women Empowerment:

Precious Project helps village women create and manage their own self-help groups. Groups comprise approximately 30 members. Each group creates a savings and loan program, has its own by-laws, and determines the terms and conditions of loans including the interest rate. Groups meet weekly to pool their savings, repay loans, and vote on who will receive a new round of loans. Members use their loans to start or expand micro-businesses, pay school tuition fees for their children, and to cover unanticipated expenses, such as food, medicine, or other needs. As loans are repaid and new loans are made, the accrued interest expands the amount of money available for future loans.

PRECIOUS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

(With Summarized Comparative Information for 2024)

(Continued)

NOTE 2 *(Continued)*

Technology for Education:

Precious Project seeks to leverage information and communications technology (“ICT”) to boost student learning and performance, bridge the education gap in Tanzania’s primary education, and prepare its young citizens with the knowledge and skills to participate in the digital world economy. Precious’ ICT project efforts are multifaceted to maximize the project’s success and focuses on implementing technology that is easy and intuitive for children to use, not dependent on reliable electricity or the internet, and simple to maintain.

Sustainability:

Precious Project aims to model sustainability and self-sufficiency for its community and students. Our 50-acre organic farm produces nutritious foods such as bananas, avocados, grains, legumes, and a variety of vegetables to feed our residential children, students, and faculty. The sale of excess crops provides additional income to support our projects. The newly expanded poultry coop provides meat and eggs to feed the Precious community, provide fertilizer and an additional source of revenue. Solar panels at both campus locations provide enough electricity to meet the needs of the schools, home and other facilities. Precious Project continues to hold workshops for its staff, families and the greater community which cover a range of topics from women’s health to small business and entrepreneurship, to making sack gardens, to mental health, domestic and child abuse awareness trainings.

NOTE 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The financial statements of the Precious Project, Inc. have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (“GAAP”).

Estimates:

The preparation of financial statements in conformity with GAAP 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; however, adherence to generally accepted accounting principles, has in management’s opinion, resulted in reliable and consistent financial reporting by the Organization.

Financial Statement Presentation:

The Organization reports 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. These classifications are related to the existence or absence of donor-imposed restrictions as defined below.

Net Assets Without Donor Restrictions - Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. In addition, net assets within this classification include funds which represent resources designated by the Board of Directors for specific purposes.

PRECIOUS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

(With Summarized Comparative Information for 2024)

(Continued)

NOTE 3 *(Continued)*

Net Assets With Donor Restrictions - Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that are restricted by a donor that the resources be maintained in perpetuity. As of December 31, 2025 and 2024, the Organization had no net assets that are required to be maintained in perpetuity. The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use or if they are promised contributions that are not yet due. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as restricted revenue when received and released from restrictions when the assets are placed in service. Should the donor restrict an asset to use in a program, the asset continues to be reported as restricted net assets.

The accompanying financial statements include certain 2024 summarized comparative information. With respect to the Statement of Activities, such prior year information is not presented by net class and in the Statement of Functional Expenses, 2024 expenses by line item are in total rather than by functional category, which is not a complete financial statement presentation under GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2024, from which the summarized information was derived.

Certificate of Deposit:

As of December 31, 2025, Precious Project held a certificate of deposit with a balance of \$1,767,186 bearing interest at 3.92%. The certificate of deposit matures February 4, 2026. Certificates of deposit are carried at cost plus accrued interest and are presented as current or non-current in accordance with the underlying intentions. Of the total certificate of deposit balance of \$1,767,186, \$179,870 has been designated by the Board as an operating reserve and classified as a non-current asset, consistent with management's expectations for future needs. The remaining balance is presented as Certificate of Deposit, a current asset within the accompanying Statement of Financial Position.

Contributions Receivable:

Contributions Receivable reflects the balance due on unconditional promises to give. Receivables are reported at their net realizable value and classified as current if they are scheduled for payment within one year, and non-current when the expected payment date exceeds one year. As of December 31, 2024, non-current contributions receivable were due within three years. Promises to give with expected payment dates that extend beyond one year are discounted to their present value when such amounts are considered material.

Management determines the allowance for uncollectible receivables based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Receivables are written off against the allowance when deemed uncollectible. As of December 31, 2025 and 2024, Management considers all receivables to be fully collectible; therefore, these financial statements do not contain a provision for uncollectible amounts.

PRECIOUS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

(With Summarized Comparative Information for 2024)

(Continued)

NOTE 3 *(Continued)*

Grant Advances to Tanzanian Partner:

In order to properly match expenses in the same accounting period as the associated revenue, the policy of the Organization is to defer expenses incurred during the fiscal year which are directly attributable to the following year's program as this grant funding is conditional upon the ultimate expenditure of the funds. These amounts are reported as *Grant Advances to Tanzanian Partner* in the accompanying Statements of Financial Position.

Gifts, Grants and Contributions:

The Organization is the beneficiary of contributions in the form of grants from other organizations, donations of cash and financial assets from individuals and contributions of nonfinancial assets. Contributions, including promises to give, without donor conditions are recognized as revenue at their estimated fair value at the date of donation and classified as either with or without donor restrictions depending on the donor's stipulations or lack thereof. Unconditional, multi-year commitments are recognized in the year during which the initial commitment is made at the amount that the Organization reasonably expects to collect. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved when such amounts are considered material. Amounts receivable from donors are evaluated yearly for collectability and an allowance for uncollectible pledges is recorded as necessary.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions until the restriction are met, at which time the net assets are reclassified to net assets without donor restrictions.

Conditional donations are those that have a measurable performance or other barrier and include a right of return of the assets or right of release of the donor from further obligation if the conditions are not met. Conditional donations are not recognized until the associated barriers are met. Any cash received before the conditions or barriers are met is reported as a refundable grant advance. When the conditions are met, the revenue is reported as contributions without donor restrictions unless there are further restrictions over and above those associated with the donor conditions. In such cases, when the conditions and restrictions are met within the same reporting period, the support is recognized as contributions or grants without donor restrictions.

Donations of Nonfinancial Assets:

Contributed nonfinancial assets include donated professional services, donated travel costs, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. Donated goods and services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require a specialized skills and would have otherwise been purchased by the Organization. Precious Project does not monetize its donations of nonfinancial assets.

Functional Expenses:

The Organization allocates its expenses on a functional basis among various programs and support services. Expenses that are common to several functions are allocated according to management's estimates about space and time usage. Expenses that are allocated based upon time and usage consist of *Personnel Costs* and *Insurance*.

PRECIOUS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

(With Summarized Comparative Information for 2024)

(Continued)

NOTE 3 (Continued)

Supporting services are those related to operating and managing the Organization and its programs on a day-to-day basis. Supporting services have been sub-classified as follows:

Administrative - includes all activities related to the Organization's internal management and accounting for program services.

Fund Raising - includes all activities related to maintaining contributor information, writing grant proposals, direct mail solicitation, indirect costs of fund raising events, distribution of materials and other similar projects related to the procurement of funds.

Grants to Tanzanian Partner:

During the years presented, Precious Project made grants to POCH to fund the projects and programs with fiscal and programmatic oversight as further detailed in Note 2. The Organization's policy is to record grants as an expense and corresponding obligation at the time an unconditional funding commitment is made. Conditional commitments are not recognized in the financial statements until measurable performance or other barriers have substantially been met. Precious Project provides funding to POCH to coincide with the timing of the expenditure of the underlying costs and in accordance with programmatic and capital budgets. At the end of each year presented, funds were wired at year end in advance of the related underlying expenditures, and are presented as *Grant Advances to Tanzanian Partner* in the accompanying Statements of Financial Position. When the related costs are subsequently incurred and reconciled to the budget, the corresponding expense for *Grants to Tanzanian Partner* is recognized.

Reclassifications:

Certain amounts in the prior year comparative information have been reclassified to conform to the current year presentation. Reclassifications made to the prior year information have no impact on total net assets or changes in net assets.

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of unexpended donor-designated grants and contributions with the following restrictions as of December 31, 2025 and 2024:

<u>Nature of Restriction</u>	<u>2025</u>	<u>2024</u>
Scholarships	\$56,000	\$ 75,470
Home Fund	800	3,100
Time Restricted	-	100,000
Secondary School Fund	-	218,270
School Accelerator Fund	-	18,522
Total	<u>\$56,800</u>	<u>\$415,362</u>

PRECIOUS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

(With Summarized Comparative Information for 2024)

(Continued)

NOTE 4 *(Continued)*

Net assets released from donor restrictions by incurring expenses which satisfied the restricted purposes by occurrence of events specified by the donors during the years presented were as follows:

<u>Nature of Restriction</u>	<u>2025</u>	<u>2024</u>
Scholarships	\$ 90,825	\$ 85,325
Lapse of Time Restrictions	111,659	-
Secondary School Fund	218,270	632,760
School Accelerator Fund	20,522	18,522
Home Fund	32,700	25,082
General Program Support	-	25,000
ICT Project	<u>120</u>	<u>120</u>
Total	<u>\$474,096</u>	<u>\$786,809</u>

NOTE 5 DONATED GOODS AND SERVICES

For the years presented, the Organization recognized the following in-kind contributions in the accompanying financial statements:

<u>Description</u>	<u>2025</u>	<u>2024</u>
Travel Expenses	\$15,000	\$10,000
Professional Services	21,000	6,000
Supplies	11,380	930
Pro-Bono Legal Services	<u>10,347</u>	<u>-</u>
Total	<u>\$57,727</u>	<u>\$16,930</u>

Contributed travel consists of travel paid for by board members and volunteers for oversight of the Tanzanian affiliate. Contributions of travel are recognized at a set per person rate based on what the Organization would pay out of pocket for travel.

Contributed professional services and pro-bono legal services are valued at the average market rate for similar services.

Donated supplies are program supplies for Precious Project schools in Tanzania. These supplies are valued at cost.

Contributed travel, professional services, and supplies are recorded as program expenses and pro-bono legal services are recorded as administrative expenses on the accompanying Statement of Functional Expenses. All donated goods and services received during the years ended December 31, 2025 and 2024 were unrestricted contributions.

PRECIOUS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

(With Summarized Comparative Information for 2024)

(Continued)

NOTE 6 EMPLOYEE RETIREMENT PLAN

In March 2021, Precious Project, Inc. adopted a Savings Incentive Match Plan (SIMPLE-IRA). Under the plan, any employee who earned \$5,000 or more in the previous year may participate in a tax-deferred salary reduction retirement plan to which they may contribute to their retirement account up to the maximum allowable amount per IRS regulations, and the Organization is required to match any contribution up to 3% of each participant's salary (subject to statutory limitations on eligible earnings). Total employer contributions to the plan amounted to \$5,550 and \$4,551 for the years ended December 31, 2025 and 2024, respectively, which is included in *Personnel Costs* in the Statement of Functional Expenses.

NOTE 7 CONCENTRATION OF CREDIT RISKS

Cash Balances:

The Organization is subject to concentrations in credit risk relating to cash balances. For the years presented, the Organization's cash deposits are held primarily in one financial institution held primarily in one financial institution in check and money market savings accounts as well as a certificate of deposit. Deposits are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. The Organization had \$1,744,732 and \$384,737, respectively, in excess of federally insured limits as of December 31, 2025 and 2024; however, the Organization has not experienced any losses on such accounts.

Contributions Receivable:

As of December 31, 2025 and 2024, 90% and 94%, respectively, of total *Contributions Receivable* are from two donors.

Major Donor:

For the year ended December 31, 2025, one generous donor made contributions totaling \$1,577,227, representing 77% of total support and revenues for that year, which is not indicative of future expectations.

Foreign Operations:

The primary purpose of the Organization is to provide high quality education and care to orphaned and vulnerable children in rural Tanzania. Therefore, the majority of the Organization's activities are concentrated in this region. In addition, grants to its Tanzania Partner represents 57% and 75% of total expenses for the years ended December 31, 2025 and 2024, respectively.

PRECIOUS PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2025

(With Summarized Comparative Information for 2024)

(Continued)

NOTE 8 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of December 31, 2025 and 2024, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year.

	<u>2025</u>	<u>2024</u>
Financial Assets:		
Cash	\$ 248,295	\$ 781,726
Certificate of Deposit	1,767,186	-
Contributions Receivable	<u>10,000</u>	<u>128,597</u>
Total Financial Assets as of December 31	2,025,481	910,323
Less Amount Not Available to be Used Within One Year:		
Board Designated Operating Reserve	(179,870)	(151,339)
Contributions Receivable - Non-Current	<u>-</u>	<u>(16,000)</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$1,845,611</u>	<u>\$ 742,984</u>

As 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. The Organization has a Board-Designated reserve that, while the Organization does not intend to spend these funds for purposes within the next year, these amounts could be made available for current operations, if necessary.

For purposes of analyzing resources available to meet general expenditures over a twelve-month period, the Organization considers all expenditures related to their ongoing activities as described in Note 2, as well as the conduct of the services undertaken to support those activities to be general expenditures.

NOTE 9 SUBSEQUENT EVENTS

Management is required to consider events subsequent to the financial statement date for potential adjustment to or disclosure in the financial statements. Therefore, Management has evaluated subsequent events through April 28, 2026, the date which the financial statements were available for issue, and noted no events which met the criteria for recognition or disclosure.