LINEAGE PROJECT, INC.
Financial Statements
June 30, 2022 and 2021
With Independent Accountant's Review Report

Lineage Project, Inc.
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June 30, 2022 and 2021

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ADVISORY TAX AUDIT

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Lineage Project, Inc.:

We have reviewed the accompanying financial statements of Lineage Project, Inc., which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year ended June 30, 2022 and the six month period ended June 30, 2021, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

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

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

Accountant's Conclusion

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

WithumSmith+Brown, PC

May 2, 2023

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Lineage Project, Inc.
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Current assets		
Cash	$ 944,821	$ 693,371
Accounts receivable	44,058	14,780
Promises to give receivable, net	-	300,000
Employee Retention Tax Credit receivable	-	49,668
Prepaid expenses and other current assets	4,489	4,713
Total current assets	993,368	1,062,532
Total assets	$ 993,368	$ 1,062,532
Liabilities and Net Assets		
Current liabilities		
Accounts payable and accrued expenses	$ 59,523	$ 63,855
Total liabilities	59,523	63,855
Net assets		
Without donor restrictions	811,174	607,096
With donor restrictions	122,671	391,581
Total net assets	933,845	998,677
Total liabilities and net assets	$ 993,368	$ 1,062,532

See Independent Accountant's Review Report.
The Notes to Financial Statements are an integral part of these statements.

Lineage Project, Inc.
Statements of Activities and Changes in Net Assets
Year Ended June 30, 2022 and Six Month Period Ended June 30, 2021

	2022			2021		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**	**Without Donor Restrictions**	**With Donor Restrictions**	**Total**
Support and revenue						
Contributions	$ 444,665	$ 255,000	$ 699,665	$ 6,105	$ 15,000	$ 21,105
Grant income	524	-	524	77,965	-	77,965
Program service income	57,059	-	57,059	21,580	-	21,580
Employee Retention Tax Credit income	-	-	-	49,668	-	49,668
	502,248	255,000	757,248	155,318	15,000	170,318
Net assets released from restriction	523,910	(523,910)	-	113,362	(113,362)	-
	1,026,158	(268,910)	757,248	268,680	(98,362)	170,318
Expenses						
Program services	489,365	-	489,365	202,388	-	202,388
Supporting services						
Management and general	269,377	-	269,377	137,971	-	137,971
Fundraising	63,338	-	63,338	23,896	-	23,896
	332,715	-	332,715	161,867	-	161,867
	822,080	-	822,080	364,255	-	364,255
Change in net assets	204,078	(268,910)	(64,832)	(95,575)	(98,362)	(193,937)
Net assets						
Beginning of year	607,096	391,581	998,677	702,671	489,943	1,192,614
End of year	$ 811,174	$ 122,671	$ 933,845	$ 607,096	$ 391,581	$ 998,677

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Lineage Project, Inc.
Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Supporting Services: Total	Total
Salaries	$ 304,099	$ 103,906	$ 25,960	$ 129,866	$ 433,965
Payroll taxes and employee benefits	85,279	37,538	8,879	46,417	131,696
Professional and consulting fees	73,644	108,813	19,699	128,512	202,156
Meals, travel and entertainment	2,581	689	-	689	3,270
Office supplies and other expenses	6,255	8,584	3,934	12,518	18,773
Insurance	3,183	1,087	-	1,087	4,270
Occupancy and utilities	7,712	3,465	866	4,331	12,043
Dues and subscriptions	5,259	5,260	-	5,260	10,519
Professional development	1,353	35	-	35	1,388
Development expenses	-	-	4,000	4,000	4,000
	$ 489,365	$ 269,377	$ 63,338	$ 332,715	$ 822,080

See Independent Accountant's Review Report.
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Lineage Project, Inc.
Statement of Functional Expenses
Six Month Period Ended June 30, 2021

		Supporting Services			
	Program Services	Management and General	Fundraising	Total	Total
Salaries	$ 125,237	$ 30,014	$ 7,618	$ 37,632	$ 162,869
Payroll taxes and employee benefits	34,436	10,030	2,565	12,595	47,031
Professional and consulting fees	20,357	87,271	11,763	99,034	119,391
Meals, travel and entertainment	-	470	-	470	470
Office supplies and other expenses	5,218	7,399	-	7,399	12,617
Insurance	1,301	481	-	481	1,782
Occupancy and utilities	684	1,034	-	1,034	1,718
Dues and subscriptions	5,766	-	-	-	5,766
Professional development	5,907	1,272	-	1,272	7,179
Development expenses	1,172	-	1,950	1,950	3,122
Bad debt	2,310	-	-	-	2,310
	$ 202,388	$ 137,971	$ 23,896	$ 161,867	$ 364,255

See Independent Accountant's Review Report.
The Notes to Financial Statements are an integral part of this statement.

Lineage Project, Inc.
Statements of Cash Flows
Year Ended June 30, 2022 and Six Month Period Ended June 30, 2021

	2022	2021
Operating activities		
Change in net assets	$ (64,832)	$ (193,937)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Bad debt expense	-	2,310
Changes in		
Accounts receivable	(29,278)	69,678
Promises to give receivable	300,000	-
Prepaid expenses and other current assets	224	(739)
Employee Retention Tax Credit receivable	49,668	(49,668)
Accounts payable and accrued expenses	(4,332)	5,657
Net cash provided by (used in) operating activities	251,450	(166,699)
Net change in cash	251,450	(166,699)
Cash		
Beginning of year	693,371	860,070
End of year	$ 944,821	$ 693,371

There were no amounts paid for interest or taxes for the year ended June 30, 2022 or for the six month period ended June 30, 2021.

See Independent Accountant's Review Report.
The Notes to Financial Statements are an integral part of these statements.

1. NATURE OF ACTIVITIES

Nature of Activities
Lineage Project, Inc. ("Lineage" or the "Organization") fosters embodied awareness and collective care and breaks down race/class barriers to mindfulness education.

Our vision is for young people—especially Black and brown young people inside of/impacted by NYC systems—to: 1) have access to free, simple, portable mindfulness tools that support inner and collective wellbeing; and 2) experience and feel a deep sense of belonging, support and care, particularly from adults around them.

Lineage works towards this vision by teaching trauma-sensitive mindfulness to young people (12 - 24 years old) and adult staff inside NYC's court, foster care, education, shelter, immigration, and suspension systems.

By sharing strategies—rooted in community—that nourish the capacity for wellbeing, inner power, joy, reflection, honesty, and interconnection, Lineage supports young people and staff to cope with and navigate daily challenges and trauma. Our programs cultivate community/individual well-being and resilience; support co-regulation; and mitigate secondary trauma and staff burnout. We affirm participants' inner knowing and wisdom and help them identify and access mindfulness practices to create new habits and meaningful change. Working together with young people and staff helps overtaxed systems become more attuned and responsive to their interconnection.

Grounded in research on trauma and neurobiology and over two decades of firsthand experience, the Lineage model weaves together movement (e.g., yoga and Qi Gong), facilitated dialogue on a guiding question (e.g., "share about a quality in yourself that represents your inner power"), and guided meditation. Each class is organized around a theme, such as "inner strength," that threads the three parts of the model together. Our classes provide easy-to-use tools to manage stress and uncertainty and support embodied awareness and collective care.

At the heart of Lineage's programs is an understanding of how traumatic experiences impact the brain, body and nervous system. Research widely demonstrates that mindfulness can be a beneficial alternative/supplemental treatment for depression, PTSD, and other mental health challenges. The Lineage approach is effective because it draws on students' existing strengths and affirms them as experts in their own experiences. Recognizing that well-being depends on positive interpersonal relationships, relationship-building is at the center of all we do.

Lineage Project, Inc. was incorporated in the State of New York in 2003. Significant sources of revenue are received from contributions and government grants. Effective January 1, 2021, the Organization has changed its fiscal year to June 30.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation
The financial statements have been prepared using the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America, which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets without donor restrictions are net assets that are not restricted by donor-imposed stipulations and are available for the general operations of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions are released from restriction when a donor stipulated time restriction ends, or a purpose restriction is accomplished.

New Accounting Pronouncements Adopted in the Current Year

During 2022, the Organization adopted the presentation and disclosure requirements of Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) on a retrospective basis as of January 1, 2021. This ASU requires presentation of contributed nonfinancial assets apart from contributions of cash and other financial assets, along with expanded disclosure requirements. The adoption of this standard did not have a significant impact on its financial statements, with the exception of increased disclosures.

New Accounting Pronouncements Issued Not Yet Effective

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02 *Leases* (Topic 842*),* which requires the recognition of a "right to use" asset and a lease liability, initially measured at the present value of the lease payments, on the statements of financial position for all of the Organization's lease obligations, except for short-term leases. This ASU is effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the effect that this pronouncement will have on its financial statements and related disclosures.

Credit Losses

In June 2016, the FASB issued ASU 2016-13, *Measurement of Credit Losses on Financial Instruments*, which is effective for fiscal years beginning after December 15, 2022, and requires an organization to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. Financial institutions will now use forward-looking information to better inform their credit loss estimates. The Organization does not expect this ASU to have a significant impact on its financial statements.

Cash

Cash consists of demand deposit accounts held at major financial institutions and may at times exceed the insurable amount. Management believes it mitigates its risk by investing in major financial institutions.

Revenue Recognition

Contributions and Promises to Give Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is in substance, unconditional. Unconditional contributions received are recorded as net assets with or without donor restrictions depending on the existence and/or nature of any donor restrictions. Donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Conditional promises to give, that is, with a measurable performance or other barrier, and a right of return are not recognized until they become unconditional which is when the conditions on which they depend are substantially met.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial 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.

Promises to give receivables are recorded at their estimated values after reduction for an allowance for doubtful accounts and net present value adjustment. The allowance for doubtful accounts is determined primarily through specific identification and evaluation of significant past due amounts based on historical experience as well as the current economic environment. The Organization reviews individual past due amounts periodically and writes off amounts for which all collection efforts are deemed to have been exhausted. The net present value adjustment is computed on promises to give receivables with repayments due in over a year using a risk-free rate of return as of the date of the statements of financial position.

Revenue from Contracts with Customers
Income is recognized on an accrual basis when earned. Program service income is recognized at a point in time, which is when the program occurs. Professional training income is recognized at a point in time when the training occurs, and monies received in advance of trainings are recorded as deferred revenue on the statements of financial position and recognized into revenue when the training occurs. Amounts received in advance are recorded as deferred revenue in the statements of financial position until earned. Accounts receivable related to contracts from customers were $1,045 and $14,780 as of June 30, 2022 and 2021, respectively, which are included with the accounts receivable line on the statement of financial position. There was no deferred revenue from contracts from customers at June 30, 2022 or 2021. Accounts receivable related to contracts from customers were $11,768 as of January 1, 2021 and there was no deferred revenue related to those contracts at January 1, 2021. Revenues from contracts with customers are treated as revenues without donor restrictions. The Organization does not have any significant financing components as payment is received at or shortly after the point the program and training is completed.

Revenue from Grant Contracts
The Organization accounts for government grant revenues as conditional contributions, that is those with a measurable performance or other barrier and a right of return or release, in the statements of activities and recognizes revenues when the conditions are met, which is as the costs are incurred in accordance with the terms of the agreement.

Accounts Receivable
Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance or directly to bad debt expense. As of June 30, 2022 and 2021, there was no allowance for doubtful accounts.

Donated Services
Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donations, are recorded at their fair values in the period received.

There were no donated services for the year ended June 30, 2022 and the six month period and 2021.

Income Taxes

The Organization is a New York not-for-profit organization exempt from federal income taxes pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code and from New York State income taxes under applicable state law. Accordingly, no provision for federal or state income taxes has been recorded in the statements of activities. The Organization's accounting policy provides that a tax expense or benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Management has analyzed the tax positions taken by the Organization, and has concluded that as of June 30, 2022 and 2021 there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

In addition, there have been no tax related interest or penalties in these financial statements. Should any such penalties and interest be incurred, the Organization's policy would be to recognize them as management and general expenses.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statements of activities and have been detailed on the statements of functional expenses. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

Expense Category	Method of Allocation
Salaries	Time and effort
Fringe benefits	Salaries
Insurance	Salaries
Payroll service fees	Salaries
Professional costs	Time and effort
Facility expenses	Salaries
Supplies, dues/subscriptions	Salaries

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 the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. PROMISES TO GIVE RECEIVABLE

Promises to give receivable at June 30, 2022 and 2021, were as follows:

	2022	2021
Total promises to give receivable	$ -	$ 300,000
Current portion	-	300,000
Promises to give receivable, long-term	$ -	$ -

See Independent Accountant's Review Report.

4. RISK AND UNCERTAINTIES

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash, promises to give, and accounts receivable. The Organization has significant cash balances at financial institutions which throughout the year regularly exceed the federally insured limit of $250,000. Any loss incurred or a lack of access to such funds could have a significant adverse impact on the Company's financial condition, results of operations, and cash flows. Concentration of credit risk with respect to accounts receivable is limited due to the fact that the receivables are mainly derived from established organizations and have short periods and history of collection. See Note 7 for receivable concentration.

Management continues to evaluate the impact that the COVID-19 pandemic will have on operations in fiscal 2023 and has concluded that the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

5. FINANCIAL ASSETS AND LIQUIDITY RESOURCES

As of June 30, 2022 and 2021, financial assets and liquidity resources available within one year for general expenditures were as follows:

	2022	2021
Cash and cash equivalents	$ 944,821	$ 693,371
Accounts receivable	44,058	14,780
Employee retention tax credit receivable	-	49,668
Promises to give, net	-	300,000
	988,879	1,057,819
Less: Amounts restricted for time or purpose restrictions	(122,671)	(391,581)
Total financial assets and liquidity resources	$ 866,208	$ 666,238

The financial assets above are not subject to donor or other contractual restrictions that make them unavailable for general expenditures within one year of the statement of financial position date. Generally, annual operating revenue covers expenses. The Organization has the financial assets listed above that will cover any additional cash flow needs not covered by operating revenue.

6. COMMITMENTS

Occasional office space is rented on a per diem basis as required. Rent expense amounted to approximately $7,283 and $1,718 for the year and six month period ended June 30, 2022 and 2021, respectively.

7. CONCENTRATIONS

The Organization had three customers that accounted for 80% (43%, 24% and 13%) of outstanding accounts receivables and promises to give receivable as of June 30, 2022. The Organization had two donors that accounted for 95% (79% and 16%) of outstanding receivables as of June 30, 2021.

For the year ended June 30, 2022, the Organization had three donors make up 73% of total contribution revenue. For the six month period ended June 30, 2021, the Organization had one donor make up 75% of total contribution revenue.

8. RELATED PARTY TRANSACTIONS

There were contributions from the Board of Directors for the year ended June 30, 2022 of approximately $35,500. There were no contributions from the Board for the six month period ended June 30, 2021.

9. EMPLOYEE BENEFIT PLAN

The Organization has a defined contribution salary deferral 401(k) plan which commenced January 1, 2016, covering substantially all employees. Under the discretionary plan, the Organization matches dollar for dollar up to 4% of each eligible employee's salary. For the year and six month period ended June 30, 2022 and 2021, the Organization contributed $13,680 and $5,277, respectively, to the plan.

10. NET ASSETS

Components of net assets are as follows at June 30, 2022 and 2021:

	2022		
Detail of Net Assets	**Without Donor Restrictions**	**With Donor Restrictions**	**Total Net Assets**
General operations	$ 811,174	$ -	$ 811,174
Time restricted for future periods	-	72,671	72,671
Time and purpose restricted	-	50,000	50,000
	$ 811,174	$ 122,671	$ 933,845

	2021		
Detail of Net Assets	**Without Donor Restrictions**	**With Donor Restrictions**	**Total Net Assets**
General operations	$ 607,096	$ -	$ 607,096
Time restricted for future periods	-	341,581	341,581
Time and purpose restricted	-	50,000	50,000
	$ 607,096	$ 391,581	$ 998,677

Net assets were released from donor restrictions by incurring expenses satisfying the time or purpose restrictions specified by the donor as follows:

Detail of Net Assets	**2022**	**2021**
Time restricted for future periods	$ 423,910	$ 48,362
Time and purpose restricted	100,000	50,000
Purpose restricted	-	15,000
	$ 523,910	$ 113,362

11. PAYCHECK PROTECTION PROGRAM LOANS PAYABLE

On March 17, 2021, the Organization issued an unsecured promissory note (the "PPP2 Loan") for $77,965 through the PPP established under the CARES Act and administered by the SBA. The PPP2 Loan is guaranteed by the SBA. The PPP2 Loan may be forgiven, in whole or in part, if the Organization was eligible for the PPP2 Loan at the time of application, used the loan proceeds for eligible expenses within the defined 24-week period after the PPP2 Loan was disbursed ("Covered Period"), and otherwise satisfied PPP requirements.
The PPP2 Loan was made through TD Bank (the "Lender"), has a five-year term, bears interest at 1.00% per annum, and matures on March 17, 2026.

The Organization concluded that the PPP2 Loan should be accounted for as a government grant (conditional contribution) as the Organization believes that it is probable that it met the terms of forgiveness prior to June 30, 2021. Accordingly, the Organization recognized PPP grant income for the full amount of the PPP2 Loan in the accompanying statement of activities for the six month period ended June 30, 2021, and no liability for the PPP2 Loan is reflected in the accompanying statement of financial position as of June 30, 2021.

On November 5, 2021, the Organization was informed that its application for forgiveness of $77,965 of the PPP2 Loan was approved.

12. EMPLOYEE RETENTION TAX CREDIT

The Organization applied for the employee retention tax credit in the amount of $49,668 for the period ended June 30, 2021, which has been recognized as receivable and revenue in the accompanying statement of financial position as of June 30, 2021 and statement of activities and changes in net assets for the six month period ending June 30, 2021, respectively. The credit will be claimed against the Organization's payroll tax obligations for each calendar quarter based on qualified wages, subject to certain limitations.

13. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events occurring after the statement of financial position date through the date of May 2, 2023, the date the financial statements were available to be issued. Based upon this evaluation, the Organization has determined that there were no subsequent events that have occurred, which require recognition or disclosure in the financial statements.