

PROJECT 150  
FINANCIAL STATEMENTS  
JUNE 30, 2021  
(With Independent Auditor's Report)

*The report accompanying these financial statements  
was issued by Watkins Jackson CPAs, PLLC,  
a Nevada Professional Limited Liability Company.*

***STRICTLY PRIVATE AND CONFIDENTIAL***



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# WATKINS JACKSON CPAs

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Project 150  
Las Vegas, Nevada

We have audited the accompanying financial statements of Project 150 (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **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 the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Project 150 as of June 30, 2021, 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.

Watkins Jackson CPAs  
March 14, 2022  
Las Vegas, Nevada

PROJECT 150  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2021

ASSETS

Current assets	
Cash and equivalents	\$ 1,366,752
Inventory	<u>211,074</u>
Total current assets	1,577,826
Fixed assets, net	<u>694,130</u>
Total assets	<u><u>\$ 2,271,956</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued liabilities	\$ 44,545
Line of credit	<u>-</u>
Total liabilities	44,545
Net assets	
Without donor restrictions	
Undesignated	<u>2,227,411</u>
Total liabilities and net assets	<u><u>\$ 2,271,956</u></u>

See Accompanying Notes to Financial Statements

PROJECT 150  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2021

SUPPORT AND REVENUE

Support	
Contributions	\$ 1,278,484
Contributions In-kind	<u>678,290</u>
Total support and revenue	1,956,774

EXPENSES

Functional expenses	
Program services	
Salaries and wages	248,173
Payroll taxes and fees	70,185
Auto expense	5,815
Rent and property expenses	14,735
Insurance	48,154
Repairs and maintenance	8,888
Professional fees	18,630
Utilities	11,829
Internet and advertising	47,084
Donations - In kind	682,784
Program donations	297,212
Office expenses	17,627
License fees	360
Meals and entertainment	4,352
Depreciation expense	<u>23,691</u>
Total program services	1,499,519
Supporting services	
General and administrative	<u>90,779</u>
Total expenses	<u>1,590,298</u>

Change in net assets without donor restrictions	366,476
Net assets, beginning of year	<u>1,860,935</u>
Net assets, end of year	<u><u>\$ 2,227,411</u></u>

See Accompanying Notes to Financial Statements

PROJECT 150  
(A NONPROFIT ORGANIZATION)  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services				Supporting Services	
	Food			Program	General and	Total
	School Supplies	Clothing	Education	Total	Administrative	Expenses
	Hygiene Products	and Shoes				
	Special Requests					
Salaries and wages	\$ 179,236	\$ 13,787	\$ 55,150	\$ 248,173	\$ 27,575	\$ 275,748
Payroll taxes and fees	50,689	3,899	15,597	70,185	7,798	77,983
Auto and travel expenses	4,200	323	1,292	5,815	646	6,461
Rent and property expenses	10,642	819	3,274	14,735	1,637	16,372
Insurance	34,778	2,675	10,701	48,154	5,351	53,505
Repairs and maintenance	6,419	494	1,975	8,888	987	9,875
Professional fees	13,455	1,035	4,140	18,630	2,070	20,700
Utilities	8,543	657	2,629	11,829	1,314	13,143
Advertising	34,005	2,616	10,463	47,084	5,231	52,315
Donations - In kind	492,970	37,553	152,261	682,784	-	682,784
Program donations	214,653	16,512	66,047	297,212	33,023	330,235
Office expenses	12,731	979	3,917	17,627	1,957	19,584
License fees	260	20	80	360	40	400
Meals and entertainment	3,143	242	967	4,352	484	4,836
Depreciation expense	17,110	1,316	5,265	23,691	2,632	26,323
Other expense	-	-	-	-	34	34
<b>Total functional expenses</b>	<b>\$ 1,082,834</b>	<b>\$ 82,927</b>	<b>\$ 333,758</b>	<b>\$ 1,499,519</b>	<b>\$ 90,779</b>	<b>\$ 1,590,298</b>

See Accompanying Notes to Financial Statements

PROJECT 150  
(A NONPROFIT ORGANIZATION)  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2021

Cash flows from operating activities:	
Increase in net assets	\$ 366,476
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:	
Depreciation	26,323
Changes in operating assets and liabilities:	
Inventory	4,494
Accounts payable and accrued liabilities	<u>23,151</u>
Net cash provided by operating activities	<u>420,444</u>
Cash flows from investing activities:	
Purchase of fixed assets	<u>(24,321)</u>
Net cash (used in) investing activities	<u>(24,321)</u>
Net change in cash	396,123
Cash, June 30, 2020	<u>970,629</u>
Cash, June 30, 2021	<u><u>\$ 1,366,752</u></u>

See Accompanying Notes to Financial Statements

PROJECT 150  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

1. Summary of significant accounting policies

Organization – The Project 150 (the “Organization”) is a non-profit organization, which was organized under the laws of Nevada on December 15, 2011. The mission of the Organization is to offer support and services to homeless, displaced, and disadvantaged high school students in Clark County and Reno Nevada, to ensure they have the basic necessities to continue with their education, obtain their high school diploma, and become more successful in life.

Concentrations – Because the Organization’s operations are concentrated in Las Vegas and Reno, Nevada, its future operations could be affected by adverse changes in economic conditions in these areas. Past widespread recession in the United States had far-reaching effects on the economic activity in the country. The long-term impact of these factors on the Nevada economy and the Organization’s operating activities cannot be predicted at this time but may be substantial.

Basis of accounting – The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Financial Statement Presentation – The Organization has adopted guidance issued by the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entity*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

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

Revenue and Support With and Without Restrictions – Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the Statement of Activities and Change in Net Assets as net assets released from restrictions. As of June 30, 2021, the Organization has no net assets with donor restriction. However, when both net assets without donor restrictions and net assets with donor restrictions are available for use, it is the Organization’s policy to use net assets with donor restrictions first, then net assets without donor restrictions.

Support, revenue and expense recognition – Support is recognized when it is received. Revenue is recognized in the period that it is earned. Expenses are recognized during the period in which they are incurred.

Contributions and donations – The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or the purpose of the restriction is accomplished, restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Donated food and materials including supplies, if significant in amount, are recorded at their fair market value if the Organization has a clearly measurable and objective basis for determining the value. In the case of materials where such values cannot reasonably be determined, the donation is not recorded. Donated professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills and are provided by individuals possessing those skills and would otherwise need to be purchased by the Organization. Contributions and donations are reported at fair market value.

The Organization recorded as Contributions In-kind goods revenue of \$678,290 for donated food and other items for the year ended June 30, 2021.



PROJECT 150  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

1. Summary of significant accounting policies (continued)

The Organization had donations expense of food and other items to high school students of \$682,784 recorded as Donations – In kind for the year ended June 30, 2021.

Advertising costs – Advertising costs incurred in the normal course of operations are expensed accordingly. Total advertising costs for the year ended June 30, 2021 were \$52,315.

Inventory – The Organization receives contributions of goods and materials (inventory) and processes these contributions at fair values. The Organization has goods and materials yet to be donated to high school students stored in the Organization’s warehouse valued at \$211,074 as of June 30, 2021.

Contributed services – The Organization received a substantial amount of services donated by unpaid volunteers. The value of the contributed services is not reflected in the accompanying financial statements when they do not meet recognition under ASC Subtopic 958-605 (formerly SFAS No. 116). The Organization’s volunteers provided 7,900 hours of service for the year ended June 30, 2021.

Functional allocation of expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income taxes – The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). Accordingly, no income tax is reflected in the accompanying financial statements. In addition, the Organization is classified as a publicly supported charitable organization under IRC Section 509(a)(2); therefore, donations qualify for the maximum charitable contribution deduction under IRC Section 170(b)(1)(A)(vi). The Organization’s tax returns for 2016 through 2019 remain open for possible examination by the Internal Revenue Service.

Use of estimates – In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

Fixed assets – Fixed assets acquired are presented at cost, if purchased, or fair value at date of donation, if acquired by gift or bequest and exceed \$1,000 in fair value. Depreciation is provided on the straight-line method over the estimated useful life of the asset. The Organization periodically evaluates whether events and circumstances have occurred that may warrant revision of the estimated useful life of fixed assets or whether the remaining balance of fixed assets should be evaluated for possible impairment. The Organization uses an estimate of the related undiscounted cash flows over the remaining life of the fixed assets in measuring their recoverability.

Cash and cash equivalents – The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization maintains cash balances at a financial institutions located in Las Vegas, Nevada. Accounts at the federal institution are fully insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization had uninsured cash balances totaling \$1,233,455 as of June 30, 2021. The Organization has not experienced any losses in these accounts.

PROJECT 150  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

1. Summary of significant accounting policies (continued)

Recently Issued Accounting Pronouncements – The Organization has adopted all recently issued Accounting Standards Updates (“ASU”). The adoption of the recently issued ASU’s, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Organization.

Fair value of financial instruments – The Foundation’s financial instruments include inventory, fixed assets, accounts payable and accrued liabilities. The fair value hierarchy under U.S. GAAP distinguishes between assumptions based on market data (observable inputs) and an entity’s own assumptions (unobservable inputs). The hierarchy prioritizes valuation inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of three levels:

Level one – Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level two – Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level three – Unobservable inputs developed using estimates and assumptions, which are developed by the reporting entity and reflect those assumptions that a market participant would use.

The Foundation has determined the estimated fair values of its financial instruments using available market information and commonly accepted valuation methodologies. However, considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the Foundation estimates are not necessarily indicative of the amounts that it, or holders of the instruments, could realize in a current market exchange. The use of different assumptions or valuation methodologies could have a material effect on the estimated fair value amounts.

The fair value estimates are based on information available as of June 30, 2021. These amounts have not been revalued since those dates, and current estimates of fair value could differ significantly from the amounts presented.

Inventory, fixed assets, accounts payable and accrued liabilities approximate their respective fair values.

2. Fixed assets, net

As of June 30, 2021, fixed assets consisted of the following:

Building and improvements	\$ 747,095
Computer equipment and Software	10,341
Vehicles	71,596
Built-in cooler	28,831
Furniture, fixtures and equipment	<u>6,824</u>
	864,687
Less: accumulated depreciation	<u>(170,557)</u>
	<u>\$ 694,130</u>

Depreciation expense was \$26,323 for the year ended June 30, 2021.

PROJECT 150  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021

3. Information Regarding Liquidity and Availability

The Organization is substantially supported by contribution revenues and considers contributions restricted for programs which are ongoing, major, and central to its operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves by operating within a range of financial soundness and stability while maintaining sufficient liquid assets and reserves to meet the near-term operating needs and provide reasonable assurance that liabilities and other obligations will be discharged as they become due.

The following table reflects the Organization's financial assets as of June 30, 2021, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date:

Financial assets, at year end:	
Cash and equivalents	\$ <u>1,366,752</u>
Total financial assets, at year end:	1,366,752
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Accounts payable and accrued expenses	<u>(44,545)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 1,322,207</u>

4. Operating lease

The Organization is obligated under a copier equipment lease through December 2022. The lease has a base monthly rate of \$152 plus overage fees. The total lease expense for the year ended June 30, 2021, totaled \$3,953.

The following is a schedule of future minimum lease payments for the lease as of June 30, 2021:

2022	\$ 1,824
2023	<u>760</u>
	<u>\$ 2,584</u>

5. Line of credit

During 2018 the Organization obtained a business line of credit with a draw limit of \$25,000 and a variable interest rate of 10.0% as of June 30, 2021. The balance as of June 30, 2021 was \$0. See Note 6.

6. Subsequent events

In August 2021 the Organization did not renew the Line of Credit. See Note 5.

The Organization has evaluated subsequent events through the date which the financial statements were issues or available to be issued.