

PROJECT 150
FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017
(With Independent Auditor's Report Thereon)

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

STRICTLY PRIVATE AND CONFIDENTIAL



TABLE OF CONTENTS

	<u>PAGE NO.</u>
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Functional Expenses	4-5
Statements of Cash Flows	6
Notes to Financial Statements	7



WATKINS JACKSON CPAs

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Project 150
(a non-profit organization)
Las Vegas, Nevada

We have audited the accompanying financial statements of Project 150 (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses and cash flows for the years 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 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 December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Watkins Jackson CPAs

Watkins Jackson CPAs
October 30, 2019
Las Vegas, Nevada

PROJECT 150
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Current assets		
Cash and equivalents	\$ 155,518	\$ 79,030
Inventory	110,415	110,230
Total current assets	265,933	189,260
Fixed assets, net	733,986	766,511
Total assets	\$ 999,919	\$ 955,771
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 21,369	\$ 9,512
Line of credit	-	-
Total liabilities	21,369	9,512
Net assets		
Without donor restrictions		
Undesignated	978,550	946,259
Total liabilities and net assets	\$ 999,919	\$ 955,771

See Accompanying Notes to Financial Statements

PROJECT 150
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
SUPPORT AND REVENUE		
Support		
Contributions	\$ 657,308	\$ 386,869
Contributions In-kind	1,246,043	1,232,175
Other revenue	18,467	3,424
Total support and revenue	1,921,818	1,622,468
EXPENSES		
Functional expenses		
Program services		
Salaries and wages	159,839	161,972
Payroll taxes and fees	48,030	51,338
Auto expense	23,630	22,973
Rent and property expenses	13,821	12,678
Insurance	39,412	45,365
Maintenance and janitorial	5,227	5,702
Repairs and maintenance	1,756	4,852
Leases	4,890	685
Professional fees	15,699	6,747
Utilities	10,123	10,091
Internet and advertising	38,153	40,469
Donations - In kind	1,245,858	1,150,592
Program donations	172,639	213,590
Office expenses	13,198	53,031
License fees	1,584	1,483
Meals and entertainment	2,030	1,767
Depreciation expense	29,272	20,318
Total program services	1,825,161	1,803,653
Supporting services		
General and administrative	64,366	72,564
Total expenses	1,889,527	1,876,217
Change in net assets without donor restrictions	32,291	(253,749)
Net assets, beginning of year	946,259	1,200,008
Net assets, end of year	\$ 978,550	\$ 946,259

See Accompanying Notes to Financial Statements

PROJECT 150
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services				Supporting Services	
	Food School Supplies Hygiene Products Special Requests	Clothing and Shoes	Education	Program Total	General and Administrative	Total Expenses
Salaries and wages	\$ 115,439	\$ 8,880	\$ 35,520	\$ 159,839	\$ 17,760	\$ 177,599
Payroll taxes and fees	34,689	2,668	10,673	48,030	5,337	53,367
Auto expense	17,066	1,313	5,251	23,630	2,625	26,255
Rent and property expenses	9,982	768	3,071	13,821	1,536	15,357
Insurance	28,464	2,190	8,758	39,412	4,378	43,790
Maintenance and janitorial	3,775	290	1,162	5,227	581	5,808
Repairs and maintenance	1,268	98	390	1,756	194	1,950
Leases	3,531	272	1,087	4,890	543	5,433
Professional fees	11,338	872	3,489	15,699	1,744	17,443
Utilities	7,311	562	2,250	10,123	1,125	11,248
Internet and advertising	27,555	2,120	8,478	38,153	4,239	42,392
Donations - In kind	899,510	68,522	277,826	1,245,858	-	1,245,858
Program donations	124,684	9,591	38,364	172,639	19,182	191,821
Office expenses	9,532	733	2,933	13,198	1,467	14,665
License fees	1,144	88	352	1,584	176	1,760
Meals and entertainment	1,466	113	451	2,030	226	2,256
Depreciation expense	21,141	1,626	6,505	29,272	3,253	32,525
Total functional expenses	\$ 1,317,895	\$ 100,706	\$ 406,560	\$ 1,825,161	\$ 64,366	\$ 1,889,527

See Accompanying Notes to Financial Statements

PROJECT 150
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services				Supporting Services	
	Food School Supplies Hygiene Products Special Requests	Clothing and Shoes	Education	Program Total	General and Administrative	Total Expenses
Salaries and wages	\$ 116,980	\$ 8,998	\$ 35,994	\$ 161,972	\$ 17,997	\$ 179,969
Payroll taxes and fees	37,078	2,852	11,408	51,338	5,704	57,042
Auto expense	16,592	1,276	5,105	22,973	2,553	25,526
Rent and property expenses	9,157	704	2,817	12,678	1,409	14,087
Insurance	32,764	2,520	10,081	45,365	5,041	50,406
Maintenance and janitorial	4,118	317	1,267	5,702	634	6,336
Repairs and maintenance	3,504	270	1,078	4,852	539	5,391
Leases	495	38	152	685	76	761
Professional fees	4,873	375	1,499	6,747	750	7,497
Utilities	7,288	561	2,242	10,091	1,121	11,212
Internet and advertising	29,228	2,248	8,993	40,469	4,497	44,966
Donations - In kind	830,727	63,283	256,582	1,150,592	-	1,150,592
Program donations	154,260	11,866	47,464	213,590	23,732	237,322
Office expenses	38,300	2,946	11,785	53,031	5,892	58,923
License fees	1,071	82	330	1,483	165	1,648
Meals and entertainment	1,276	98	393	1,767	196	1,963
Depreciation expense	14,674	1,129	4,515	20,318	2,258	22,576
 Total functional expenses	 \$ 1,302,385	 \$ 99,563	 \$ 401,705	 \$ 1,803,653	 \$ 72,564	 \$ 1,876,217

See Accompanying Notes to Financial Statements

PROJECT 150
(A NONPROFIT ORGANIZATION)
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 32,291	\$ (253,749)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	32,525	22,576
Changes in operating assets and liabilities:		
Inventory	(185)	(81,583)
Accounts payable and accrued liabilities	11,857	(8,284)
Net cash provided by (used in) operating activities	76,488	(321,040)
Cash flows from investing activities:		
Purchase of fixed assets	-	(55,666)
Net cash (used in) investing activities	-	(55,666)
Net change in cash	76,488	(376,706)
Cash, beginning of year	79,030	455,736
Cash, end of year	\$ 155,518	\$ 79,030

See Accompanying Notes to Financial Statements

PROJECT 150
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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 December 31, 2018, 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 \$1,246,043 and \$1,232,175 for donated food and other items for the years ended December 31, 2018 and 2017, respectively.

PROJECT 150
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

1. Summary of significant accounting policies (continued)

The Organization had donations expense of food and other items to high school students of \$1,245,858 and \$1,150,592 recorded as Donations – In kind for the years ended December 31, 2018 and 2017, respectively.

Advertising costs – Advertising costs incurred in the normal course of operations are expensed accordingly. Total advertising costs for the years ended December 31, 2018 and 2017 were \$42,392 and \$44,966, respectively.

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 \$110,415 and \$110,230 as of December 31, 2018 and 2017, respectively.

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 42,366 hours of service for the year ended December 31, 2018 and 28,500 hours for the year ended December 31, 2017.

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 2014 through 2017 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. 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.

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 no uninsured cash balances as of December 31, 2018 and 2017. The Organization has not experienced any losses in these accounts.

PROJECT 150
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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.

On August 16, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-profit Entities*. The update addresses the complexity and understandability of net assets classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses. The Organization has adopted the provisions of ASU 2016-14 during the year ended December 31, 2018, and has adjusted the presentation of these statements and the notes to the financial statements accordingly. Under ASC No. 958, the Organization was required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. Donor-restricted contributions whose restrictions were met in the same reporting period were reported as unrestricted. Donor-restricted contributions whose restrictions may or would be met in different reporting periods were reported as temporarily restricted. Donor-restricted contributions with stipulations of contributions maintained permanently by the Organization were reported as permanently restricted. ASU 2016-14 reduces the three classes of net assets into two classes; net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions, formerly unrestricted net assets, could include subcategories related to board designated amounts for specific purposes. When no board designated restrictions are present the amount is deemed undesignated for general Organization purposes. Net assets with donor restrictions, formerly temporarily and permanently restricted net assets, represents amounts from donor contributions that have donor-imposed restrictions. These donor-imposed restrictions could be subject related, have time restrictions on use or not be subject to appropriation or expenditure in perpetuity.

2. Fixed assets, net

As of December 31, 2018 and 2017, fixed assets consisted of the following:

	2018	2017
Building and improvements	\$ 747,095	\$ 747,095
Computer equipment and Software	10,341	10,341
Vehicles	72,324	72,324
Furniture, fixtures and equipment	5,024	5,024
Less: accumulated depreciation	(100,798)	(68,273)
	\$ 733,986	\$ 766,511

Depreciation expense was \$32,525 and \$22,576 for the years ended 2018 and 2017, respectively.

3. Related party transactions

The Organization pays the President of the Organization a monthly car allowance of \$500.

PROJECT 150
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

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 December 31, 2018, totaled \$4,302.

The following is a schedule of future minimum lease payments for the lease as of December 31, 2018:

2019	\$	1,824
2020		1,824
2021		1,824
2022		<u>1,672</u>
	\$	<u>7,144</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 3.99%. The balance as of December 31, 2018 was \$0.

6. Subsequent events

The Organization has evaluated subsequent events through October 30, 2019, the date which the financial statements were issues or available to be issued.