

PROJECT 150
FINANCIAL STATEMENTS
JUNE 30, 2022
(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



TABLE OF CONTENTS

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



WATKINS JACKSON CPAs

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Project 150
Las Vegas, Nevada

Opinion

We have audited the accompanying financial statements of Project 150 (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of Project 150 as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Project 150 and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Project 150's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Project 150'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 Project 150'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.

A handwritten signature in dark ink that reads "Watkins Jackson CPAs". The signature is written in a cursive, flowing style.

Watkins Jackson CPAs
February 8, 2023
Las Vegas, Nevada

PROJECT 150
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

Current assets	
Cash and equivalents	\$ 1,561,697
Inventory	260,655
Investments	<u>505,626</u>
Total current assets	2,327,978
Fixed assets, net	<u>721,376</u>
Total assets	<u><u>\$ 3,049,354</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable and accrued liabilities	<u>\$ 30,243</u>
Total liabilities	30,243
Net assets	
Without donor restrictions	
Undesignated	<u>3,019,111</u>
Total liabilities and net assets	<u><u>\$ 3,049,354</u></u>

See Accompanying Notes to Financial Statements

PROJECT 150
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

SUPPORT AND REVENUE

Support	
Contributions	\$ 1,843,161
Contributions In-kind	<u>795,247</u>
 Total support and revenue	 2,638,408

EXPENSES

Functional expenses	
Program services	
Salaries and wages	265,328
Payroll taxes and fees	77,350
Auto expense	13,082
Rent and property expenses	10,578
Insurance	52,463
Repairs and maintenance	7,629
Professional fees	27,640
Utilities	21,654
Internet and advertising	41,126
Donations - In kind	703,719
Program donations	433,848
Office expenses	17,958
License fees	360
Meals and entertainment	3,957
Depreciation expense	<u>32,431</u>
Total program services	1,709,123

Supporting services	
General and administrative	<u>111,712</u>

Total expenses	<u>1,820,835</u>
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Other income and expenses	
Dividend and interest income	13,508
Interest expense	(939)
Unrealized loss	(71,031)
Realized gain	<u>32,589</u>
Total income and expenses	(25,873)

Change in net assets without donor restrictions	791,700
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Net assets, beginning of year	<u>2,227,411</u>
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Net assets, end of year	<u><u>\$ 3,019,111</u></u>
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See Accompanying Notes to Financial Statements

PROJECT 150
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	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	\$ 191,626	\$ 14,740	\$ 58,962	\$ 265,328	\$ 29,481	\$ 294,809
Payroll taxes and fees	55,864	4,297	17,189	77,350	8,595	85,945
Auto and travel expenses	9,448	727	2,907	13,082	1,454	14,536
Rent and property expenses	7,639	588	2,351	10,578	1,175	11,753
Insurance	37,890	2,915	11,658	52,463	5,829	58,292
Repairs and maintenance	5,510	424	1,695	7,629	848	8,477
Professional fees	19,962	1,536	6,142	27,640	3,071	30,711
Utilities	15,639	1,203	4,812	21,654	2,406	24,060
Advertising	29,702	2,285	9,139	41,126	4,570	45,696
Donations - In kind	508,085	38,705	156,929	703,719	-	703,719
Program donations	313,334	24,103	96,411	433,848	48,205	482,053
Office expenses	12,969	998	3,991	17,958	1,995	19,953
License fees	260	20	80	360	40	400
Meals and entertainment	2,858	220	879	3,957	440	4,397
Depreciation expense	23,422	1,802	7,207	32,431	3,603	36,034
Total functional expenses	\$ 1,234,208	\$ 94,563	\$ 380,352	\$ 1,709,123	\$ 111,712	\$ 1,820,835

See Accompanying Notes to Financial Statements

PROJECT 150
(A NONPROFIT ORGANIZATION)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

Cash flows from operating activities:	
Increase in net assets	\$ 791,700
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:	
Net realized gains on investments	(32,589)
Net unrealized losses on investments	71,031
Donated fixed asset	(41,947)
Depreciation	36,034
Changes in operating assets and liabilities:	
Inventory	(49,581)
Accounts payable and accrued liabilities	<u>(14,302)</u>
Net cash provided by operating activities	<u>760,346</u>
Cash flows from investing activities:	
Net sell (purchase) of investments	(544,068)
Purchase of fixed assets	<u>(21,333)</u>
Net cash (used in) investing activities	<u>(565,401)</u>
Net change in cash	194,945
Cash, June 30, 2021	<u>1,366,752</u>
Cash, June 30, 2022	<u><u>\$ 1,561,697</u></u>
Supplemental disclosure of cash flow:	
Cash paid for interest	<u><u>\$ 939</u></u>

See Accompanying Notes to Financial Statements

PROJECT 150
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022, 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 \$753,300 for donated food and other items and \$41,947 for a donated vehicle for a total of \$795,247 for the year ended June 30, 2022.

PROJECT 150
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. Summary of significant accounting policies (continued)

The Organization had donations expense of food and other items to high school students of \$703,719 recorded as Donations – In kind for the year ended June 30, 2022.

Advertising costs – Advertising costs incurred in the normal course of operations are expensed accordingly. Total advertising costs for the year ended June 30, 2022 were \$45,696.

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 \$260,655 as of June 30, 2022.

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 3,979 hours of service for the year ended June 30, 2022.

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 2017 through 2020 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 \$479,539 as of June 30, 2022. The Organization has not experienced any losses in these accounts.

PROJECT 150
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

1. Summary of significant accounting policies (continued)

Investments – Marketable equity securities and other investments are stated at their fair value, which is determined by quoted market prices. Net appreciation (depreciation) in the fair value of investments, which consists of the realized and gains or (losses) and the unrealized gains or (losses) on these investments, are included in the statements of activities.

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, 2022. 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.

PROJECT 150
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

2. Fixed assets, net

As of June 30, 2022, fixed assets consisted of the following:

Building and improvements	\$	747,095
Computer equipment and Software		10,341
Vehicles		113,543
Air conditioner		18,486
Built-in cooler		28,831
Furniture, fixtures and equipment		9,671
		927,967
Less: accumulated depreciation		(206,591)
	\$	721,376

Depreciation expense was \$36,034 for the year ended June 30, 2022.

3. Investments

Investments are stated at fair value and are divided among two investment managers as follows:

	Balance as of June 30,		
	2021	2022	Change in Value
UBS Financial Services 50157	\$ -	\$ 1,000,749	\$ 1,000,749
UBS Financial Services 50524	-	524,959	524,959
	-	1,525,708	1,525,708
		Deposits	2,118,680
		Withdrawals	(560,470)
Investment return, net			38,529
Net unrealized gain (loss)			\$ (71,031)

As of June 30, 2022, the fair value of investments consisted of \$505,626 in equities.

Investment return is summarized as follows:

Dividend and interest income	\$	5,940
Net realized gain (loss)		32,589
Total investment return, net	\$	38,529

PROJECT 150
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

4. 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, 2022, 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	\$ 1,561,697
Investments	<u>505,626</u>
Total financial assets, at year end:	2,067,323
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Accounts payable and accrued expenses	<u>(30,243)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 2,037,080</u>

5. Subsequent events

In December 2022 the Organization entered into a copier equipment lease through December 2027. The lease has a base monthly rate of \$299 plus overage fees.

In January 2023 the Organization purchased a property in Las Vegas, Nevada for \$1,256,507. The Organization plans to use the property to provide services at a second location in the Las Vegas valley.

The Organization has evaluated subsequent events through the date which the financial statements were issued.