

PROJECT 150, INC.

FINANCIAL STATEMENTS

JUNE 30, 2024

(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



Watkins Jackson CPAs

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WATKINS JACKSON CPAs

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Project 150, Inc.
Las Vegas, Nevada

Opinion

We have audited the accompanying financial statements of Project 150, Inc. (the Organization), which comprise the statement of financial position as of June 30, 2024, 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, Inc. as of June 30, 2024, 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, Inc. 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, Inc.'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, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Project 150, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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

Watkins Jackson CPAs
January 7, 2025
Las Vegas, Nevada

PROJECT 150, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2024

ASSETS

Current assets		
Cash and equivalents	\$	2,351,439
Inventory		307,412
Total current assets		<u>2,658,851</u>
Right of use leased asset, net		10,392
Fixed assets, net		<u>2,561,632</u>
Total assets	\$	<u><u>5,230,875</u></u>

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued liabilities	\$	29,067
Right of use lease liability - current		<u>2,969</u>
Total current liabilities		32,036
Long term liabilities		
Right of use lease liability - long-term		<u>7,423</u>
Total liabilities		39,459
Net assets		
Without donor restrictions		
Undesignated		<u>5,191,416</u>
Total liabilities and net assets	\$	<u><u>5,230,875</u></u>

See Accompanying Notes to Financial Statements

PROJECT 150, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS
SUPPORT AND REVENUE

Support	
Contributions	\$ 1,272,986
Contributions In-kind	<u>723,160</u>
Total support and revenue	1,996,146
Net assets released from donor restrictions	502,976

EXPENSES

Functional expenses	
Program services	
Salaries and wages	392,667
Payroll taxes and fees	120,408
Auto expense	39,906
Rent and property expenses	18,535
Insurance	112,302
Repairs and maintenance	5,716
Professional fees	51,929
Utilities	45,706
Internet and advertising	63,306
Donations - In kind	686,528
Program donations	720,565
Office expenses	75,775
License fees	504
Meals and entertainment	7,225
Depreciation expense	<u>90,006</u>
Total program services	2,431,078
Supporting services	
General and administrative	<u>193,841</u>
Total expenses	<u>2,624,919</u>
Other income and expenses	
Dividend and interest income	106,416
Gain on sale of fixed assets	6,000
Unrealized loss	(35,187)
Other income	<u>8,780</u>
Total income and expenses	86,009

Change in net assets without donor restrictions (39,788)

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS

Net assets released from donor restrictions	<u>(502,976)</u>
Total changes in net assets with donor restrictions	(502,976)
Change in net assets	(542,764)
Net assets, beginning of year	<u>5,231,204</u>
Net assets, end of year	<u><u>\$ 5,191,416</u></u>

See Accompanying Notes to Financial Statements

PROJECT 150, INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	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	\$ 283,593	\$ 21,815	\$ 87,259	\$ 392,667	\$ 43,630	\$ 436,297
Payroll taxes and fees	86,962	6,689	26,757	120,408	13,379	133,787
Auto and travel expenses	28,821	2,217	8,868	39,906	4,434	44,340
Rent and property expenses	13,386	1,030	4,119	18,535	2,060	20,595
Insurance	81,107	6,239	24,956	112,302	12,478	124,780
Repairs and maintenance	4,128	318	1,270	5,716	635	6,351
Professional fees	37,504	2,885	11,540	51,929	5,770	57,699
Utilities	33,010	2,539	10,157	45,706	5,079	50,785
Advertising	45,721	3,517	14,068	63,306	7,034	70,340
Donations - In kind	495,673	37,759	153,096	686,528	-	686,528
Program donations	520,408	40,031	160,126	720,565	80,063	800,628
Office expenses	54,726	4,210	16,839	75,775	8,419	84,194
License fees	364	28	112	504	56	560
Meals and entertainment	5,218	401	1,606	7,225	803	8,028
Depreciation expense	65,005	5,000	20,001	90,006	10,001	100,007
Total functional expenses	\$ 1,755,626	\$ 134,678	\$ 540,774	\$ 2,431,078	\$ 193,841	\$ 2,624,919

See Accompanying Notes to Financial Statements

PROJECT 150, INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

Cash flows from operating activities:	
Change in net assets	\$ (542,764)
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:	
Net unrealized losses on investments	35,187
Depreciation	100,007
Changes in operating assets and liabilities:	
Inventory	(560)
Prepaid expenses	16,924
Deposits	31,134
Accounts payable and accrued liabilities	<u>(3,727)</u>
Net cash used in operating activities	<u>(363,799)</u>
Cash flows from investing activities:	
Net sell (purchase) of investments	517,478
Purchase of fixed assets	<u>(461,397)</u>
Net cash provided by investing activities	<u>56,081</u>
Net change in cash	(307,718)
Cash, June 30, 2023	<u>2,659,157</u>
Cash, June 30, 2024	<u><u>\$ 2,351,439</u></u>

See Accompanying Notes to Financial Statements

PROJECT 150, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. Summary of significant accounting policies

Organization – The Project 150, Inc. (the “Organization”) is a non-profit organization, which was organized under the laws of Nevada on December 15, 2011. On June 2, 2022 the Organization incorporated as a domestic nonprofit corporation. 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. In August 2023 the Organization opened a second location in Las Vegas.

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, 2024, the Organization has no donor restricted net assets. 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.

PROJECT 150, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. Summary of significant accounting policies (continued)

The Organization recorded as Contributions In-kind goods revenue of \$707,189 for donated food and other items for the year ended June 30, 2024.

The Organization had donations expense of food and other items to high school students of \$686,528 recorded as Donations – In kind for the year ended June 30, 2024.

Advertising costs – Advertising costs incurred in the normal course of operations are expensed accordingly. Total advertising costs for the year ended June 30, 2024 were \$63,306.

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 \$307,412 as of June 30, 2024.

Prepaid expenses and deposits - Represents amounts paid for services to be provided in subsequent fiscal years.

Accounts payable and accrued liabilities

The Organization records liabilities representing expenses incurred during the fiscal year ended June 30, 2024, but paid for in the subsequent fiscal year.

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 21,557 hours of service for the year ended June 30, 2024.

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 2019 through 2022 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.

PROJECT 150, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. Summary of significant accounting policies (continued)

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 \$2,069,125 as of June 30, 2024. The Organization has not experienced any losses in these accounts.

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.

Leases – The Organization accounts for leases under ASC Topic 842, Leases (“ASC 842”). The Organization records lease and lease-related expense as occupancy on the statements of activities, in accordance with ASC 842.

A lease is determined to be an operating, sales-type, or direct financing lease using the criteria established in ASC 842. Leases will be considered either sales-type or direct financing leases if any of the following criteria are met:

- if the lease transfers ownership of the underlying asset to the lessee by the end of the term;
- if the lease grants the lessee an option to purchase the underlying asset that is reasonably certain to be exercised;
- if the lease term is for the major part of the remaining economic life of the underlying asset; or
- if the present value of the sum of the lease payments and any residual value guaranteed by the lessee equals or exceeds substantially all of the fair value of the underlying asset.

If none of the criteria listed above are met, the lease is classified as an operating lease.

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

PROJECT 150, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. Summary of significant accounting policies (continued)

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, 2024. 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, 2024, fixed assets consisted of the following:

Building and improvements	\$	1,900,648
Computer equipment and Software		17,055
Vehicles		258,882
Air conditioner		30,126
Heat pump package		11,685
Built-in cooler		28,831
Furniture, fixtures and equipment		22,100
		2,269,327
Less: accumulated depreciation		(336,396)
		1,932,931
Land		628,701
	\$	2,561,632

Depreciation expense was \$100,007 for the year ended June 30, 2024.

3. Investments

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

	Balance as of June 30,		
	2023	2024	Change in Value
UBS Financial Services 50157	\$ 1,525,143	\$ 2,009,286	\$ 484,143
UBS Financial Services 50524	560,421	-	(560,421)
	2,085,564	2,009,286	(76,278)
		Deposits	1,494,702
		Withdrawals	(1,642,209)
Dividend and interest income			106,416
Net unrealized gain (loss)			\$ (35,187)

As of June 30, 2024, investments consisted of money market balances included in cash and equivalents.

PROJECT 150, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

4. Right of use lease

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. The lease is accounted for as an operating lease under ASU 2016-02, *Leases – (Topic 842)*. The Organization recognized a Right of Use (“ROU”) Leased Assets and a ROU Lease Liabilities on the lease commencement date. Through the discounting of the remaining lease payments at the Organization’s incremental borrowing rate of 8%, the value of the ROU asset and ROU liability recognized at the commencement date was \$14,845. As of June 30, 2024 the ROU lease assets and ROU lease liabilities totaled \$10,392, net of accumulated amortization of \$4,453. Current portion of the ROU lease liabilities totals \$2,969 as of June 30, 2024.

The Organization recognized \$3,966 of lease expense during the year ended June 30, 2024.

5. 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, 2024, 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	\$ 2,351,439
Less:	
Amounts unavailable for general expenditures within one year, due to:	
Accounts payable and accrued liabilities	(29,067)
Right of use lease liabilities – current	<u>(2,969)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 2,319,403</u>

6. Contributions - restricted

In November 2022 the Organization received \$1,000,000 each from two organizations a total of \$2,000,000 for the purpose of purchasing and developing a second location in the Las Vegas area. During the year ended June 30, 2024 the Organization had used the remaining restricted balance of \$502,976 as reflected as net assets released from donor restrictions.

7. Subsequent events

The Organization has evaluated subsequent events through January 7, 2025, the date of the audit report.