

PROJECT 150
FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016
(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



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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, 2017 and 2016, 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, 2017 and 2016, 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
June 21, 2018
Las Vegas, Nevada

PROJECT 150
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	2017	2016
ASSETS		
Current assets		
Cash and equivalents	\$ 79,030	\$ 455,736
Inventory	110,230	28,647
Total current assets	189,260	484,383
Fixed assets, net	766,511	733,421
Total assets	\$ 955,771	\$ 1,217,804
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 9,512	\$ 17,796
Total liabilities	9,512	17,796
Net assets		
Unrestricted	946,259	1,200,008
Total liabilities and net assets	\$ 955,771	\$ 1,217,804

See Accompanying Notes to Financial Statements

PROJECT 150
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
SUPPORT AND REVENUE		
Support		
Contributions	\$ 386,869	\$ 545,123
Contributions In-kind	1,232,175	1,331,221
Other revenue	<u>3,424</u>	<u>7,516</u>
 Total support and revenue	 1,622,468	 1,883,860
EXPENSES		
Functional expenses		
Program services		
Salaries and wages	161,972	162,850
Payroll taxes and fees	51,338	23,755
Auto expense	22,973	5,327
Rent and property expenses	12,678	12,513
Insurance	45,365	21,025
Maintenance and janitorial	5,702	3,326
Repairs and maintenance	4,852	3,745
Leases	685	58
Professional fees	6,747	2,435
Utilities	10,091	23,284
Internet and advertising	40,469	42,944
Donations - In kind	1,150,592	1,302,574
Program donations	213,590	196,170
Office expenses	53,031	40,612
License fees	1,483	1,461
Meals and entertainment	1,767	3,660
Depreciation expense	<u>20,318</u>	<u>20,326</u>
Total program services	1,803,653	1,866,065
 Supporting services		
General and administrative	<u>72,564</u>	<u>62,611</u>
 Total expenses	 <u>1,876,217</u>	 <u>1,928,676</u>
 Change in net assets	 (253,749)	 (44,816)
 Net assets, beginning of year	 <u>1,200,008</u>	 <u>1,244,824</u>
 Net assets, end of year	 <u>\$ 946,259</u>	 <u>\$ 1,200,008</u>

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 FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016

	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	\$ 117,614	\$ 9,047	\$ 36,189	\$ 162,850	\$ 18,094	\$ 180,944
Payroll taxes and fees	17,156	1,320	5,279	23,755	2,639	26,394
Auto expense	3,847	296	1,184	5,327	592	5,919
Rent and property expenses	9,037	695	2,781	12,513	1,390	13,903
Insurance	15,185	1,168	4,672	21,025	2,336	23,361
Maintenance and janitorial	2,402	185	739	3,326	370	3,696
Repairs and maintenance	2,705	208	832	3,745	416	4,161
Leases	42	3	13	58	6	64
Professional fees	1,759	135	541	2,435	271	2,706
Utilities	16,816	1,294	5,174	23,284	2,587	25,871
Internet and advertising	31,015	2,386	9,543	42,944	4,772	47,716
Donations - In kind	940,458	71,642	290,474	1,302,574	-	1,302,574
Program donations	141,678	10,898	43,594	196,170	21,797	217,967
Office expenses	29,331	2,256	9,025	40,612	4,513	45,125
License fees	1,055	81	325	1,461	162	1,623
Meals and entertainment	2,644	203	813	3,660	407	4,067
Depreciation expense	14,680	1,129	4,517	20,326	2,259	22,585
Total functional expenses	\$ 1,347,424	\$ 102,946	\$ 415,695	\$ 1,866,065	\$ 62,611	\$ 1,928,676

See Accompanying Notes to Financial Statements

PROJECT 150
(A NONPROFIT ORGANIZATION)
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Cash flows from operating activities:		
Decrease in net assets	\$ (253,749)	\$ (44,816)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	22,576	22,585
Changes in operating assets and liabilities:		
Inventory	(81,583)	(28,647)
Accounts payable and accrued liabilities	(8,284)	11,346
Net cash (used in) operating activities	(321,040)	(39,532)
Cash flows from investing activities:		
Purchase of fixed assets	(55,666)	(14,119)
Net cash (used in) investing activities	(55,666)	(14,119)
Net change in cash	(376,706)	(53,651)
Cash, beginning of year	455,736	509,387
Cash, end of year	\$ 79,030	\$ 455,736

See Accompanying Notes to Financial Statements

PROJECT 150
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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.

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.

Basis of presentation – Financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) ASC 958, *Financial Statements of Not-for-Profit Organizations*. Under ASC No. 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets – are not subject to donor-imposed restrictions and are segregated as follows:

Operating

Unrestricted resources available to support the Organization's operations.

Board Designated

Unrestricted resources set aside by the Board to provide for future investment revenues for organizational spending.

Temporarily restricted net assets – represent resources that are subject to donor-imposed restrictions that have not yet been satisfied.

Permanently restricted net assets – are resources subject to donor-imposed restrictions and represent contributions invested in perpetuity, the earnings from which are available to support the Organization's operating activities.

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 temporarily 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, temporarily 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 \$1,232,175 and \$1,331,221 for donated food and other items for the years ended December 31, 2017 and 2016, respectively.

PROJECT 150
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

1. Summary of significant accounting policies (continued)

The Organization had donations expense of food and other items to high school students of \$1,150,592 and \$1,302,574 recorded as Donations – In kind for the years ended December 31, 2017 and 2016, respectively.

Advertising costs – Advertising costs incurred in the normal course of operations are expensed accordingly. Total advertising costs for the years ended December 31, 2017 and 2016 were \$44,966 and \$47,716, 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 \$110,230 and \$28,647 as of December 31, 2017 and 2016, 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 28,500 hours of service for the year ended December 31, 2017 and 15,397 hours for the year ended December 31, 2016.

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 2013 through 2016 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.

PROJECT 150
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

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 no uninsured cash balances as of December 31, 2017 and 2016. The Organization has not experienced any losses in these accounts.

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

2. Fixed assets, net

As of December 31, 2017 and 2016, fixed assets consisted of the following:

	2017	2016
Building and improvements	\$ 747,095	\$ 747,095
Computer equipment and Software	10,341	6,584
Vehicles	72,324	21,874
Furniture, fixtures and equipment	5,024	3,565
Less: accumulated depreciation	(68,273)	(45,697)
	\$ 766,511	\$ 733,421

Depreciation expense was \$22,576 and \$22,585 for the years ended 2017 and 2016, respectively.

3. Related party transactions

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

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, 2017, totaled \$4,500.

The following is a schedule of future minimum lease payments for the lease as of December 31, 2017:

2018	\$ 1,824
2019	1,824
2020	1,824
2021	1,824
2022	1,672
	\$ 8,968

PROJECT 150
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

5. Subsequent events

The Organization has evaluated subsequent events through June 21, 2018, the date which the financial statements were issues or available to be issued.