PROJECT 150, INC.

FINANCIAL STATEMENTS

JUNE 30, 2023

(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

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, 2023, 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, 2023, 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.

Watkins Jackson CPAs

Watkins Jackson CPAs
February 12, 2024
Las Vegas, Nevada

PROJECT 150, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS		
Current assets		
Cash and equivalents	$	2,659,157
Inventory		306,852
Investments		552,665
Prepaid expenses		16,924
Deposits		31,134
Total current assets		3,566,732
Right of use leased asset, net		13,361
Fixed assets, net		2,200,242
Total assets	$	5,780,335
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	$	32,794
Right of use lease liability - current		2,969
Total current liabilities		35,763
Long term liabilities		
Right of use lease liability - long-term		10,392
Total liabilities		46,155
Net assets		
Without donor restrictions		
Undesignated		5,231,204
With donor restrictions		502,976
Total liabilities and net assets	$	5,780,335

PROJECT 150, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	
SUPPORT AND REVENUE	
Support	
Contributions	$ 2,061,011
Contributions In-kind	641,479
Total support and revenue	2,702,490
Net assets released from donor restrictions	1,497,024
EXPENSES	
Functional expenses	
Program services	
Salaries and wages	303,069
Payroll taxes and fees	94,503
Auto expense	14,563
Rent and property expenses	15,551
Insurance	61,849
Repairs and maintenance	9,066
Professional fees	42,125
Utilities	28,663
Internet and advertising	61,485
Donations - In kind	591,606
Program donations	633,787
Office expenses	39,635
License fees	738
Meals and entertainment	5,824
Depreciation expense	26,818
Total program services	1,929,282
Supporting services	
General and administrative	148,631
Total expenses	2,077,913
Other income and expenses	
Dividend and interest income	73,458
Unrealized gain	16,445
Realized gain	589
Total income and expenses	90,492
Change in net assets without donor restrictions	2,212,093
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	
Contributions	2,000,000
Net assets released from donor restrictions	(1,497,024)
Total changes in net assets with donor restrictions	502,976
Change in net assets	2,715,069
Net assets, beginning of year	3,019,111
Net assets, end of year	$ 5,231,204

See Accompanying Notes to Financial Statements

PROJECT 150, INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	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	$ 218,883	$ 16,837	$ 67,349	$ 303,069	$ 33,674	$ 336,743
Payroll taxes and fees	68,252	5,250	21,001	94,503	10,500	105,003
Auto and travel expenses	10,518	809	3,236	14,563	1,618	16,181
Rent and property expenses	11,231	864	3,456	15,551	1,728	17,279
Insurance	44,669	3,436	13,744	61,849	6,872	68,721
Repairs and maintenance	6,547	504	2,015	9,066	1,007	10,073
Professional fees	30,424	2,340	9,361	42,125	4,681	46,806
Utilities	20,701	1,592	6,370	28,663	3,185	31,848
Advertising	44,406	3,416	13,663	61,485	6,832	68,317
Donations - In kind	427,140	32,538	131,928	591,606	-	591,606
Program donations	457,735	35,210	140,842	633,787	70,421	704,208
Office expenses	28,625	2,202	8,808	39,635	4,404	44,039
License fees	533	41	164	738	82	820
Meals and entertainment	4,206	324	1,294	5,824	647	6,471
Depreciation expense	19,368	1,490	5,960	26,818	2,980	29,798
Total functional expenses	$ 1,393,238	$ 106,853	$ 429,191	$ 1,929,282	$ 148,631	$ 2,077,913

PROJECT 150, INC.
(A NONPROFIT ORGANIZATION)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

Cash flows from operating activities:	
Increase in net assets	$ 2,715,069
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:	
Net realized gains on investments	(589)
Net unrealized losses on investments	(16,445)
Donated fixed asset	(41,947)
Depreciation	29,798
Changes in operating assets and liabilities:	
Inventory	(46,197)
Prepaid expenses	(16,924)
Deposits	(31,134)
Accounts payable and accrued liabilities	2,551
Net cash provided by operating activities	2,594,182
Cash flows from investing activities:	
Net sell (purchase) of investments	(30,005)
Purchase of fixed assets	(1,466,717)
Net cash (used in) investing activities	(1,496,722)
Net change in cash	1,097,460
Cash, June 30, 2022	1,561,697
Cash, June 30, 2023	$ 2,659,157

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.

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, 2023, the Organization net assets with donor restriction totaling $502,976. 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.

1. Summary of significant accounting policies (continued)

The Organization recorded as Contributions In-kind goods revenue of $641,479 for donated food and other items for the year ended June 30, 2023.

The Organization had donations expense of food and other items to high school students of $591,606 recorded as Donations – In kind for the year ended June 30, 2023.

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 $68,317.

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 $306,852 as of June 30, 2023.

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, 2023, 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 22,469 hours of service for the year ended June 30, 2023.

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)(l)(A)(vi). The Organization's tax returns for 2018 through 2021 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.

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 $2,405,698 as of June 30, 2023. 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

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, 2023. 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, 2023, fixed assets consisted of the following:

Building and improvements	$ 545,572
Computer equipment and Software	10,341
Vehicles	113,543
Air conditioner	30,126
Built-in cooler	28,831
Furniture, fixtures and equipment	19,326
	747,739
Less: accumulated depreciation	(236,389)
	511,350
Land	628,701
Construction in process	1,060,191
	$ 2,200,242

Depreciation expense was $26,819 for the year ended June 30, 2023.

3. Investments

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

	Balance as of June 30,		
	2022	2023	Change in Value
UBS Financial Services 50157	$ 1,000,749	$ 1,525,143	$ 524,394
UBS Financial Services 50524	524,959	560,421	35,462
	1,525,708	2,085,564	559,856
		Deposits	474,858
		Withdrawals	(5,494)
Investment return, net			74,047
Net unrealized gain (loss)			$ 16,445

As of June 30, 2023, the fair value of investments consisted of $552,665 in equities.

3. Investments (continued)

Investment return is summarized as follows:

Dividend and interest income	$	73,458
Net realized gain (loss)		589
Total investment return, net	$	74,047

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, 2023 the ROU lease assets and ROU lease liabilities totaled $13,361, net of accumulated amortization of $2,969. Current portion of the ROU lease liabilities totals $2,969 as of June 30, 2023.

The Organization recognized $4,226 of lease expense during the year ended June 30, 2023.

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, 2023, 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	$	2,659,157
Investments		552,665
Total financial assets, at year end:		3,211,822
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Accounts payable and accrued liabilities		(32,794)
Right of use lease liabilities – current		(2,969
Total financial assets available to management for general expenditure within one year	$	3,176,059

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. As of June 30, 2023 the Organization had used $1,497,024, which left $502,976 in restricted net assets.

7. Subsequent events

In August 2023 the Organization opened a new location in Las Vegas.

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