THE JUST ONE PROJECT

FINANCIAL STATEMENTS

DECEMBER 31, 2022

ELLSWORTH • STOUT

CPAs and Consultants

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Independent Auditor's Report

To the Board of Directors of
The Just One Project

Report on the Audit of the Financial Statements

Opinion
We have audited the accompanying financial statements of The Just One Project (a nonprofit organization), which comprise the statement of financial position as of December 31, 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 The Just One Project (the "Organization") as of December 31, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Organization 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 opinions.

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 the Organization'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 and *Government 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 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.

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In performing an audit in accordance with generally accepted auditing standards and *Government 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 the Organization'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 the Organization'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.

Supplementary Information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 16, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Ellsworth & Stout, LLC

August 16, 2023
Las Vegas, Nevada

THE JUST ONE PROJECT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS		
Current Assets		
Cash	$	2,057,249
Grants receivable		550,189
Pledges receivable		36,345
Prepaid expenses		167,918
Total current assets		2,811,701
Property and Equipment, net		690,779
Other Assets:		
Refundable deposit		35,170
ROU asset for operating leases, net		513,804
Total other assets		548,974
Total Assets	$	4,051,454
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$	14,478
Accrued expenses		170,313
Grant advances		1,625,309
Current operating lease liability		111,873
Total current liabilities		1,921,973
Long-Term Liabilities:		
Liability for operating leases, net		415,391
Total Liabilities		2,337,364
Net Assets:		
Without donor restrictions		1,616,560
With donor restrictions		97,530
		1,714,090
Total Liabilities and Net Assets	$	4,051,454

See accompanying notes to the financial statements.

THE JUST ONE PROJECT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Net Assets without Donor Restrictions	
Revenue and other support:	
In-kind donations	$ 9,509,464
Grant income	3,735,420
Contributions	1,293,706
Special events, net expenses of $49,189	135,732
Interest income	1,303
Other income	40,615
Net assets released from donor restrictions	67,470
	14,783,710
Expenses:	
Program services	13,687,896
Supporting services:	
Management and general	719,004
Fundraising	4,416
	14,411,316
Increase in net assets without donor restrictions	372,394
Net Assets with Donor Restrictions	
Grant income	145,000
Contributions	20,000
Net assets released from donor restrictions	(67,470)
Increase in net assets with donor restrictions	97,530
Increase in Net Assets	469,924
Net Assets, Beginning of Year	1,244,166
Net Assets, End of Year	$ 1,714,090

See accompanying notes to the financial statements.

THE JUST ONE PROJECT
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program	Management and General	Fundraising	Total
Advertising	$ 9,010	$ 22,849	$ -	$ 31,859
Auto expense	38,712	3,188	-	41,900
Depreciation	-	120,401	-	120,401
Dues and subscriptions	458	7,478	-	7,936
Fundraising	-	-	4,416	4,416
Insurance	94,243	15,342	-	109,585
Miscellaneous	6,965	8,443	-	15,408
Office expense	137,703	64,137	-	201,840
Printing and design	26,372	-	-	26,372
Professional fees	39,374	53,913	-	93,287
Program expenses	10,837,990	-	-	10,837,990
Rent	134,975	21,973	-	156,948
Repairs and maintenance	8,205	130	-	8,335
Salaries, wages and related	2,232,727	364,539	-	2,597,266
Taxes and licenses	-	924	-	924
Travel, meals and entertainment	69,666	27,304	-	96,970
Utilities	51,496	8,383	-	59,879
	$ 13,687,896	$ 719,004	$ 4,416	$ 14,411,316

See accompanying notes to the financial statements.

THE JUST ONE PROJECT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

Cash Flows from Operating Activities	
Increase in net assets	$ 469,924
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation	120,401
Other	15,275
Lease accretion	(1,815)
Changes in operating assets and liabilities:	
(Increase) decrease in grants receivable	(208,839)
(Increase) decrease in pledges receivable	3,655
(Increase) decrease in prepaid expenses	24,646
(Increase) decrease in refundable deposit	(23,155)
Increase (decrease) in accounts payable	(178,631)
Increase (decrease) in accrued expenses	109,819
Increase (decrease) in grant advance	1,554,790
Net cash provided by operating activities	1,886,070
Cash Flows from Investing Activities	
Purchase of property and equipment	(489,125)
Net cash used in investing activities	(489,125)
Net Change in Cash	1,396,945
Cash, Beginning of Year	660,304
Cash, End of Year	$ 2,057,249
Supplemental disclosure of non-cash investing activities:	
Acquisition of property and equipment through donation	$ 6,000

See accompanying notes to the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of the Organization

The Organization is a Nevada not-for-profit entity established on November 19, 2014, for the purpose of connecting the community by inspiring people to give back, get involved and make a difference in the lives of disadvantaged families and children. Projects are created that fill basic needs and positively impact the people the Organization serves. Individuals served are mainly residents of southern Nevada.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Accordingly, actual results could differ from those estimates.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Organization presents a classified statement of financial position with additional qualitative information about availability of resources and liquidity in Note 2.

The accompanying financial statements have been presented in accordance with accounting principles generally accepted in the United States of America applicable to not-for-profit organizations, principally Accounting Standard Codification ("ASC") 958, *Not-for-Profit Entities*. Under ASC 958 (as amended by Accounting Standards Update ("ASU") 2016-14), the Organization is required to report information regarding its financial position and changes in financial position according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. The classification of net assets is based on the existence or absence of donor-imposed restrictions. Net assets are released by donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all highly liquid investments available for current use with an original maturity of three months or less to be cash equivalents.

The Organization has concentrated its credit risk for cash by maintaining deposits in financial institutions, which at times may exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation ("FDIC"). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk to cash.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Receivable

Grants receivable represent unreimbursed costs and outstanding grant award balances. It is the Organization's policy to charge off uncollectible receivables when management determines that receivables will not be collected. As of December 31, 2022, no allowances for doubtful grants receivable were deemed necessary.

Pledges Receivable

Certain Nevada businesses and individuals have made pledges in support of the Organization. In accordance with ASC 958, *Not-for-Profit Entities*, the promises to give are recorded at their present value. As of December 31, 2022, no discount on pledges was deemed necessary.

Inventory

Inventories primarily consist of food that is both purchased and donated. Food donations are recorded as in-kind contributions and valued at $1.70 per pound based on the rate given to them by their grantors.

Property and Equipment

The Organization capitalizes significant expenditures for property and equipment at cost, generally those that exceed $1,000. Property and equipment that are contributed to the Organization are recorded at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range between three to ten years.

Grant Advances

When grant money is received in advance, and not all the requirements necessary to be eligible for the advance to be recognized as revenue has been met, the advance is reported as a liability.

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The FASB also subsequently issued additional ASU's, which amend and clarify Topic 842. The most significant change in the new leasing guidance is the requirement to recognize right-of-use ("ROU") assets and lease liabilities for finance and operating leases on the statement of financial position.

The Organization elected to adopt Topic 842 effective January 1, 2022 using transition method B. The adoption had a material impact on the Organization's statement of financial position but did not have a material impact on the statement of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

The Organization has elected to apply the portfolio approach to account for ROU assets and liabilities, where applicable.

The Organization has elected the practical expedient that does not require the Organization to separate lease and non-lease components for its leases.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Organization has elected to use the risk-free rate as the discount rate for its operating leases.

The Organization has elected the short-term lease recognition exemption for all applicable classes of underlying assets. Short-term disclosures include only those leases with a term greater than one month and 12 months or less, and expense is recognized on a straight-line basis over the lease term. Leases with an initial term of 12 months or less that do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise, are not recorded on the statement of financial position.

The Organization has elected to use the package of transition practical expedients.

The Organization leases operating spaces. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

ROU assets represent the Organization's right to use an underlying asset for the lease term, and lease liabilities represent the Organization's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term using the applicable rate. Operating lease ROU assets also includes any lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option. For the year ended December 31, 2022, lease commencements resulted in an increase in an increase in operating lease ROU assets of $535,196 and an increase in operating lease liabilities of $535,196.

Revenue Recognition

All donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from donor restrictions.

Contributions may be considered conditional or unconditional. A conditional contribution exists if both a) one or more barriers exist and b) the right of return to the contributor for assets transferred (or a right of release of the promisor from its obligation) depends on overcoming the stated barriers before a recipient is entitled to the assets transferred or promised. In cases of ambiguous donor stipulations or stipulations that are not clearly unconditional, contributions are presumed to be conditional. Conditional contributions are recognized when conditions have been substantially met or waived by the donor. Unconditional contributions are recognized when received or when the right to receive is obtained through documentation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Grant revenue may be considered a contribution, entirely an exchange transaction, or a combination of the two. If a grant is considered a contribution, it is recognized as described in the above paragraph. If a grant is considered an exchange transaction, it falls under the guidance of Topic 606 and additional steps are taken to ensure correct recording of revenue. The performance obligation is satisfied when the services outlined in the grant contract are rendered. For the year ended December 31, 2022, all exchange grant revenue was recognized at a point-in-time when services were performed.

Contributed Materials and Services

Generally, donated materials, if significant in amount, are recorded at their fair market value, provided the Organization has a clearly measurable and objective basis for determining the fair value. In the case of materials where such values cannot reasonably be determined, the donations is not recorded. Donated professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Unpaid volunteers have donated their time to the Organization's programs. The value of such services has not been reflected in the accompanying financial statements since the volunteers' time does not meet the criteria for recognition as contributed services.

The fair values of in-kind donations are summarized as follows:

Food donations	$ 9,433,177
Supplies and materials	58,262
Rent	12,025
Equipment	6,000
	$ 9,509,464

Food donations are recorded as in-kind donations and valued at $1.70 per pound based on fair market value provided by grantors. Food donations are recorded in program expenses on the statement of functional expenses. Supplies/materials and rent are allocated between program and management and general column on the statement of functional expenses based on management's estimate of time and effort. Donated equipment is included on the balance sheet in property and equipment, net of related depreciation.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

Management has evaluated the tax positions taken within their tax returns and does not believe there are any significant uncertain positions taken on the returns. Therefore, no provision or liability for uncertain tax positions has been included in these financial statements.

The Organization is no longer subject to potential income tax examinations by tax authorities for years for which the statute of limitations has expired.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Allocation Methodology

The statement of functional expenses presents expenditures by both their nature and their function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated based on management's estimate of time and effort, except for those expenditures that are considered direct expenses.

Advertising

Advertising costs are expensed as incurred. Total advertising costs for the year ended December 31, 2022 was $31,859.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The Organization has $823,414 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures consisting of cash of $236,880, grant receivables of 550,189, and pledges receivable of $36,345. Contractual or donor-imposed restrictions are not available for general expenditure. As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 3 – PROPERTY AND EQUIPMENT

As of December 31, 2022, property and equipment consisted of the following:

Vehicles	$ 710,648
Equipment	88,402
Leasehold improvements	46,027
	845,077
Less: accumulated depreciation	(154,298)
	$ 690,779

Depreciation expense for the year ended December 31, 2022 was $120,401.

NOTE 4 – LEASE AGREEMENTS

As of December 31, 2022, the following summarizes the line items on the statement of financial position, which include amounts for operating leases:

ROU asset for operating leases	$ 513,804
Current operating lease liability	$ 111,873
Liability for operating leases	415,391
	$ 527,264

As of December 31, 2022, the following summarizes the weighted average remaining lease term and discount rate:

Weighted Average Remaining Lease Term	4.16 years
Weighted Average Discount Rate	4.68 %

As of December 31, operating lease liabilities mature as follows:

2023	$ 133,945
2024	157,250
2025	146,750
2026	48,500
2027	51,500
Thereafter	45,000
Total lease payments	582,945
Less interest	(55,681)
Present value of lease liabilities	$ 527,264

For the year ended December 31, 2022, the following summarizes the line items in the statement of functional expenses, which include the components of lease expense:

Lease Costs (included in rent expense):	
Operating lease cost	$ 150,084
Short-term lease cost	6,864
	$ 156,948

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. As of December 31, 2022, net assets with donor restrictions consisted of the following:

Subject to expenditure for specified purpose and/or passage of time:		
Workforce development	$	62,933
Community connect		19,991
Emergency help		14,606
	$	97,530

NOTE 6 – COMMITMENTS AND CONTINGENCIES

During the year ended December 31, 2022, the Organization entered into an agreement with Three Square to operate a facility dedicated to expanding current operations in a food pantry used to assist in volunteering activities related to serving low-income vulnerable adults. The food that is donated by Three Square is recorded as in-kind revenues and expenses, which makes up approximately 55% of in-kind revenues and 48% of program expenses.

NOTE 7 – RETIREMENT PLAN

The Organization has a defined-contribution 401(k) retirement plan (the "Plan") which is available to all eligible employees. Employees become eligible to participate in the Plan the first day of employment. Through payroll deductions, plan participants contribute elective deferrals up to the maximum amount allowed by law and the Plan. For the year ended December 31, 2022, the Organization made matching contributions of $15,101.

NOTE 8 – SUBSEQUENT EVENTS

Management of the Organization has evaluated subsequent events through August 16, 2023, which is the date the financial statements were available to be issued. No additional events were identified that would require disclosure.