

PROJECT M.A.N.A.
FINANCIAL STATEMENTS
WITH
INDEPENDENT ACCOUNTANTS' REVIEW REPORT
JUNE 30, 2017

PROJECT M.A.N.A.
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Trustees of
Project M.A.N.A.

We have reviewed the accompanying financial statements of Project M.A.N.A. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Summarized Comparative Information

We previously reviewed the Project M.A.N.A.'s 2016 financial statements and in our conclusion dated October 31, 2016, stated that based on our review, we were not aware of any material modifications that should be made to the 2016 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended June 30, 2016, for it to be consistent with the reviewed financial statements from which it has been derived.



Reno, Nevada
October 31, 2017

PROJECT M.A.N.A.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2016)

ASSETS	<u>2017</u>	<u>2016</u> (Memorandum Only)
CURRENT ASSETS		
Cash	\$ 35,664	\$ 48,583
Grants receivable	1,609	7,362
Inventory	62,001	13,585
Prepaid expenses	6,810	9,539
Total current assets	<u>106,084</u>	<u>79,069</u>
NONCURRENT ASSETS		
Security deposits	3,348	3,201
EQUIPMENT , net of accumulated depreciation of \$35,857 and \$33,848 for 2017 and 2016, respectively	<u>13,847</u>	<u>15,856</u>
Total assets	<u>\$ 123,279</u>	<u>\$ 98,126</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 2,797	\$ 6,464
Deferred revenue	20,682	-
Accrued payroll and employee benefits	5,369	5,854
Total current liabilities / total liabilities	<u>28,848</u>	<u>12,318</u>
NET ASSETS		
Unrestricted net assets	<u>94,431</u>	<u>85,808</u>
Total liabilities and net assets	<u>\$ 123,279</u>	<u>\$ 98,126</u>

See independent accountants' review report and accompanying notes to financial statements

PROJECT M.A.N.A.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	<u>2017</u>	<u>2016</u> (Memorandum Only)
UNRESTRICTED PUBLIC AND GOVERNMENTAL SUPPORT AND REVENUE		
Contributions	\$ 180,261	\$ 227,062
In-kind contributions		
Food	409,299	332,968
Office and meeting space	-	90,912
Grants	142,983	81,948
Special events	54,301	60,595
Miscellaneous	26	27
Total unrestricted public and governmental support and revenue	<u>786,870</u>	<u>793,512</u>
EXPENSES		
Program services	654,204	648,634
Supporting services		
General and administrative	68,182	98,073
Fundraising	55,861	59,716
Total expenses	<u>778,247</u>	<u>806,423</u>
Change in unrestricted net assets	8,623	(12,911)
UNRESTRICTED NET ASSETS, beginning of year	<u>85,808</u>	<u>98,719</u>
UNRESTRICTED NET ASSETS, end of year	<u>\$ 94,431</u>	<u>\$ 85,808</u>

See independent accountants' review report and accompanying notes to financial statements

PROJECT M.A.N.A.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

	2017				2016
	Program Services	Supporting Services			Total (Memorandum Only)
		General and Administrative	Fundraising	Total	
Payroll and related expenses					
Salaries and wages	\$ 162,068	\$ 49,145	\$ 30,487	\$ 241,700	\$ 235,734
Payroll taxes	11,583	4,158	2,752	18,493	17,805
Worker's compensation	3,172	-	-	3,172	2,610
Employee benefits	830	1,632	369	2,831	1,805
Total payroll and related expenses	<u>177,653</u>	<u>54,935</u>	<u>33,608</u>	<u>266,196</u>	<u>257,954</u>
Automotive	8,868	-	-	8,868	8,906
Bank service charges	-	3,309	-	3,309	2,712
Conferences and training	435	250	77	762	2,152
Depreciation	2,009	-	-	2,009	681
Dues and subscriptions	760	150	2,280	3,190	4,602
Fees and licensing	1,074	425	210	1,709	1,433
Food					
Purchased and distributed	27,593	-	150	27,743	31,700
Donated and distributed	361,191	-	-	361,191	352,682
Insurance	6,211	1,317	-	7,528	5,382
Maintenance and repairs	327	-	355	682	1,632
Marketing and outreach	455	-	1,043	1,498	4,057
Miscellaneous	11,144	-	-	11,144	8,614
Office and meeting space, donated	-	-	-	-	90,912
Postage	-	49	1,710	1,759	1,394
Printing and publications	453	-	778	1,231	1,638
Professional fees	841	3,700	14,312	18,853	4,430
Rent	32,689	-	-	32,689	11,115
Staff and volunteer recognition	2,340	-	62	2,402	4,097
Supplies	6,561	278	1,084	7,923	5,508
Travel	2,527	990	192	3,709	2,916
Utilities and telephone	11,073	2,779	-	13,852	1,906
Total expenses	<u>\$ 654,204</u>	<u>\$ 68,182</u>	<u>\$ 55,861</u>	<u>\$ 778,247</u>	<u>\$ 806,423</u>

See independent accountants' review report and accompanying notes to financial statements

PROJECT M.A.N.A.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2016)

CASH FLOWS FROM OPERATING ACTIVITIES	<u>2017</u>	<u>2016</u> (Memorandum Only)
Change in net assets	\$ 8,623	\$ (12,911)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	2,009	681
Changes in certain components of working capital		
(Increase) decrease in:		
Grants receivable	5,753	17,638
Inventory	(48,416)	19,470
Prepaid expenses	2,729	(4,676)
Increase (decrease) in:		
Accounts payable	(3,667)	3,267
Accrued payroll and employee benefits	(485)	377
Deferred revenue	20,682	(3,580)
Net cash flows from operating activities	<u>(12,772)</u>	<u>20,266</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	-	(13,273)
Security deposits	(147)	(3,201)
Net cash flows from investing activities	<u>(147)</u>	<u>(16,474)</u>
NET CHANGE IN CASH	(12,919)	3,792
CASH, beginning of year	<u>48,583</u>	<u>44,791</u>
CASH, end of year	<u>\$ 35,664</u>	<u>\$ 48,583</u>
SUPPLEMENTAL CASH FLOW DATA		
None		

See independent accountants' review report and accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

PROJECT M.A.N.A.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Project M.A.N.A. (the Organization) was incorporated on May 13, 1991, as a nonprofit corporation under the laws of the State of Nevada. The Organization's mission is to reduce the incidence of hunger and its detrimental effects upon individuals, families, the community, and the region; and to develop programs designed to alleviate the causes of hunger and promote nutrition through education and awareness. The Organization operates in the north and west shores of Lake Tahoe and the town of Truckee, California.

Basis of Accounting

The Organization's policy is to prepare its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to the three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets based upon the existence or absence of donor-imposed restrictions.

Contributions received are recorded as unrestricted or temporarily restricted support depending on the existence and/or nature of any donor restrictions. If contributions are received whose restrictions are met in the same reporting period, they are reflected as unrestricted contributions. The Organization has not received any contributions with donor-imposed restrictions that would result in temporarily or permanently restricted net assets.

Revenue Recognition and Concentrations

The majority of food contributions are received from the general public and private businesses in Northern Nevada and California. Food that is contributed from the general public is recorded as unrestricted support at the time of receipt based upon the average wholesale price per pound as determined by Feeding America in its annual study. The Organization is significantly dependent upon the support of the local public.

Cash and Cash Equivalents

For purposes of financial reporting, the Organization considers highly liquid investments with original maturities of three months or less from the balance sheet date to be cash equivalents. The Organization has no items that it considers to be cash equivalents.

Inventory

Inventory consists of donated perishable and non-perishable food items. Inventory is valued at a per pound basis as determined by Feeding America in its annual study.

Equipment

The Organization's policy is to capitalize property and equipment with an estimated useful life of more than one year and state these items at cost, or estimated fair value if donated.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives on a straight-line basis. The Organization's policy is to capitalize property and equipment with an estimated useful life of more than one year and a value of more than \$500.

Deferred Revenue

Deferred revenue represents grants received in advance and not expended until the subsequent year.

See independent accountants' review report

PROJECT M.A.N.A.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

Contributed 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. Services requiring specialized skills are those provided by accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers, and other professionals. The program did not receive any donated services meeting the above qualifications during the year ended June 30, 2017 and 2016.

Additionally, the Organization receives a significant amount of skilled, contributed time, which does not meet the two recognition criteria above. Accordingly, the value of the contributed time is not reflected in the accompanying financial statements. See Note 7 for additional information regarding volunteer services.

Donated Assets

Fixed assets donated to the Organization are recorded as a contribution at fair market value. Donated facilities, or facilities rented at substantially lower than market rates, are recorded as contributions at the estimated fair rental value less rent paid by the Organization, if any. The Organization received donated office and meeting space valued at \$0 and \$90,912 by the donating entity for the years ended June 30, 2017 and 2016, respectively.

Donated food items are recognized as unrestricted public support and then as expense as distributed. Donated food items are valued at \$1.72 per pound based upon Feeding America's most recent calculation of average wholesale price per pound which is directly related to the mix of projects received.

Income Taxes

The Organization is a nonprofit organization, exempt from federal income tax under Internal Revenue Code Section 501(c)(3). The Organization has also been granted an exemption from California income taxes. Management annually reviews its tax positions, which are summarized as follows:

- It has not engaged in activities that would jeopardize its tax exempt status
- It has not engaged in any activities that would result in unrelated business income tax
- It has determined that there are no material uncertain tax positions that require recognition in the financial statements

Accordingly, no provision for income taxes has been made. In addition, the Organization does not expect any material change in uncertain tax positions within the next twelve months.

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 activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through October 31, 2017, which represents the date we completed our review procedures. Subsequent events after that date have not been evaluated.

PROJECT M.A.N.A.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Memorandum Only – Total Columns

Total columns in the financial statements are captioned “memorandum only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, changes in net assets or cash flows in conformity with generally accepted accounting principles.

Reclassification

Certain items on the 2016 issued financial statements have been reclassified to conform to the 2017 current year presentation.

NOTE 2 - EQUIPMENT

Balances of major classes of depreciable assets at June 30 are:

		2017		2016
Equipment	\$	19,157	\$	19,157
Vehicles		30,547		30,547
		49,704		49,704
Less accumulated depreciation		(35,857)		(33,848)
	\$	13,847	\$	15,856

Depreciation expense for the years ended June 30, 2017 and 2016, totaled \$2,009 and \$681, respectively.

NOTE 3 - LINE OF CREDIT

The Organization has an unsecured revolving line of credit with Wells Fargo Bank in the amount of \$25,000. As of June 30, 2017 and 2016, no transactions or draws had been made utilizing the line of credit.

NOTE 4 - RENTAL COMMITMENT

The Organization distributes food at facilities, pursuant to the terms of the use agreements, paying as the space is used.

For the year ended June 30, 2017, the Organization incurred rental costs of \$2,549 in conjunction with its food distribution activities.

NOTE 5 - OPERATING LEASE

The Organization entered into a lease agreement to rent a warehouse in Truckee, California, beginning June 1, 2016, for a term of five years. The future minimum rental and CAM payments required under the terms of this lease are as follows:

Year ending June 30,	\$	
2018	\$	30,008
2019		30,008
2020		30,008
2021		27,508
	\$	117,532

See independent accountants' review report

PROJECT M.A.N.A.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2017

NOTE 5 - OPERATING LEASE (Continued)

A security deposit of \$2,501 related to this lease is held by the lessor, which is reflected in noncurrent assets on the accompanying statement of financial position. Rent expense related to this lease was \$30,008 and \$2,501 for the years ended June 30, 2017 and 2016, respectively.

NOTE 6 - VOLUNTEER HOURS

The Organization's mission includes food distribution and nutrition education and awareness, making the Organization's operation significantly dependent upon the volunteers who assist with these services. For the year ended June 30, 2017 and 2016, volunteers provided a total of 4,153 and 4,840, respectively, hours assisting with these services. Based upon the average hourly wage for nonagricultural workers as determined by the Bureau of Labor Statistics, increased for fringe benefits, the Independent Sector has estimated the value of volunteer hours to approximate an hourly rate of \$21.51 in Nevada and \$23.59 per hour in California. Accordingly, the Organization's programs have received volunteer services valued at approximately \$93,650 and \$125,000 for the years ended June 30, 2017 and 2016, respectively, which is not reflected in the accompanying financial statements because the services do not meet the criteria for recognition as set forth in Note 1. If the volunteer services that support the Organization's activities were included in the financial statements, program costs would comprise more than 83% and 85% of the Organization's total expenses for 2017 and 2016, respectively.