

**PROJECT PEANUT BUTTER**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016 and 2015**

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**DECEMBER 31, 2016 and 2015**

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**Martz & Wilson, LLP**  
*Certified Public Accountants*

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## **INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
**Project Peanut Butter**  
St. Louis, Missouri

We have audited the accompanying financial statements of Project Peanut Butter (a Missouri nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related statements of activities and changes in net assets, 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 audits. We conducted our audits 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 Peanut Butter as of December 31, 2016 and 2015, 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.



**MARTZ & WILSON, LLP**  
Certified Public Accountants

November 10, 2017

# PROJECT PEANUT BUTTER

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31,

	<u>2016</u>	<u>2015</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 412,963	\$ 611,760
Accounts receivable	154,723	-
Investments	21,984	14,043
Promise to give	100,000	50,000
<b>Total Current Assets</b>	<u>689,670</u>	<u>675,803</u>
 <b>Property and Equipment, net</b>	 <u>-</u>	 <u>1,047</u>
 <b>Total Assets</b>	 <u><u>\$ 689,670</u></u>	 <u><u>\$ 676,850</u></u>

### Liabilities and Net Assets

<b>Current Liabilities</b>		
Accounts payable	\$ 126,330	\$ 34,677
Credit card payable	17,634	5,592
 <b>Total Current Liabilities</b>	 <u>143,964</u>	 <u>40,269</u>
 <b>Net Assets</b>		
Restricted	100,000	50,000
Unrestricted	445,706	586,581
 <b>Total Net Assets</b>	 <u>545,706</u>	 <u>636,581</u>
 <b>Total Liabilities and Net Assets</b>	 <u><u>\$ 689,670</u></u>	 <u><u>\$ 676,850</u></u>

# PROJECT PEANUT BUTTER

## STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED DECEMBER 31,

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>Public Support</b>						
Contributions	\$ 1,396,727	\$ -	\$ 1,396,727	\$ 1,487,888	\$ -	\$ 1,487,888
Grants	1,743,890	100,000	1,843,890	2,399,751	50,000	2,449,751
<b>Total Public Support</b>	<u>3,140,617</u>	<u>100,000</u>	<u>3,240,617</u>	<u>3,887,639</u>	<u>50,000</u>	<u>3,937,639</u>
<b>Revenues</b>						
Investment income	3,034	-	3,034	391	-	391
<b>Released from Restriction</b>	50,000	(50,000)	-	-	-	-
<b>Total Revenues</b>	<u>3,193,651</u>	<u>50,000</u>	<u>3,243,651</u>	<u>3,888,030</u>	<u>50,000</u>	<u>3,938,030</u>
<b>Expenses</b>						
Programs	3,229,756	-	3,229,756	3,690,043	-	3,690,043
Support						
Administrative	103,870	-	103,870	146,649	-	146,649
Fundraising	900	-	900	8,999	-	8,999
<b>Total Expenses</b>	<u>3,334,526</u>	<u>-</u>	<u>3,334,526</u>	<u>3,845,691</u>	<u>-</u>	<u>3,845,691</u>
<b>Change in Net Assets</b>	<b>(140,875)</b>	<b>50,000</b>	<b>(90,875)</b>	<b>42,339</b>	<b>50,000</b>	<b>92,339</b>
<b>Net Assets, Beginning of Year</b>	<u>586,581</u>	<u>50,000</u>	<u>636,581</u>	<u>544,242</u>	<u>-</u>	<u>544,242</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 445,706</u></u>	<u><u>\$ 100,000</u></u>	<u><u>\$ 545,706</u></u>	<u><u>\$ 586,581</u></u>	<u><u>\$ 50,000</u></u>	<u><u>\$ 636,581</u></u>

# PROJECT PEANUT BUTTER

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2016

	Program Services	Supporting Services		Total Support	Total
		Administration	Fundraising		
<b>Salaries and Related Expenses</b>					
Payroll	\$ 171,768	\$ 33,079	\$ -	\$ 33,079	\$ 204,847
Payroll taxes	13,506	2,531	-	2,531	16,037
Payroll fees	-	1,862	-	1,862	1,862
Insurance	-	12,126	-	12,126	12,126
Retirement plan contributions	-	1,488	-	1,488	1,488
<b>Total Salaries and Related Expenses</b>	<b>185,274</b>	<b>51,086</b>	<b>-</b>	<b>51,086</b>	<b>236,360</b>
<b>Other Expenses</b>					
Research	-	-	-	-	-
Vitamins and minerals	-	-	-	-	-
Ingredients and supplies	563,798	-	-	-	563,798
Factory renovation and machinery	2,104,773	-	-	-	2,104,773
Travel	59,815	-	-	-	59,815
Rental	197,000	-	-	-	197,000
Volunteer expenses	109,332	-	-	-	109,332
Lab fees	9,764	-	-	-	9,764
Awards and grants	-	-	-	-	-
Accounting	-	13,050	-	13,050	13,050
Bank charges	-	5,781	-	5,781	5,781
Office expense	-	11,353	-	11,353	11,353
Office supplies	-	17,830	-	17,830	17,830
Postage	-	3,722	-	3,722	3,722
Loss on fixed assets disposal	-	898	-	898	898
Advertising	-	-	900	900	900
<b>Total Other Expenses</b>	<b>3,044,482</b>	<b>52,634</b>	<b>900</b>	<b>53,534</b>	<b>3,098,016</b>
Depreciation	-	150	-	150	150
<b>Total Expenses</b>	<b>\$ 3,229,756</b>	<b>\$ 103,870</b>	<b>\$ 900</b>	<b>\$ 104,770</b>	<b>\$ 3,334,526</b>

# PROJECT PEANUT BUTTER

## STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services	Supporting Services		Total Support	Total
		Administration	Fundraising		
<b>Salaries and Related Expenses</b>					
Payroll	\$ 170,580	\$ 29,850	\$ -	\$ 29,850	\$ 200,430
Payroll taxes	13,930	2,284	-	2,284	16,214
Payroll fees	-	1,661	-	1,661	1,661
Insurance	-	32,090	-	32,090	32,090
Retirement plan contributions	-	801	-	801	801
<b>Total Salaries and Related Expenses</b>	<b>184,510</b>	<b>66,686</b>	<b>-</b>	<b>66,686</b>	<b>251,196</b>
<b>Other Expenses</b>					
Research	148,343	-	-	-	148,343
Vitamins and minerals	35,260	-	-	-	35,260
Ingredients and supplies	666,940	-	-	-	666,940
Factory renovation and machinery	2,337,763	-	-	-	2,337,763
Travel	101,836	-	-	-	101,836
Rental	72,000	-	-	-	72,000
Volunteer expenses	89,249	-	-	-	89,249
Lab fees	29,142	-	-	-	29,142
Awards and grants	25,000	-	-	-	25,000
Accounting	-	13,580	-	13,580	13,580
Bank charges	-	8,856	-	8,856	8,856
Office expense	-	16,748	-	16,748	16,748
Office supplies	-	25,969	-	25,969	25,969
Postage	-	12,586	-	12,586	12,586
Loss on fixed assets disposal	-	1,534	-	1,534	1,534
Advertising	-	-	8,999	8,999	8,999
<b>Total Other Expenses</b>	<b>3,505,533</b>	<b>79,273</b>	<b>8,999</b>	<b>88,272</b>	<b>3,593,805</b>
Depreciation	-	690	-	690	690
<b>Total Expenses</b>	<b>\$ 3,690,043</b>	<b>\$ 146,649</b>	<b>\$ 8,999</b>	<b>\$ 155,648</b>	<b>\$ 3,845,691</b>

See the accompanying notes to the financial statements and the independent auditor's report.



# PROJECT PEANUT BUTTER

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## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

	<u>2016</u>	<u>2015</u>
<b>Operating Activities</b>		
Change in net assets	\$ (90,875)	\$ 92,339
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Loss on property and equipment disposal	898	1,534
Depreciation and amortization	150	690
Unrealized (gain) loss on investments	(2,433)	45
Decrease (increase) in accounts receivable	(154,723)	-
Decrease (increase) in promise to give	(50,000)	(50,000)
Increase (decrease) in accounts payable and current liabilities	103,695	(64,029)
Net cash provided (used) by operating activities	(193,288)	(19,421)
<b>Investing Activities</b>		
Security investment donations received	(5,215)	(7,565)
Dividends reinvested in investments	(294)	(326)
Net cash used by investing activities	(5,509)	(7,891)
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(198,797)</b>	<b>(27,312)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>611,760</b>	<b>639,072</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 412,963</b>	<b>\$ 611,760</b>

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

### NOTE 1 - ORGANIZATION

Project Peanut Butter is a therapeutic feeding program for malnourished children in Ghana, Malawi and Sierra Leone, on the continent of Africa. Project Peanut Butter, founded in 2004, is a Missouri not-for-profit corporation and exempt from income taxes under Internal Revenue Code Section 501(c)(3). Project Peanut Butter purchases equipment, vitamins and minerals, and peanuts and provides them to a local charity to manufacture a ready-to-use therapeutic food (RUTF).

Donations to the Organization qualify for the charitable contribution deduction under Section 170(b)(1)(A) and the Organization is not a private foundation.

### NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of Accounting*

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 receives public support from donations by private donors and grants from private foundations and public charities.

The financial statements are presented in accordance with Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations.

#### *Investments*

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value with gains and losses reported in the statements of activities. Donated investments are recorded at market value at the date of donation and thereafter carried in conformity with the stated policy.

#### *Contributions*

Unconditional promises to give cash and other assets are accrued at estimated fair value at the date each promise is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

### NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Financial Statement Presentation***

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, 'Financial Statements of Not-for-Profit Organizations'. Under SFAS No. 117, contributions received are recorded as an increase in unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restriction. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted – Those resources over which the Board of Directors has discretionary control. Designated amounts represent those revenues that the Board has set aside for a particular purpose.

Temporarily Restricted – Those resources subject to donor imposed restrictions that will be satisfied by actions of the Organization or passage of time.

Permanently Restricted – Those resources subject to donor imposed restrictions that they be maintained permanently by the Organization.

The Organization does not have permanently restricted net assets. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

#### ***Functional Allocation of Expenses***

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by various statistical bases.

#### ***Donated Materials, Equipment and Services***

The Organization has adopted SFAS No. 116, 'Accounting for Contributions Received and Contributions Made'. Donated materials, equipment, and services are reflected as contributions in the accompanying statements at their estimated values at date of receipt.

The Organization generally pays for services requiring specific expertise. However, there are many other individuals who volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

### NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***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.

#### ***Property and Equipment***

Property and equipment are stated at cost or at estimated fair value at the date of the gift. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. The Organization capitalizes all assets with a useful life of three years or above that cost \$250 or above.

#### ***Advertising***

The costs of advertising are expensed as incurred. Advertising expense was \$2,899 and \$8,999 for the years ended December 31, 2016 and 2015, respectively.

#### ***Income Taxes***

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state codes. The Organization has also been classified as an entity that is not a private Organization within the meaning of Section 509(a) and qualified for deductible contributions as provided in Section 170(b)(1)(A)(vi).

The Organization has adopted FASB ASC 740-10-25, *Accounting for Uncertainty in Income Taxes*. The Organization will record a liability for uncertain tax positions when it is more likely than not that a tax position would not be sustained if examined by the taxing authority. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings.

# PROJECT PEANUT BUTTER

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## NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

### NOTE 3 – CASH AND CASH EQUIVALENTS

The Organization considers, as cash equivalents, all highly liquid investments with a maturity at the date of purchase of three months or less.

Cash and cash equivalents appearing in the financial statements consist of the following:

	<u>2016</u>	<u>2015</u>
Cash	\$ 667,686	\$ 611,760

The Organization maintains three checking accounts, a PayPal account, and a money market account. At various times during the year, the Organization's cash in bank balances exceeded the Federally insured limits. At December 31, 2016 and 2015, the Organization's uninsured cash balances totaled \$155,541 and \$329,983, respectively.

### NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted assets as of December 31, 2016 and 2015 are composed of:

	<u>December 31, 2015</u>	<u>Restricted Grants and Donations</u>	<u>Released from Restrictions</u>	<u>December 31, 2016</u>
<b>Temporarily Restricted</b>			-	-
Expenditures to meet restrictions	50,000	100,000	(50,000)	100,000
<b>Total Temporarily Restricted</b>	<u><u>\$ 50,000</u></u>	<u><u>\$ 100,000</u></u>	<u><u>\$ (50,000)</u></u>	<u><u>\$ 100,000</u></u>
	<u>December 31, 2014</u>	<u>Restricted Grants and Donations</u>	<u>Released from Restrictions</u>	<u>December 31, 2015</u>
<b>Temporarily Restricted</b>			-	-
Expenditures to meet restrictions	-	50,000	-	50,000
<b>Total Temporarily Restricted</b>	<u><u>\$ -</u></u>	<u><u>\$ 50,000</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 50,000</u></u>

# PROJECT PEANUT BUTTER

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## NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

### NOTE 5 – PROMISES TO GIVE

For the years ended December 31, 2016 and 2015, the Organization received commitments to fund its subsequent years' operations. Total promises to give were \$100,000 and \$50,000 at December 31, 2016 and 2015, respectively. Under generally accepted accounting principles, the Organization must recognize these commitments as assets. Because the funding must be used for future operations, these assets are restricted. No allowance for uncollectible promises to give is considered necessary.

Unconditional promises to give at December 31, 2016 and 2015 are as follows:

	<b>2016</b>	<b>2015</b>
Receivable in less than one year	\$ 100,000	\$ 50,000
Receivable in one to five years	-	-
Receivable in more than five years	-	-
Total unconditional promises to give	100,000	50,000
Less discounts to net present value	-	-
Net unconditional promises to give	<u>\$ 100,000</u>	<u>\$ 50,000</u>

### NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<b>2016</b>	<b>2015</b>
Equipment	\$ 760	\$ 2,256
Furniture	1,289	1,289
	2,049	3,545
Less accumulated depreciation	(2,049)	(2,498)
	<u>\$ -</u>	<u>\$ 1,047</u>

Depreciation expense was \$150 and \$690 for the years ended December 31, 2016 and 2015, respectively.

# PROJECT PEANUT BUTTER

## NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

### NOTE 7 – INVESTMENTS

The Organization adopted FASB Accounting Standards Codification (ASC) Topic 820. Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also establishes a fair hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following table sets forth, by level within the fair value hierarchy, the Organization's investments at fair value as of December 31, 2016 and 2015.

2016				
	Level 1	Level 2	Level 3	Total
<b>Undesignated Net Assets</b>				
Mutual funds	\$ 8,356	\$ 3,577	\$ -	\$ 11,933
Stocks	10,051	-	-	\$ 10,051
	<u>\$ 18,407</u>	<u>\$ 3,577</u>	<u>\$ -</u>	<u>\$ 21,984</u>
2015				
	Level 1	Level 2	Level 3	Total
<b>Undesignated Net Assets</b>				
Mutual funds	\$ 3,061	\$ 3,115	\$ -	\$ 6,176
Stocks	7,867	-	-	\$ 7,867
	<u>\$ 10,928</u>	<u>\$ 3,115</u>	<u>\$ -</u>	<u>\$ 14,043</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2016 and 2015

**NOTE 7 – INVESTMENTS (CONTINUED)**

Investment income consists of the following:

	<b>2016</b>	<b>2015</b>
Interest and dividend income	\$ 601	\$ 436
Unrealized gain (loss) on investments	2,433	(45)
	<u>\$ 3,034</u>	<u>\$ 391</u>

**NOTE 8 – EMPLOYEE RETIREMENT PLAN**

The Organization has a defined contribution retirement plan for all eligible employees. The Organization elected to contribute a matching contribution equal to the employees' salary reduction contribution up to 2% of the employees' compensation. The Organization made contributions of \$1,488 and \$801 for the years ended December 31, 2016 and 2015, respectively.

**NOTE 9 - SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events through November 10, 2017, the date which the financial statements were available to be issued.