

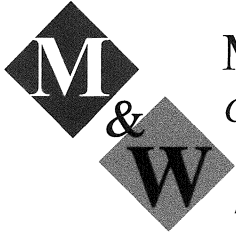
**PROJECT PEANUT BUTTER  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2013 and 2012**

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**PROJECT PEANUT BUTTER**  
**DECEMBER 31, 2013 and 2012**

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<b>Table of Contents</b>	<b>Page</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Notes to Financial Statements	6 – 11



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, 2013 and 2012, and the related statements of activities and changes in net assets 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, 2013 and 2012, 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.

A handwritten signature in cursive script that reads "Martz & Wilson, LLP".

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

August 20, 2014

# PROJECT PEANUT BUTTER

## STATEMENTS OF FINANCIAL POSITION

	December 31,	
	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 541,889	\$ 94,980
Securities	4,362	-
Due from officer	-	12,155
Promises to give	250,000	1,400,000
<b>Total Current Assets</b>	<b><u>796,251</u></b>	<b><u>1,507,135</u></b>
Property and Equipment, net	<u>2,036</u>	<u>1,182</u>
<b>Total Assets</b>	<b><u>\$ 798,287</u></b>	<b><u>\$ 1,508,317</u></b>

### Liabilities and Net Assets

<b>Current Liabilities</b>		
Accounts payable	\$ 28,899	\$ -
Credit card payable	<u>3,400</u>	<u>-</u>
<b>Total Current Liabilities</b>	<b>32,299</b>	<b>-</b>
<b>Net Assets</b>		
Restricted	250,000	1,400,000
Unrestricted	<u>515,988</u>	<u>108,317</u>
<b>Total Net Assets</b>	<b><u>765,988</u></b>	<b><u>1,508,317</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 798,287</u></b>	<b><u>\$ 1,508,317</u></b>

**PROJECT PEANUT BUTTER**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

	Year ended December 31, 2013			Year ended December 31, 2012		
	Unrestricted	Temporarily Restricted		Unrestricted	Temporarily Restricted	
		Restricted	Total		Restricted	Total
<b>Public Support</b>						
Contributions	\$ 2,505,481	-	\$ 2,505,481	\$ 697,721	-	\$ 697,721
Grants	118,148	-	118,148	540,658	1,462,969	2,003,627
<b>Total Public Support</b>	<u>2,623,629</u>	-	<u>2,623,629</u>	<u>1,238,379</u>	<u>1,462,969</u>	<u>2,701,348</u>
Investment Income	796	-	796	-	-	-
Released from Restriction	1,150,000	(1,150,000)	-	656,084	(656,084)	-
<b>Total Revenues</b>	<u>3,774,425</u>	<u>(1,150,000)</u>	<u>2,624,425</u>	<u>1,894,463</u>	<u>806,885</u>	<u>2,701,348</u>
<b>Expenses</b>						
Programs						
Research	261,500	-	261,500	-	-	-
Vitamins and minerals	-	-	-	111,499	-	111,499
Ingredients and supplies	1,545,876	-	1,545,876	826,433	-	826,433
Factory renovation and machinery	1,016,440	-	1,016,440	791,928	-	791,928
Travel	86,810	-	86,810	20,563	-	20,563
Rental	127,650	-	127,650	-	-	-
Volunteer expenses	60,003	-	60,003	58,642	-	58,642
Lab fees	36,976	-	36,976	36,104	-	36,104
Payroll	159,833	-	159,833	127,667	-	127,667
Payroll taxes	13,019	-	13,019	7,627	-	7,627
<b>Total program expenses</b>	<u>3,308,107</u>	-	<u>3,308,107</u>	<u>1,980,463</u>	-	<u>1,980,463</u>
Administrative Expenses						
Accounting	9,966	-	9,966	11,940	-	11,940
Bank charges	4,794	-	4,794	2,774	-	2,774
Depreciation	556	-	556	1,024	-	1,024
Office expense	19,601	-	19,601	1,053	-	1,053
Office supplies	1,900	-	1,900	3,392	-	3,392
Postage	3,461	-	3,461	32	-	32
Insurance	10,201	-	10,201	5,383	-	5,383
Payroll fees	1,783	-	1,783	1,479	-	1,479
Contract Services	996	-	996	-	-	-
<b>Total administrative expenses</b>	<u>53,258</u>	-	<u>53,258</u>	<u>27,077</u>	-	<u>27,077</u>
Fundraising Expenses						
Advertising	5,389	-	5,389	3,905	-	3,905
<b>Total Expenses</b>	<u>3,366,754</u>	-	<u>3,366,754</u>	<u>2,011,445</u>	-	<u>2,011,445</u>
<b>Change in Net Assets</b>	<b>407,671</b>	<b>(1,150,000)</b>	<b>(742,329)</b>	<b>(116,982)</b>	<b>806,885</b>	<b>689,903</b>
<b>Net Assets, Beginning of Year</b>	<b>108,317</b>	<b>1,400,000</b>	<b>1,508,317</b>	<b>225,299</b>	<b>593,115</b>	<b>818,414</b>
<b>Net Assets, End of Year</b>	<u>\$ 515,988</u>	<u>\$ 250,000</u>	<u>\$ 765,988</u>	<u>\$ 108,317</u>	<u>\$ 1,400,000</u>	<u>\$ 1,508,317</u>

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

# PROJECT PEANUT BUTTER

## STATEMENTS OF CASH FLOWS

	Years ended December 31,	
	<u>2013</u>	<u>2012</u>
<b>Operating Activities</b>		
Change in net assets	\$ (742,329)	\$ 689,903
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	556	1,024
Unrealized gain on investments	(744)	-
Decrease (increase) in due from officer	12,155	(12,155)
Decrease (increase) in promise to give	1,150,000	(1,400,000)
Increase (decrease) in accounts payable and current liabilities	32,299	-
Net cash provided (used) by operating activities	451,937	(721,228)
<b>Investing Activities</b>		
Security investment donations received	(3,618)	-
Purchases of fixed assets	(1,410)	-
Net cash provided (used) by investing activities	(5,028)	-
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>446,909</b>	<b>(721,228)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>94,980</b>	<b>816,208</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 541,889</b>	<b>\$ 94,980</b>

# PROJECT PEANUT BUTTER

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## NOTES TO FINANCIAL STATEMENTS

December 31, 2013 and 2012

### 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

#### *Financial Statement 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 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.

#### *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 \$5,389 and \$3,905 for the years ended December 31, 2013 and 2012, respectively.



# PROJECT PEANUT BUTTER

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## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013 and 2012

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

#### *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.

The Organization has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to examination by the Internal Revenue Service are the 2010, 2011, and 2012 tax years. However, the Organization is not currently under audit nor has the Organization been contacted by any jurisdiction. Based on the evaluation of the Organization's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the years ended December 31, 2013 and 2012.

### 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>2013</u>	<u>2012</u>
Cash	\$ 541,837	\$ 94,980
Money Market	52	-
	<u>\$ 541,889</u>	<u>\$ 94,980</u>

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, 2013 and 2012, the Organization's uninsured cash balances totaled \$252,623 and \$0, respectively.

# PROJECT PEANUT BUTTER

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013 and 2012

### NOTE 4 - NET ASSETS

Net assets of the Organization and changes therein are classified and reported as follows:

**Unrestricted Net Assets** include all of the unrestricted support and revenue of the Organization, all of the expenses of the Organization, and transfers from temporarily restricted net assets for reimbursement of expenditures that meet the restrictions of the donors. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

**Temporarily Restricted Net Assets** include all the restricted support and revenue of the Organization. Transfers are made from this fund to unrestricted net assets as expenditures are incurred which meet the restrictions of the donors.

### NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted assets as of December 31, 2013 and 2012 are composed of:

	<u>Grants</u>	<u>Contributions</u>	<u>Total</u>
<b>Restricted Net Assets, December 31, 2011</b>	\$ 533,750	\$ 59,365	\$ 593,115
<b>Restricted Contributions - 2012</b>			
Hershey Foundation	1,400,000	-	1,400,000
Hickey Foundation	62,969	-	62,969
	<u>1,462,969</u>	<u>-</u>	<u>1,462,969</u>
Expenditures to meet restrictions	<u>(596,719)</u>	<u>(59,365)</u>	<u>(656,084)</u>
<b>Restricted Net Assets, December 31, 2012</b>	<b>1,400,000</b>	<b>-</b>	<b>1,400,000</b>
<b>Restricted Contributions - 2013</b>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-
Expenditures to meet restrictions	<u>(1,150,000)</u>	<u>-</u>	<u>(1,150,000)</u>
<b>Restricted Net Assets, December 31, 2013</b>	<b><u>\$ 250,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 250,000</u></b>

# PROJECT PEANUT BUTTER

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013 and 2012

### NOTE 6 – PROMISES TO GIVE

In December 2012, the Hershey Foundation committed to funding the Organization's operations in Ghana. Total promises to give were \$250,000 and \$1,400,000 for the years ended December 31, 2013 and 2012, 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, 2013 and 2012 are as follows:

	<u>2013</u>	<u>2012</u>
Receivable in less than one year	\$ 250,000	\$ 1,150,000
Receivable in one to five years	-	250,000
Receivable in more than five years	-	-
Total unconditional promises to give	<u>250,000</u>	<u>1,400,000</u>
Less discounts to net present value	-	-
Net unconditional promises to give	<u>\$ 250,000</u>	<u>\$ 1,400,000</u>

### NOTE 7 – DUE FROM OFFICER

During 2012, the Organization advanced funds totaling \$12,155 to an officer. In 2013, the balance was repaid.

### NOTE 8 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2013</u>	<u>2012</u>
Equipment	\$ 6,522	\$ 5,112
Furniture	1,289	1,289
Software	260	260
	<u>8,071</u>	<u>6,661</u>
Less accumulated depreciation	(6,035)	(5,479)
	<u>\$ 2,036</u>	<u>\$ 1,182</u>

Depreciation expense was \$556 and \$1,024 for the years ended December 31, 2013 and 2012, respectively.

# PROJECT PEANUT BUTTER

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013 and 2012

### NOTE 9 – INVESTMENT

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.

	<u>2013</u>	<u>2012</u>
	<u>Fair Value</u>	<u>Fair Value</u>
	<u>Level 1</u>	<u>Level 1</u>
Stocks	\$ 4,362	\$ -
<b>Total</b>	<u>\$ 4,362</u>	<u>\$ -</u>

Investment income consists of the following:

	<u>2013</u>	<u>2012</u>
Interest and dividend income	\$ 52	\$ -
Unrealized gain on investments	744	-
	<u>\$ 796</u>	<u>\$ -</u>

## PROJECT PEANUT BUTTER

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### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2013 and 2012

#### NOTE 10 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through August 20, 2014, the date which the financial statements were issued.

#### NOTE 11 - EXPANSION

During 2011, the Organization had received grants and private contributions in connection with the Mali expansion. As of December 31, 2011, \$593,115 was recorded as restricted net assets. During 2012, the Organization suspended the Mali expansion due to civil unrest in the country.

During 2012, the Organization continued the Payatas Project to introduce supplemental feeding to the Philippines.

As of December 31, 2013, the Organization had received \$1,150,000 of the \$1,400,000 promise to give in the connection with expansion into Ghana. As of the financial statement issuance date, an additional \$100,000 has been received, with \$150,000 still to be received in 2014.