

**PROJECT PEANUT BUTTER  
FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2012 and 2011**

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**PROJECT PEANUT BUTTER**  
**DECEMBER 31, 2012 and 2011**

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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, 2012 and 2011, 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, 2012 and 2011, 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, appearing to read "Martz & Wilson, LLP".

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

July 16, 2013

# PROJECT PEANUT BUTTER

## STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2012	2011
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 94,980	\$ 816,208
Due from officer	12,155	-
Promises to give	1,400,000	-
<b>Total Current Assets</b>	<u>1,507,135</u>	<u>816,208</u>
Property and Equipment, net	<u>1,182</u>	<u>2,206</u>
<b>Total Assets</b>	<u><u>\$ 1,508,317</u></u>	<u><u>\$ 818,414</u></u>

<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ -	\$ -
<b>Total Current Liabilities</b>	-	-
<b>Net Assets</b>		
Restricted	1,400,000	593,115
Unrestricted	108,317	225,299
<b>Total Net Assets</b>	<u>1,508,317</u>	<u>818,414</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 1,508,317</u></u>	<u><u>\$ 818,414</u></u>

**PROJECT PEANUT BUTTER**

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

	Year ended December 31, 2012			Year ended December 31, 2011			
	Unrestricted	Temporarily Restricted		Unrestricted	Temporarily Restricted		Total
		Restricted	Total		Restricted	Total	
<b>Public Support</b>							
Contributions	\$ 697,721	\$ -	\$ 697,721	\$ 1,197,904	\$ 48,241	\$ 1,246,145	
Grants	540,658	1,462,969	2,003,627	491,280	433,750	925,030	
<b>Total Public Support</b>	<u>1,238,379</u>	<u>1,462,969</u>	<u>2,701,348</u>	<u>1,689,184</u>	<u>481,991</u>	<u>2,171,175</u>	
Investment Income	-	-	-	2,926	-	2,926	
Released from Restriction	656,084	(656,084)	-	321,259	(321,259)	-	
<b>Total Revenues</b>	<u>1,894,463</u>	<u>806,885</u>	<u>2,701,348</u>	<u>2,013,369</u>	<u>160,732</u>	<u>2,174,101</u>	
<b>Expenses</b>							
Programs							
Vitamins and minerals	111,499	-	111,499	483,078	-	483,078	
Ingredients and supplies	826,433	-	826,433	1,054,507	-	1,054,507	
Factory renovation and machinery	791,928	-	791,928	485,345	-	485,345	
Travel	20,563	-	20,563	20,810	-	20,810	
Rental	-	-	-	16,600	-	16,600	
Volunteer expenses	58,642	-	58,642	41,403	-	41,403	
Lab fees	36,104	-	36,104	15,905	-	15,905	
Payroll	127,667	-	127,667	74,500	-	74,500	
Payroll taxes	7,627	-	7,627	6,148	-	6,148	
<b>Total program expenses</b>	<u>1,980,463</u>	<u>-</u>	<u>1,980,463</u>	<u>2,198,296</u>	<u>-</u>	<u>2,198,296</u>	
Administrative Expenses							
Accounting	11,940	-	11,940	11,189	-	11,189	
Bank charges	2,774	-	2,774	1,242	-	1,242	
Depreciation	1,024	-	1,024	1,203	-	1,203	
Office expense	1,053	-	1,053	489	-	489	
Office supplies	3,392	-	3,392	35	-	35	
Postage	32	-	32	771	-	771	
Insurance	5,383	-	5,383	1,724	-	1,724	
Payroll fees	1,479	-	1,479	796	-	796	
<b>Total administrative expenses</b>	<u>27,077</u>	<u>-</u>	<u>27,077</u>	<u>17,449</u>	<u>-</u>	<u>17,449</u>	
Fundraising Expenses							
Advertising	3,905	-	3,905	10,240	-	10,240	
<b>Total Expenses</b>	<u>2,011,445</u>	<u>-</u>	<u>2,011,445</u>	<u>2,225,985</u>	<u>-</u>	<u>2,225,985</u>	
<b>Change in Net Assets</b>	<u>(116,982)</u>	<u>806,885</u>	<u>689,903</u>	<u>(212,616)</u>	<u>160,732</u>	<u>(51,884)</u>	
<b>Net Assets, Beginning of Year</b>	<u>225,299</u>	<u>593,115</u>	<u>818,414</u>	<u>437,915</u>	<u>432,383</u>	<u>870,298</u>	
<b>Net Assets, End of Year</b>	<u>\$ 108,317</u>	<u>\$ 1,400,000</u>	<u>\$ 1,508,317</u>	<u>\$ 225,299</u>	<u>\$ 593,115</u>	<u>\$ 818,414</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>2012</u>	<u>2011</u>
<b>Operating Activities</b>		
Change in net assets	\$ 689,903	\$ (51,884)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	1,024	1,203
Decrease (increase) in due from officer	(12,155)	-
Decrease (increase) in promise to give	(1,400,000)	-
Increase (decrease) in accounts payable	-	(7,921)
Net cash used by operating activities	<u>(721,228)</u>	<u>(58,602)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(721,228)</b>	<b>(58,602)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u><b>816,208</b></u>	<u><b>874,810</b></u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u><b>\$ 94,980</b></u></u>	<u><u><b>\$ 816,208</b></u></u>

# PROJECT PEANUT BUTTER

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## NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

### NOTE 1 - ORGANIZATION

Project Peanut Butter is a therapeutic feeding program for malnourished children in 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.

#### *Cash*

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

Cash includes four checking accounts, and a PayPal account.

#### *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.



# PROJECT PEANUT BUTTER

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## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2012 and 2011

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

#### *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 \$3,905 and \$10,240 for the years ended December 31, 2012 and 2011, 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.

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 2009, 2010, and 2011 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, 2012 and 2011.

**PROJECT PEANUT BUTTER**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**December 31, 2012 and 2011**

**NOTE 3 - 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 4 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted assets as of December 31, 2012 and 2011 are composed of:

	<u>Grants</u>	<u>Contributions</u>	<u>Total</u>
<b>Restricted Net Assets, December 31, 2010</b>	\$ 400,000	\$ 32,383	\$ 432,383
<b>Restricted Contributions - 2011</b>			
Hickey Foundation	433,750	-	433,750
Arla Foods	-	14,973	14,973
Private contributions	-	33,268	33,268
	<u>433,750</u>	<u>48,241</u>	<u>481,991</u>
Expenditures to meet restrictions	<u>300,000</u>	<u>21,259</u>	<u>321,259</u>
<b>Restricted Net Assets, December 31, 2011</b>	<b>533,750</b>	<b>59,365</b>	<b>593,115</b>
<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><u>\$ 1,400,000</u></b>	<b><u>\$ -</u></b>	<b><u>\$1,400,000</u></b>

# PROJECT PEANUT BUTTER

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2012 and 2011

### NOTE 5 – PROMISES TO GIVE

In December 2012, the Hershey Foundation committed to funding the Organization's operations in Ghana. Total promises to give were \$1,400,000 and \$0 for the years ended December 31, 2012 and 2011, 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, 2012 and 2011 are as follows:

	<u>2012</u>	<u>2011</u>
Receivable in less than one year	\$ 1,150,000	\$ -
Receivable in one to five years	250,000	-
Receivable in more than five years	-	-
Total unconditional promises to give	1,400,000	-
Less discounts to net present value	-	-
Net unconditional promises to give	<u>\$ 1,400,000</u>	<u>\$ -</u>

### NOTE 6 – DUE FROM OFFICER

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

### NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2012</u>	<u>2011</u>
Computer	\$ 2,385	\$ 2,385
Software	260	260
Camera	2,727	2,727
Furniture	1,289	1,289
	6,661	6,661
Less accumulated depreciation	(5,479)	(4,455)
	<u>\$ 1,182</u>	<u>\$ 2,206</u>

Depreciation expense was \$1,024 and \$1,203 for the years ended December 31, 2012 and 2011, respectively.

# PROJECT PEANUT BUTTER

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## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

December 31, 2012 and 2011

### NOTE 8 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 16, 2013, the date which the financial statements were issued.

### NOTE 9 - 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, 2012, the Organization had received a promise to give in the amount of \$1,400,000 in connection with expansion into Ghana.