

**TRASH MOUNTAIN PROJECT, INC.**

FINANCIAL STATEMENTS  
YEARS ENDED MAY 31, 2017 AND 2016  
TOGETHER WITH REPORT OF INDEPENDENT AUDITORS

**TRASH MOUNTAIN PROJECT, INC.**

**FINANCIAL STATEMENTS  
May 31, 2017 and 2016**

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## Independent Auditor's Report

To the Board of Directors  
Trash Mountain Project, Inc.

We have audited the accompanying financial statements of Trash Mountain Project, Inc., which comprise the statements of financial position as of May 31, 2017 and 2016 and the related statements of activities, 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

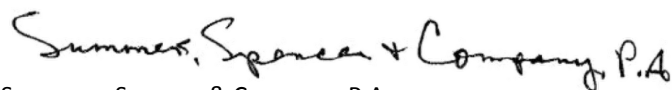
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about 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 Trash Mountain Project, Inc. as of May 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



Summers, Spencer & Company, P.A.  
Topeka, Kansas

March 30, 2018

**TRASH MOUNTAIN PROJECT, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

May 31,	2017	2016
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 216,602	\$ 251,787
Other current assets	6,856	300
<i>Total current assets</i>	223,458	252,087
Other assets		
Property and equipment, net	23,596	23,362
<i>Total other assets</i>	23,596	23,362
<i>Total assets</i>	<u>\$ 247,054</u>	<u>\$ 275,449</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts and credit cards payable	\$ 34,185	\$ 28,738
Payroll taxes payable	5,211	5,288
<i>Total current liabilities</i>	39,396	34,026
Net assets		
Unrestricted net assets	(23,308)	(8,986)
Temporarily restricted net assets	230,966	250,409
<i>Total net assets</i>	207,658	241,423
<i>Total liabilities and net assets</i>	<u>\$ 247,054</u>	<u>\$ 275,449</u>

*The accompanying notes are an integral part of the financial statements.*

**TRASH MOUNTAIN PROJECT, INC.**  
**STATEMENTS OF ACTIVITIES**

For the years ended May 31,	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues, support and gains						
Contributions	\$ 232,170	\$ 913,591	\$ 1,145,761	\$ 339,028	\$ 1,102,655	\$ 1,441,683
Spoken campaign	176,884	-	176,884	1,660	-	1,660
Grants	-	35,000	35,000	-	-	-
Other	15,495	-	15,495	9,263	-	9,263
<i>Total revenue, support and gains</i>	<u>424,549</u>	<u>948,591</u>	<u>1,373,140</u>	<u>349,951</u>	<u>1,102,655</u>	<u>1,452,606</u>
Net assets released from restrictions						
Restrictions satisfied by payments	968,035	(968,035)	-	1,088,888	(1,088,888)	-
<i>Total revenue, support, gains and reclassifications</i>	<u>1,392,583</u>	<u>(19,443)</u>	<u>1,373,140</u>	<u>1,438,839</u>	<u>13,767</u>	<u>1,452,606</u>
Expenses and losses						
Program services	988,704	-	988,704	1,176,740	-	1,176,740
General and administrative	300,291	-	300,291	184,196	-	184,196
Fundraising	117,392	-	117,392	86,919	-	86,919
<i>Total expenses</i>	<u>1,406,388</u>	<u>-</u>	<u>1,406,388</u>	<u>1,447,855</u>	<u>-</u>	<u>1,447,855</u>
Loss on disposal of fixed assets	517	-	517	122	-	122
<i>Total expenses and losses</i>	<u>1,406,905</u>	<u>-</u>	<u>1,406,905</u>	<u>1,447,977</u>	<u>-</u>	<u>1,447,977</u>
Change in net assets	(14,322)	(19,443)	(33,765)	(9,138)	13,767	4,629
Net assets, beginning of year	(8,986)	250,409	241,423	152	236,642	236,794
Net assets, end of year	<u>\$ (23,308)</u>	<u>\$ 230,966</u>	<u>\$ 207,658</u>	<u>\$ (8,986)</u>	<u>\$ 250,409</u>	<u>\$ 241,423</u>

The accompanying notes are an integral part of the financial statements.

**TRASH MOUNTAIN PROJECT, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**

For the years ended May 31,	2017				2016			
	Program	Supporting Services			Program	Supporting Services		
		Management and General	Fundraising	Total		Management and General	Fundraising	Total
Salaries and wages	\$ 306,258	\$ 183,623	\$ 58,575	\$ 548,456	\$ 359,221	\$ 87,239	\$ 66,712	\$ 513,173
Employee benefits	50,181	28,154	9,455	87,790	47,610	18,598	8,183	74,391
Payroll tax expense	18,831	10,038	2,257	31,125	19,657	6,837	1,994	28,489
Spoken	-	-	21,780	21,780	-	-	-	-
Program services:								
Dominican Republic	197,033	-	-	197,033	163,018	-	-	163,018
Honduras	67,521	-	-	67,521	66,728	-	-	66,728
Kenya	12,000	-	-	12,000	10,036	-	-	10,036
Philippines	237,218	-	-	237,218	348,110	-	-	348,110
Aquaponics	12,166	-	-	12,166	28,218	-	-	28,218
Discipleship	1,210	-	-	1,210	17,755	-	-	17,755
General	950	-	-	950	912	-	-	912
Book writing	7	21	7	35	350	1,049	350	1,749
Depreciation expense	1,279	7,582	-	8,861	511	6,860	3	7,374
Events	-	-	-	-	91	273	91	455
Hospitality	90	3,227	46	3,362	136	3,276	-	3,412
Information technology	1,778	2,506	225	4,509	2,279	2,477	198	4,954
Insurance	5,084	4,903	1,328	11,315	5,428	5,675	1,234	12,337
Marketing	999	999	1,978	3,976	3,541	1,042	625	5,208
Merchandise items	257	1,869	1,962	4,088	831	2,494	831	4,156
Miscellaneous	3,975	3,375	4,491	11,840	9,332	8,614	-	17,946
Occupancy	8,149	11,910	1,871	21,930	6,845	8,557	1,711	17,113
Office expenses	4,954	7,651	2,642	15,247	5,340	10,852	1,034	17,225
Online donation service	-	7,534	78	7,612	-	9,428	-	9,428
Organizational development	11,900	14,250	2,350	28,500	-	1,500	-	1,500
Printing	682	1,349	1,080	3,111	719	462	3,953	5,134
Professional fees	4,485	9,168	550	14,203	4,416	6,624	-	11,040
Travel	41,699	2,133	6,718	50,550	75,654	2,340	-	77,994
<b>Total expenses</b>	<b>\$ 988,704</b>	<b>\$ 300,291</b>	<b>\$ 117,392</b>	<b>\$ 1,406,388</b>	<b>\$ 1,176,740</b>	<b>\$ 184,196</b>	<b>\$ 86,919</b>	<b>\$ 1,447,855</b>

The accompanying notes are an integral part of the financial statements.

**TRASH MOUNTAIN PROJECT, INC.**  
**STATEMENTS OF CASH FLOWS**

May 31,	2017	2016
Cash flows from operating activities		
Change in net assets	\$ (33,765)	\$ 4,629
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	8,861	7,374
Donated property	(7,500)	(1,210)
Loss on disposal of property and equipment	517	122
(Increase) decrease in assets		
Other current assets	(6,556)	9,533
Accounts and credit cards payable	5,447	5,175
Payroll taxes payable	(77)	(195)
<i>Net cash provided by (used in) operating activities</i>	(33,073)	25,428
Cash flows from investing activities		
Purchase of property and equipment	(2,912)	(4,937)
Proceeds from sale of property and equipment	800	-
<i>Net cash used in investing activities</i>	(2,112)	(4,937)
Net increase (decrease) in cash and cash equivalents	(35,185)	20,491
Cash and cash equivalents, beginning of year	251,787	231,296
Cash and cash equivalents, end of year	\$ 216,602	\$ 251,787
Non-cash investing and financing activities		
In-kind contributions		
Property and equipment	\$ 7,500	\$ 1,210
Total non-cash investing and financing activities	\$ 7,500	\$ 1,210

*The accompanying notes are an integral part of the financial statements.*

## TRASH MOUNTAIN PROJECT, INC.

### NOTES TO FINANCIAL STATEMENTS

#### Note 1 – Organization and nature of operations

Trash Mountain Project, Inc. (the Organization) is a not-for-profit organization established in 2009 that works internationally in developing countries and partners with local churches, individuals and organizations to bring sustainable change in communities that surround and/or depend on a landfill to live.

Management has evaluated subsequent events through March 30, 2018, the date the financial statements were available to be issued, and determined that there have been no subsequent events that would require recognition in, or disclosure in the notes to, the financial statements.

#### Note 2 – Summary of significant accounting policies

##### Method of accounting

The Organization uses the accrual method of accounting.

##### Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in ASC 958-205; the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. The Organization has no permanently restricted net assets.

##### Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Actual results could differ from those estimates.

##### Cash and cash equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments. The Organization had no noncash financing transactions nor made payments for income taxes or interest.

##### Property and equipment

Property and equipment are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable assets and is computed using the straight-line method. Expenditures for major renewals and betterments that extend the lives of property and equipment are capitalized. When assets are retired or otherwise disposed of, the asset and related accumulated depreciation are reduced and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs is expensed as incurred.

The estimated service lives of property and equipment are principally as follows:

Computer equipment	5 years
Furniture, fixtures and equipment	7 years
Music license	15 years
Camera equipment	5 years
Software	3 years
Trademark	10 years



## **TRASH MOUNTAIN PROJECT, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

#### **Contributions**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Spoken campaign income consists of contributions received during the annual Spoken fundraising event.

#### **Donated materials and services**

Donated materials or equipment are reflected as contributions in the accompanying financial statements at their estimated fair values at the date of receipt. Volunteers have contributed significant amounts of time to the Organization without compensation. Donated services have not been recognized in the financial statements because they do not meet the criteria for recognition under FASB ASC 958-605-20.

#### **Expense allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management estimates.

#### **Income taxes**

Trash Mountain Project, Inc. has been granted an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code) and has been determined not to be a private foundation under Section 509(a)(1) of the Code. As such, no provision for income taxes is reflected in the financial statements.

The Organization is required to recognize, measure, classify, and disclose in the financial statements uncertain tax positions taken or expected to be taken in the Organization's tax returns. Management has determined that the Organization does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statements or related disclosure.

#### **Pending accounting pronouncements**

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in the ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, leases will be classified as either finance or operating with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 31, 2019, including interim periods within those fiscal years.

In August 2016, FASB issued ASU 2016-14, Not-for-Profit Entities Topic (958): Presentation of Financial Statements of Not-for-Profit Entities, which significantly amends the standards for the disclosures that accompany the financial statements of nonprofit organizations. ASU 2016-14 aims to provide more relevant information about the organization's resources (and the changes in those resources) to donors, grantors, creditors and other users. These include qualitative and quantitative requirements in the following areas: net asset classes, investment return, expenses and liquidity and availability of resources. The amendments in ASU 2016-14 are effective for annual financial statements issued for the fiscal years beginning after December 15, 2017. Early adoption is permitted. Management is currently evaluating the impact this may have on the Organization's financial statements.

**TRASH MOUNTAIN PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 3 - Property and equipment**

Property and equipment consisted of the following at May 31:

	<u>2017</u>	<u>2016</u>
Computer equipment	\$ 21,293	\$ 21,158
Furniture, fixtures and equipment	20,339	12,839
Music license	1,500	1,500
Camera equipment	4,753	4,753
Software	540	540
Trademark	<u>1,752</u>	<u>1,752</u>
	50,177	42,542
Less accumulated depreciation/amortization	<u>(26,581)</u>	<u>(19,180)</u>
	<u>\$ 23,596</u>	<u>\$ 23,362</u>

Depreciation and amortization expense for the years ended May 31, 2017 and 2016 was \$8,861 and \$7,374, respectively.

**Note 4 - Operating lease**

The Organization has a month-to-month lease for office space with a monthly lease amount of \$300. For years ended May 31, 2017 and 2016, lease expense was \$3,600.

**Note 5 – Temporarily restricted net assets**

The Organization’s temporarily restricted net assets consist of contributions restricted for the following purposes as of May 31:

	<u>2017</u>	<u>2016</u>
Bolivia	\$ 1,000	\$ 1,000
Dominican Republic - Infrastructure	2,190	1,190
Dominican Republic – Team Trips	1,163	22,900
Honduras – Team Trips	37,122	1,598
Kenya – Community Sponsorship	-	1,187
Kenya – Research and Development	5,588	9,770
Philippines Payatas – Community Sponsorship	1,163	474
Philippines San Mateo – Infrastructure	2,321	2,321
Philippines Santiago - Infrastructure	3,950	30,000
Philippines Santiago - General	2,787	2,787
Philippines Tanza – Community Sponsorship	1,014	-
Philippines Tanza – Infrastructure	137,382	175,782
Philippines Cornerstone Grant	35,000	-
Other International Programs	<u>286</u>	<u>1,400</u>
Total temporarily restricted net assets	<u>\$ 230,966</u>	<u>\$ 250,409</u>

**TRASH MOUNTAIN PROJECT, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 6 – Concentrations**

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At May 31, 2017, the Organization's deposits were fully insured.