

TRASH MOUNTAIN PROJECT, INC.

FINANCIAL STATEMENTS

As of and For the Year Ended May 31, 2018

**Cummins, Coffman & Schmidlein, CPA's, P.A.
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TRASH MOUNTAIN PROJECT, INC.

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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 statement of financial position as of May 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year 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 Organization'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 Organization'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 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, 2018, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Cummins, Coffman & Schmidlein, CPA's, P.A.

Cummins, Coffman & Schmidlein, CPA's, P.A.
Topeka, Kansas
June 28, 2019

TRASH MOUNTAIN PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
Year Ended May 31, 2018

ASSETS

CURRENT ASSETS

Cash & cash equivalents	\$ 175,790
Other current assets	6,522
Total current assets	<u>182,312</u>

OTHER ASSETS

Property & equipment, net	<u>13,624</u>
Total other assets	<u>13,624</u>

Total Assets	<u>\$ 195,936</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 14,261
Credit cards payable	17,980
Payroll taxes payable	3,392
Total current liabilities	<u>35,633</u>

NET ASSETS

Unrestricted net assets	(20,704)
Temporarily restricted net assets	<u>181,007</u>
Total net assets	<u>160,303</u>

Total Liabilities and Net Assets	<u>\$ 195,936</u>
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The accompanying notes are an integral part of this financial statement.

TRASH MOUNTAIN PROJECT, INC.
STATEMENT OF ACTIVITIES
Year Ended May 31, 2018

	Unrestricted	Temporarily Restricted	Total
Revenues, support and gains			
Contributions	\$ 297,936	\$ 1,021,541	\$ 1,319,477
Spoken campaign	137,885	-	137,885
Net assets released from restriction	1,071,500	(1,071,500)	-
Total support and revenue	1,507,321	(49,959)	1,457,362
Expenses and losses			
Program services	1,103,272	-	1,103,272
Management and general	290,945	-	290,945
Fundraising	111,847	-	111,847
Total expenses	1,506,064	-	1,506,064
Revenues over (under) expenses from operations	1,257	(49,959)	(48,702)
Other Revenues (Expenses)			
Gain on sale of fixed assets	1,170	-	1,170
Merchandise sales	3,679	-	3,679
Interest, dividends and royalties	84	-	84
Merchandise cost of goods sold	(3,586)	-	(3,586)
Total over revenues (expenses)	1,347	-	1,347
Change in net assets	2,604	(49,959)	(47,355)
Net assets, beginning of year	(23,308)	230,966	207,658
Net assets, end of year	\$ (20,704)	\$ 181,007	\$ 160,303

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

TRASH MOUNTAIN PROJECT, INC.
 STATEMENT OF FUNCTIONAL EXPENSES
 Year Ended May 31, 2018

	Supporting Services			Total
	Program	Management and General	Fundraising	
Salaries and wages	\$ 286,512	\$ 179,261	\$ 58,081	\$ 523,854
Employee benefits	43,066	31,746	10,378	85,190
Payroll tax expense	13,984	9,652	2,019	25,655
Spoken	-	-	17,361	17,361
Program services:				
Dominican Republic	175,256	-	-	175,256
Honduras	182,294	-	566	182,860
Kenya	13,000	-	-	13,000
Philippines	243,666	-	-	243,666
Indonesia	3,315	-	-	3,315
Aquaponics	10,617	-	-	10,617
Discipleship	1,629	-	-	1,629
General	22,041	-	-	22,041
Book writing	7	37	7	51
Depreciation	1,729	7,073	-	8,802
Hospitality	93	1,765	675	2,533
Information technology	2,351	1,940	287	4,578
Insurance	4,164	4,491	1,121	9,776
Marketing	1,014	1,186	2,556	4,756
Miscellaneous	4,666	1,650	7,513	13,829
Occupancy	7,475	8,355	1,675	17,505
Office expenses	5,205	5,482	2,098	12,785
Online donation service	-	8,634	39	8,673
Organizational development	17,605	18,152	3,600	39,357
Printing	515	1,568	897	2,980
Professional fees	5,200	8,404	562	14,166
Travel	57,868	1,549	2,412	61,829
Total	\$ <u>1,103,272</u>	\$ <u>290,945</u>	\$ <u>111,847</u>	\$ <u>1,506,064</u>

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

TRASH MOUNTAIN PROJECT, INC.
STATEMENT OF CASH FLOWS
For the Year Ended May 31, 2018

Change in net assets	\$	(47,355)
Adjustments to reconcile change in net assets to net cash		
Depreciation		8,802
Gain on disposal of property and equipment		1,170
Cash flows from operating activities:		
(Increase) decrease in assets		
Prepays		246
Receivables		88
Other current assets		(66)
Accounts and credit cards payable		2,802
Payroll taxes payable		(1,819)
Other current liabilities		(4,680)
Net cash from (used in) operating activities		<u>(40,812)</u>
Cash flows from investing activities:		
Net cash used in investing activities		<u>-</u>
Cash flows from financing activities:		
Net cash used in financing activities		<u>-</u>
Net increase (decrease) in cash and cash equivalents		(40,812)
Cash and cash equivalents, beginning of year		<u>216,602</u>
Cash and Cash Equivalents, End of Year	\$	<u><u>175,790</u></u>

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

TRASH MOUNTAIN PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS
May 31, 2018

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 developing countries and partners with local churches, individuals and organizations to sustainable change in communities that surround and/or depend on a landfill to live.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization provides information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

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.

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 expenses ad incurred.

TRASH MOUNTAIN PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
May 31, 2018

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment (continued)

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

	<u>Years</u>
Computer equipment	5
Furniture, fixtures and equipment	7
Music license	15
Camera equipment	5
Software	3
Trademark	10

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 restricted 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.

Functional Allocation of Expenses

The cost 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 programs and supporting services benefited.

Income Taxes

The Organization is exempt from income tax under provisions of Section 501(c)(3) of the Internal Revenue Code. The Organization is not classified as a private foundation. The Organization's returns are subject to examination by tax authorities for three years after they were filed. There are currently no examinations of the Organization's income tax returns in process.

TRASH MOUNTAIN PROJECT, INC.
NOTES TO FINANCIAL STATEMENTS (continued)
May 31, 2018

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at May 31, 2018:

Computer equipment	\$	17,508
Furniture, fixtures and equipment		20,339
Music license		1,500
Camera equipment		4,753
Software		540
Trademark		1,752
		<hr/> 46,392
Less accumulated depreciation/amortization		(32,768)
	\$	<hr/> <u>13,624</u>

Depreciation expense for the year ended May 31, 2018 was \$8,802.

NOTE 4 OPERATING LEASE

The Organization has a month-to-month lease for office space with a monthly lease amount of \$300. For the year ended May 31, 2018, lease expense was \$3,600.

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

The Organization's temporarily restricted net assets consist of donor specified contributions to a variety of program activities that will be satisfied in the future. Most generally this covers activities supporting our continuous feeding, education, medical and discipleship programs. It can also be specified for team trips, infrastructure, and research and development. As of May 31, 2018, temporarily restricted net assets had a balance of \$181,007.

NOTE 6 CONCENTRATIONS OF CREDIT RISK ARISING FROM CASH DEPOSITS IN EXCESS OF INSURED LIMITS

The Organization maintains its cash balances in several accounts insured by the Federal Deposit Insurance Corporation (FDIC). Effective January 1, 2013, accounts at each institution are insured by the FDIC up to \$250,000. As of December 31, 2018, no funds exceeded the amount insured by FDIC insurance.

NOTE 7 ADVERTISING

The Organization expenses advertising costs as they are incurred. Advertising expense for the year ended May 31, 2018 was \$4,756.

NOTE 8 SUBSEQUENT EVENTS

Subsequent events were evaluated through the date of the audit report, which is the date the financial statements were available to be issued. No events were found requiring disclosure in these financial statements.