

TRASH MOUNTAIN PROJECT, INC.

FINANCIAL STATEMENTS

As of and For the Years Ended May 31, 2020 and 2019

Cummins, Coffman & Schmidlein, CPA's, P.A.
3706 S. Topeka Blvd., Suite 302
Topeka, Kansas 66609

TRASH MOUNTAIN PROJECT, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses	6
Statement of Cash Flows	8
Notes to Financial Statements	9

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, 2020 and 2019, 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 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, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Cummins, Coffman & Schmidtlein, CPAs, P.A.

Cummins, Coffman & Schmidtlein, CPA's, P.A.
Topeka, Kansas
October 09, 2020

TRASH MOUNTAIN PROJECT, INC.
STATEMENT OF FINANCIAL POSITION
Years Ended

ASSETS

	<u>May 31</u>	
	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Cash & cash equivalents	\$ 338,590	\$ 296,510
Other current assets	-	4,379
Total current assets	<u>338,590</u>	<u>300,889</u>
<u>OTHER ASSETS</u>		
Property & equipment, net	<u>105,372</u>	<u>112,214</u>
Total other assets	<u>105,372</u>	<u>112,214</u>
Total Assets	<u>\$ 443,962</u>	<u>\$ 413,103</u>

LIABILITIES AND NET ASSETS

	<u>May 31</u>	
	<u>2020</u>	<u>2019</u>
<u>CURRENT LIABILITIES</u>		
Accounts payable	\$ 5,569	\$ 12,594
Credit cards payable	698	5,898
Accrued payroll	12,506	-
Payroll taxes payable	2,654	2,439
Total current liabilities	<u>21,427</u>	<u>20,931</u>
<u>LONG-TERM LIABILITIES</u>		
PPP Loan	\$ 55,300	\$ -
Total long-term liabilities	<u>55,300</u>	<u>-</u>
Total liabilities	<u>76,727</u>	<u>20,931</u>
<u>NET ASSETS</u>		
Net assets without donor restrictions (deficit)	222,829	279,937
Net assets with donor restrictions (deficit)	<u>144,406</u>	<u>112,235</u>
Total net assets	<u>367,235</u>	<u>392,172</u>
Total Liabilities and Net Assets	<u>\$ 443,962</u>	<u>\$ 413,103</u>

The accompanying notes are an integral part of this financial statement

TRASH MOUNTAIN PROJECT, INC.
STATEMENT OF ACTIVITIES
Year Ended May 31, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues, support and gains			
Contributions	\$ 308,370	\$ 476,409	\$ 784,779
Spoken campaign	784,287	-	784,287
Net assets released from restriction	444,238	(444,238)	-
Total support and revenue	<u>1,536,895</u>	<u>32,171</u>	<u>1,569,066</u>
Expenses and losses			
Program services	1,221,092	-	1,221,092
Management and general	239,433	-	239,433
Fundraising	140,912	-	140,912
Total expenses	<u>1,601,437</u>	<u>-</u>	<u>1,601,437</u>
Revenues over (under) expenses from operations	(64,542)	32,171	(32,171)
Other Revenues (Expenses)			
Gain(loss) on sale of fixed assets and securities	(28)	-	(28)
Merchandise sales	183	-	183
Interest, dividends and royalties	1,439	-	1,439
Non-Cash Contributions	5,840	-	5,840
Total over revenues (expenses)	<u>7,434</u>	<u>-</u>	<u>7,434</u>
Change in net assets	(57,108)	32,171	(24,937)
Net assets, beginning of year	279,937	112,235	392,172
Net assets, end of year	<u>\$ 222,829</u>	<u>\$ 144,406</u>	<u>\$ 367,235</u>

The accompanying notes are an integral part of this financial statement

TRASH MOUNTAIN PROJECT, INC.
STATEMENT OF ACTIVITIES (continued)
Year Ended May 31, 2019

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Revenues, support and gains			
Contributions	\$ 362,202	\$ 796,620	\$ 1,158,822
Spoken campaign	614,862	-	614,862
Net assets released from restriction	865,392	(865,392)	-
Total support and revenue	<u>1,842,456</u>	<u>(68,772)</u>	<u>1,773,684</u>
Expenses and losses			
Program services	1,166,135	-	1,166,135
Management and general	277,458	-	277,458
Fundraising	107,810	-	107,810
Total expenses	<u>1,551,403</u>	<u>-</u>	<u>1,551,403</u>
Revenues over (under) expenses from operations	291,053	(68,772)	222,281
Other Revenues (Expenses)			
Gain(loss) on sale of fixed assets and securities	(1,594)	-	(1,594)
Merchandise sales	888	-	888
Interest, dividends and royalties	464	-	464
Non-Cash Contributions	9,830	-	9,830
Total over revenues (expenses)	<u>9,588</u>	<u>-</u>	<u>9,588</u>
Change in net assets	300,641	(68,772)	231,869
Net assets, beginning of year	(20,704)	181,007	160,303
Net assets, end of year	<u>\$ 279,937</u>	<u>\$ 112,235</u>	<u>\$ 392,172</u>

The accompanying notes are an integral part of this financial statement

TRASH MOUNTAIN PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended May 31, 2020

	Supporting Services			Total
	Program	Management and General	Fundraising	
Salaries and wages	\$ 220,906	\$ 130,904	\$ 45,310	\$ 397,120
Employee benefits	28,130	21,891	6,954	56,975
Payroll tax expense	12,955	7,570	737	21,262
Sales tax on tickets	-	-	329	329
Rental equipment	-	-	3,200	3,200
Rental space	-	-	2,604	2,604
Direct aid	810,843	-	2,150	812,993
Meals	5,978	259	12,623	18,860
Training	4,555	-	-	4,555
Supplies	2,739	-	914	3,653
Depreciation	973	9,678	232	10,883
Hospitality	5,388	2,230	1,377	8,995
Information technology	11,145	15,609	2,944	29,698
Insurance	1,666	2,082	769	4,517
Marketing	3,579	329	3,762	7,670
Miscellaneous	695	3,387	1,746	5,828
Occupancy	2,588	4,435	647	7,670
Office expenses	3,822	6,698	2,285	12,805
Online donation service	-	9,679	-	9,679
Organizational development	13,200	9,000	13,800	36,000
Printing	1,547	1,365	7,493	10,405
Video production	2,355	-	11,635	13,990
Graphic design	3,297	2,826	8,007	14,130
Professional fees	7,712	8,154	1,478	17,344
Travel	77,019	3,337	9,916	90,272
Total	\$ <u>1,221,092</u>	\$ <u>239,433</u>	\$ <u>140,912</u>	\$ <u>1,601,437</u>

The accompanying notes are an integral part of this financial statement

TRASH MOUNTAIN PROJECT, INC.
STATEMENT OF FUNCTIONAL EXPENSES (continued)
Year Ended May 31, 2019

	Supporting Services			Total
	Program	Management and General	Fundraising	
Salaries and wages	\$ 254,004	\$ 152,293	\$ 48,581	\$ 454,878
Employee benefits	43,474	24,391	8,191	76,056
Payroll tax expense	13,595	7,247	1,629	22,471
Sales Tax on Tickets	-	-	428	428
Rental Equipment	-	-	2,700	2,700
Rental Space	-	-	2,605	2,605
Direct aid	669,160	-	-	669,160
Meals	2,327	-	10,087	12,414
Training	2,446	-	-	2,446
Supplies	2,522	-	121	2,643
Depreciation	1,251	8,332	-	9,583
Hospitality	139	4,993	70	5,202
Information technology	7,919	11,162	1,002	20,083
Insurance	3,120	3,009	815	6,944
Marketing	1,138	1,138	2,252	4,528
Miscellaneous	10,404	7,625	10,148	28,177
Occupancy	7,508	10,973	1,723	20,204
Office expenses	4,221	6,519	2,252	12,992
Online donation service	-	9,654	99	9,753
Organizational development	15,003	17,968	2,965	35,936
Printing	1,175	2,324	1,861	5,360
Professional fees	3,869	7,909	474	12,252
Travel	122,860	1,921	9,807	134,588
Total	\$ <u>1,166,135</u>	\$ <u>277,458</u>	\$ <u>107,810</u>	\$ <u>1,551,403</u>

The accompanying notes are an integral part of this financial statement

TRASH MOUNTAIN PROJECT, INC.
STATEMENT OF CASH FLOWS
For the Years Ended

	<u>May 31</u>	
	<u>2020</u>	<u>2019</u>
Change in net assets	\$ (24,937)	\$ 231,869
Adjustments to reconcile change in net assets to net cash		
Depreciation	10,883	9,583
Non-cash contributions	(5,840)	(9,830)
Gain on disposal of property and equipment	-	1,697
Cash flows from operating activities:		
(Increase) decrease in assets		
Prepays	4,722	1,821
Receivables	32	322
Accounts and credit cards payable	(7,368)	(1,667)
Payroll and payroll taxes payable	12,721	(953)
Other current liabilities	(5,200)	(12,500)
Net cash from (used in) operating activities	<u>(14,987)</u>	<u>220,342</u>
Cash flows from investing activities:		
Sale (purchase) of property and equipment	<u>1,767</u>	<u>(99,622)</u>
Net cash from (used in) investing activities	<u>1,767</u>	<u>(99,622)</u>
Cash flows from financing activities:		
Proceeds from borrowing	<u>55,300</u>	<u>-</u>
Net cash from (used in) financing activities	<u>55,300</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	42,080	120,720
Cash and cash equivalents, beginning of year	<u>296,510</u>	<u>175,790</u>
Cash and Cash Equivalents, End of Year	<u>\$ 338,590</u>	<u>\$ 296,510</u>

The accompanying notes are an integral part of this financial statement

NOTES TO FINANCIAL STATEMENTS

May 31, 2020

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

The Organization reports information regarding its financial position and activates according to two-classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions – These net assets generally result from revenues generated by receiving contributions that have no donor restrictions, providing services, and receiving interest from operating investments, less expenses incurred in providing program-related services, raising contributions, and performing administrative functions.

Net Assets with Donor Restrictions – These net assets result from gifts of cash and other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires, that is until the stipulated time restriction ends or the purpose of the restriction is accomplished, the net assets are restricted.

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.

NOTES TO FINANCIAL STATEMENTS (continued)
May 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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
Leasehold Improvement	15

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.

NOTES TO FINANCIAL STATEMENTS (continued)
May 31, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at May 31, 2020 and 2019:

	<u>May 31</u>	
	<u>2020</u>	<u>2019</u>
Computer equipment	\$ 13,243	\$ 17,897
Furniture, fixtures and equipment	17,104	16,315
Music license	1,500	1,500
Camera equipment	4,753	4,753
Software	540	540
Trademark	3,042	1,752
Leasehold Improvement	103,256	103,256
	143,438	146,013
Less accumulated depreciation/amortization	(38,066)	(33,799)
	\$ 105,372	\$ 112,214

Depreciation expense for the year ended May 31, 2020 and 2019 was \$10,883 and \$9,583.

NOTE 4 LIQUIDITY AND FUNDS AVAILABLE

The following reflects the Organization's financial assets as of May 31, 2020, and 2019, reduced by amounts not available for general expenditure within one year.

	<u>May 31</u>	
	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash and cash equivalents	\$ 338,590	\$ 296,510
Financial assets, at year-end	338,590	296,510
Less those unavailable for general expenditure within one year, due to:		
Purpose restrictions	144,406	112,235
Financial assets available to meet cash needs for general expenditures within one year	\$ 194,184	\$ 184,275

NOTES TO FINANCIAL STATEMENTS (continued)
May 31, 2020

NOTE 5 NET ASSETS

As of May 31, 2020, and 2019, net assets consist of:

	<u>2020</u>	<u>May 31</u> <u>2019</u>
Net Assets Without Donor Restrictions:		
Un-designated	\$ 117,457	\$ 167,723
Net investment in property and equipment	105,372	112,214
Total net assets without donor restrictions	222,829	279,937
Net Assets With Donor Restrictions:		
Subject to restriction for specified purpose:		
Program activities	144,406	112,235
Total net assets with donor restrictions	144,406	112,235
Total net assets	\$ 367,235	\$ 392,172

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 May 31, 2020 and 2019, 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, 2020 and 2019 was \$7,670 and \$4,528.

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. As a result of the spread of the COVID19 coronavirus, economic uncertainties have arisen which are likely to negatively impact donation income. Other financial impact could occur though such potential impact is unknown at this time.