

TRASH MOUNTAIN PROJECT, INC.

FINANCIAL STATEMENTS
YEARS ENDED MAY 31, 2016 AND 2015
TOGETHER WITH REPORT OF INDEPENDENT AUDITORS

TRASH MOUNTAIN PROJECT, INC.

**FINANCIAL STATEMENTS
May 31, 2016 and 2015**

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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, 2016 and 2015 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, 2016 and 2015, 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.

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

April 13, 2017

TRASH MOUNTAIN PROJECT, INC.
STATEMENTS OF FINANCIAL POSITION

May 31,	2016	2015
ASSETS		
Current assets		
Cash and cash equivalents	\$ 251,787	\$ 231,296
Other current assets	300	7,883
<i>Total current assets</i>	252,087	239,179
Other assets		
Property and equipment, net	23,362	26,661
<i>Total other assets</i>	23,362	26,661
<i>Total assets</i>	<u>\$ 275,449</u>	<u>\$ 265,840</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts and credit cards payable	\$ 28,738	\$ 23,563
Payroll taxes payable	5,288	5,483
<i>Total current liabilities</i>	34,026	29,046
Net assets		
Unrestricted net assets	(8,986)	152
Temporarily restricted net assets	250,409	236,642
<i>Total net assets</i>	241,423	236,794
<i>Total liabilities and net assets</i>	<u>\$ 275,449</u>	<u>\$ 265,840</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,	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenues, support and gains						
Contributions	\$ 339,028	\$ 1,102,655	\$ 1,441,683	\$ 175,133	\$ 1,139,699	\$ 1,314,832
Spoken campaign	1,660	-	1,660	181,251	-	181,251
Other	9,263	-	9,263	8,496	-	8,496
<i>Total revenue, support and gains</i>	349,951	1,102,655	1,452,606	364,880	1,139,699	1,504,579
Net assets released from restrictions						
Restrictions satisfied by payments	1,088,888	(1,088,888)	-	975,983	(975,983)	-
<i>Total revenue, support, gains and reclassifications</i>	1,438,839	13,767	1,452,606	1,340,863	163,716	1,504,579
Expenses and losses						
Program services	1,176,740	-	1,176,740	1,051,660	-	1,051,660
General and administrative	184,196	-	184,196	184,412	-	184,412
Fundraising	86,919	-	86,919	111,338	-	111,338
<i>Total expenses</i>	1,447,855	-	1,447,855	1,347,410	-	1,347,410
Loss on disposal of fixed assets	122	-	122	8,739	-	8,739
<i>Total expenses and losses</i>	1,447,977	-	1,447,977	1,356,149	-	1,356,149
Change in net assets	(9,138)	13,767	4,629	(15,286)	163,716	148,430
Net assets, beginning of year	152	236,642	236,794	15,438	72,926	88,364
Net assets, end of year	\$ (8,986)	\$ 250,409	\$ 241,423	\$ 152	\$ 236,642	\$ 236,794

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,	2016				2015			
	Program	Supporting Services		Total	Program	Supporting Services		Total
		Management and General	Fundraising			Management and General	Fundraising	
Salaries and wages	\$ 359,221	\$ 87,239	\$ 66,712	\$ 513,173	\$ 339,308	\$ 85,203	\$ 63,209	\$ 487,720
Employee benefits	47,610	18,598	8,183	74,391	37,365	14,309	6,686	58,360
Payroll tax expense	19,657	6,837	1,994	28,489	19,553	6,738	2,105	28,396
Spoken	-	-	-	-	-	-	29,136	29,136
Program services:								
Bolivia	-	-	-	-	2,324	-	-	2,324
Dominican Republic	163,018	-	-	163,018	123,258	-	-	123,258
Honduras	66,728	-	-	66,728	4,157	-	-	4,157
Kenya	10,036	-	-	10,036	1,759	-	-	1,759
Philippines	348,110	-	-	348,110	238,901	-	-	238,901
Aquaponics	28,218	-	-	28,218	31,547	-	-	31,547
Discipleship	17,755	-	-	17,755	24,201	-	-	24,201
General	912	-	-	912	1,345	-	-	1,345
Book writing	350	1,049	350	1,749	57	169	57	283
Depreciation expense	511	6,860	3	7,374	853	11,457	5	12,315
Events	91	273	91	455	164	490	164	818
Hospitality	136	3,276	-	3,412	224	4,809	-	5,033
Information technology	2,279	2,477	198	4,954	1,811	1,974	179	3,964
Insurance	5,428	5,675	1,234	12,337	6,530	6,835	1,367	14,732
Marketing	3,541	1,042	625	5,208	1,811	543	310	2,664
Merchandise items	831	2,494	831	4,156	350	1,049	350	1,749
Miscellaneous	9,332	8,614	-	17,946	3,090	2,836	18	5,944
Occupancy	6,845	8,557	1,711	17,113	8,855	11,068	2,214	22,137
Office expenses	5,340	10,852	1,034	17,225	6,548	13,262	1,207	21,017
Online donation service	-	9,428	-	9,428	-	12,117	-	12,117
Organizational development	-	1,500	-	1,500	-	-	-	-
Printing	719	462	3,953	5,134	491	327	2,741	3,559
Professional fees	4,416	6,624	-	11,040	5,098	7,671	-	12,769
Travel	75,654	2,340	-	77,994	192,060	3,555	1,590	197,205
Total expenses	\$ 1,176,740	\$ 184,196	\$ 86,919	\$ 1,447,855	\$ 1,051,660	\$ 184,412	\$ 111,338	\$ 1,347,410

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

TRASH MOUNTAIN PROJECT, INC.
STATEMENTS OF CASH FLOWS

May 31,	2016	2015
Cash flows from operating activities		
Change in net assets	\$ 4,629	\$ 148,430
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	7,374	12,315
Donated property	(1,210)	(1,200)
Loss on disposal of property and equipment	122	8,739
(Increase) decrease in assets		
Other current assets	9,533	(7,168)
Accounts and credit cards payable	5,175	4,468
Payroll taxes payable	(195)	(6,625)
<i>Net cash provided by operating activities</i>	25,428	158,959
Cash flows from investing activities		
Purchase of property and equipment	(4,937)	(7,080)
<i>Net cash used in investing activities</i>	(4,937)	(7,080)
Net increase in cash and cash equivalents	20,491	151,879
Cash and cash equivalents, beginning of year	231,296	79,417
Cash and cash equivalents, end of year	\$ 251,787	\$ 231,296
Non-cash investing and financing activities		
In-kind contributions		
Property and equipment	\$ 1,210	\$ 1,200
Total non-cash investing and financing activities	\$ 1,210	\$ 1,200

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 April 13, 2017, 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.

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 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. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Organization's tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to additional tax, penalties, and interest as a result of such challenge. Penalties and interest assessed by income tax authorities would be included in operating expenses.

The federal income tax returns of the Organization are subject to examination by the IRS generally for three years after they were filed. There are no tax examinations currently in process.

Note 3 - Property and equipment

Property and equipment consisted of the following at May 31:

	<u>2016</u>	<u>2015</u>
Computer equipment	\$ 21,158	\$ 19,799
Furniture, fixtures and equipment	12,839	11,628
Music license	1,500	1,500
Camera equipment	4,753	4,753
Software	540	540
Trademark	<u>1,752</u>	<u>1,752</u>
	42,542	39,972
Less accumulated depreciation/amortization	<u>(19,180)</u>	<u>(13,311)</u>
	<u>\$ 23,362</u>	<u>\$ 26,661</u>

TRASH MOUNTAIN PROJECT, INC.

NOTES TO FINANCIAL STATEMENTS

Depreciation and amortization expense for the years ended May 31, 2016 and 2015 was \$7,374 and \$12,315, respectively.

Note 4 - Operating lease

The Organization entered into a two-year lease for office space which commenced on October 1, 2013 with a monthly lease amount of \$600. On October 14, 2014, the lessor reduced the monthly lease amount to \$300 for the remaining lease term. During the past fiscal year, the lease switched to a month-to-month and no new lease agreement was signed. For years ended May 31, 2016 and 2015, lease expense was \$3,600 and \$5,100 respectively.

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>2016</u>	<u>2015</u>
Bolivia	\$ 1,000	\$ -
Dominican Republic – Community Sponsorship	-	205
Dominican Republic - Infrastructure	1,190	-
Dominican Republic – Team Trips	22,900	25,144
Dominican Republic – General	-	827
Honduras – Team Trips	1,598	8,300
Honduras – Aquaponics	-	7,618
Honduras – Community Sponsorship	-	1,737
Honduras – Infrastructure	-	6,000
Kenya – Community Sponsorship	1,187	-
Kenya – Research and Development	9,770	-
Philippines Payatas – Community Sponsorship	474	-
Philippines San Mateo – Infrastructure	2,321	2,422
Philippines Santiago – Community Sponsorship	-	1,000
Philippines Santiago - Infrastructure	30,000	14,000
Philippines Santiago - General	2,787	10,000
Philippines Tanza – Community Sponsorship	-	23,069
Philippines Tanza - Infrastructure	175,782	136,170
Other International Programs	1,400	150
Total temporarily restricted net assets	<u>\$ 250,409</u>	<u>\$ 236,642</u>

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, 2016, the Organization's deposits were fully insured.