

MATTER OF TRUST, INC.
(A CALIFORNIA NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS
WITH
INDEPENDENT ACCOUNTANT'S REVIEW REPORT
YEAR ENDED DECEMBER 31, 2018

MATTER OF TRUST, INC.

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DECEMBER 31, 2018

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Matter of Trust, Inc.
San Francisco, California

We have reviewed the accompanying financial statements of Matter of Trust, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Oakland, California
June 25, 2019

MATTER OF TRUST, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018

ASSETS

CURRENT ASSETS

Cash	\$ 147,510
Grants and account receivable, current portion	96,000
Prepaid expenses	125
Inventory	<u>1,826</u>
Total current assets	245,461
Grants and account receivable, long-term portion	<u>144,000</u>
Total assets	389,461

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	2,673
Accrued compensation	<u>1,053</u>
Total current liabilities	3,726

NET ASSETS

Without donor restrictions	
Undesignated	145,735
Designated by the Board	-
With donor restrictions	
Perpetual in nature	-
Purpose and time restrictions	<u>240,000</u>
Total net assets	385,735
Total liabilities and assets	\$ 389,461

See independent accountant's review report and notes to financial statements.

MATTER OF TRUST, INC.

STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Support			
Donations	\$ 139,543	\$ -	\$ 139,543
Grants and awards	106,800	64,700	171,500
In-kind contribution	200,000	160,000	360,000
Revenue			
Other revenue	1,422	-	1,422
Net assets released from restrictions	<u>128,700</u>	<u>(128,700)</u>	<u>-</u>
Total revenue and support	<u>576,465</u>	<u>96,000</u>	<u>672,465</u>
EXPENSES			
Program services			
Surplus and Needs	44,004	-	44,004
Natural Abundance	54,609	-	54,609
Eco-Education	481,873	-	481,873
Supporting services			
Management and general	22,409	-	22,409
Fundraising	-	-	-
Total expenses	<u>602,895</u>		<u>602,895</u>
Changes in net assets	(26,430)	96,000	69,570
Net assets, beginning of year	<u>172,165</u>	<u>144,000</u>	<u>316,165</u>
Net assets, at end year	<u>\$ 145,735</u>	<u>\$ 240,000</u>	<u>\$ 385,735</u>

See independent accountant's review report and notes to financial statement.

MATTER OF TRUST, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	PROGRAM SERVICES			SUPPORTING SERVICES		TOTAL
	Surplus and Needs	Natural Abundance	Eco- Education	Management and general	Fundraising	
Salaries and wages	\$ 1,565	\$ 6,622	\$ 40,970	\$ 8,188	\$ -	\$ 57,345
Payroll taxes	157	663	4,106	820	-	5,746
Employee benefits	13	56	347	69	-	485
Conferences and meetings	-	-	1,867	-	-	1,867
Cost of goods sold	-	-	853	-	-	853
Donations	-	-	500	-	-	500
Dues, fees and other charges	288	-	364	175	-	827
Insurance	-	-	6,062	830	-	6,892
Program expense	48	27,550		-	-	27,598
Marketing and outreach	-	3,993	120,740	-	-	124,733
Outside services	41,933	11,083	210,356	12,327	-	275,699
Postage	-	1,300	116	-	-	1,416
Printing	-	-	9,350	-	-	9,350
Program materials	-	3,337	6,396	-	-	9,733
Rent	-	5	69,599	-	-	69,604
Telephone and internet	-	-	7,537	-	-	7,537
Travel	-	-	2,710	-	-	2,710
Total expenses	\$ 44,004	\$ 54,609	\$ 481,873	\$ 22,409	\$ -	\$ 602,895

See independent accountant's review report and notes to financial statements.

MATTER OF TRUST, INC.

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 69,570
Adjustments to reconcile change in net assets to net cash (used) in operating activities:	
(Increase) decrease in operating assets	
Grants and account receivable	(96,000)
Inventory	(1,826)
Prepaid expenses	(124)
Increase (decrease) in operating liabilities	
Accounts payable	(2,663)
Accrued compensation	(1,141)
Net cash provided/(used) by operating activities	<u>(32,184)</u>
 Cash, beginning of the year	
Unrestricted cash	<u>179,694</u>
Total cash beginning of the year	179,694
 Cash, end of the year	
Unrestricted cash	<u>147,510</u>
Total cash, end of the year	\$ <u>147,510</u>

See independent accountant's review report and notes to financial statements.

MATTER OF TRUST, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF ACTIVITIES

Matter of Trust, Inc.. (the Organization) was formed in 1998 in Connecticut, and subsequently registered in California in 2010 under the Public Benefit Corporation laws.

Matter of Trust, Inc. was founded by eco-enthusiasts to promote renewable resources with activities that include recycling, sorting waste into useful stockpiles, diverting compostable from landfills and providing eco-education.

The Organization is in San Francisco, California.

NOTE 2 – PROGRAMS

The Organization accomplishes its mission through three main programs and several projects within these programs.

Surplus and Needs: The Organization matches individuals and businesses that wish to donate goods to participants who wish to receive those goods via the Excess Access project. This online project provides members with the ability to donate goods and materials to those in need which results in keeping those items out of the waste stream. This project has expanded beyond the United States and now is available as an online global program.

Natural Abundance: The Organization provides an awareness on large scale green/brown waste recycling with the goal of creating enough compost to cover millions of acres of government owned grazed rangelands, through the Global Compost Project. Information disseminated includes composting soil everywhere to help boost photosynthesis, so nature can sequester more carbon back into the earth. In addition, the Clean Wave project uses hair clippings and other fiber waste donations that are collected and transformed into felted oil spill absorbent hair mats and “booms” to clean contaminated water ways and storm drains.

Eco-Education: Provides education in the Organization’s Eco-Individual Hub, which is an access point where youth and families learn about the eco-industrial revolutionary period of today with the goal of having students become a part of the solution. This includes internships and apprenticeships. In addition, visitors can purchase various recycling and renewable resource related items in the Eco-Hub gift shop.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Pronouncement

For the year ended December 31, 2018, the Organization adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 - *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-profit Entities*. This update addresses the complexity and understandability of net assets classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return between not-for-profit entities. A key change required by ASU 2016-14 are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

Net Assets

Financial statement presentation follows the requirement of the Financial Accounting Standard Board. The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment. There was no board-designated net assets for operating, capital and opportunity purpose as of December 31, 2018.

Net Assets With Donor Restrictions – Net assets subject to donor-(or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of 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.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

The Organization is not classified as a private foundation and is exempt from federal and state income taxes under section 501(c)3 of the Internal Revenue Code and Section 23701(d) of the California Code. The Organization is considered a publicly supported organization. The Financial Accounting Standards Boards prescribes a recognition threshold and a measurement attribute for financial statement recognition of tax positions taken or expected to be taken on a tax return. Management has evaluated its uncertain tax positions and related income tax contingencies and does not believe any material tax positions exist.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses a fair value hierarchy which is categorized into three levels as follows:

Level 1 – Valuations are based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these balances does not entail a significant degree of judgment. Level 2 – Valuations are based on quoted prices for similar assets or liabilities in active markets from those willing to trade that are not active or for which other inputs can be corroborated by market data. Level 3 – Valuations are based on inputs that are unobservable and significant to the overall fair value measurement and represent the Organization's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Fair Value</u>
Grant and account receivable	\$ -	\$ 240,000	\$ -	\$ 240,000

When available, the Organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for all of the assets and liabilities that the Organization is required to measure at fair value (for example, unconditional promises to give and in-kind contributions). In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In-kind rent donations are measured at level 2.

Functional Allocation of Expenses

The cost of providing the program and supporting services have been summarized on the basis estimates made by the Organization's management in the statement of functional expenses. Expenses are allocated to program and supporting services based upon the purpose of each expenditure and service provided. Shared expenses, such as occupancy, telephone, supplies, etc., are allocated to program and supporting services based on employees working in each function as estimated by management.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all cash accounts with an initial maturity of three months or less to be cash equivalents. e cash and cash equivalents. There were no cash equivalents as of December 31, 2018.

Revenue Recognition

The Organization recognizes support and revenue on the accrual basis of accounting. The Organization's programs are supported primarily by grants and awards from foundations and donations from individuals and corporations.

Concentration of Revenue

During the year ended December 31, 2018, the Organization received approximately 51% of its revenue from one donor and its related company.

Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk are primarily cash, grants and accounts receivable. The Organization places its cash in banks that are insured in limited amounts by the U.S. Government. The Organization's checking and other deposit accounts may be maintained with a balance in excess of the \$250,000 federally insured limit. At December 31, 2018, the Organization had no federally uninsured amounts.

Contributions

All contributions, such as gifts of cash or other assets, are reported as assets with donor restriction if they are pledged or received with certain stipulations or restrictions set by the donor. A restriction can expire in three ways – 1) when the stipulated time restriction ends, 2) when an unconditional promise with an implied time period is collected, or 3) when the purpose of the restriction has been accomplished. When that stipulation or restriction has expired, the Organization then reclassifies the asset with donor restrictions an asset without donor restriction and reports it in the statements of activities as net assets released from restriction.

Donated Services

Generally accepted accounting principles allow recognition of contributed services only if the services (a) create or enhance non-financial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills.

NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Assets

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation. Donated property and equipment are also recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

NOTE 4– LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Cash	\$	147,510
Financial assets available to meet cash needs for general expenditure within one year	\$	<u>147,510</u>

The Organization is partially supported by restricted contributions. Because donors' restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. As of December 31, 2018, all cash is available for general purposes, and not restricted by donors.

NOTE 5 – NET ASSETS WITH DONORS RESTRICTIONS

For the year ended December 31, 2018, the Organization's net asset with donors restrictions is as follows:

Purpose restricted	12/31/17	Additions	Released	12/31/18
Time restricted rent	\$ 144,000	\$ 160,000	\$ 64,000	\$ 240,000
Heart of the city	-	29,000	29,000	-
Climate solution	-	10,500	10,500	-
Clean wave	-	25,000	25,000	-
Sonoma food runners		200	200	-
Total	<u>144,000</u>	<u>224,700</u>	<u>128,700</u>	<u>240,000</u>

NOTE 6 – CONTRIBUTIONS IN-KIND

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

For the year ended December 31, 2018, the Organization's in-kind contributions are as follows:

Marketing	\$	120,000
Rent		160,000
Professional service		80,000
Total	\$	<u>360,000</u>

In addition, the Organization received donated services from unpaid volunteers who provided various program and support services that do not satisfy the criteria for recognition under *FASB ASC 958-605-25-16*. Management estimates approximately 1,000 hours were contributed by three volunteers during the year ended December 31, 2018.

NOTE 7– RELATED PARTY TRANSACTIONS

The Secretary of the Board of Directors is married to the Treasurer of the Board of Directors. The Secretary is also the managing President of the Organization and has worked pro-bono for the Organization since its inception. In addition, the Secretary and the Treasurer have contributed significant donations to the Organization. One Board member is the father of the President of the Organization.

Gautier SF Comm Property, LLC, owned by members of the Board of Directors, leased two properties to the Organization with no rent charge. The warehouse located at 1566 Howard Street, San Francisco, California is rented by the Organization starting September 1, 2017 and ends at December 31, 2020. The fair market value of the rent is \$4,000 that is recognized as in-kind contribution on the statement of functional expenses. The second property is located at 728 Cole Street, San Francisco, California. The lease agreement starts at September 1, 2018 and ends December 31, 2021. The fair market value of the rent is \$4,000 that is recognized as in-kind contribution on the statement of functional expenses.

NOTE 8 – ACCOUNTS RECEIVABLE

Grants and account receivable as of December 31, 2018 are as follows:

Current	\$	96,000
Long-term		144,000
Less allowance for doubtful collections		-
Total	\$	<u>240,000</u>

NOTE 9 – SUBSEQUENT EVENTS

Management of the Organization has reviewed the results of operations for the period of time from its year end, December 31, 2018, through June 25, 2019, the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.