



*(A CALIFORNIA NONPROFIT ORGANIZATION)*

**FINANCIAL STATEMENTS**

**WITH**

**INDEPENDENT ACCOUNTANT'S REVIEW REPORT**

**YEAR ENDED DECEMBER 31, 2021**

**MATTER OF TRUST, INC.**

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
MATTER OF TRUST, INC.  
San Francisco, CA

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, 2021, 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.

We are required to be independent of MATTER OF TRUST, INC. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### 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.

A handwritten signature in black ink, appearing to read "D. M. F. S.", is written over a light blue horizontal line.

*Iryna Accountancy Corporation*

Oakland, California

April 2, 2022

**MATTER OF TRUST, INC.**

**STATEMENT OF FINANCIAL POSITION**

**DECEMBER 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash	\$ 121,515	\$ -	\$ 121,515
Prepaid expenses	1,367	-	1,367
TOTAL CURRENT ASSETS	<u>122,882</u>	<u>-</u>	<u>122,882</u>
Property and equipment, net	<u>254,545</u>	<u>-</u>	<u>254,545</u>
TOTAL ASSETS	<u><u>377,427</u></u>	<u><u>-</u></u>	<u><u>377,427</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	11,569	-	11,569
Accrued compensation	4,640	-	4,640
Other liability	65	-	65
TOTAL CURRENT LIABILITIES	<u>16,274</u>	<u>-</u>	<u>16,274</u>
<b>NET ASSETS</b>			
Without donor restrictions			
Undesignated	<u>361,153</u>	<u>-</u>	<u>361,153</u>
TOTAL NET ASSETS	<u>361,153</u>	<u>-</u>	<u>361,153</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 377,427</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 377,427</u></u>

See Accompanying Notes and Independent Accountant's Review Report.

**MATTER OF TRUST, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>SUPPORT AND REVENUES</b>			
SUPPORT			
Donations	\$ 265,662	\$ -	\$ 265,662
Grants and awards	252,722	-	252,722
In-kind contribution	100,000	-	100,000
REVENUE			
Other revenue	714	-	714
Net assets released from restrictions	<u>48,000</u>	<u>(48,000)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>667,098</u>	<u>(48,000)</u>	<u>619,098</u>
<b>EXPENSES</b>			
PROGRAM SERVICES			
Eco Hub	68,504	-	68,504
Clean Wave	128,976	-	128,976
Eco Home	137,872	-	137,872
The Hum Sum	51,535	-	51,535
Food Program	48,398	-	48,398
SUPPORTING SERVICES			
Management and general	60,693	-	60,693
Fundraising	<u>28,375</u>	<u>-</u>	<u>28,375</u>
TOTAL EXPENSES	<u>524,353</u>	<u>-</u>	<u>524,353</u>
CHANGE IN NET ASSETS	142,745	(48,000)	94,745
NET ASSETS, beginning of year	<u>218,408</u>	<u>48,000</u>	<u>266,408</u>
NET ASSETS, at end year	<u>\$ 361,153</u>	<u>\$ -</u>	<u>\$ 361,153</u>

See Accompanying Notes and Independent Accountant's Review Report.

**MATTER OF TRUST, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2021**

	<u>PROGRAM SERVICES</u>				<u>SUPPORTING SERVICES</u>		<u>TOTAL</u>	
	<u>Eco Hub</u>	<u>Clean Wave</u>	<u>Eco Home</u>	<u>The Hum Sum</u>	<u>Food Program</u>	<u>Management and general</u>	<u>Fundraising</u>	
Salaries and wages	\$ 16,567	\$ 40,668	\$ 28,792	\$ 18,738	\$ 22,749	\$ 21,939	\$ -	\$ 149,453
Payroll taxes	1,407	3,832	2,430	1,752	1,888	2,009	-	13,318
Total personnel	17,974	44,500	31,222	20,490	24,637	23,948	-	162,771
Outside services	19,524	39,406	25,216	18,922	8,213	8,835	21,230	141,346
In-kind services	14,557	26,978	18,992	10,803	10,784	12,875	5,011	100,000
In-kind rent	-	49	48,000	-	-	-	-	48,049
Materials supplies	1,392	1,280	10,666	362	323	1,579	1,293	16,895
Telephone and internet	9,210	-	-	-	554	658	-	10,422
Insurance	370	1,776	983	395	-	6,505	-	10,029
Travel	-	-	1,674	-	3,739	2	-	5,415
Printing	3,822	-	117	-	-	-	-	3,939
Dues, fees and other charges	154	213	246	425	148	357	841	2,384
Donations	-	2,316	-	-	-	-	-	2,316
Tax	-	-	170	-	-	1,350	-	1,520
Postage	-	1,296	-	-	-	142	-	1,438
Conferences and meetings	-	-	163	-	-	413	-	576
Repairs and maintenance	80	-	200	-	-	-	-	280
Marketing and outreach	-	-	-	-	-	15	-	15
Other expense	131	457	223	138	-	4,014	-	4,963
Depreciation expense	1,290	10,705	-	-	-	-	-	11,995
<b>TOTAL</b>								
<b>EXPENSES</b>	<b>\$ 68,504</b>	<b>\$ 128,976</b>	<b>\$ 137,872</b>	<b>\$ 51,535</b>	<b>\$ 48,398</b>	<b>\$ 60,693</b>	<b>\$ 28,375</b>	<b>\$ 524,353</b>

See Accompanying Notes and Independent Accountant's Review Report.

**MATTER OF TRUST, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

CHANGE IN NET ASSETS	\$ 94,745
Adjustments to reconcile change in net assets to net cash provided/ (used) in operating activities:	
Depreciation expense	11,995
(Increase) decrease in operating assets	
Grants and account receivable	50,571
Inventory	-
Prepaid expenses	(1,048)
Increase (decrease) in operating liabilities	
Accounts payable	5,054
Accrued compensation	2,413
Other liability	26
	<u>163,755</u>
NET CASH PROVIDED / (USED) BY OPERATING ACTIVITIES	<u>163,755</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Acquisition of capital assets	<u>(150,008)</u>
NET CASH PROVIDED / (USED) BY INVESTING ACTIVITIES	<u>(150,008)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	13,747
CASH, beginning of the year	
Unrestricted cash	<u>107,767</u>
TOTAL CASH, beginning of the year	<u>107,767</u>
CASH, end of the year	
Unrestricted cash	<u>121,515</u>
TOTAL CASH, end of the year	<u>\$ 121,515</u>

See Accompanying Notes and Independent Accountant's Review Report.

## MATTER OF TRUST, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### 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 materials from landfills and providing eco-education.

The Organization is in San Francisco, California.

#### NOTE 2 – PROGRAMS

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

*Eco-Hub:* Eco-Hub is a working model factory and an exhibit hall with a hair salon, pop-up pet groomers, and more. This lovely warehouse showcases the eco-educational walls representing the possibilities for clean air, water, energy, ideal materials, and eco-industry. Open to visitors of all ages, it welcomes tourists, students, corporate off-sites, walk-ins, retreats, field trips, volunteers, interns, apprentices and more. Fun tours with interactive and productive activities are available and allow each person to connect on how their choices matter to the world.

*Clean Wave:* Clean Wave Program felts waste fibers into mats that soak up oil spills. The goals are to help clean pollutants out of waterways, divert useful fibers from the waste stream, provide recycling education and create green jobs. The Organization established 300 global cottage industry felting hub partners around the world this decade.

*Eco Home:* Eco Home and enchanting urban edible garden showcase planet-friendly solutions for renters. Environmental news (good and bad) can seem huge and impersonal. Most existing residential information is for homeowners and green building construction, leaving out tenants. Eco-Home focuses on accessible, convenient, and cost-friendly ideas for urban areas. Six annual week-long open houses display how everyone can enjoy all the goodness a greener life has to offer.

*The Hum Sum:* Humanity Adding Solutions is an environmental social media platform created, launched and sponsored by the Organization, dedicated to everyone who wants to recycle goods, post wishes, calendar zero-waste events, make planet-friendly commitments, and offer ideas for helping with local to global ecological challenges on forums and message boards.

*Food Program:* The Organization partners with and fiscally sponsors organizations that link surplus with needs. Concentrating on food security and compost, these projects are vital to food security, soil health and more.



### **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 Accounting Pronouncement*

In 2020, the Organization adopted the Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, and ASU No. 2016-10, *Revenue from Contracts with Customers: Identifying Performance Obligations and Licensing*.

Analysis of various provisions of the standards resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with these standards.

#### *Estimates*

The preparation of financial statements in conformity with general 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.

#### *Net Assets*

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. In addition, the Organization is required to present a statement of cash flows.

*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 can designate from net assets without donor restrictions net assets for an operating reserve or for a board-designated endowment. There were no board reserved funds as of December 31, 2021.

*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 those 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. There were no donor-imposed restrictions as of December 31, 2021.

### **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 a publicly supported organization. The Financial Accounting Standards Board 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 believes no material uncertain tax positions exist.

#### *Cash and Cash Equivalents*

For purposes of the statement of cash flows the Organization considers cash and cash equivalents to include all cash accounts held in financial institutions, with an initial maturity of three months or less. The Organization did not have cash equivalents as of December 31, 2021.

#### *Contributions and Contributions Receivable*

Contributions are recognized as revenue when received or unconditionally promised. Contributions received are recorded as without donor restrictions or with donor restriction support, depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a donor restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with time and purpose restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional pledges are recognized as receivables and revenue when the conditions on which they depend are substantially met. Contributions receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization uses the allowance method to determine uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific promises made. Cash received before conditions or contributions are met are deferred and presented as deferred revenue on the statement of financial position.

#### *Contributions In-Kind*

In-kind contributions are recognized on the statement of activities at their estimated fair market value on the day of donation. Contributed services, which require a specialized skill and which the Organization would have paid for if not donated, are recorded at their estimated fair market value at the time the services are rendered. In addition, the Organization receives donated services that do not require specific expertise but are nonetheless central to the Organization's operations and do not meet the requirements for recognition in the financial statements per generally accepted accounting principles.

### **NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### *Revenue Recognition*

The Organization recognizes revenue on the accrual basis of accounting. Service and interest income is recognized as revenue in the period in which the service is provided, or interest is earned.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. At December 31, 2021, there were no conditional contributions that were not recognized on the statement of activities.

#### *Concentration of Credit Risk*

Financial instruments that potentially subject the Organization to concentrations of credit risk are cash deposits. The Organization places its cash in banks that are insured in limited amounts by the U.S. Government up to \$250,000. As of December 31, 2021, the Organization had no cash in the bank in excess of federally insured limits.

#### *Property, Equipment and Depreciation*

Property and equipment are recorded at cost when purchased or at estimated fair market value when donated. It is the Organization's policy to capitalize items that have a life greater than a year and a cost of \$1,000 or more. Depreciation is computed using the straight-line method over the asset's estimated useful life, which ranges from three to five years. Depreciation is charged to the activity benefiting from the use of the facilities or equipment.

#### *Concentration of Revenue*

During the year ended December 31, 2021, the Organization received approximately 50% of its revenue from one donor and its related company.

#### *Functional Allocation of Expenses*

The costs of providing various programs and other activities are summarized on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited based on the management estimate. General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Salaries and related expenses are allocated based on employees' direct time spent on program or support activities or the best estimate of time spent. Given the collaborative manner in which the Organization delivers its program, rents are allocated based on staff hours devoted to each function. Expenses, other than salaries and related expense, which are not directly identifiable by program or support services, are allocated based on the best management's estimate.

### **NOTE 3 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### *Fair Value of Financial Instruments*

The following methods and assumptions were used by the Organization in establishing the fair value of its financial statements: the carrying amounts of cash, short-term investments, grant and accounts receivables, prepaid expenses, deposits and accounts payable, accrued expenses, and other current liabilities approximate fair value because of the short maturity of these instruments. The carrying amounts of long-term receivables and payables approximate fair value as these receivables and payables earn or are charged interest based on the prevailing rates.

#### *Fair Value Measurements*

Fair value is defined as the price that would be received for a sale of an asset or paid in a transfer of 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 active markets, 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 an asset or liability.

Currently, the Organization does not have any assets measured at fair value.

### **NOTE 4 – CONTINGENT LIABILITIES**

Conditions contained within the various grants awarded to the Organization are subject to the funding agency's criteria and can be subject to audit. Occasionally, such audits may determine that certain costs incurred against the grants may not comply with the established criteria governing them. In such cases, the Organization could be held responsible for repayment to the funding agency for costs questioned or be subject to reduction of future funding. Management does not anticipate any questioned costs for the grants administered during the period.

### **NOTE 5– 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.

**NOTE 5– LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)**

Cash	\$ 121,515
Less those unavailable for general expenditures within one year due to restricted by donor with time or purpose restrictions:	<u>-</u>
Financial assets available to meet cash needs for general expenditure within one year	\$ <u>121,515</u>

\$121,515 of financial assets are available to cover the Organization’s liquidity needs. The Organization has a goal to maintain sufficient financial assets on hands, which consists of cash, to meet the total of next fiscal year’s projected management and fundraising expenses, which are expected to be approximately \$134,470. Based on projected estimate, the Organization has sufficient liquid assets.

**NOTE 6 – PROPERTY AND EQUIPMENT**

Property, equipment, and related accumulated depreciation as December 31, 2021 is as follows:

Equipment and furniture	\$ 78,639
Software and website design	193,194
Accumulated depreciation	<u>(17,288)</u>
Net book value	\$ <u>254,545</u>

Depreciation expense is \$11,995 for the year ended December 31, 2021.

**NOTE 7 –NET ASSETS WITH DONOR RESTRICTIONS**

For the year ended December 31, 2021 the change in net asset with donor restrictions as follows:

<u>Restrictions</u>	<u>2020</u>	<u>Additions</u>	<u>Released</u>	<u>2021</u>
Time restricted	\$ <u>48,000</u>	\$ <u>-</u>	\$ <u>48,000</u>	\$ <u>-</u>
Total	\$ <u>48,000</u>	\$ <u>-</u>	\$ <u>48,000</u>	\$ <u>-</u>

**NOTE 8 – IN-KIND CONTRIBUTIONS**

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.

During the year ended December 31, 2021, the Organization received \$100,000 in-kind revenue for pro bono administration.

**NOTE 8 – IN-KIND CONTRIBUTIONS (CONTINUED)**

During the year ended December 31, 2021, the Organization received volunteer services including gardening, permaculture advice, research, and other services from 30 volunteers, who provided about 5,000 volunteer hours. Volunteers' services from unpaid volunteers do not satisfy the criteria for recognition under *FASB ASC 958-605-25-16*.

**NOTE 10– RELATED PARTY TRANSACTIONS**

The Board Vice Chair is married to the Treasurer of the Board of Directors. The Board Vice Chair is also the managing President of the Organization and has worked pro-bono for the Organization since its inception. In addition, the Board Vice Chair 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 one property to the Organization with no rent charge. The 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 rent expense on the statement of functional expenses.

**NOTE 11 – SUBSEQUENT EVENTS**

Management of the Organization has reviewed the results of operations for the period of time from its year end, December 31, 2021, through April 2, 2022, 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.

**IRYNA ACCOUNTANCY CORPORATION**

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