



Guide to Audit Report Draft Package

August 14, 2018

Enclosed and bookmarked in this attached PDF document you will find the following items for your review:

1. Draft of Audit
2. Proposed Adjusting Journal Entries
3. Communication with Those Charged With Governance
4. Management Representation Letter
5. Audit Draft Acceptance Form

Please take some time to review Items 1 through 5 in the PDF document. Should you have any questions concerning any of these items, please feel free to give us a call.

Once you have completed your review, please sign and date the Management Representation Letter (Item 4) and the Audit Draft Acceptance Form (Item 5) via RightSignature. Once we receive these items, we will process the final copies of your audit report.

It has been a pleasure working with your organization on this engagement. As always, should questions arise throughout the year, please do not hesitate to call.

Sincerely,

Corliss & Solomon, PLLC

Corliss & Solomon, PLLC
Asheville, North Carolina

MOUNTAINTRUE
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2017



CORLISS &
SOLOMON
PLLC

CERTIFIED PUBLIC ACCOUNTANTS

RS Draft

MountainTrue
Table of Contents
Year Ended December 31, 2017

Independent Auditor’s Report 1 - 2

Financial Statements:

Statement of Financial Position 3

Statement of Activities 4

Statement of Functional Expenses 5

Statement of Cash Flows 6

Notes to Financial Statements 7 - 14



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
MountainTrue
Asheville, North Carolina

We have audited the accompanying financial statements of MountainTrue, which comprise the statement of financial position as of December 31, 2017, 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit 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 of 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MountainTrue as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited MountainTrue's 2016 financial statements, and our report dated July 19, 2017, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Corliss & Solomon, PLLC
Asheville, North Carolina
August XX, 2018

MountainTrue
Statement of Financial Position

As of December 31, 2017

(With summarized comparative totals as of December 31, 2016)

	2017	2016
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 318,577	\$ 232,700
Grants and Contracts Receivable	94,500	61,055
Other Receivables	6,065	14,918
Security Deposit	3,524	2,874
Prepaid Expenses	5,459	5,257
Total Current Assets	428,125	316,804
<u>Long-Term Assets</u>		
Investments	428,181	357,301
Property and Equipment, Net	16,140	19,796
Total Long-Term Assets	444,321	377,097
Total Assets	\$ 872,446	\$ 693,901
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 16,063	\$ 14,863
Payroll Tax Liabilities	11,965	10,412
Accrued Vacation	12,088	14,138
Total Current Liabilities	40,116	39,413
<u>Net Assets</u>		
Unrestricted		
Undesignated	435,278	459,574
Board Designated Reserve Fund	150,000	50,000
Total Unrestricted	585,278	509,574
Temporarily Restricted	247,052	144,914
Total Net Assets	832,330	654,488
Total Liabilities and Net Assets	\$ 872,446	\$ 693,901

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

MountainTrue
Statement of Activities
Year Ended December 31, 2017

(With summarized comparative totals for the prior year)

	Unrestricted	Temporarily Restricted	Total 2017	Total 2016
<u>Support and Revenue</u>				
Grants	\$ 85,000	\$ 197,197	\$ 282,197	\$ 243,523
Contributions	796,754	122,297	919,051	751,326
Program Service Revenue	59,132	-	59,132	58,611
Membership	79,317	-	79,317	59,567
Event Income	91,826	101,477	193,303	148,506
In Kind Contributions	2,998	-	2,998	10,034
Interest Income	3,955	-	3,955	2,387
Investment Gains/(Losses)	(207)	-	(207)	199
Other Income	3,040	-	3,040	2,134
Net Assets Released from Restrictions	318,833	(318,833)	-	-
Total Support and Revenue	<u>1,440,648</u>	<u>102,138</u>	<u>1,542,786</u>	<u>1,276,287</u>
<u>Expenses</u>				
Program Services	971,456	-	971,456	905,790
Management and General	122,177	-	122,177	112,536
Fundraising	271,311	-	271,311	235,282
Total Expenses	<u>1,364,944</u>	<u>-</u>	<u>1,364,944</u>	<u>1,253,608</u>
Change in Net Assets	75,704	102,138	177,842	22,679
Net Assets, Beginning of Year	509,574	144,914	654,488	631,809
Net Assets, End of Year	<u>\$ 585,278</u>	<u>\$ 247,052</u>	<u>\$ 832,330</u>	<u>\$ 654,488</u>

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

MountainTrue
Statement of Functional Expenses
Year Ended December 31, 2017

(With summarized comparative totals for the prior year)

	Program Services	Management and General	Fundraising	Total 2017	Total 2016
Salaries	\$ 508,604	\$ 67,035	\$ 82,753	\$ 658,392	\$ 585,288
Payroll Taxes	39,047	5,126	6,328	50,501	49,068
Health Insurance	25,528	3,351	4,137	33,016	31,657
Retirement	10,094	1,325	1,636	13,055	11,065
Total Personnel	583,273	76,837	94,854	754,964	677,078
Accounting	-	14,693	-	14,693	13,148
Communications	1,235	4,899	-	6,134	5,710
Conference and Training	12,512	1,935	459	14,906	14,136
Contract Services	101,131	3,096	19,750	123,977	160,372
Dues and Subscriptions	14,973	2,355	3,061	20,389	17,419
Equipment	20,521	-	569	21,090	20,421
Equipment Rental	4,514	593	731	5,838	6,486
Events	9,907	-	129,567	139,474	129,342
Fiscal Sponsorship Activities	91,457	-	-	91,457	54,918
IT Services	-	864	-	864	11,848
Insurance	9,166	1,203	1,484	11,853	9,136
Miscellaneous	490	865	1,729	3,084	2,599
Occupancy	62,252	9,023	9,919	81,194	72,867
Printing	14,677	385	1,709	16,771	11,124
Promotional Merchandise	1,692	-	1,159	2,851	3,856
Postage	614	278	2,989	3,881	1,948
Steering Committee	-	805	-	805	1,909
Supplies	666	3,445	62	4,173	3,899
Travel	36,001	207	2,140	38,348	29,778
Sub-total Expenses	965,081	121,483	270,182	1,356,746	1,247,994
Depreciation	6,375	694	1,129	8,198	5,614
Total Expenses	\$ 971,456	\$ 122,177	\$ 271,311	\$ 1,364,944	\$ 1,253,608

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

MountainTrue
Statement of Cash Flows
Year Ended December 31, 2017

(With summarized comparative totals for the prior year)

	2017	2016
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets During Year	\$ 177,842	\$ 22,679
Adjustments to reconcile change in net assets to net cash provided or (used) by operating activities:		
Depreciation	8,198	5,614
Investment (Gains)/Losses	(3,025)	(2,416)
Stock Donation Received	(7,855)	(5,379)
(Increase)/Decrease in Operating Assets:		
Grants and Contracts Receivable	(33,445)	(59,055)
Accounts Receivable	8,853	(8,486)
Security Deposit	(650)	-
Prepaid Rent	(202)	(1,209)
Increase/(Decrease) in Operating Liabilities:		
Accounts Payable	1,200	1,103
Payroll Tax Liabilities	1,553	1,031
Accrued Vacation	(2,050)	5,377
Net Cash Provided/(Used) by Operating Activities	150,419	(40,741)
<u>Cash Flows from Investing Activities</u>		
Purchase of Property and Equipment	(4,542)	(18,815)
Sale/(Purchase) of Investments, Net	(60,000)	80,000
Net Cash Provided/(Used) by Investing Activities	(64,542)	61,185
Net Change in Cash	85,877	20,444
Cash and Equivalents, Beginning of Year	232,700	212,256
Cash and Equivalents, End of Year	\$ 318,577	\$ 232,700

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

MountainTrue

Notes to Financial Statements

Year Ended December 31, 2017

1. Description of the Organization and Summary of Significant Accounting Policies

MountainTrue champions resilient forests, clean waters and healthy communities in Western North Carolina. To achieve our programmatic goals, MountainTrue's board, volunteers and professional staff focus on a core set of issues across 23 counties of Western North Carolina: sensible land use, restoring public forests, protecting water quality and promoting clean energy – all of which have a high impact on the environmental health and long-term prosperity of our region.

MountainTrue is the home of the French Broad Riverkeeper, the Watauga Riverkeeper, and the Green Riverkeeper, the primary protectors and defenders of these watersheds. MountainTrue is also the home of the Broad River Alliance, a collection of concerned citizens and organizations advocating for cleaner water, awareness and education, improved access and broadened recreational opportunities within the Broad River Basin.

MountainTrue is also home to Creation Care Alliance of Western North Carolina, a network of people of faith and congregations who have united around a moral and spiritual call to preserve the integrity, beauty and health of God's creation. And MountainTrue is now home to the Asheville Design Center, which engages Western North Carolina in creative community-based design to promote healthy, thriving and equitable communities.

The organization's primary sources of support are contributions from the general public and foundation grants. The organization's programs include the following activities:

Clean Water

- Our intensive bacteria monitoring program revealed numerous sewer leaks and straight pipes in Buncombe and Henderson Counties that have been fixed.
- We were the first responder and lead advocate for cleanup of a major gasoline leak into the Watauga River.
- We continue coal ash litigation at the Duke Energy Rogers/Cliffside plant in Rutherford County, seeking excavation of the ash to stop ongoing surface and groundwater pollution. In 2017, we held a Clean Up Your Coal Ash float, undertook fish tissue monitoring, and generated public comment on Duke's draft wastewater discharge permit.
- We settled a challenge to a brownfield agreement, securing additional public disclosure of soil and groundwater contamination and protections in those areas of the site.
- Over 200 volunteers planted close to 10,000 live stakes along 12 miles of streambank on Cane and Hominy Creeks to stop erosion.

Clean Energy and Sustainability

- MountainTrue co-chaired two of the working groups supporting the Energy Innovation Task Force, which is the nationally unique partnership among the City of Asheville, Buncombe County, and Duke Energy to delay or avoid construction of a proposed natural gas peaking plant at Lake Julian and to reduce energy use in the region overall. This work helped secure several hundred thousand dollars from the city and county for energy investments, including low income weatherization programs.

Public Lands

- We continue to play a leading role in Pisgah-Nantahala National Forest planning.
- We launched a Save our Ashes campaign to inventory existing ash trees that are susceptible to the emerald ash borer, so they can be treated and monitored.
- We continue our invasive control work on public and private conservation lands.
- We held another Bio Blitz at Bluff Mountain in Madison County, through which we identified several new species.

Transportation and Land Use

- We are seeing continued success on the I-26 project, working with neighborhoods, the City, and NCDOT to reduce the overall size, improve the design, and include more bike/pedestrian infrastructure in the final project.
- We continued our successful advocacy through the Asheville Regional Transit Coalition to expand resources for transit service.
- Our newest program, the Asheville Design Center, has led community visioning efforts for the 68 Haywood Street parcel, Carolina Lane, and the Falconhurst Reserve in Asheville and for Veteran's Park in Black Mountain.

Community Engagement

- We have a presence at the state legislature through our Raleigh-based lobbyist who advances our legislative agenda; produces our *Raleigh Report*; and supports lobbying trips, in-district visits, and trainings. This has resulted in stronger relationships with our legislators and the Cooper administration, with whom we are working on a WNC clean water initiative.
- Our Creation Care Alliance program consists of over 40 faith communities working together on energy and climate issues, and our 100 days of action following the presidential inauguration saw faith communities engaging in over 100 positive acts of creation and compassion.

Summary of Significant Accounting Policies

Corporate and Tax-Exempt Status

MountainTrue is a not-for-profit corporation under the laws of the state of North Carolina and has been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. Contributions to the organization qualify for the charitable contribution deduction under Section 170(b)(1)(a). The organization is also classified as a publicly supported organization under Section 509(a)(2).

Merger

On October 26, 2017 MountainTrue's membership voted to merge with Asheville Design Center, a 501(c)(3) organization with a mission in line with the goals and objectives of MountainTrue. Articles of merger were filed with the N.C. Secretary of State on November 8, 2017. In accordance with U.S. GAAP, the transaction was accounted for as an "Acquisition." With MountainTrue being the surviving entity, Asheville Design Center discontinued its separate existence. There were no material transfers of assets or liabilities related to the merger.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Financial Statement Presentation

U.S. GAAP establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories according to externally imposed restrictions. Descriptions of the three net asset classes are as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed restrictions and that are available for general operating expenses of the organization.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed restrictions as to the purpose and/or time of use.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the organization. (MountainTrue had no permanently restricted net assets as of December 31, 2017.)

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. As restrictions expire, net assets are reclassified to unrestricted net assets and are reported on the statement of activities as “Net assets released from restrictions.”

Cash and Cash Equivalents

For purposes of reporting on the statement of cash flows, the organization considers highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents. Money funds held by brokerage firms are not considered to be cash equivalents.

Investments

Investments are carried at fair value on the statement of financial position. Changes in the market value of the funds are reflected as gains or losses on the statement of activities.

Fair Value Measurements

In accordance with U.S. GAAP, MountainTrue follows “Fair Value Measurements.” This standard establishes a single definition of fair value and a framework for measuring fair value in financial statements under U.S. GAAP. Fair value is defined as “the price that would be received to sell an asset in an orderly transaction between market participants at an agreed upon measurement date. That is, fair value is based on an exit price, which may differ from the price paid to acquire the asset. If there is a principal market for the asset, fair value represents the price in that market.” Financial assets carried at fair value on a recurring basis consist of funds held by an investment broker.

Grants Receivable and Other Receivables

Unconditional contributions and grants receivable expected to be collected within one year are recorded at net realizable value. MountainTrue believes that receivables will be fully collected and has determined that no allowance for doubtful accounts is considered necessary.

Property and Equipment

Purchases of property and equipment of \$500 or more per item are capitalized at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method.

Conservation Easements

MountainTrue does not recognize in its financial statements the value of conservation easements it has received as donations as part of its streamside protection and development work.

Fiscal Sponsorships

MountainTrue serves as fiscal sponsor for several organizations. The missions of these organizations are aligned with MountainTrue and the relationships are governed by separate agreements. MountainTrue retains control and discretion over the contributions and grants it receives as fiscal sponsor. These funds are, therefore, included in income and expenses on the accompanying statement of activities. Any remaining balances at year end are tracked as a restricted net asset balance. See Note 11 for a listing of sponsored organizations and restricted balances at year end.

Income Taxes/Uncertain Tax Positions

MountainTrue is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. However, the Code also provides that income from certain activities not related to the organization's tax-exempt purpose may be subject to taxation as unrelated business income. The organization had no income from unrelated business activities for 2017 and was therefore not required to file Form 990-T. The organization believes that it has appropriate support for all tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and 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 based on management estimate.

2. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

<u>As of December 31:</u>	<u>2017</u>	<u>2016</u>
General Operating Account	\$ 29,636	\$ 18,298
Money Market Accounts	195,706	120,480
Fiscal Sponsor Funds Account	55,277	68,314
Online Accounts	37,833	25,483
Petty Cash	125	125
Total Cash and Cash Equivalents	<u>\$ 318,577</u>	<u>\$ 232,700</u>

3. Concentration of Credit Risk

MountainTrue maintains most of its cash in four accounts with one financial institution. The accounts are insured in aggregate up to \$250,000 by the Federal Deposit Insurance Corporation. At times during the year, balances may have exceeded the FDIC insured limit. Management believes it is not exposed to any significant credit risk on its cash balances.

4. Investments

Investments consist of the following:

<u>As of December 31:</u>	<u>2017</u>	<u>2016</u>
Money Funds	\$ 104,616	\$ 201,601
Certificates of Deposit	323,455	150,000
Stock	110	5,700
Total Investments	<u>\$ 428,181</u>	<u>\$ 357,301</u>

5. Grants and Contracts Receivable

The grants and contracts receivable balance consists of foundation grants awarded and program service revenue earned in 2017. The balance was \$94,500 and \$61,055 as of December 31, 2017 and 2016, respectively.

6. Other Receivables

Other receivables consist of the following:

<u>As of December 31:</u>	<u>2017</u>	<u>2016</u>
Contributions Receivable	\$ 3,627	\$ 13,109
Sales Tax Receivable	2,438	1,809
Total Other Receivables	<u>\$ 6,065</u>	<u>\$ 14,918</u>

7. Property and Equipment

Property and equipment consist of the following:

<u>As of December 31:</u>	<u>2017</u>	<u>2016</u>
Property and Equipment	\$ 36,240	\$ 31,698
Vehicles	8,853	8,853
Leasehold Improvements	8,802	8,802
Less: Accumulated Depreciation	(37,755)	(29,557)
Property and Equipment, Net	<u>\$ 16,140</u>	<u>\$ 19,796</u>

8. Conservation Easements

As a by-product of its stream-bank restoration work, MountainTrue holds four conservation easements on small tracts of property bordering or accessing streams in the Watauga River watershed. All of the easements were received by donation. As permitted by generally accepted accounting principles, the organization has elected not to recognize the value of the easements in its financial statements.

9. Lease Commitments

MountainTrue extended the office lease for its main office space in Asheville North Carolina until December 1, 2019. As of December 31, 2017, monthly rental payments are \$4,568. In March 2017, MountainTrue entered a one-year lease for offices in Boone, North Carolina with monthly rent payments of \$450. MountainTrue also leases additional offices in Franklin and Hendersonville North Carolina under month-to-month lease agreements. For the years ended December 31, 2017 and 2016, the total rent expense for office space was \$71,970 and \$63,087, respectively. Future minimum lease payments expected by year are as follows:

<u>Years Ending December 31:</u>	
2018	\$ 55,716
2019	50,248
Total future minimum lease payments	<u>\$ 105,964</u>

10. Board Designated Reserve Fund

As of December 31, 2017, the MountainTrue held \$150,000 of unrestricted net assets designated by the board as a Reserve Fund. The purpose is to establish a board-controlled fund outside of operations to give the organization a known cash source it can utilize in the event of unexpected expenses or cash flow shortfalls. The board's intention is to grow this fund to an amount representing six months of operating expenses.

11. Temporarily Restricted Net Assets

Temporarily restricted net assets were available for the following purposes:

<u>As of December 31:</u>	<u>2017</u>	<u>2016</u>
French Broad Riverkeeper	\$ 44,252	\$ 13,050
Muddy Waters	8,348	8,996
Public Lands	32,675	4,677
Stream Bank Planting	-	2,608
Watauga Riverkeeper	7,500	19,500
Community Engagement	9,000	-
Time Restricted for 2018	90,000	-
Fiscal Sponsorships:		
Asheville on Bikes	-	7,870
BEAR	2,208	5,067
Broad River Alliance	1,604	1,605
Energy Savers Network	-	4,500
Katuah	21,630	21,630
Other Fiscal Sponsors	1,858	-
Preserving America	3,250	-
Protect Polk Water	2,098	3,098
Ravenscroft Reserve	350	350
Strive Not to Drive	1,653	-
Robert Wood Woodfin Community	15,821	48,210
West Asheville Garden Stroll	4,805	3,753
Total Temporarily Restricted Net Assets	<u>\$ 247,052</u>	<u>\$ 144,914</u>

12. Program Service Expenses

Program service expense by strategic program area is as follows for the years ended December 31:

<u>Strategic Program Area</u>	<u>2017</u>	<u>2016</u>
Clean Energy	\$ 78,587	\$ 117,128
Preserving Public Land	162,767	160,883
Land Use/Transportation	92,467	139,761
Protecting Our Water	393,606	338,342
Community Engagement	244,028	149,676
Total Program Services	<u>\$ 971,455</u>	<u>\$ 905,790</u>

13. Fundraising Events

MountainTrue holds two major fundraising events during the year, both of which provide the organization with proceeds that contribute to the organization's ability to carry out its programs. These events also carry with them significant amounts of associated costs, all of which are reflected in fundraising expenses on the statement of functional expenses.

Total fundraising events, excluding related contributions, for all events are summarized as follows:

<u>Year Ended December 31:</u>	<u>2017</u>	<u>2016</u>
Event Income	\$ 193,303	\$ 148,506
Direct Expenses		
Artist Entertainment	(45,050)	(24,550)
Contract Labor	(22,390)	(24,340)
Advertising & Marketing	(11,242)	(12,936)
Meals, Beverages and Facility	(20,120)	(18,643)
Other Direct Expenses	(40,672)	(35,133)
Event Net Income	<u>\$ 53,829</u>	<u>\$ 32,904</u>

14. Fair Value Measurements

Fair values of assets measured on a recurring basis at December 31, 2017 are as follows:

<u>Investments:</u>	<u>Fair Value</u>	<u>Fair Value Measurements at</u>		
		<u>Reporting Date Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money Funds	\$ 104,616	\$ 104,616	\$ -	\$ -
Certificates of Deposit	323,455	323,455	-	-
Stock	110	110	-	-
Total	<u>\$ 428,181</u>	<u>\$ 428,181</u>	<u>\$ -</u>	<u>\$ -</u>

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets.

Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets.

Financial assets valued using Level 3 inputs are based on unobservable inputs such as those that apply to derivatives and split interest agreements.

15. Retirement Plan

MountainTrue offers a Simple IRA plan to eligible employees. MountainTrue matches employee contributions up to three percent of salary. For the years ended December 31, 2017 and 2016, the organization contributed a total of \$13,055 and \$11,065, respectively.

16. Comparative Data

The financial statements include certain prior-year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2016, from which the summarized information was derived. In addition, certain reclassifications have been made to prior year information to facilitate comparison to the current year.

17. Subsequent Events

Subsequent events have been evaluated through August XX, 2018, which is the date the financial statements were available to be issued.

MountainTrue
Adjusting Journal Entries
For the Audit Year Ended December 31, 2017

Date	Num	Memo	Account	Debit	Credit
12/31/2017	17 Audit 1	To adjust financial statements for carryover balance and entries posted to retained earnin...	Carry Over from Previous Year	48,831.00	
		To adjust financial statements for carryover balance and entries posted to retained earnin...	Reserved for Upcoming Year		97,275.22
		To adjust financial statements for carryover balance and entries posted to retained earnin...	Net Asset Carryover	48,444.22	
		To adjust financial statements for carryover balance and entries posted to retained earnin...	Opening Bal Equity	1,150.00	
		To adjust financial statements for carryover balance and entries posted to retained earnin...	Mountaintrue In Kind Donations		1,150.00
				98,425.22	98,425.22
12/31/2017	17 Audit 2	To post fixed asset additions and depreciation expense	Furniture and Equipment	4,541.64	
		To post fixed asset additions and depreciation expense	Depreciation Expense	8,197.88	
		To post fixed asset additions and depreciation expense	Office Automation/Techn.		4,541.64
		To post fixed asset additions and depreciation expense	Accumulated Depreciation		8,197.88
				12,739.52	12,739.52
12/31/2017	17 Audit 3	To post in kind donation adjustment for 2017	Mountaintrue In Kind Donations		1,728.33
		To post in kind donation adjustment for 2017	MountainTrue In Kind Expenses	1,728.33	
				1,728.33	1,728.33
12/31/2017	17 Audit 4	To adjust for in kind donation provided by organziation	Sponsorships		1,000.00
		To adjust for in kind donation provided by organziation	MountainTrue In Kind Expenses	1,000.00	
				1,000.00	1,000.00
12/31/2017	17 Audit 5	To adjust accrued vacation as of yearend	Accrued Vacation	2,049.59	
		To adjust accrued vacation as of yearend	Salaries		2,049.59
				2,049.59	2,049.59
12/31/2017	17 Audit 6	To adjust prepaid rent expense as of yearend	Prepaid Expenses		688.80
		To adjust prepaid rent expense as of yearend	Rent - Office	688.80	
				688.80	688.80
12/31/2017	17 Audit 7	To recognize grants receivable for ZSR and APTA Grant	Grant receivable	90,000.00	
		To recognize grants receivable for ZSR and APTA Grant	Grant receivable	4,500.00	
		To recognize grants receivable for ZSR and APTA Grant	Grant & Foundation Income		94,500.00
				94,500.00	94,500.00
TOTAL				211,131.46	211,131.46



COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

To: The Board of Directors
MountainTrue
Asheville, North Carolina

We have audited the financial statements of the MountainTrue for the year ended December 31, 2017 and have issued our report thereon dated August XX, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated March 8, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the MountainTrue are described in Note 1 to the financial statements. The application of existing policies was not changed during the audit year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates can be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There are no estimates of particular significance estimate in the Organization's financial statements.

Audit Adjustments

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have provided our audit adjustments to management, who has agreed with the posting of all adjustments to the audited financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August XX, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Organization’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and Finance Committee of MountainTrue, and is not intended to be, and should not be, used by anyone other than these specified parties.

Corliss & Solomon, PLLC
Asheville, North Carolina
August XX, 2018

MountainTrue

29 North Market Street
Asheville, NC 28801

Management Representation Letter

Corliss & Solomon, PLLC

This representation letter is provided in connection with your audit of the financial statements of the MountainTrue, which comprise the statements of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of (date) 08/30/2018, the following representations made to you during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated March 8, 2018, including our responsibility for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP.
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP.
- 3) We acknowledge our responsibility for 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.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) In regard to the 990 and financial statement preparation nonattest services performed by you, we have—
 - a) Assumed all management responsibilities.
 - b) Designated Julie Mayfield, Co- Executive Director who possesses suitable skill, knowledge, or experience to oversee the services.
 - c) Evaluated the adequacy and results of the services performed.
 - d) Accepted responsibility for the results of the services.
- 6) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 7) Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 8) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.

- 9) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the Organization's accounts.
- 10) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 11) Material concentrations have been appropriately disclosed in accordance with U.S. GAAP.
- 12) Guarantees, whether written or oral, under which the Organization is contingently liable, have been properly recorded or disclosed in accordance with U.S. GAAP.
- 13) Not aware of any additional liabilities for which the organization is liable as a result of its merger with the Asheville Design Center as disclosed in Note 15 to the financial statements.
- 14) We acknowledge our responsibility to distribute to the board of directors the Communication with Those Charged with Governance and any other letters intended for the board.

Information Provided

- 15) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within the Organization from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of the governing board or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 16) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 17) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 18) We have no knowledge of any fraud or suspected fraud that affects the Organization and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 19) We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements communicated by employees, former employees, grantors, regulators, or others.
- 20) We have no knowledge of any instances of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements.
- 21) We are not aware of any pending or threatened litigation, claims, or assessments or unasserted claims or assessments that are required to be accrued or disclosed in the financial statements in accordance with U.S. GAAP, and we have not consulted a lawyer concerning litigation, claims, or assessments.
- 22) We have disclosed to you the identity of the Organization's related parties and all the related-party relationships and transactions of which we are aware.

- 23) The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 24) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us.
- 25) MountainTrue is an exempt organization under Section 501(c)(3) of the Internal Revenue Code. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status, and all activities subject to tax on unrelated business income or excise or other tax, have been disclosed to you. All required filings with tax authorities are up-to-date.

Acknowledged (as of date we have inserted on page one, paragraph three):



Julie Mayfield, Co-Executive Director

**Audit Draft Acceptance Form and
Transmission of Audit-Related Letters**

Client: **MountainTrue**

Fiscal Year Ended: **December 31, 2017**

Audit Report Draft

We have reviewed the audit report **draft** sent August 14, 2018:

We accept the report *As Is* ()

or

We accept the audit report draft *With the Following Modifications* ()

Page # Comment

Page #	Comment

Proposed Audit Adjusting Journal Entries

We have received a listing of your proposed audit adjusting journal entries and understand their content and effect they will have on the organization's financial statements. We **agree () disagree ()** with the proposed audit adjusting journal entries and **will () will not ()** post them to the organization's books.

Communication with Those Charged with Governance

We have received a copy of the Communication with Those Charged with Governance. We understand that this letter is intended for the Board of Directors and has been distributed to those responsible for this information.

Management Representation Letter

We have signed and dated the management representation letter proposed by your firm. It has been returned to Corliss & Solomon, PLLC.

Subsequent Events

We have reviewed the organization's financial activities and operations since December 31, 2017 and there have been no events that need to be disclosed as a subsequent event.

Publication of Audit information

New standards require that in the event the Audit is reproduced, all or in part, that the Audit firm must review the publication prior to making it available to the public (e.g., publication in an Annual Report). Please feel free to call us if you have questions regarding this new standard.

Bound Copies of Audit Report Requested: 1

You will automatically receive a PDF copy.

Julie Mayfield

Signature

Co-Director

Title

08/30/2018

Date

Signature Certificate

 Document Reference: ZVXS6YJLZ5YWW6X4DT7U8Y

RightSignature
Easy Online Document Signing



Julie Mayfield
Party ID: SRA4BVIAD3M9RPHIB2DTV7
IP Address: 68.118.155.194
VERIFIED EMAIL: julie@mountaintrue.org

Electronic Signature:

Julie Mayfield

Multi-Factor
Digital Fingerprint Checksum

38690014766ecd01f9cf94de7ba4165fb50f80f1



Timestamp

2018-08-30 11:02:40 -0700

2018-08-30 11:02:40 -0700

2018-08-30 10:58:38 -0700

2018-08-14 09:41:25 -0700

Audit

All parties have signed document. Signed copies sent to: Julie Mayfield and Marissa Wilson.

Document signed by Julie Mayfield (julie@mountaintrue.org) with drawn signature. - 68.118.155.194

Document viewed by Julie Mayfield (julie@mountaintrue.org). - 68.118.155.194

Document created by Marissa Wilson (office@candspllc.com). - 68.115.150.214



This signature page provides a record of the online activity executing this contract.