

MOUNTAINTRUE
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2018



CORLISS &
SOLOMON
PLLC

CERTIFIED PUBLIC ACCOUNTANTS

MountainTrue
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Year Ended December 31, 2018

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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, 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.

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 audit. 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, 2018, 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 2017 financial statements, and our report dated August 30, 2018, 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, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carliss & Salaman, PLLC

Asheville, North Carolina
September 19, 2019

MountainTrue
Statement of Financial Position

As of December 31, 2018

(With summarized comparative totals as of December 31, 2017)

	2018	2017
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 406,725	\$ 318,577
Grants Receivable	100,000	94,500
Accounts Receivable	9,244	6,065
Security Deposit	3,524	3,524
Prepaid Expenses	4,568	5,459
Total Current Assets	524,061	428,125
<u>Long-Term Assets</u>		
Grants Receivable- Long Term	150,000	-
Investments	473,016	428,181
Property and Equipment, Net	19,025	16,140
Total Long-Term Assets	642,041	444,321
Total Assets	\$ 1,166,102	\$ 872,446
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 20,788	\$ 16,063
Payroll Tax Liabilities	11,746	11,965
Accrued Vacation	11,244	12,088
Total Current Liabilities	43,778	40,116
<u>Net Assets</u>		
Without Donor Restrictions	683,744	585,278
With Donor Restrictions	438,580	247,052
Total Net Assets	1,122,324	832,330
Total Liabilities and Net Assets	\$ 1,166,102	\$ 872,446

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

MountainTrue

Statement of Activities

Year Ended December 31, 2018

(With summarized comparative totals for the prior year)

	Without Donor Restrictions	With Donor Restrictions	Total 2018	Total 2017
Support and Revenue				
Grants	\$ 5,000	\$ 400,239	\$ 405,239	\$ 282,197
Contributions	782,062	270,201	1,052,263	900,198
Program Service Revenue	38,316	-	38,316	59,132
Membership	84,873	-	84,873	77,617
Event Income	11,583	160,805	172,388	187,941
Fiscal Sponsorship Income	-	120,825	120,825	26,189
In Kind Contributions	3,896	-	3,896	2,998
Interest Income	5,575	-	5,575	3,955
Investment Gains/(Losses)	1,911	-	1,911	(207)
Other Income	1,236	-	1,236	2,766
Net Assets Released from Restrictions	760,542	(760,542)	-	-
Total Support and Revenue	1,694,994	191,528	1,886,522	1,542,786
Expenses				
Program Services	1,217,522	-	1,217,522	971,456
Management and General	118,966	-	118,966	122,177
Fundraising	260,040	-	260,040	271,311
Total Expenses	1,596,528	-	1,596,528	1,364,944
Change in Net Assets	98,466	191,528	289,994	177,842
Net Assets, Beginning of Year	585,278	247,052	832,330	654,488
Net Assets, End of Year	\$ 683,744	\$ 438,580	\$ 1,122,324	\$ 832,330

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

MountainTrue

Statement of Functional Expenses

Year Ended December 31, 2018

(With summarized comparative totals for the prior year)

	Program Services	Management and General	Fundraising	Total 2018	Total 2017
Salaries	\$ 604,538	\$ 58,861	\$ 65,132	\$ 728,531	\$ 632,862
Payroll Taxes	45,880	4,461	4,936	55,277	50,501
Health Insurance	30,208	2,937	3,250	36,395	33,016
Retirement	13,145	1,278	1,415	15,838	13,055
Total Personnel	<u>693,771</u>	<u>67,537</u>	<u>74,733</u>	<u>836,041</u>	<u>729,434</u>
Accounting	-	16,172	-	16,172	14,693
Communications	1,189	5,137	-	6,326	6,134
Conference and Training	13,102	2,809	858	16,769	14,906
Contract Services	180,582	6,235	5,417	192,234	149,507
Dues and Subscriptions	19,649	2,754	5,076	27,479	20,389
Equipment	61,811	768	-	62,579	21,090
Equipment Rental	5,016	488	540	6,044	5,838
Events	8,600	-	98,167	106,767	138,204
Fiscal Sponsorship Activities	75,333	-	49,822	125,155	89,729
IT Services	5,073	493	546	6,112	864
Insurance	8,923	868	960	10,751	11,853
Miscellaneous	1,020	1,788	225	3,033	3,084
Occupancy	69,230	7,594	7,226	84,050	81,194
Printing	17,367	184	9,583	27,134	16,771
Promotional Merchandise	3,288	-	859	4,147	2,851
Postage	2,634	551	2,665	5,850	3,881
Steering Committee	-	2,600	-	2,600	805
Supplies	1,173	2,083	44	3,300	4,173
Travel	42,209	171	359	42,739	38,348
Sub-total Expenses	<u>1,209,970</u>	<u>118,232</u>	<u>257,080</u>	<u>1,585,282</u>	<u>1,353,748</u>
In Kind Expense Utilized	-	-	2,146	2,146	2,998
Depreciation	7,552	734	814	9,100	8,198
Total Expenses	<u>\$ 1,217,522</u>	<u>\$ 118,966</u>	<u>\$ 260,040</u>	<u>\$ 1,596,528</u>	<u>\$ 1,364,944</u>

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

MountainTrue
Statement of Cash Flows
Year Ended December 31, 2018

(With summarized comparative totals for the prior year)

	2018	2017
Cash Flows from Operating Activities		
Change in Net Assets During Year	\$ 289,994	\$ 177,842
Adjustments to reconcile change in net assets to net cash provided or (used) by operating activities:		
Depreciation	9,100	8,198
Donated Assets	(1,750)	-
Investment (Gains)/Losses	44,440	(3,025)
Stock Donation Received	(9,275)	(7,855)
(Increase)/Decrease in Operating Assets:		
Grants Receivable	(155,500)	(33,445)
Accounts Receivable	(3,179)	8,853
Security Deposit	-	(650)
Prepaid Rent	891	(202)
Increase/(Decrease) in Operating Liabilities:		
Accounts Payable	4,725	1,200
Payroll Tax Liabilities	(219)	1,553
Accrued Vacation	(844)	(2,050)
Net Cash Provided by Operating Activities	178,383	150,419
Cash Flows from Investing Activities		
Purchase of Property and Equipment	(10,235)	(4,542)
Sale/(Purchase) of Investments, Net	(80,000)	(60,000)
Net Cash Used by Investing Activities	(90,235)	(64,542)
Net Change in Cash and Cash Equivalents	88,148	85,877
Cash and Cash Equivalents, Beginning of Year	318,577	232,700
Cash and Cash Equivalents, End of Year	\$ 406,725	\$ 318,577

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

MountainTrue
Notes to Financial Statements
Year Ended December 31, 2018

1. Description of the Organization, Corporate and Tax-Exempt Status

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. Finally, MountainTrue is 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

- We issued the first ever French Broad River Basin report that rates water quality in the French Broad and dozens of its tributaries.
- Our intensive summer bacteria monitoring program expanded to the Green and Watauga basins, and we continue to find leaking sewer pipes, straight pipes, and other sources of water pollution that then get addressed. Year-round monthly chemical monitoring of dozens of sites by volunteers in these basins and the French Broad basin continues.
- 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.
- We experienced success in fighting off projects that would have harmed the Green River and Watauga River, and our testing at another site resulted in state enforcement action for violating state water quality laws.
- We joined with other groups to launch the Paddlers Hemlock Health Action Taskforce (PHHAT) through which expert paddlers are trained to administer pesticide treatment to woolly adelgid-infested hemlock trees in hard to reach areas in the Green River Gorge and on the state-owned Green River Game Land.
- We were awarded \$20,000 from the NC General Assembly to study whirling disease in trout, and work on that study began.
- Over 43 volunteers planted close to 3000 live stakes on the French Broad River and Hominy Creek to stop erosion.

Clean Energy and Sustainability

- MountainTrue supported the launch of the Blue Horizons Project (BHP), which is the public campaign to help reach our community's dual goals of avoiding the construction of a new peaker plant in Asheville and moving the region to a clean energy future. In an early and unanticipated victory, Duke Energy's most recent long-range plan *does not include* the proposed Asheville peaker plant.
- In support of BHP, our Creation Care Alliance (CCA), in collaboration with three other partners, enabled six congregations to shift their primary lighting to LED, saving money and reducing their carbon footprint.
- MountainTrue and our Creation Care Alliance played important roles in securing the adoption of resolutions from the City of Asheville and Buncombe County establishing goals of transitioning the community and government operations to 100% renewable energy.

Public Lands

- We continue to play a leading role in Pisgah-Nantahala National Forest planning. We held a series of expert panel discussions in four towns across the region to inform the public and build a base of supporters. We also helped launch Iheartpisgah a website and campaign to pressure the Forest Service to protect old growth trees.
- We continue to track logging projects on our National Forests.
- We continued our Save our Ashes campaign to inventory and treat existing ash trees that are susceptible to the emerald ash borer.
- We continue our invasive control work on public and private conservation lands, expanding our citizen trainings into Henderson, Macon, and Watauga Counties.
- We held our third annual Bio Blitz in Jackson County's Pinnacle Park.

Transportation and Land Use

- NCDOT held an open house and public hearing on the I-26 Connector Project in December, and we helped turn out several hundred people. We also continue to have success in reducing the overall size, improving the design, and including 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 in Asheville.
- The Asheville Design Center helped launch a new urban design speaker series called "*Building Our City*"; continued its work on Carolina Lane, Falconhurst Reserve in Asheville, and Veteran's Park in Black Mountain; and undertook a new community visioning process to improve designs for the expansion of Highway 107 in Sylva.

Community Engagement

- Our legislative advocacy resulted in two important accomplishments in 2018: allocation of \$3.5 million to re-fund the state's landslide hazard mapping program and allocation of \$20,000 for our whirling disease study.
- We also partnered with the Department of Environmental Quality (DEQ) to form the Western North Carolina Water Initiative (WNCWI), an effort that brings together five state agencies, businesses that depend on clean water, and environmental and conservation organizations from across the region to identify and work toward strategies to improve water quality.
- MountainTrue created a partnership with other advocacy organizations to host multiple trainings aimed at making our supporters more effective advocates.
- We held our second annual WNC for the Planet collaboration that engaged over 700 volunteers giving over 1300 hours of their time during April (Earth Month).

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).

2. Summary of Significant Accounting Policies

Basis of Presentation

The financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("U.S. GAAP"), which require an organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. These amounts include net assets designated by the board of directors for particular purposes and net assets that are generally available for operations.

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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

Cash and Cash Equivalents

For purposes of reporting on the statement of cash flows, the organization considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

Financial assets that potentially subject the organization to concentrations of credit risk consist principally of cash and cash equivalents and investments. The organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. The organization's cash and cash equivalent accounts have been placed with high credit quality financial institutions. The organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

Investments

Investments are reported at fair value on the statement of financial position with realized and unrealized gains and losses reflected on the statement of activities.

Fair Value Measurements

In accordance with U.S. GAAP, the organization 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.

Property and Equipment

Property and equipment purchases are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The capitalization threshold is \$500 per item.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program services fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, and unconditional promises to give, or notification or beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions

Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. As restrictions expire, net assets are reclassified to net assets without donor restrictions and are reported on the statement of activities as "Net Assets Released from Restrictions."

In-Kind Contributions

The organization recognizes contributed goods and the use of facilities at estimated fair value on the date of receipt. Contributed services are recognized in the financial statements if they require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. When recognized, contributed services are reported at fair value.

Conservation Easements

MountainTrue does not recognize in its financial statements the value of donated conservation easements it has received 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 13 for a listing of sponsored organizations and restricted balances at year end.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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 program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain categories of expenses that are attributable to more than one program or supporting function, require managements allocation on a reasonable basis that is consistently applied. The primary allocation basis used by management for personnel expenses and applicable overhead expenses is estimated based on employee time and effort.

Income Taxes/Uncertain Tax Positions

The organization is exempt from federal income taxes under 501(c)(3) of the Internal Revenue Code. Under the Code, however, income from certain activities not related to the organization's tax-exempt purpose may be subject to taxation as unrelated business income. MountainTrue had no income from unrelated business activities in 2018 and was, therefore, not required to file Federal Form 990-T (Exempt Organization Business Income Tax Return). 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.

New Accounting Pronouncement

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset 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. MountainTrue has implemented ASU 2016-14 and the presentation of these financial statements has been adjusted accordingly. The ASU has been applied retrospectively to all periods presented.

Summarized 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's audited financial statements for the year ended December 31, 2017, from which the summarized information was derived. Certain amounts in the prior year financial statements have been reclassified to conform to the current year presentation.

3. Liquidity and Availability

The organization's liquidity management plan is to invest cash in excess of daily requirements in a money market account. Occasionally, the Board may designate a portion of operating surplus to a reserve account.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are comprised of the following:

<u>As of December 31:</u>	<u>2018</u>
Financial Assets at year end:	
Cash and Cash Equivalents	\$ 406,725
Investments	473,016
Grants and Other Receivables	<u>259,244</u>
Total Financial Assets	1,138,985
Less amounts not available to be used in one year:	
Net Assets With Donor Restrictions	438,580
Less net assets with purpose restrictions to be met in less than a year	(238,210)
Board Designated Net Assets	<u>300,000</u>
Total not available to be used in one year	<u>500,370</u>
Financial assets available to meet general expenditures over the next twelve months	<u><u>\$ 638,615</u></u>

MountainTrue's goal is generally to maintain financial assets to meet a minimum of 180 days of essential operating expenses (approximately \$700,000).

The Board of Directors designates a portion of operating surplus for future contingencies (See Note 12). Board designated balance totaled \$300,000 and \$150,000 for the years ended December 31, 2018 and 2017, respectively. This fund established by the Board of Directors may be drawn upon, only with Board approval, to meet unexpected liquidity needs.

4. Cash and Cash Equivalents

Cash and cash equivalents consists of the following:

<u>As of December 31:</u>	<u>2018</u>	<u>2017</u>
General Operating Account	\$ 15,425	\$ 29,636
Money Market Accounts	309,416	195,706
Fiscal Sponsor Funds Account	50,370	55,277
Online Accounts	31,389	37,833
Petty Cash	125	125
Total Cash and Cash Equivalents	<u>\$ 406,725</u>	<u>\$ 318,577</u>

5. Investments

Investments consist of the following:

<u>As of December 31:</u>	<u>2018</u>	<u>2017</u>
Money Funds	\$ 319,264	\$ 104,616
Certificates of Deposit	153,640	323,455
Stock	112	110
Total Investments	<u>\$ 473,016</u>	<u>\$ 428,181</u>

6. Grants and Contracts Receivable

The grants and contracts receivable balance consists of foundation grants awarded and program service revenue earned in 2018. The balance was \$250,000 and \$94,500 as of December 31, 2018 and 2017, respectively. Management believes the amounts are fully collectible. Receivable balances by year are as follows:

<u>Years Ending December 31:</u>	
2019	\$ 100,000
2020	100,000
2021	50,000
Total Grants and Contracts Receivable	<u>\$ 250,000</u>

7. Accounts Receivable

Accounts receivable consist of the following:

<u>As of December 31:</u>	<u>2018</u>	<u>2017</u>
Contributions Receivable	\$ 5,351	\$ 3,627
Sales Tax Receivable	3,893	2,438
Total Accounts Receivable	<u>\$ 9,244</u>	<u>\$ 6,065</u>

8. Property and Equipment

Property and equipment consists of the following:

<u>As of December 31:</u>	<u>2018</u>	<u>2017</u>
Property and Equipment	\$ 47,710	\$ 36,240
Vehicles	8,853	8,853
Leasehold Improvements	8,802	8,802
Less: Accumulated Depreciation	(46,340)	(37,755)
Property and Equipment, Net	<u>\$ 19,025</u>	<u>\$ 16,140</u>

9. 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>2018</u>	<u>2017</u>
Clean Energy	\$ 101,395	\$ 78,588
Public Lands	206,930	162,767
Land Use/Transportation	203,913	92,467
Protecting Our Water	528,635	393,606
Community Engagement	176,649	244,028
Total Program Services	<u>\$ 1,217,522</u>	<u>\$ 971,456</u>

10. 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.

11. Lease Commitments

MountainTrue's two-year office lease for its main office space in Asheville North Carolina ends December 31, 2020. As of December 31, 2018, monthly rental payments are \$4,568. In March 2018, MountainTrue renewed a one-year lease for offices in Boone, North Carolina with monthly rent payments of \$1,000. MountainTrue also leases an additional office in Hendersonville North Carolina under a two-year lease agreement until December 1, 2019, with monthly rental payments of \$650. For the years ended December 31, 2018 and 2017, the total rent expense for office space was \$72,716 and \$71,970, respectively. Total future minimum lease obligations by year are as follows:

<u>Years Ending December 31:</u>	
2019	\$ 60,766
2020	56,184
Total future minimum lease payments	<u>\$ 116,950</u>

12. Net Assets Without Donor Restrictions

Net assets without donor restrictions totaled \$683,744 and \$585,278 as of December 31, 2018 and 2017, respectively. The Board designated a portion of these Net Assets for future contingencies and purposes. The Board's intention is to grow this fund to an amount representing six months of operating expenses. Board designated funds have no donor restrictions and are held in the cash and investment accounts. Net assets designated by the Board totaled \$300,000 and \$150,000 for the years ended December 31, 2018 and 2017, respectively.

13. Net Assets With Donor Restrictions

Net assets with donor restrictions were available for the following purposes:

<u>As of December 31:</u>	<u>2018</u>	<u>2017</u>
French Broad Riverkeeper	\$ 37,000	\$ 44,252
Creation Care Alliance	48,246	-
Muddy Water Watch	5,000	8,348
Public Lands	43,364	32,675
Watauga Riverkeeper	-	7,500
Land Use	4,600	4,600
Community Engagement	-	4,400
Time Restricted for Future Years	250,000	90,000
Fiscal Sponsorships:		
BEAR	5,249	2,208
Broad River Alliance	1,653	1,604
Katauh	21,630	21,630
Other Fiscal Sponsors	3,326	1,858
Preserving America	1,406	3,250
Paddlers Hemlock Health Taskforce	8,250	-
Protect Polk Water	1,098	2,098
Ravenscroft Reserve	350	350
Strive Not to Drive	-	1,653
Robert Wood Woodfin Community	3,270	15,821
West Asheville Garden Stroll	4,138	4,805
Total Net Assets with Donor Restrictions	<u>\$ 438,580</u>	<u>\$ 247,052</u>

14. MountainTrue Events

MountainTrue holds several awareness events along with two major fundraising events during the year. Fundraising events help provide the organization with proceeds that contribute to the organization's ability to carry out its programs. The fundraising events have significant amounts of associated costs, all of which are reflected in fundraising expenses on the statement of functional expenses.

MountainTrue events are summarized as follows:

<u>Year Ended December 31:</u>	<u>2018</u>	<u>2017</u>
Event Income	\$ 172,388	\$ 187,941
Direct Expenses		
Artist Entertainment	(66,400)	(45,050)
Contract Labor	(3,348)	(22,390)
Advertising & Marketing	(532)	(11,242)
Meals, Beverages and Facility	(28,446)	(20,120)
Other Direct Expenses	(8,041)	(39,402)
Net Income from Events	<u>\$ 65,621</u>	<u>\$ 49,737</u>

15. Fair Value Measurements

Fair values of assets measured on a recurring basis at December 31, 2018 are as follows:

<u>Investments:</u>	<u>Fair Value</u>	<u>Fair Value Measurements at Reporting Date Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money Funds	\$ 319,264	\$ 319,264	\$ -	\$ -
Certificates of Deposit	153,640	153,640	-	-
Stock	112	112	-	-
Total	<u>\$ 473,016</u>	<u>\$ 473,016</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.

16. 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, 2018 and 2017, the organization contributed a total of \$15,838 and \$13,055, respectively.

17. Subsequent Events

On July 1, 2019, MountainTrue's membership voted to merge with Hiwassee River Watershed Coalition (HRWC), a 501(c)(3) organization with a mission in line with the goals and objectives of MountainTrue.

Subsequent events have been evaluated through September 19, 2019, which is the date the financial statements were available to be issued.