

MOUNTAINTRUE
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2019



CORLISS &
SOLOMON
PLLC

CERTIFIED PUBLIC ACCOUNTANTS

MountainTrue
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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, 2019, 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, 2019, 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 2018 financial statements, and our report dated September 19, 2019, 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, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carliss & Salaman, PLLC

Asheville, North Carolina
June 25, 2020

MountainTrue

Statement of Financial Position

As of December 31, 2019

(With summarized comparative totals as of December 31, 2018)

	2019	2018
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 350,421	\$ 406,725
Grants Receivable	100,000	100,000
Accounts Receivable	28,482	9,244
Security Deposit	3,524	3,524
Prepaid Expenses	4,682	4,568
Total Current Assets	487,109	524,061
<u>Long-Term Assets</u>		
Grants Receivable- Long Term	50,000	150,000
Investments	477,405	473,016
Property and Equipment, Net	11,211	19,025
Total Long-Term Assets	538,616	642,041
Total Assets	\$ 1,025,725	\$ 1,166,102
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 24,726	\$ 20,788
Payroll Tax Liabilities	15,261	11,746
Accrued Vacation	23,003	11,244
Total Current Liabilities	62,990	43,778
<u>Net Assets</u>		
Without Donor Restrictions	662,746	683,744
With Donor Restrictions	299,989	438,580
Total Net Assets	962,735	1,122,324
Total Liabilities and Net Assets	\$ 1,025,725	\$ 1,166,102

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

MountainTrue

Statement of Activities

Year Ended December 31, 2019

(With summarized comparative totals for the prior year)

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
<u>Support and Revenue</u>				
Grants	\$ 5,000	\$ 176,232	\$ 181,232	\$ 405,239
Contributions	747,817	247,026	994,843	1,052,263
Program Service Revenue	54,543	-	54,543	38,316
Membership	130,135	-	130,135	84,873
Event Income	17,765	149,302	167,067	172,388
In Kind Contributions	6,461	-	6,461	3,896
Interest Income	10,276	-	10,276	5,575
Investment Gains/(Losses)	(107)	-	(107)	1,911
Other Income	955	-	955	1,236
Net Assets Released from Restrictions	725,446	(725,446)	-	-
Total Support and Revenue	1,698,291	(152,886)	1,545,405	1,765,697
<u>Expenses</u>				
Program Services	1,241,570	-	1,241,570	1,145,789
Management and General	169,114	-	169,114	118,966
Fundraising	259,811	-	259,811	210,218
Total Expenses	1,670,495	-	1,670,495	1,474,973
Change in Net Assets before Other				
Changes in Net Assets	27,796	(152,886)	(125,090)	290,724
Other Changes in Net Assets				
Merger with Hiwassee River Watershed	(48,794)	8,100	(40,694)	-
Fiscal Sponsorship Activity, Net	-	6,195	6,195	(730)
Total Other Changes in Net Assets	(48,794)	14,295	(34,499)	(730)
Total Change in Net Assets	(20,998)	(138,591)	(159,589)	289,994
Net Assets, Beginning of Year	683,744	438,580	1,122,324	832,330
Net Assets, End of Year	\$ 662,746	\$ 299,989	\$ 962,735	\$ 1,122,324

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

MountainTrue

Statement of Functional Expenses

Year Ended December 31, 2019

(With summarized comparative totals for the prior year)

	Program Services	Management and General	Fundraising	Total 2019	Total 2018
Salaries	\$ 654,001	\$ 80,168	\$ 98,317	\$ 832,486	\$ 728,531
Payroll Taxes	49,647	6,086	7,463	63,196	55,277
Health Insurance	28,252	3,463	4,247	35,962	36,395
Retirement	13,437	1,647	2,020	17,104	15,838
Total Personnel Expense	<u>745,337</u>	<u>91,364</u>	<u>112,047</u>	<u>948,748</u>	<u>836,041</u>
Accounting	-	18,340	-	18,340	16,172
Communications	2,191	5,479	-	7,670	6,326
Conference and Training	11,542	6,897	778	19,217	16,769
Contract Services	197,116	6,070	2,726	205,912	192,234
Dues and Subscriptions	20,626	2,542	5,883	29,051	27,479
Equipment	68,005	5,176	-	73,181	62,579
Equipment Rental	5,213	639	784	6,636	6,044
Events	22,722	5,009	104,917	132,648	106,767
IT Services	800	98	120	1,018	6,112
Insurance	14,664	1,797	2,204	18,665	10,751
Miscellaneous	3,316	2,398	235	5,949	3,033
Occupancy	73,604	9,870	10,400	93,874	84,050
Organization Sponsorships	5,075	-	-	5,075	3,600
Printing	13,009	1,200	8,791	23,000	27,134
Promotional Merchandise	2,697	-	2,890	5,587	4,147
Postage	873	260	3,091	4,224	5,850
Steering Committee	-	1,129	23	1,152	2,600
Supplies	978	2,474	121	3,573	3,300
Travel	44,553	7,591	556	52,700	42,739
Subtotal Expenses	<u>1,232,321</u>	<u>168,333</u>	<u>255,566</u>	<u>1,656,220</u>	<u>1,463,727</u>
In Kind Expense Utilized	2,997	-	3,464	6,461	2,146
Depreciation	6,252	781	781	7,814	9,100
Total Expenses	<u>\$ 1,241,570</u>	<u>\$ 169,114</u>	<u>\$ 259,811</u>	<u>\$ 1,670,495</u>	<u>\$ 1,474,973</u>

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

MountainTrue

Statement of Cash Flows

Year Ended December 31, 2019

(With summarized comparative totals for the prior year)

	<u>2019</u>	<u>2018</u>
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets During Year	\$ (159,589)	\$ 289,994
Adjustments to reconcile change in net assets to net cash provided or (used) by operating activities:		
Depreciation	7,814	9,100
Donated Assets	-	(1,750)
Investment (Gains)/Losses, Net	(9,765)	(5,774)
Stock Donation Received	(27,896)	(119,061)
Merger with Hiwassee River Watershed Coalition	40,694	-
(Increase)/Decrease in Operating Assets:		
Grants Receivable	100,000	(155,500)
Accounts Receivable	(19,238)	(3,179)
Prepaid Rent	(114)	891
Increase/(Decrease) in Operating Liabilities:		
Accounts Payable	3,938	4,725
Payroll Tax Liabilities	3,515	(219)
Accrued Vacation	11,759	(844)
Net Cash Provided/(Used) by Operating Activities	<u>(48,882)</u>	<u>18,383</u>
<u>Cash Flows from Investing Activities</u>		
Payment of Merger Obligations	(40,694)	-
Purchase of Property and Equipment	-	(10,235)
Sale/(Purchase) of Investments, Net	33,272	80,000
Net Cash Provided/(Used) by Investing Activities	<u>(7,422)</u>	<u>69,765</u>
Net Change in Cash and Cash Equivalents	<u>(56,304)</u>	<u>88,148</u>
Cash and Cash Equivalents, Beginning of Year	<u>406,725</u>	<u>318,577</u>
Cash and Cash Equivalents, End of Year	<u>\$ 350,421</u>	<u>\$ 406,725</u>

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

MountainTrue
Notes to Financial Statements
Year Ended December 31, 2019

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, the Green Riverkeeper, and the Broad Riverkeeper - the primary protectors and defenders of these watersheds. 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 in 2019:

Clean Water

- Expanded Swim Guide to three new water basins and tracked pollution. We now sample 60 sites across four basins. We followed up on poor test results by taking more than 1,200 additional samples that led us to find and eliminate five significant sources of pollution in the French Broad and a sewer leak in the Green River.
- Sparked a public conversation about the need to clean up our rivers through a partnership with the Asheville Citizen-Times to produce a weekly Swim Guide Report. We are now partnering with the Dept. of Environmental Quality to correlate turbidity with E. coli so that we can provide real time E. coli data to the public.
- Added 42 monitoring sites in the Hiwassee River Watershed.
- Investigated 49 poultry Concentrated Animal Feeding Operations (CAFOs) in the Broad River Watershed.
- Reported an agricultural polluter and helped them clean up their act. Our investigation led to DEQ enforcement and \$1 million in grant funded improvements at that and other farms. Follow up sampling shows dramatic water quality improvements.
- Completed Watauga Basin stream bank health assessment. The Watauga Riverkeeper completed a basin-wide stream bank health assessment and interactive GIS map that will be used by to prioritize future stream restoration projects.
- Led Boone to adopt a climate adaptive stormwater code. With the Center for Watershed Protection, we completed a stormwater code and ordinance review for the Town of Boone and are encouraging new best management practices to reduce flooding.
- Encouraged people to connect with their rivers. We hosted 2,200 people on the French Broad Paddle Trail and built a new campsite. We also published new maps for the Broad and Green River Paddle Trails.
- Saved our 1,000th Hemlock Tree in the Green River Gorge. Through the Paddlers Hemlock Health Action Taskforce (PHHAT), highly skilled whitewater paddlers administered pesticide treatments to woolly adelgid-infested hemlock trees in the Green River Gorge.

- Planted approximately 12,000 live stakes to help stop sediment pollution in WNC.
- Generated 275 pollution reports to local authorities through the Muddy Water Watch smartphone app.
- Mobilized 100 people to attend a public hearing and oppose lax mining regulations on the North Toe River.
- Removed 10,000 pounds of river trash across WNC during the WNC Big Sweep.
- Mobilized 200 people through river cleanups and five beer release parties to collect over 5,160 pounds of trash.
- Successfully pressured DEQ to order full excavation of Cliffside's coal ash.
- Tested fish for coal ash pollution in the Broad River.
- Tracked the spread of whirling disease through eDNA sampling in 12 watersheds in WNC.

Clean Energy and Sustainability

- Permanently delayed a new peaker plant in Asheville through the work of the Energy Innovation Task Force.
- Helped lead the charge on Buncombe County's transition to renewable energy by successfully advocating for the City of Asheville, Buncombe County, their respective school boards, and the local community college to use of solar energy on their properties.
- Supported renewable energy goals in WNC communities by assisting community members in Spruce Pine and Waynesville in identifying and implementing clean energy goals for their communities. We are also advocating for the City of Hendersonville and Henderson County to adopt formal renewable energy goals

Public Lands

- Mobilizing for the Nantahala-Pisgah Forest Plan Revision. We continue to organize our members and the larger community, and we lead the Nantahala-Pisgah Forest Partnership (a collaborative of 25 organizations) in preparation of the release of the Draft Environmental Impact Statement.
- Opposed the Buck Timber Project. We filed an objection to the Buck Project, which would be the worst timber sale in the history of Nantahala National Forest.
- Saved 400 ash trees. We raised more than \$16,000 to treat over 400 ash trees, for a project total of 1,100 trees saved.
- BioBlitzed the Nantahala Gorge. Our fourth annual BioBlitz took place in the Nantahala River Gorge. Over 40 expert biologists and citizen scientists took part in this educational program and documented over 600 species.
- Concluded the Grandfather Restoration Project. The wildly successful, eight-year Collaborative Forest Landscape Restoration program, in which MountainTrue has played a central role, ended this year.
- Completed the Valle Crucis Park Wetland Management Plan.
- Battled non-native invasive plants.
 - Mobilized 146 volunteers for habitat restoration work days across WNC.
 - Presented to seven homeowners associations and educated 160 homeowners who live adjacent to or near public lands.
 - Created the High Country Habitat Restoration Coalition — a new initiative to control and eradicate non-native invasive plants in the High Country.

Transportation and Land Use

- Organized Asheville to push for a more bikeable and walkable I-26 Connector Project. We lead community efforts to improve the proposed highway designs in ways that will reconnect communities and improve bike and pedestrian infrastructure.

- Protected the Snowbird Mountains from the destructive Corridor K road project. After over 15 years of advocacy, we secured a victory when NCDOT announced that Corridor K would not proceed through the Snowbird Mountains.
- Helped secure \$1.2 million – a 20% increase - in new funding for the Asheville transit system (ART) and a small, first-time investment in ART from Buncombe County.
- Completed a year-long study and issued recommendations to the Town of Sylva and NCDOT to make NC-107 more safe, bikeable, and walkable.
- Secured a new Greenway Master Plan in Henderson County, after four years of advocacy, opening the door to 70 miles of new trail.

Creation Care Alliance

- Helped six congregations reduce their carbon footprint by a total of 147 metric tons, which will save them, collectively, \$14,760 per year.
- Spread the ‘Good Word’ about Creation Care through many programs, forums, book studies, and other events.
- Met with seven legislators in Raleigh as part of the Faith Voices for Clean Energy campaign.
- Trained local faith leaders at our second regional clergy retreat.

Community Engagement

- Secured \$750,000 for conservation projects in WNC in the state budget.
- Trained local residents to be effective advocates through the Plugged in Buncombe partnership that also includes other local advocacy organizations that address a range of issues, from childhood education to voter participation.

Merger with Hiwassee River Watershed Coalition

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.

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 by MountainTrue consist of funds held by an investment broker and certificates of deposit held at financial institutions.

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 \$2,000 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 included in income net of expenses on the accompanying statement of activities. Any remaining balances at year end are tracked as net asset with donor restrictions. See Note 12 for a listing of sponsored organizations and balances of net assets with donor restrictions 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 2019 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 Pronouncements

The organization has adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the organization's financial reporting.

In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers (*ASU 2014-09, Revenue from Contracts with Customers (Topic 606)*). The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that

reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, as well as other disclosures. The standard is effective for annual reporting periods beginning after December 15, 2018. The organization has adopted the new standard for calendar year 2019 with modified prospective application. Accordingly, the summarized prior period comparative statements for 2018 have not been adjusted. Impacts to the 2018 financial statements from the revenue recognition standards are not considered significant and not required to be adjusted during the transition period.

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, 2018, 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>2019</u>	<u>2018</u>
Financial Assets at year end:		
Cash and Cash Equivalents	\$ 350,421	\$ 406,725
Investments	477,405	473,016
Grants and Other Receivables	178,482	259,244
Total Financial Assets	<u>1,006,308</u>	<u>1,138,985</u>
Less amounts not available to be used in one year:		
Net Assets With Donor Restrictions	299,989	438,580
Less net assets with purpose restrictions to be met in less than a year	(191,600)	(238,210)
Board Designated Net Assets	300,000	300,000
Total not available to be used in one year	<u>408,389</u>	<u>500,370</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 597,919</u>	<u>\$ 638,615</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 11). Board designated balance totaled \$300,000 for both years ended December 31, 2019 and 2018. 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 consist of the following:

<u>As of December 31:</u>	<u>2019</u>	<u>2018</u>
General Operating Account	\$ 276,327	\$ 15,425
Money Market Accounts	17,454	309,416
Fiscal Sponsor Funds Account	47,384	50,370
Online Accounts	9,131	31,389
Petty Cash	125	125
Total Cash and Cash Equivalents	<u>\$ 350,421</u>	<u>\$ 406,725</u>

5. Investments

Investments consists of funds held at a brokerage firm and two certificates of deposit held at a financial institution and consist of the following:

<u>As of December 31:</u>	<u>2019</u>	<u>2018</u>
Money Funds	\$ 202,389	\$ 319,264
Short Term Treasury Bills	19,000	-
Certificates of Deposit	255,106	153,640
Stock	910	112
Total Investments	<u>\$ 477,405</u>	<u>\$ 473,016</u>

6. Grants and Contracts Receivable

The grants and contracts receivable balance consists of foundation grants awarded and program service revenue earned in 2019. The balance was \$150,000 and \$250,000 as of December 31, 2019 and 2018, respectively. Management believes the amounts are fully collectible. Receivable balances by year are as follows:

<u>Years Ending December 31:</u>		
2020	\$	100,000
2021		50,000
Total Grants and Contracts Receivable	<u>\$</u>	<u>150,000</u>

7. Accounts Receivable

Accounts receivable consists of the following:

<u>As of December 31:</u>	<u>2019</u>	<u>2018</u>
Contributions Receivable	\$ 21,551	\$ 5,351
Sales Tax Receivable	6,931	3,893
Total Accounts Receivable	<u>\$ 28,482</u>	<u>\$ 9,244</u>

8. Property and Equipment

Property and equipment consist of the following:

<u>As of December 31:</u>	<u>2019</u>	<u>2018</u>
Property and Equipment	\$ 47,710	\$ 47,710
Vehicles	8,853	8,853
Leasehold Improvements	8,802	8,802
Less: Accumulated Depreciation	(54,154)	(46,340)
Property and Equipment, Net	<u>\$ 11,211</u>	<u>\$ 19,025</u>

9. 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.

10. 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, 2019, monthly rental payments are \$4,682. MountainTrue also leases offices in Boone, North Carolina on a one-year lease ending June 30, 2020 and offices in Franklin, Murphy, and Hendersonville North Carolina under month to month lease agreements. For the years ended December 31, 2019 and 2018, the total rent expense for office spaces was \$82,516 and \$77,716, respectively. Future minimum lease obligations to be paid in the following year total \$63,384.

11. Net Assets Without Donor Restrictions

Net assets without donor restrictions totaled \$662,746 and \$683,744 as of December 31, 2019 and 2018, 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 for the years ended December 31, 2019 and 2018, respectively.

12. Net Assets With Donor Restrictions

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

<u>As of December 31:</u>	<u>2019</u>	<u>2018</u>
French Broad Riverkeeper	\$ 49,500	\$ 37,000
Creation Care Alliance	-	48,246
Muddy Water Watch	1,500	5,000
Public Lands	36,000	43,364
Land Use	4,600	4,600
Time Restricted for Future Years	150,000	250,000
Fiscal Sponsorships:		
Africa	7,760	-
BEAR	4,784	5,249
Broad River Alliance	-	1,653
Katuah	21,630	21,630
Other Fiscal Sponsors	704	3,326
Preserving America	2,966	1,406
Paddlers Hemlock Health Taskforce	1,366	8,250
Protect Polk Water	-	1,098
Ravenscroft Reserve	11,005	350
Strive Not to Drive	3,730	-
Robert Wood Woodfin Community	-	3,270
West Asheville Garden Stroll	4,444	4,138
Total Net Assets with Donor Restrictions	<u>\$ 299,989</u>	<u>\$ 438,580</u>

13. Fiscal Sponsor Activity

MountainTrue serves as fiscal sponsor for several organizations. Fiscal sponsor income and expenses are netted together on the statement of activities and presented as Fiscal Sponsor Activity, Net. The fiscal sponsor income and expenses during the year are as follows:

<u>For the Year Ended December 31:</u>	<u>2019</u>	<u>2018</u>
Fiscal Sponsor Income	\$ 84,435	\$ 120,825
Fiscal Sponsor Expenses:		
Program	(28,893)	(71,733)
Fundraising	(49,347)	(49,822)
Fiscal Sponsor Activity, Net	<u>\$ 6,195</u>	<u>\$ (730)</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>2019</u>	<u>2018</u>
Event Income	\$ 167,067	\$ 172,388
Direct Expenses		
Artist Entertainment	(62,800)	(66,400)
Contract Labor	(8,987)	(3,348)
Advertising and Marketing	(4,722)	(532)
Meals, Beverages and Facility	(46,287)	(28,446)
Other Direct Expenses	(9,852)	(8,041)
Net Income from Events	<u>\$ 34,419</u>	<u>\$ 65,621</u>

15. Fair Value Measurements

Fair value of assets measured on a recurring basis on December 31, 2019 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	\$ 202,389	\$ 202,389	\$ -	\$ -
Short Term Treasury Bills	19,000	19,000	-	-
Certificates of Deposit	255,106	255,106	-	-
Stock	910	910	-	-
Total	<u>\$ 477,405</u>	<u>\$ 477,405</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, 2019 and 2018, the organization contributed a total of \$17,104 and \$15,838, respectively.

17. Merger with Hiwassee River Watershed Coalition

As described in Note 1, Hiwassee River Watershed Coalition merged into MountainTrue in July 2019. The Hiwassee River Watershed Coalition's mission matched MountainTrue's, brought talented staff and a long history of strong work, and met the strategic goals of expanding MountainTrue's presence in the region and strengthening the organization. The liabilities transferred from Hiwassee to MountainTrue in connection with the merger totaled \$40,694 and a restricted balance of \$8,100 for scholarships, representing all of Hiwassee's debt and obligations. This transfer is reflected in Other Changes in Net Assets on the statement of activities.

18. Subsequent Events

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken to help mitigate the spread of the coronavirus include restrictions on travel and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of the geographical area in which the organization operates. While it is unknown how long these conditions will last and what the complete financial effect will be to the organization, to date, the organization is expecting an effect on operations for the remainder of 2020.

On April 23, 2020, the organization received a Paycheck Protection Program loan in the amount of \$195,205. This loan is potentially forgivable if the organization meets certain criteria. The loan has an interest rate of 1% and is due two years from the date of origination. There are no collateral or personal guarantees associated with this loan.

Subsequent events have been evaluated through June 25, 2020, which is the date the financial statements were available to be issued.