

MOUNTAINTRUE
INDEPENDENT AUDITOR'S REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020



CORLISS &
SOLOMON
PLLC

CERTIFIED PUBLIC ACCOUNTANTS

MountainTrue
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CORLISS &
SOLOMON
PLLC

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, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related financial statement disclosures.

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, 2020, 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 2019 financial statements, and our report dated June 25, 2020, 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, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carliss & Solomon, PLLC

Asheville, North Carolina
July 1, 2021

MountainTrue

Statement of Financial Position

As of December 31, 2020

(With summarized comparative totals as of December 31, 2019)

	2020	2019
Assets		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 465,749	\$ 350,421
Short-Term Investments	509,344	255,106
Grants Receivable	50,000	100,000
Accounts Receivable	50,415	28,482
Security Deposit	3,524	3,524
Prepaid Expenses	-	4,682
Total Current Assets	<u>1,079,032</u>	<u>742,215</u>
<u>Long-Term Assets</u>		
Grants Receivable- Long-Term	-	50,000
Long-Term Investments	23,481	222,299
Property and Equipment, Net	5,492	11,211
Total Long-Term Assets	<u>28,973</u>	<u>283,510</u>
Total Assets	<u>\$ 1,108,005</u>	<u>\$ 1,025,725</u>
Liabilities and Net Assets		
<u>Current Liabilities</u>		
Accounts Payable	\$ 12,575	\$ 24,726
Payroll Tax Liabilities	15,161	15,261
Accrued Vacation	36,997	23,003
Total Current Liabilities	<u>64,733</u>	<u>62,990</u>
<u>Net Assets</u>		
Without Donor Restrictions	760,473	662,746
With Donor Restrictions	282,799	299,989
Total Net Assets	<u>1,043,272</u>	<u>962,735</u>
Total Liabilities and Net Assets	<u>\$ 1,108,005</u>	<u>\$ 1,025,725</u>

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

MountainTrue

Statement of Activities

Year Ended December 31, 2020

(With summarized comparative totals for the prior year)

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
Support and Revenue				
Contributions	\$ 1,000,078	\$ 7,500	\$ 1,007,578	\$ 994,843
Grants	57,321	351,938	409,259	181,232
Program Service Revenue	63,957	-	63,957	54,543
Membership	141,879	-	141,879	130,135
Event Income	46,101	11,500	57,601	167,067
In Kind Contributions	80	-	80	6,461
Interest Income	4,650	-	4,650	10,276
Investment Gains/(Losses), Net	188	-	188	(107)
Other Income	545	-	545	955
Net Assets Released from Restrictions	390,233	(390,233)	-	-
Total Support and Revenue	1,705,032	(19,295)	1,685,737	1,545,405
Expenses				
Program Services	1,307,102	-	1,307,102	1,241,570
Management and General	117,407	-	117,407	169,114
Fundraising	180,675	-	180,675	259,811
Total Expenses	1,605,184	-	1,605,184	1,670,495
Change in Net Assets before Other				
Changes in Net Assets	99,848	(19,295)	80,553	(125,090)
Other Changes in Net Assets				
Merger with Hiwassee River Watershed	-	-	-	(40,694)
Fiscal Sponsorship Activity, Net	(2,121)	2,105	(16)	6,195
Total Other Changes in Net Assets	(2,121)	2,105	(16)	(34,499)
Total Change in Net Assets	97,727	(17,190)	80,537	(159,589)
Net Assets, Beginning of Year	662,746	299,989	962,735	1,122,324
Net Assets, End of Year	\$ 760,473	\$ 282,799	\$ 1,043,272	\$ 962,735

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

MountainTrue

Statement of Functional Expenses

Year Ended December 31, 2020

(With summarized comparative totals for the prior year)

	Program Services	Management and General	Fundraising	Total 2020	Total 2019
Salaries	\$ 764,567	\$ 54,055	\$ 104,625	\$ 923,247	\$ 832,486
Payroll Taxes	57,545	4,068	7,874	69,487	63,196
Health Insurance	40,779	2,883	5,580	49,242	35,962
Retirement	16,603	1,174	2,272	20,049	17,104
Total Personnel Expense	<u>879,494</u>	<u>62,180</u>	<u>120,351</u>	<u>1,062,025</u>	<u>948,748</u>
Accounting	1,205	19,588	7	20,800	18,340
Communications	5,612	1,038	1,038	7,688	7,670
Conference and Training	6,942	1,210	945	9,097	19,217
Contract Services	146,048	2,736	3,519	152,303	205,912
Dues and Subscriptions	26,119	5,203	10,035	41,357	29,051
Equipment	71,293	2,163	2,163	75,619	73,181
Equipment Rental	5,751	705	865	7,321	6,636
Events	6,422	-	14,678	21,100	132,648
IT Services	13,272	1,627	1,995	16,894	1,018
Insurance	4,834	4,446	537	9,817	18,665
Miscellaneous	8,738	5,260	840	14,838	5,949
Occupancy	78,291	8,968	10,998	98,257	93,874
Organization Sponsorships	2,775	-	-	2,775	5,075
Printing	10,339	276	9,892	20,507	23,000
Promotional Merchandise	686	-	-	686	5,587
Postage	898	426	2,469	3,793	4,224
Steering Committee	-	483	-	483	1,152
Supplies	1,052	972	49	2,073	3,573
Travel	31,532	126	294	31,952	52,700
Subtotal Expenses	<u>1,301,303</u>	<u>117,407</u>	<u>180,675</u>	<u>1,599,385</u>	<u>1,656,220</u>
In Kind Expense Utilized	80	-	-	80	6,461
Depreciation	5,719	-	-	5,719	7,814
Total Expenses	<u>\$ 1,307,102</u>	<u>\$ 117,407</u>	<u>\$ 180,675</u>	<u>\$ 1,605,184</u>	<u>\$ 1,670,495</u>

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

MountainTrue

Statement of Cash Flows

Year Ended December 31, 2020

(With summarized comparative totals for the prior year)

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in Net Assets During Year	\$ 80,537	\$ (159,589)
Adjustments to reconcile change in net assets to net cash provided or (used) by operating activities:		
Depreciation	5,719	7,814
Investment (Gains)/Losses, Net	(2,363)	(9,765)
Stock Donation Received	(17,785)	(27,896)
Merger with Hiwassee River Watershed Coalition	-	40,694
(Increase)/Decrease in Operating Assets:		
Grants Receivable	100,000	100,000
Accounts Receivable	(21,933)	(19,238)
Prepaid Rent	4,682	(114)
Increase/(Decrease) in Operating Liabilities:		
Accounts Payable	(12,151)	3,938
Payroll Tax Liabilities	(100)	3,515
Accrued Vacation	13,994	11,759
Net Cash Provided/(Used) by Operating Activities	<u>150,600</u>	<u>(48,882)</u>
Cash Flows from Investing Activities		
Payment of Merger Obligations	-	(40,694)
Sale/(Purchase) of Investments, Net	(35,272)	33,272
Net Cash Used by Investing Activities	<u>(35,272)</u>	<u>(7,422)</u>
Net Change in Cash and Cash Equivalents	<u>115,328</u>	<u>(56,304)</u>
Cash and Cash Equivalents, Beginning of Year	<u>350,421</u>	<u>406,725</u>
Cash and Cash Equivalents, End of Year	<u>\$ 465,749</u>	<u>\$ 350,421</u>

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

MountainTrue

Financial Statement Disclosures

Year Ended December 31, 2020

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

MountainTrue champions resilient forests, clean waters, and healthy communities in the Southern Blue Ridge. To achieve our programmatic goals, MountainTrue's board, volunteers, and professional staff focus on a core set of issues across 26 counties of Western North Carolina and North Georgia: 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 2020:

Clean Water

- Reached a settlement agreement over coal ash pollution at the Cliffside Power Plant, officially ending eight years of litigation with Duke Energy and the State of North Carolina. The settlement requires Duke to excavate all coal ash located at Cliffside to a lined landfill.
- Secured \$300,000 from the General Assembly for water quality, including \$200,000 to help the Department of Environmental Quality (DEQ) better respond to pollution spills, and \$100,000 to MountainTrue to expand our bacteria water quality testing efforts.
- Launched the I Love Rivers campaign, which is designed to clean up the French Broad River and raise awareness about pathogen sources and solutions across WNC. This campaign had its first big victory this summer when we generated more than 800 emails from the public, successfully pressuring the City of Asheville to create a stormwater task force.
- Reported instances of illegal pollution and runoff, prompting DEQ to issue over \$100,000 in fines to two property owners.
- Held off proposals for a new water intake and an asphalt plant, both of which would have impacted water quality.
- Completed permitting for the removal of the Wards Mill Dam on the Watauga River. This project will reconnect 140 miles of aquatic habitat in the watershed.
- Completed a region-wide E-DNA study to better understand the scope of whirling disease in trout, which identified whirling disease in previously unknown locations in WNC.
- Launched a Harmful Algal Bloom monitoring program on Watauga Lake to identify the sources of the algal blooms, which create cyanobacteria and other toxins that are harmful to human health and fatal to dogs, livestock, and wildlife.
- Secured water quality protections in the final permit for the Cashiers Lake Dredging Project to ensure clear, cold water in the Chattooga River downstream. Changes included fewer acres impacted by dredging and a strict limit on turbidity during dredging.

Clean Energy and Sustainability

- Saw the closure of the Asheville Coal Plant, a commitment made in part as a result of the Asheville Beyond Coal Campaign led by the Sierra Club and MountainTrue from 2012-2015.
- Helped secure 46 new public solar projects in Buncombe County, the first large-scale initiative of public solar energy projects in North Carolina. Totaling seven megawatts, these projects will be installed by local workers over the next two years.
- Generated hundreds of comments to the Federal Energy Regulatory Commission (FERC) to deny a proposal that would take solar rooftop regulation away from states. Renewable energy advocates won overwhelmingly, protecting net metering and an important source of financial savings — solar energy — for residents.

Public Lands

- Held multiple public input/information sessions and mobilized over 500 public comments on the Draft Environmental Impact Statement on the Nantahala-Pisgah Forest Plan Revision. In conjunction with our partners, submitted over 300 pages of comments. Continued our leadership in the Nantahala-Pisgah Forest Partnership, a collaborative of 25 organizations.
- As a result of our advocacy to protect water quality, reached resolution of the decade-long Fires Creek inholding dispute, which resulted in the permanent protection of the inholding and protection of Fires Creek.
- In another decade-long fight, MountainTrue and our partners persuaded NCDOT to drop plans for a new four-lane highway, called Corridor K, through Nantahala National Forest and the Stecoah Valley. Instead, the agency will widen the existing highway with an occasional third passing lane where necessary. Also successfully advocated for a planted "land bridge" to allow wildlife and Appalachian Trail hikers to safely cross the new road.
- Adapted to a socially distanced Bioblitz on the iNaturalist platform. More than 400 people participated in this week-long event, making 2,625 observations and documenting 1,187 species throughout Madison County, including 51 rare species.
- Treated an additional 138 ash trees through our "Save Our Ashes" program, bringing the total to over 1,200 individual ash trees treated to ensure that this species survives the blight of the emerald ash borer beetle in our region.
- Protected the Sandy Bottom wetland, a globally significant wetland home to 19 salamander species, from invasive species and road widening. Over the last decade, we have removed 95% of the woody-stemmed invasives from this wetland, and NCDOT announced a new road design that will avoid the wetland.

Transportation and Land Use

- Continued 20+ years of leadership to improve the I-26 Connector Project. The Asheville Design Center (ADC) conducted a community design workshop that led NCDOT to revise designs for the East Patton Avenue corridor to allow for a compact, urban corridor. This design will also lower the new highway significantly, reducing visual and auditory impacts to Asheville's historic Riverside Cemetery.
- Evaluated 40+ City-owned properties for small-scale affordable housing development. ADC's partners included the new Asheville-Buncombe Community Land Trust, Habitat for Humanity, and Homeward Bound.
- Assisted the City of Asheville in developing and implementing its Shared Streets Program, a public space management response to COVID-19 that allowed small businesses to expand seating onto sidewalks and streets. We developed design standards for temporary parklets, designed new signage, and coordinated volunteers and materials for street installations.
- Continued to coordinate and co-host the Building Our City Speaker Series, welcoming nationally recognized experts to share their experience and knowledge with local

community leaders. Speakers included Patrick Bowen (affordable housing), Dr. Richard Jackson (designing healthy communities), and Kol Peterson (accessory dwelling units). The series attracted more than 300 attendees and included smaller discussions between the speakers and 60 civic leaders.

Creation Care Alliance

- Launched three, seven-week Climate Grief classes with 20 attendees at each. The leadership team of counselors, chaplains, and pastors created a curriculum to support the mental and spiritual health of people in communities across North Carolina and beyond.
- Hosted a Solar Summit for communities of faith that have completed solar projects to share their experiences, resulting in a video with advice on the solar process for congregations considering solar. Later in the year, our Solar 101 For Faith Communities helped walk faith communities through transitioning to solar.
- Trained more than 200 local faith leaders at our third regional clergy and creation care retreat, various book studies, and trainings.
- Actively worked with 17 covenant partner congregations and supported close to 90 congregations in Western North Carolina.

Community Engagement

- Generated 9,985 letters to decision makers through 32 action alerts across all of our regions.
- Launched MountainTrue University, an online educational series of programs featuring different staff members highlighting timely and relevant issues in their areas of expertise. We hosted 11 programs for 291 live attendees and have had over 3,000 total online views of the recorded videos after the events.

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 with Hiwassee River Watershed

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

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. 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 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

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." 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.

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 Disclosure 13 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 2020 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.

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, 2019, 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>	2020	2019
Financial Assets at year end:		
Cash and Cash Equivalents	\$ 465,749	\$ 350,421
Investments	532,825	477,405
Grants and Other Receivables	100,415	178,482
Total Financial Assets	<u>1,098,989</u>	<u>1,006,308</u>
Less amounts not available to be used in one year:		
Net Assets With Donor Restrictions	282,799	299,989
Less net assets with purpose restrictions to be met in less than a year	(222,305)	(191,600)
Board Designated Net Assets	<u>300,000</u>	<u>300,000</u>
Total not available to be used in one year	<u>360,494</u>	<u>408,389</u>
Financial assets available to meet general expenditures over a one year period	<u>\$ 738,495</u>	<u>\$ 597,919</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 Disclosure 11). The board designated balance was \$300,000 as of December 31, 2020 and 2019. This fund 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>	2020	2019
General Operating Account	\$ 289,839	\$ 276,327
Money Market Accounts	118,520	17,454
Fiscal Sponsor Funds Account	34,401	47,384
Online Accounts	1,077	831
Petty Cash	125	125
Undeposited Funds	21,787	8,300
Total Cash and Cash Equivalents	<u>\$ 465,749</u>	<u>\$ 350,421</u>

5. **Investments**

Investments consists of funds held at a brokerage firm and certificates of deposit held at a financial institution and consist of the following (see on following page):

<u>As of December 31:</u>	2020	2019
Money Funds	\$ 20,736	\$ 202,389
Short Term Treasury Bills	-	19,000
Certificates of Deposit	509,344	255,106
Stock	2,745	910
Total Investments	<u>\$ 532,825</u>	<u>\$ 477,405</u>

6. Grants and Contracts Receivable

The grants and contracts receivable balance consist of foundation grants awarded and program service revenue earned in 2020. The balance was \$50,000 and \$150,000 as of December 31, 2020 and 2019, respectively. Management believes the amounts are fully collectible.

7. Accounts Receivable

Accounts receivable consists of the following:

<u>As of December 31:</u>	2020	2019
Contributions Receivable	\$ 30,526	\$ 21,551
Sales Tax Receivable	8,118	6,931
Other Receivables	11,771	-
Total Accounts Receivable	<u>\$ 50,415</u>	<u>\$ 28,482</u>

8. Property and Equipment

Property and equipment consists of the following:

<u>As of December 31:</u>	2020	2019
Property and Equipment	\$ 47,710	\$ 47,710
Vehicles	8,853	8,853
Leasehold Improvements	8,802	8,802
Less: Accumulated Depreciation	(59,873)	(54,154)
Property and Equipment, Net	<u>\$ 5,492</u>	<u>\$ 11,211</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 ended December 31, 2020, and was renewed for one more year. Under that lease, monthly rental payments were \$4,799. MountainTrue also leases offices in Boone, North Carolina a one-year lease, and in Franklin, Murphy, and Hendersonville, North Carolina under month-to-month lease agreements. For the years ended December 31, 2020 and 2019, the total rent expense for office space was \$87,365 and \$82,516, respectively. Future minimum lease obligations to be paid in the following year total \$74,388.

11. Net Assets Without Donor Restrictions

Net assets without donor restrictions totaled \$760,473 and \$662,746 as of December 31, 2020 and 2019, 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 were \$300,000 as of December 31, 2020 and 2019.

12. Net Assets With Donor Restrictions

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

<u>As of December 31:</u>	<u>2020</u>	<u>2019</u>
French Broad Riverkeeper	\$ 135,500	\$ 49,500
Muddy Water Watch	1,500	1,500
Public Lands	18,060	36,000
Lands Use and Transportation	8,950	4,600
Water	8,295	-
Time Restricted for Future Years	50,000	150,000
Fiscal Sponsorships:		
Africa	13,692	7,760
BEAR	5,478	4,784
Katuah	21,630	21,630
Other Fiscal Sponsors	12,578	704
Preserving America	-	2,966
Paddlers Hemlock Health Taskforce	1,482	1,366
Ravenscroft Reserve	-	11,005
Strive Not to Drive	3,730	3,730
West Asheville Garden Stroll	1,904	4,444
Total Net Assets with Donor Restrictions	<u>\$ 282,799</u>	<u>\$ 299,989</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>2020</u>	<u>2019</u>
Fiscal Sponsor Income	\$ 85,745	\$ 84,435
Fiscal Sponsor Expenses:		
Program	(85,546)	(28,893)
Fundraising	(215)	(49,347)
Fiscal Sponsor Activity, Net	<u>\$ (16)</u>	<u>\$ 6,195</u>

14. PPP Conditional Grant Award

On April 22, 2020, the organization received a Paycheck Protection Program loan in the amount of \$195,205. The loan is potentially forgivable if the organization meets certain criteria and can be recognized as income when those conditions are substantially met. During the audit year, conditions were substantially met through December 31, 2020 and \$195,205 of the loan was recognized as grant revenue during the audit year.

15. MountainTrue Events

MountainTrue held 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, in terms of income and direct expenses, are summarized as follows:

<u>Year Ended December 31:</u>	<u>2020</u>	<u>2019</u>
Event Income	\$ 57,601	\$ 167,067
Direct Expenses		
Artist Entertainment	(8,948)	(62,800)
Contract Labor	(250)	(8,987)
Advertising and Marketing	(512)	(4,722)
Meals, Beverages and Facility	(4,324)	(46,287)
Other Direct Expenses	(7,066)	(9,852)
Net Income from Events	<u>\$ 36,501</u>	<u>\$ 34,419</u>

16. Fair Value Measurements

Fair value of assets measured on a recurring basis on December 31, 2020 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	\$ 20,736	\$ 20,736	\$ -	\$ -
Certificates of Deposit	509,344	509,344	-	-
Stock	2,745	2,745	-	-
Total	<u>\$ 532,825</u>	<u>\$ 532,825</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.

17. Retirement Plan

MountainTrue offers a Simple IRA plan to eligible employees. It matches employee contributions up to three percent of salary. For the years ended December 31, 2020 and 2019, the organization contributed a total of \$20,049 and \$17,104, respectively.

18. Risk and Uncertainties

On January 30, 2020, the World Health Organization (WHO) announced a global health emergency because of a new strain of coronavirus (the COVID-19 outbreak) and the risks to the international community as the virus spreads globally. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the effects of the global situation on the organization's financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the organization is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial conditions, or liquidity for the fiscal year 2021.

19. Subsequent Events

On February 1, 2021, MountainTrue received confirmation from the Small Business Association that they granted forgiveness for the entire paycheck protection program (PPP) loan balance of \$195,205.

Subsequent events have been evaluated through July 1, 2021, which is the date the financial statements were available to be issued.