

**MOUNTAINTRUE**  
INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021



CORLISS &  
SOLOMON  
PLLC

CERTIFIED PUBLIC ACCOUNTANTS

**MountainTrue**  
**Table of Contents**  
Year Ended December 31, 2021

Independent Auditor's Report .....	1 - 2
Financial Statements:	
<i>Statement of Financial Position</i> .....	3
<i>Statement of Activities</i> .....	4
<i>Statement of Functional Expenses</i> .....	5
<i>Statement of Cash Flows</i> .....	6
Disclosures to the Financial Statements.....	7 - 16



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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
MountainTrue  
Asheville, North Carolina

### **Opinion**

We have audited the accompanying financial statements of MountainTrue (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related disclosures to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MountainTrue as of December 31, 2021, 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.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MountainTrue and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MountainTrue's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 MountainTrue's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MountainTrue's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

**Report on Summarized Comparative Information**

We have previously audited MountainTrue's 2020 financial statements, and our report dated July 1, 2021, 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, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Carliss & Solomon, PLLC*

Asheville, North Carolina  
August 19, 2022

# MountainTrue

## Statement of Financial Position

As of December 31, 2021

(With summarized comparative totals as of December 31, 2020)

	<b>2021</b>	<b>2020</b>
<b><u>Assets</u></b>		
<b><u>Current Assets</u></b>		
Cash and Cash Equivalents	\$ 646,415	\$ 465,749
Short-Term Investments	593,206	532,825
Grants Receivable- Short-Term	81,486	50,000
Accounts Receivable	40,109	75,415
Security Deposit	3,524	3,524
Prepaid Expenses	1,760	-
Total Current Assets	<u>1,366,500</u>	<u>1,127,513</u>
<b><u>Long-Term Assets</u></b>		
Grants Receivable- Long-Term	50,000	-
Pledge Receivable- Long-Term	-	25,000
Long-Term Investments	99,739	-
Property and Equipment, Net	4,157	5,492
Total Long-Term Assets	<u>153,896</u>	<u>30,492</u>
<b>Total Assets</b>	<b><u>\$ 1,520,396</u></b>	<b><u>\$ 1,158,005</u></b>
<b><u>Liabilities and Net Assets</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable	\$ 18,566	\$ 12,575
Payroll Tax Liabilities	15,039	15,161
Accrued Vacation	26,494	36,997
Total Current Liabilities	<u>60,099</u>	<u>64,733</u>
<b><u>Net Assets</u></b>		
Without Donor Restrictions	1,056,717	810,473
With Donor Restrictions	403,580	282,799
Total Net Assets	<u>1,460,297</u>	<u>1,093,272</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,520,396</u></b>	<b><u>\$ 1,158,005</u></b>

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

# MountainTrue

## Statement of Activities

Year Ended December 31, 2021

(With summarized comparative totals for the prior year)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 2021</b>	<b>Total 2020</b>
<b>Support and Revenue</b>				
Contributions	\$ 1,101,823	\$ 161,108	\$ 1,262,931	\$ 1,057,578
Grants	70,804	408,405	479,209	409,259
Program Service Revenue	25,296	-	25,296	63,957
Membership	171,394	-	171,394	141,879
Event Income	25,444	7,078	32,522	57,601
Interest Income	1,794	-	1,794	4,650
Investment Gains/(Losses), Net	(61)	-	(61)	188
Other Income	155	2,600	2,755	625
Net Assets Released from Restrictions	505,244	(505,244)	-	-
<b>Total Support and Revenue</b>	<b>1,901,893</b>	<b>73,947</b>	<b>1,975,840</b>	<b>1,735,737</b>
<b>Expenses</b>				
Program Services	1,375,136	-	1,375,136	1,307,102
Management and General	116,898	-	116,898	117,407
Fundraising	168,802	-	168,802	180,675
<b>Total Expenses</b>	<b>1,660,836</b>	<b>-</b>	<b>1,660,836</b>	<b>1,605,184</b>
Change in Net Assets before Other Changes in Net Assets	241,057	73,947	315,004	130,553
Other Changes in Net Assets Fiscal Sponsorship Activity, Net	5,187	46,834	52,021	(16)
Total Change in Net Assets	246,244	120,781	367,025	130,537
Net Assets, Beginning of Year				
As Previously Stated	760,473	282,799	1,043,272	962,735
Prior Period Adjustment	50,000	-	50,000	-
As Restated	810,473	282,799	1,093,272	962,735
<b>Net Assets, End of Year</b>	<b>\$ 1,056,717</b>	<b>\$ 403,580</b>	<b>\$ 1,460,297</b>	<b>\$ 1,093,272</b>

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

# MountainTrue

## Statement of Functional Expenses

Year Ended December 31, 2021

(With summarized comparative totals for the prior year)

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total 2021</b>	<b>Total 2020</b>
Salaries	\$ 766,275	\$ 52,194	\$ 104,941	\$ 923,410	\$ 923,247
Payroll Taxes	58,988	4,018	8,078	71,084	69,487
Health Insurance	49,653	3,382	6,799	59,834	49,242
Retirement	17,396	1,185	2,382	20,963	20,049
Total Personnel Expense	<u>892,312</u>	<u>60,779</u>	<u>122,200</u>	<u>1,075,291</u>	<u>1,062,025</u>
Accounting	-	20,044	1,288	21,332	20,800
Communications	3,221	2,374	593	6,188	7,688
Conference and Training	5,467	4,228	36	9,731	9,097
Contract Services	246,042	4,826	8,060	258,928	152,303
Depreciation	3,125	780	-	3,905	5,719
Dues and Subscriptions	27,473	4,333	5,133	36,939	41,357
Equipment	46,894	2,074	2,074	51,042	75,619
Equipment Rental	3,937	268	539	4,744	7,321
Events	6,716	-	4,052	10,768	21,100
IT Services	8,751	596	1,199	10,546	16,894
Insurance	4,606	7,767	512	12,885	9,817
Miscellaneous	6,469	1,973	252	8,694	14,918
Occupancy	80,078	5,223	10,502	95,803	98,257
Organization Sponsorships	250	250	-	500	2,775
Printing	5,785	67	7,969	13,821	20,507
Promotional Merchandise	1,228	-	442	1,670	686
Postage	852	229	3,487	4,568	3,793
Steering Committee	-	344	-	344	483
Supplies	717	664	269	1,650	2,073
Travel	31,213	79	195	31,487	31,952
<b>Total Expenses</b>	<b><u>\$ 1,375,136</u></b>	<b><u>\$ 116,898</u></b>	<b><u>\$ 168,802</u></b>	<b><u>\$ 1,660,836</u></b>	<b><u>\$ 1,605,184</u></b>

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

# MountainTrue

## Statement of Cash Flows

Year Ended December 31, 2021

(With summarized comparative totals for the prior year)

	<u>2021</u>	<u>2020</u>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets During Year	\$ 367,025	\$ 130,537
Adjustments to reconcile change in net assets to net cash provided or (used) by operating activities:		
Depreciation	3,905	5,719
Investment (Gains)/Losses, Net	(1,039)	(2,363)
Stock Donation Received	(39,081)	(17,785)
(Increase)/Decrease in Operating Assets:		
Grants Receivable	(81,486)	100,000
Accounts Receivable	60,306	(71,933)
Prepaid Rent	(1,760)	4,682
Increase/(Decrease) in Operating Liabilities:		
Accounts Payable	5,991	(12,151)
Payroll Tax Liabilities	(122)	(100)
Accrued Vacation	(10,503)	13,994
Net Cash Provided by Operating Activities	<u>303,236</u>	<u>150,600</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of Investments, Net	(120,000)	(35,272)
Purchases of Equipment	(2,570)	-
Net Cash Used by Investing Activities	<u>(122,570)</u>	<u>(35,272)</u>
Net Change in Cash and Cash Equivalents	<u>180,666</u>	<u>115,328</u>
Cash and Cash Equivalents, Beginning of Year	<u>465,749</u>	<u>350,421</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 646,415</u>	<u>\$ 465,749</u>

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



# MountainTrue

## Disclosures to the Financial Statement

Year Ended December 31, 2021

### **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 in 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 2021:

#### Clean Water

- Continued to promote 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.
- Using funds allocated by the NC General assembly, MountainTrue purchased and deployed a real-time water quality monitoring probe in two streams to identify and address spikes in pollution; furthered work on a real-time E. coli-turbidity model and website in collaboration with NCDEQ; conducted extensive DNA source tracking around the watershed to identify the primary sources of E. coli in the French Broad River.; and used planes outfitted with infrared cameras to identify over 65 hard-to-find potential sewer leaks from the air.
- Partnered with the University of North Carolina at Asheville and the Southern Environmental Law Center to conduct Per- and Polyfluoroalkyl Substances (PFAS) monitoring around the French Broad River Watershed.
- Secured funding to address stream bank erosion and sediment pollution in one of the French Broad's dirtiest tributaries.
- Conducted 60 microplastic tests across the watershed and launched an advocacy campaign to ban single-use plastic in several communities.
- Successfully rallied the community of East Flat Rock to oppose a new asphalt plant.
- Began eDNA study in Fall 2021 to determine sources of bacteria in the Green and Broad River watersheds.
- Completed removal of the Wards Mill Dam on the Watauga River, reconnecting 140 miles of aquatic habitat in the watershed.
- Deployed a Trash Trout in partnership with Asheville Greenworks and the Town of Boone to collect plastics. Also secured funding to deploy Trash Trouts statewide, with one in every basin with a Waterkeeper program.
- Continued our Harmful Algal Bloom monitoring program on Watauga Lake.
- Generated substantial comments on the Evergreen Packaging (formerly Blue Ridge Paper) mill draft NPDES permit renewal.

- Launched Swim Guide and trained 16 new water quality monitoring volunteers in the Hiwassee watershed.

#### Clean Energy and Sustainability

- Advanced Clean Energy in Asheville and Buncombe County by serving on the Blue Horizons Community Council, an outgrowth of the Energy Innovation Task Force (EITF), charged with guiding Buncombe County's transition to 100% renewable energy by 2042. We also served on the Steering Committee for Solarize Asheville-Buncombe, a bulk solar purchasing campaign with a goal of installing solar on at least 100 buildings.
- Joined with statewide groups in opposing Duke Energy's proposed IRP, as it failed to meet the company's stated climate goals and would construct a large quantity of new coal and gas infrastructure in the coming decades.
- Advocated for the adoption of HB 951 which codifies the state's clean energy plan and requires a 70% reduction in carbon emissions by 2030 and 100% carbon neutrality by 2050.

#### Public Lands

- Continued to push for a Forest Plan that protects old-growth forests, un-roaded areas, and North Carolina Natural Heritage Areas and that restores the forest to its pre-industrial condition. To this end, we created the Project Team for the Nantahala-Pisgah Forest Partnership and continued to be a leader in the Nantahala-Pisgah Forest Partnership.
- With representation from SELC, we continue to oppose rule changes that weaken the National Environmental Policy Act.
- We hosted a tri-county BioBlitz in Jackson, Transylvania, and Watauga Counties with 47 participants, 2,900 photographic observations, and 1,198 species identified.
- We re-treated over 300 ash trees on the Appalachian Trail with our partners at the Appalachian Trail Conservancy. In total, we have treated over 1,200 ash trees that we are committed to keeping alive long-term.
- We conducted an analysis of a non-native invasive plant biological control experiment in Sandy Bottom wetland. We also coordinated a significant restoration project with NC Wildlife Resources staff to improve the bog turtle habitat here.
- Conducted first-time non-native invasive plant inventories along Big Ivy and Pisgah Ranger District recreational trails in Pisgah National Forests, on DuPont State Recreational Forest trails, and on the Appalachian Trail.
- Removed invasive plant species from 17 acres at two rare rock outcrop communities in Pisgah National Forest.
- Lead the High Country Habitat Restoration Coalition, engaging 175 volunteers and treating dozens of acres in 2021.
- Restored habitat and native plant diversity at Island Park in the Tuckasegee River.

#### Transportation and Land Use

- Continued 20+ years of leadership to improve the I-26 Connector Project.
- Collaborated with the City of Asheville and the Asheville Buncombe Community Land Trust to issue requests for proposals for affordable housing projects on City-owned properties.
- 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.
- Launched advocacy campaigns around comprehensive planning efforts in Buncombe and Henderson Counties.

### Creation Care Alliance

- Offered creation care training, presentations, and workshops to congregations and community members of faith throughout our region.
- Cultivated creation care worship opportunities through our fourth regional retreat, annual Earth Day Vigil, and local preaching engagements.
- Facilitated seven Eco-Grief Circles for community members, clergy, and environmental leaders.
- Organized three community-building events with faith leaders in MountainTrue's Southern, Western, and High Country regions.
- Added three new covenant partner congregations in the Southern and Western regions, specifically Hendersonville, Tryon, and Waynesville.

### Community Engagement

- Successfully advocated for the inclusion of nearly \$10 million in funding for projects and programs that benefit WNC in the state budget.
- Generated 13,030 letters to decision makers through 31 action alerts across all of our regions.
- Our Guided Adventures series continues to be widely popular, bringing in 65 new members this year.

### Corporate and Tax-Exempt Status

MountainTrue was incorporated in June 1984 as 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 classified as a publicly supported organization under Section 509(a)(1).

## **2. Summary of Significant Accounting Policies**

### Basis of Accounting

The financial statements have been prepared on an accrual basis of accounting and conform to accounting principles generally accepted in the United States of America (U.S. GAAP), as applicable to not-for-profit organizations.

### Financial Statement Presentation

The classification of the organization's net assets, and its support, revenue, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of two classes of net assets – without donor restrictions and with donor restrictions – be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The classes of net assets are defined as follows:

*Net Assets Without Donor Restrictions* – Includes net assets that are not subject to donor-imposed restrictions and that may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the organization's management and board of directors.

*Net Assets With Donor Restrictions* - Includes net assets that are subject to restrictions imposed by donors or grantors. Some donor and grantor restrictions are temporary in nature, such as those with a specified purpose or a timeframe for expenditure established by the donor or grantor. Other donor-imposed restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

### Cash and Cash Equivalents

The organization's cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase, except for those amounts that are held in the investment portfolio which are invested for long-term purposes.

### Concentration of Credit Risk

Financial instruments that potentially subject the organization to concentrations of credit risk consist principally of cash and cash equivalents. The organization maintains its cash and cash equivalents in various bank accounts that, at times, may exceed FDIC 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

The organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consists of interest and dividend income and realized and unrealized capital gains and losses, net of investment expenses.

### Accounts Receivable

Accounts receivable represent uncollected amounts for program services carried out on a fee-for-service basis. An allowance for doubtful accounts is established for amounts deemed uncollectible, if needed.

### Contributions and Grants Receivable

Contributions and grants receivable, without conditions, and expected to be collected within one year are recorded at net realizable value; those expected to be collected in more than one year are recorded at the present value of their future cash flows, using a risk-adjusted interest rate. Any provision for uncollectible receivables is estimated by management based on historical collection experience.

### 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 organization has adopted a capitalization threshold of \$2,000 per item. Expenses for repairs and maintenance that do not improve or extend the life of an asset are expensed as incurred.

### Contributions and Grants

Contributions and grants are recognized in support: (1) when the organization receives cash, securities or other assets from a donor or grantor, (2) when a donor conveys a promise to make a donation in the future, on an unconditional basis, and (3) when a grantor awards a grant to be paid in the future, on an unconditional basis. Contributions and grants with conditions, such as performance requirements, are not recognized until the conditions on which they depend have been substantially met. A not-for-profit entity may account for PPP loans in accordance with FASB ASC 958-605, Not-for-Profit Entities-Revenue Recognition, as a conditional contribution.

### Program Service Revenue

In accordance with U.S. GAAP, the organization follows *ASU 2014-09, Revenue from Contracts with Customers* (Topic 606), which 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 Organization adopted the new

standard in the year ended December 31, 2020. The Organization's major sources of program service revenue are recognized as follows:

Program Service Revenue consists primarily of payments received from the sale of river maps and from fees collected for paddle trail trip services provided by MountainTrue. Amounts received are recognized as revenue when the organization has met applicable performance obligations through the delivery of goods and services to the customers. Any amounts received in advance are treated as deferred revenue.

Membership Dues - membership dues are billed annually and, for purposes of *ASU 2014-09*, are considered to be contributions without an exchange element. Membership dues are recognized in income when received on an unconditional basis. Dues are not deferred as of year-end for partially completed membership years.

#### *In-Kind Contributions*

The organization recognizes contributed goods and the use of facilities at estimated fair value on the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased. When recognized, contributed services are reported at fair value.

#### *Fair Value Measurements*

Fair value is the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. Certain valuation techniques are used to measure fair value. There are three broad levels as follows:

- *Level 1* - (the highest level) inputs are based on quoted prices in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date. For example, securities traded in an active market are valued using Level 1 inputs.
- *Level 2* - inputs are observable inputs other than quoted prices, either directly or indirectly through corroboration with observable market data. If the asset or liability has a specified term, the Level 2 input must be observable for substantially the full term.
- *Level 3* - inputs are unobservable inputs for the asset or liability, meaning the inputs reflect the Organization's own assumptions about the assumptions market participants would use in pricing the asset or liability, including inputs related to risk, which have been developed based on the best information available in the circumstances.

#### *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. This is an accepted industry practice among land trust organizations and other organizations that receive conservation easements in connection with their environmental work.

#### *Fiscal Sponsorships*

MountainTrue serves as a 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 a 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 assets with donor restrictions. See Disclosure 13 for further details.

### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 management's 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

MountainTrue 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. The organization had no income from unrelated business activities in 2021 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 U.S. GAAP. Accordingly, such information should be read in conjunction with the organization's audited financial statements for the year ended December 31, 2020, from which the summarized information was derived. Certain amounts in the prior-year financial statements have been reclassified to conform to the current year's 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. The Board of Directors designates a portion of the operating surplus for future contingencies (see Disclosure 11). This fund may be drawn upon, only with Board approval, to meet unexpected liquidity needs. 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 (see next page):

As of December 31:

## Financial Assets at year end:

	<b>2021</b>	<b>2020</b>
Cash and Cash Equivalents	\$ 645,565	\$ 465,749
Investments	692,945	532,825
Grants and Other Receivables	171,595	150,415
Total Financial Assets	<u>1,510,105</u>	<u>1,148,989</u>

## Less amounts not available to be used in one year:

Fiscal Sponsor Restricted Balances	107,328	60,494
Board Designated Net Assets	<u>300,988</u>	<u>300,000</u>
Total not available to be used in one year	<u>408,316</u>	<u>360,494</u>

## Financial assets available to meet general expenditures over the following year

	<u>\$ 1,101,789</u>	<u>\$ 788,495</u>
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MountainTrue's goal is generally to maintain financial assets to meet a minimum of 180 days of essential operating expenses (approximately \$810,000).

**4. Cash and Cash Equivalents**

Cash and cash equivalent amounts are shown in the list below.

As of December 31:

	<b>2021</b>	<b>2020</b>
Checking Accounts	\$ 166,257	\$ 289,839
Money Market Accounts	110,723	118,520
Savings Accounts	250,487	-
Fiscal Sponsor Funds Account	103,443	34,401
Online Accounts	1,950	1,077
Petty Cash	125	125
Undeposited Funds	<u>12,580</u>	<u>21,787</u>
Total Cash and Cash Equivalents	<u>\$ 645,565</u>	<u>\$ 465,749</u>

As of December 31, 2021, the organization had exceeded the federally insured limit in cash accounts by \$37,002. Management believes the organization is not exposed to any significant credit risk on its cash balances.

**5. Investments**

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

As of December 31:

	<b>2021</b>	<b>2020</b>
Money Funds	\$ 231,061	\$ 20,736
Certificates of Deposit	459,720	509,344
Stock	<u>2,164</u>	<u>2,745</u>
Total Investments	<u>\$ 692,945</u>	<u>\$ 532,825</u>

**6. Grants and Contracts Receivable**

The grants and contracts receivable balance consists of foundation grants awarded and program service revenue earned in 2021. The balance was \$131,486 and \$50,000 as of December 31, 2021, and 2020, respectively. Long-term grants receivable listed on the statement of financial position consist of one grant which is expected to be received in 2023. Management believes the amount is fully collectible.

**7. Accounts Receivable**

Accounts receivable consists of the following:

<u>As of December 31:</u>	<u>2021</u>	<u>2020</u>
Contributions Receivable	\$ 32,810	\$ 80,526
Sales Tax Receivable	7,299	8,118
Other Receivables	-	11,771
Total Accounts Receivable	<u>\$ 40,109</u>	<u>\$ 100,415</u>

**8. Property and Equipment**

Property and equipment consists of the following:

<u>As of December 31:</u>	<u>2021</u>	<u>2020</u>
Property and Equipment	\$ 46,659	\$ 47,710
Vehicles	8,853	8,853
Leasehold Improvements	8,802	8,802
Less: Accumulated Depreciation	(60,157)	(59,873)
Property and Equipment, Net	<u>\$ 4,157</u>	<u>\$ 5,492</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 explained in the Disclosure 2 accounting policy for Conservation Easements, the organization does not recognize the value of the easements in its financial statements.

**10. Lease Commitments**

MountainTrue has a two-year office lease for its main office space in Asheville, North Carolina ending December 31, 2022. During the year ended December 31, 2021, monthly rental payments were \$4,799.

MountainTrue leases offices in Hendersonville, North Carolina under a two-year lease. Terms call for monthly rental payments of \$700 for the initial term through June 30, 2021, and \$650 for the remainder of the initial term. The agreement has an option to renew for an additional two-year term.

MountainTrue has a two-year office lease for offices in Murphy, North Carolina ending June 30, 2023. Terms call for monthly rental payments of \$520, with a 2% annual increase. The agreement has an option to renew the lease for an additional two-year term for up to 4 additional two-year terms.

MountainTrue leases offices in Boone, North Carolina under a one-year lease. Terms call for monthly rental payments of \$1,200.



For the years ended December 31, 2021, and 2020, the total rent expense for office space was \$86,268 and \$87,365, respectively. Future minimum lease obligations for office operating leases are listed below:

For the years ending December 31:	<u>Office Leases</u>
2022	\$ 77,292
2023	<u>3,180</u>
Total	<u>\$ 80,472</u>

#### 11. ***Net Assets Without Donor Restrictions***

Net assets without donor restrictions totaled \$1,055,867 and \$810,473 as of December 31, 2021, and 2020, 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 investment accounts. Net assets designated by the Board were \$300,988 and \$300,000 as of December 31, 2021, and 2020, 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>2021</u>	<u>2020</u>
French Broad Riverkeeper	\$ 70,550	\$ 135,500
Muddy Water Watch	1,044	1,500
Public Lands	17,011	18,060
Lands Use and Transportation	5,806	8,950
Water	76,841	8,295
Time Restricted for Future Years	125,000	50,000
Fiscally Sponsored Organizations	<u>107,328</u>	<u>60,494</u>
Total Net Assets with Donor Restrictions	<u>\$ 403,580</u>	<u>\$ 282,799</u>

#### 13. ***Fiscal Sponsor Activity***

MountainTrue serves as fiscal sponsor for several organizations. Fiscal sponsor income, in the form of contributions and grants, and related expenses are netted on the statement of activities and presented as Fiscal Sponsor Activity, Net. Fiscal sponsor income and expenses by year are as follows:

<u>For the Years Ended December 31:</u>	<u>2021</u>	<u>2020</u>
Fiscal Sponsor Income:		
Contributions and Grants	\$ 167,056	\$ 85,745
Fiscal Sponsor Expenses:		
Program Activities	(111,214)	(85,546)
Fundraising	<u>(3,821)</u>	<u>(215)</u>
Fiscal Sponsor Activity, Net	<u>\$ 52,021</u>	<u>\$ (16)</u>

#### 14. ***PPP Conditional Grant Award***

During the prior year, the organization received a Paycheck Protection Program loan in the amount of \$195,205. The organization met the criteria for forgiveness and substantially met the conditions for the entire amount to be recognized as government grant revenue for the year ended December 31, 2020. On February 1, 2021, MountainTrue received confirmation from the

Small Business Administration that this first Paycheck Protection Program loan in the amount of \$195,205 was forgiven in full.

On February 22, 2021, the organization received a second Paycheck Protection Program loan in the amount of \$205,065. 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, 2021, and \$205,065 of the loan was recognized as grant revenue during the audit year.

#### 15. **Fair Value Measurements**

Fair value of assets measured on a recurring basis on December 31, 2021, 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	\$ 231,061	\$ 231,061	\$ -	\$ -
Certificates of Deposit	459,720	459,720	-	-
Stock	2,164	2,164	-	-
Total	<u>\$ 692,945</u>	<u>\$ 692,945</u>	<u>\$ -</u>	<u>\$ -</u>

#### 16. **Prior Period Adjustment**

During the audit, it was determined that in the prior year a multi-year pledge was not properly included in contributions or contributions receivable. A prior period adjustment is reflected on the statement of activities increasing contributions and net assets without donor restrictions by \$50,000 as of December 31, 2020.

#### 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, 2021, and 2020, the organization contributed a total of \$20,963, and \$20,049, respectively.

#### 18. **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 2022.

#### 19. **Subsequent Events**

On February 22, 2022, MountainTrue received confirmation from the Small Business Association that they granted forgiveness for the entire paycheck protection program (PPP) loan balance of \$205,065.

Subsequent events have been evaluated through August 19, 2022, which is the date the financial statements were available to be issued.