

**MOUNTAINTRUE**  
INDEPENDENT AUDITOR'S REPORT  
AND FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2022



CORLISS &  
SOLOMON  
PLLC

CERTIFIED PUBLIC ACCOUNTANTS

**MountainTrue**  
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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, 2022, 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, 2022, 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 2021 financial statements, and our report dated August 19, 2022, 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, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Carliss & Solomon, PLLC*

Asheville, North Carolina  
September 29, 2023

# MountainTrue

## Statement of Financial Position

As of December 31, 2022

(With summarized comparative totals as of December 31, 2021)

	<u>2022</u>	<u>2021</u>
<b><u>Assets</u></b>		
<b><u>Current Assets</u></b>		
Cash and Cash Equivalents	\$ 748,103	\$ 646,415
Short-Term Investments	461,301	593,206
Grants Receivable	150,592	81,486
Contributions Receivable	85,651	32,810
Sales Tax Receivable	1,446	7,299
Security Deposit	3,524	3,524
Prepaid Expenses	2,134	1,760
Total Current Assets	<u>1,452,751</u>	<u>1,366,500</u>
<b><u>Long-Term Assets</u></b>		
Grants Receivable- Long-Term	-	50,000
Contributions Receivable- Long-Term	59,000	-
Long-Term Investments	178,651	99,739
Right of Use (ROU) Asset	123,149	-
Property and Equipment, Net	2,338	4,157
Total Long-Term Assets	<u>363,138</u>	<u>153,896</u>
<b>Total Assets</b>	<b><u>\$ 1,815,889</u></b>	<b><u>\$ 1,520,396</u></b>
<b><u>Liabilities and Net Assets</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable	\$ 17,577	\$ 18,566
Payroll Tax Liabilities	18,071	15,039
Accrued Vacation	36,698	26,494
Short-Term Lease Liability	42,168	-
Total Current Liabilities	<u>114,514</u>	<u>60,099</u>
<b><u>Long-Term Liabilities</u></b>		
Long-Term Lease Liability	80,679	-
Total Long-Term Liabilities	<u>80,679</u>	<u>-</u>
<b>Total Liabilities</b>	<u>195,193</u>	<u>60,099</u>
<b><u>Net Assets</u></b>		
Without Donor Restrictions	1,104,748	1,056,717
With Donor Restrictions	515,948	403,580
Total Net Assets	<u>1,620,696</u>	<u>1,460,297</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 1,815,889</u></b>	<b><u>\$ 1,520,396</u></b>

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

# MountainTrue

## Statement of Activities

Year Ended December 31, 2022

(With summarized comparative totals for the prior year)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total 2022</b>	<b>Total 2021</b>
<b>Support and Revenue</b>				
Contributions	\$ 1,062,511	\$ 387,264	\$ 1,449,775	\$ 1,262,931
Grants	43,364	246,255	289,619	479,209
Program Service Revenue	52,169	-	52,169	25,296
Membership	186,805	-	186,805	171,394
Event Income	24,565	65,063	89,628	32,522
Interest Income	4,751	-	4,751	1,794
Investment Gains/(Losses), Net	(6,055)	-	(6,055)	(61)
Other Income	8,301	2,000	10,301	2,755
Net Assets Released from Restrictions	591,627	(591,627)	-	-
<b>Total Support and Revenue</b>	<b>1,968,038</b>	<b>108,955</b>	<b>2,076,993</b>	<b>1,975,840</b>
<b>Expenses</b>				
Program Services	1,625,980	-	1,625,980	1,375,136
Management and General	101,322	-	101,322	116,898
Fundraising	182,372	-	182,372	168,802
<b>Total Expenses</b>	<b>1,909,674</b>	<b>-</b>	<b>1,909,674</b>	<b>1,660,836</b>
Change in Net Assets before Other Changes in Net Assets	58,364	108,955	167,319	315,004
Other Changes in Net Assets				
Fiscal Sponsorship Activity, Net	(10,333)	3,413	(6,920)	52,021
Total Change in Net Assets	48,031	112,368	160,399	367,025
Net Assets, Beginning of Year	1,056,717	403,580	1,460,297	1,093,272
<b>Net Assets, End of Year</b>	<b>\$ 1,104,748</b>	<b>\$ 515,948</b>	<b>\$ 1,620,696</b>	<b>\$ 1,460,297</b>

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

# MountainTrue

## Statement of Functional Expenses

Year Ended December 31, 2022

(With summarized comparative totals for the prior year)

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total 2022</b>	<b>Total 2021</b>
Salaries	\$ 919,282	\$ 29,431	\$ 114,436	\$ 1,063,149	\$ 923,410
Payroll Taxes	67,937	2,175	8,457	78,569	71,084
Health Insurance	77,781	2,492	9,683	89,956	59,834
Retirement	23,607	756	2,939	27,302	20,963
Total Personnel Expense	<u>1,088,607</u>	<u>34,854</u>	<u>135,515</u>	<u>1,258,976</u>	<u>1,075,291</u>
Board	-	684	-	684	344
Communications	6,493	-	-	6,493	6,188
Conference and Training	13,035	4,014	1,363	18,412	9,731
Contract Services	227,588	3,571	3,728	234,887	258,928
Depreciation	1,819	-	-	1,819	3,905
Dues and Subscriptions	27,665	4,591	5,162	37,418	36,939
Equipment	61,596	861	861	63,318	51,042
Equipment Rental	4,348	139	541	5,028	4,744
Events	10,774	-	10,687	21,461	10,768
Insurance	-	19,469	-	19,469	12,885
IT Services	10,077	323	1,255	11,655	10,546
Miscellaneous	3,134	6,169	-	9,303	8,694
Occupancy	88,048	2,790	10,849	101,687	95,803
Organization Sponsorships	2,485	275	-	2,760	500
Postage	1,897	226	3,663	5,786	4,568
Printing	15,741	178	7,712	23,631	13,821
Professional Fees	-	21,882	-	21,882	21,332
Promotional Merchandise	5,059	-	-	5,059	1,670
Supplies	1,475	729	106	2,310	1,650
Travel	56,139	567	930	57,636	31,487
<b>Total Expenses</b>	<b><u>\$ 1,625,980</u></b>	<b><u>\$ 101,322</u></b>	<b><u>\$ 182,372</u></b>	<b><u>\$ 1,909,674</u></b>	<b><u>\$ 1,660,836</u></b>

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

# MountainTrue

## Statement of Cash Flows

Year Ended December 31, 2022

(With summarized comparative totals for the prior year)

	<b>2022</b>	<b>2021</b>
<b>Cash Flows from Operating Activities</b>		
Change in Net Assets During Year	\$ 160,399	\$ 367,025
Adjustments to reconcile change in net assets to net cash provided or (used) by operating activities:		
Depreciation	1,819	3,905
Investment (Gains)/Losses, Net	6,055	(1,039)
Stock Donation Received	(118,062)	(39,081)
(Increase)/Decrease in Operating Assets:		
Grants Receivable	(19,106)	(81,486)
Contributions Receivable	(111,841)	60,306
Sales Tax Receivable	5,853	-
Prepaid Rent	(374)	(1,760)
Increase/(Decrease) in Operating Liabilities:		
Accounts Payable	(989)	5,991
Payroll Tax Liabilities	3,032	(122)
Accrued Vacation	10,204	(10,503)
Lease Liability	(302)	-
Net Cash Provided/(Used) by Operating Activities	<u>(63,312)</u>	<u>303,236</u>
<b>Cash Flows from Investing Activities</b>		
Purchase/(Sale) of Investments, Net	165,000	(120,000)
Purchases of Equipment	-	(2,570)
Net Cash Provided/(Used) by Investing Activities	<u>165,000</u>	<u>(122,570)</u>
Net Change in Cash and Cash Equivalents	<u>101,688</u>	<u>180,666</u>
Cash and Cash Equivalents, Beginning of Year	<u>646,415</u>	<u>465,749</u>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 748,103</u></b>	<b><u>\$ 646,415</u></b>

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



# MountainTrue

## Disclosures to the Financial Statement

Year Ended December 31, 2022

### **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 these 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 the 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 the 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.

The organization's primary sources of support are contributions from the general public, corporate sponsorship, and foundation grants. Selected organizational highlights from 2022 include:

#### Resilient Forests

MountainTrue's Public Lands program protects and restores the commons of the Southern Blue Ridge for sustainable public use.

- With multiple partners and the Southern Environmental Law Center, MountainTrue filed a 300-page Objection to the Revised Nantahala-Pisgah Forest Plan with the goal of better protection of 100,000 acres of priority conservation areas and better protections for water quality.
- Fieldwork and advocacy resulted in the protection of 164 acres of old-growth forests and North Carolina Natural Heritage areas from logging projects in Nantahala National Forest.
- MountainTrue saved 290 ash trees from emerald ash borer beetle in Pisgah National Forest.
- MountainTrue brought together a partnership of DuPont State Forest Staff, Friends of Dupont State Forest, and MountainTrue to establish an official group that meets twice monthly to control the Forest's non-native invasive plants. Its success led to the Forest's purchasing of its own equipment and taking over permanent coordination of this work with the Friends.

#### Clean Water

MountainTrue's water team protects the French Broad, Watauga, Green, Broad, and Hiwassee River basins by tracking down and reporting sewer leaks, straight pipes, pollution sources, and impacts from agriculture and development.

- Launched a real-time E. coli meter on the French Broad River in Asheville, which has been several years in the making in partnership with NCDEQ and NCDHHS and is the first of its kind in North Carolina.
- DEQ launches spill notification system as a result of advocacy.
- Completed removal project of the Ward's Mill Dam on the Watauga River, restoring a free-flowing stream channel for the first time in over 100 years.

- Facilitated enforcement of erosion & sediment control laws and cleanup/removal of sediment from four streams at the Chiquapin development near Cashiers in the headwaters of the Tuckasegee & Chattooga Rivers.
- Conducted testing for microplastics in water samples from across the state to support other NC Waterkeepers and to bolster our advocacy for local and statewide bans on single-use plastics. Microplastics were found in every sample from every river basin across the state.

### Healthy Communities

The Healthy Communities Team advocates for patterns of growth that promote vibrant communities and protect the rural character and natural assets of the Southern Blue Ridge Mountains.

- Led community engagement in comprehensive planning efforts in Buncombe and Henderson counties. In Henderson County, it organized community groups and experts to provide significant input. In Buncombe, our staff secured a seat on the Comprehensive Plan Steering Committee, providing access to decision-makers and allowing for direct input into the contents of the plan.
- Developed a Nondisplacement Toolkit for communities threatened by gentrification. Working with communities that are feeling the pressure of Buncombe's real estate market, the team worked directly with PODER Emma to create a suite of policies geared towards keeping people in their homes and keeping those homes affordable.
- Developed a model ordinance in collaboration with SELC to address cryptocurrency-mining facilities. They are working with local governments in southwestern North Carolina on strategies to prevent or heavily regulate cryptocurrency mining. Cryptomining operations present significant noise impacts, consume vast amounts of energy, and produce considerable electronic waste while providing communities with almost nothing in return. Multiple rural counties have expressed interest in using the model ordinance.

### Clean Energy

- Advocacy for the NC Carbon Plan before the NC Utilities Commission (NCUC). MountainTrue's mobilized our network to attend the hearings and offer testimony through targeted outreach and an educational webinar. They also worked with local and statewide partners in organizing a demonstration outside the Asheville hearing and lining up speakers to push the NCUC to use its authority to create a final plan that meets the state's climate goals on time and using accepted technologies.

### Creation Care Alliance of WNC

CCA helps congregations in the Southern Blue Ridge take steps toward energy efficiency, renewable energy, conservation, sustainable land use, resilience, and adaptation to better love God's world and all species.

- Through our annual Earth Day vigil, local preaching engagements, and outdoor opportunities like the spring "Wild Eucharist" hike, they reached more than 600 people across WNC.
- CCA provided eight presentations and facilitated workshops dealing with the importance of environmental stewardship, climate action, and advocacy to congregations and faith-based community organizations as a part of Sunday School hours and other special programming, reaching more than 500 people.

- Representatives from eight CCA-affiliated congregations attended the NCUC hearing on the NC Carbon Plan Asheville.
- Facilitated in-person and virtual Eco-Grief Circles for community members, clergy, and environmental leaders. Led by counselors, chaplains, pastors, and activists, these opportunities allowed individuals leading environmental efforts the space to process the pain of the climate and ecological crisis and help them.

### Engaging and Empowering Communities

A foundational aspect of MountainTrue's work is to increase civic engagement by conservation-minded people in WNC. To that end, they continue our full-time presence at the NC General Assembly and engage people through online organizing and issue advocacy.

- Secured almost \$9 million in state funding for conservation projects in Western North Carolina, including \$7.2 million for dam removal, almost \$400,000 in recurring funding for landslide hazard mapping, \$400,000 to fix leaking septic systems, \$100,000 recurring funding for water quality testing in the French Broad and other western rivers, and almost \$1 million to create and improve public access points and parks in the region.
- Generated 12,645 letters to decision-makers through eight action alerts across the region and collected over 1,000 signatures on petitions.
- Our Guided Adventures series continues to be widely popular, bringing in 103 new members this year and providing great opportunities to introduce those new members to the work through unique, high-quality outdoor experiences.

### 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 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.

#### Leases

The organization has adopted Accounting Standards Update (ASU) No. 2016-02 Leases (Topic 842) as management believes the standard improves the usefulness and understandability of the organization's financial reporting. The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases, except for short-term leases less than 12 months. The new standard represents an improvement over the previous GAAP, which did not require lease assets and lease liabilities to be recognized for most leases. The standard was effective for annual reporting periods beginning after December 15, 2021. During the transition period, implementation is presented retrospectively at the beginning of the period of adoption through a cumulative-effective adjustment and no adjustment to the prior year financial statements presented. The Organization adopted (ASU) No. 2016-02 Leases (Topic 842) effective January 1, 2022 and utilized all of the available practical expedients. The adoption had a material impact on the Organization's statement of financial position but did not have a material impact on the statement of activities and cash flows.

#### 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.

#### 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'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 2022 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, 2021, 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:

As of December 31:

## Financial Assets at year end:

Cash and Cash Equivalents

Investments

Grants and Other Receivables

Total Financial Assets

	<b>2022</b>	<b>2021</b>
	\$ 748,103	\$ 646,415
	639,952	692,945
	296,689	171,595
	<u>1,684,744</u>	<u>1,510,955</u>

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

Contributions Receivable- Long-Term

Fiscal Sponsor Restricted Balances

Board Designated Net Assets

Total not available to be used in one year

	59,000	-
	110,740	107,328
	442,299	300,988
	<u>612,039</u>	<u>408,316</u>

Financial assets available to meet general expenditures over the following year

	<u>\$ 1,072,705</u>	<u>\$ 1,102,639</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:

Checking Accounts

Money Market Accounts

Savings Accounts

Fiscal Sponsor Funds Account

Online Accounts

Petty Cash

Undeposited Funds

Total Cash and Cash Equivalents

	<b>2022</b>	<b>2021</b>
	\$ 247,033	\$ 167,107
	361,974	110,723
	711	250,487
	93,211	103,443
	2,839	1,950
	125	125
	42,210	12,580
	<u>\$ 748,103</u>	<u>\$ 646,415</u>

As of December 31, 2022, the organization had exceeded the federally insured limit in cash accounts by \$104,337. 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 as follows:

As of December 31:

Money Funds

Certificates of Deposit

Stock

Total Investments

	<b>2022</b>	<b>2021</b>
	\$ 34,838	\$ 231,061
	600,041	459,720
	5,073	2,164
	<u>\$ 639,952</u>	<u>\$ 692,945</u>

**6. Grants Receivable**

The grants and contracts receivable balance consists of foundation grants awarded and program service revenue earned in 2022. The balance was \$150,592 and \$131,486 as of December 31, 2022, and 2021, respectively. Management believes the amount is fully collectible.

**7. Contributions Receivable**

Contributions receivable by year are listed below. Management believes all receivables are fully collectible and no allowance or present value discount is considered necessary.

<u>For the Years Ended December 31:</u>	
2023	\$ 45,131
2024	40,760
Total Contributions Receivable	<u>\$ 85,891</u>

**8. Property and Equipment**

Property and equipment consists of the following:

<u>As of December 31:</u>	<u>2022</u>	<u>2021</u>
Property and Equipment	\$ 45,059	\$ 46,659
Vehicles	8,853	8,853
Leasehold Improvements	8,802	8,802
Less: Accumulated Depreciation	(60,376)	(60,157)
Property and Equipment, Net	<u>\$ 2,338</u>	<u>\$ 4,157</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, 2024. During the year ended December 31, 2022, monthly rental payments were \$4,991.

MountainTrue leases offices in Hendersonville, North Carolina under a two-year lease, ending June 30, 2022. Terms call for monthly rental payments of \$750. MountainTrue exercised the 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, 2022, and 2021, the total rent expense for office space was \$89,200 and \$86,268, respectively. The weighted-average remaining lease term is 4.73 years, and the risk-free discount rate used is 3%. Required lease liabilities by year for the remainder of the lease term is as follows:



For the Years Ended December 31:

2023	\$	45,131
2024		40,760
2025		6,691
2026		6,825
2027		6,961
Thereafter		25,459
Total Undiscounted Cash Flows		131,827
Less: Present Value Discount		(8,980)
Total Lease Liabilities	\$	122,847

**11. Net Assets Without Donor Restrictions**

Net assets without donor restrictions totaled \$1,104,748 and \$1,056,717 as of December 31, 2022, and 2021, 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 \$442,299 and \$300,988 as of December 31, 2022, and 2021, respectively.

**12. Net Assets With Donor Restrictions**

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

As of December 31:

	<u>2022</u>	<u>2021</u>
French Broad Riverkeeper	\$ 148,308	\$ 70,550
Muddy Water Watch	776	1,044
Public Lands	11,118	17,011
Lands Use and Transportation	-	5,806
Water	95,006	76,841
Time Restricted for Future Years	150,000	125,000
Fiscally Sponsored Organizations	110,740	107,328
Total Net Assets with Donor Restrictions	<u>\$ 515,948</u>	<u>\$ 403,580</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:

For the Years Ended December 31:

	<u>2022</u>	<u>2021</u>
Fiscal Sponsor Income:		
Contributions and Grants	\$ 160,579	\$ 167,056
Fiscal Sponsor Expenses:		
Program Activities	(161,934)	(111,214)
Fundraising	(5,565)	(3,821)
Fiscal Sponsor Activity, Net	<u>\$ (6,920)</u>	<u>\$ 52,021</u>

**14. Fair Value Measurements**

Fair value of assets measured on a recurring basis on December 31, 2022, 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	\$ 34,838	\$ 34,838	\$ -	\$ -
Certificates of Deposit	600,041	600,041	-	-
Stock	5,073	5,073	-	-
Total	<u>\$ 639,952</u>	<u>\$ 639,952</u>	<u>\$ -</u>	<u>\$ -</u>

**15. 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, 2022, and 2021, the organization contributed a total of \$27,302, and \$20,963, respectively.

**16. Subsequent Events**

Subsequent events have been evaluated through September 29, 2023, which is the date the financial statements were available to be issued.