

MOUNTAINTRUE
INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023



CORLISS &
SOLOMON
PLLC

CERTIFIED PUBLIC ACCOUNTANTS

MountainTrue
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INDEPENDENT AUDITORS' 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, 2023, 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, 2023, 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 Auditors' 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.

Auditors' 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 auditors' 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 2022 financial statements, and our report dated September 29, 2023, 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, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Carliss & Solomon, PLLC

Asheville, North Carolina
August 29, 2024

MountainTrue
Statement of Financial Position

As of December 31, 2023

(With summarized comparative totals as of December 31, 2022)

	2023	2022
<u>Assets</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 371,723	\$ 748,103
Short-Term Investments	403,155	461,301
Grants and Contracts Receivable	305,777	150,592
Contributions Receivable	69,000	85,651
Sales Tax Receivable	-	1,446
Security Deposit	3,524	3,524
Prepaid Expenses	2,221	2,134
Total Current Assets	1,155,400	1,452,751
<u>Long-Term Assets</u>		
Contributions Receivable- Long-Term	-	59,000
Long-Term Investments	513,163	178,651
Right of Use Lease Asset	90,719	123,149
Property and Equipment, Net	8,628	2,338
Total Long-Term Assets	612,510	363,138
Total Assets	\$ 1,767,910	\$ 1,815,889
<u>Liabilities and Net Assets</u>		
<u>Current Liabilities</u>		
Accounts Payable	\$ 11,571	\$ 17,577
Payroll Tax Liabilities	21,439	18,071
Accrued Vacation	48,751	36,698
Short-Term Lease Liability	47,311	42,168
Total Current Liabilities	129,072	114,514
<u>Long-Term Liabilities</u>		
Long-Term Lease Liability	41,705	80,679
Total Long-Term Liabilities	41,705	80,679
Total Liabilities	170,777	195,193
<u>Net Assets</u>		
Without Donor Restrictions	1,028,675	1,104,748
With Donor Restrictions	568,458	515,948
Total Net Assets	1,597,133	1,620,696
Total Liabilities and Net Assets	\$ 1,767,910	\$ 1,815,889

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

MountainTrue
Statement of Activities
Year Ended December 31, 2023

(With summarized comparative totals as of December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Support and Revenue				
Contributions	\$ 866,516	\$ 488,641	\$ 1,355,157	\$ 1,449,775
Grants	48,599	355,681	404,280	289,619
Program Service Revenue	105,377	-	105,377	52,169
Membership	196,101	-	196,101	186,805
Event Income	14,917	61,379	76,296	89,628
Interest Income	30,746	-	30,746	4,751
Investment Gains/(Losses), Net	13,978	-	13,978	(6,055)
Other Income	25,952	-	25,952	10,301
Net Assets Released from Restrictions	745,188	(745,188)	-	-
Total Support and Revenue	2,047,374	160,513	2,207,887	2,076,993
Expenses				
Program Services	1,798,328	-	1,798,328	1,625,980
Management and General	98,523	-	98,523	101,322
Fundraising	226,596	-	226,596	182,372
Total Expenses	2,123,447	-	2,123,447	1,909,674
Change in Net Assets before Other Changes in Net Assets	(76,073)	160,513	84,440	167,319
Other Changes in Net Assets Fiscal Sponsorship Activity, Net	-	(108,003)	(108,003)	(6,920)
Total Change in Net Assets	(76,073)	52,510	(23,563)	160,399
Net Assets, Beginning of Year	1,104,748	515,948	1,620,696	1,460,297
Net Assets, End of Year	\$ 1,028,675	\$ 568,458	\$ 1,597,133	\$ 1,620,696

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

MountainTrue
Statement of Functional Expenses
Year Ended December 31, 2023

(With summarized comparative totals as of December 31, 2022)

	Program Services	Management and General	Fundraising	Total 2023	Total 2022
Personnel					
Salaries	\$ 1,093,371	\$ 33,267	\$ 120,399	\$ 1,247,037	\$ 1,063,149
Payroll Taxes	81,344	2,475	8,957	92,776	78,569
Health Insurance	119,316	3,633	13,139	136,088	89,956
Retirement	30,945	942	3,408	35,295	27,302
Total Personnel Expense	1,324,976	40,317	145,903	1,511,196	1,258,976
Board Expense	-	3,140	-	3,140	684
Communications	5,242	-	-	5,242	6,493
Conference and Training	14,869	5,533	181	20,583	18,412
Contract Services	180,211	5,628	7,129	192,968	234,887
Depreciation	3,309	-	-	3,309	1,819
Dues and Subscriptions	29,520	5,845	6,703	42,068	37,418
Equipment	47,920	-	-	47,920	63,318
Equipment Rental	4,767	145	525	5,437	5,028
Events	6,758	-	27,709	34,467	21,461
Insurance	-	5,517	-	5,517	19,469
Information Technology	6,699	204	738	7,641	11,655
Miscellaneous	9,493	1,784	115	11,392	9,303
Occupancy	69,694	2,035	7,365	79,094	101,687
Organization Sponsorships	1,453	-	275	1,728	2,760
Postage	2,292	268	5,183	7,743	5,786
Printing	15,321	1,201	8,336	24,858	23,631
Professional Fees	-	26,135	-	26,135	21,882
Promotional Merchandise	4,238	-	15,148	19,386	5,059
Supplies	577	535	272	1,384	2,310
Travel	70,989	236	1,014	72,239	57,636
Total Expenses	\$ 1,798,328	\$ 98,523	\$ 226,596	\$ 2,123,447	\$ 1,909,674

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

MountainTrue

Statement of Cash Flows

Year Ended December 31, 2023

(With summarized comparative totals as of December 31, 2022)

	2023	2022
<u>Cash Flows from Operating Activities</u>		
Change in Net Assets During Year	\$ (23,563)	\$ 160,399
Adjustments to reconcile change in net assets to net cash provided or (used) by operating activities:		
Depreciation	3,309	1,819
Investment (Gains)/Losses, Net	(41,315)	6,055
Stock Donation Received	(95,051)	(118,062)
(Increase)/Decrease in Operating Assets:		
Grants Receivable	(155,185)	(19,106)
Contributions Receivable	75,651	(111,841)
Sales Tax Receivable	1,446	5,853
Prepaid Rent	(87)	(374)
Increase/(Decrease) in Operating Liabilities:		
Accounts Payable	(6,006)	(989)
Payroll Tax Liabilities	3,368	3,032
Accrued Vacation	12,053	10,204
Lease Liability	(1,401)	(302)
Net Cash Used by Operating Activities	<u>(226,781)</u>	<u>(63,312)</u>
<u>Cash Flows from Investing Activities</u>		
Purchase/(Sale) of Investments, Net	(140,000)	165,000
Purchases of Equipment	(9,599)	-
Net Cash Provided/(Used) by Investing Activities	<u>(149,599)</u>	<u>165,000</u>
Net Change in Cash and Cash Equivalents	<u>(376,380)</u>	<u>101,688</u>
Cash and Cash Equivalents, Beginning of Year	<u>748,103</u>	<u>646,415</u>
Cash and Cash Equivalents, End of Year	<u>\$ 371,723</u>	<u>\$ 748,103</u>

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

MountainTrue

Disclosures to the Financial Statement

Year Ended December 31, 2023

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 2023 include:

Public Lands

Our Public Lands program protects and restores the commons of the Southern Blue Ridge for sustainable public use. The new Forest Plan for the Nantahala and Pisgah National Forest was adopted earlier this year. We will continue to fight for a better plan.

- MountainTrue, as part of a coalition of conservation groups, submitted a Notice of Intent to Sue the Forest Service for violations of the Endangered Species Act related to four species of forest bats in the development of the Nantahala-Pisgah Forest Plan.
- Staff have found success advocating for creating a Craggy Mountain National Scenic Area. After meeting with Congressman Edwards at Craggy Gardens Visitor Center, he pledged to introduce legislation to create this new Scenic Area. This area would encompass 16,000 acres of US Forest Service land in Buncombe County.
- We hosted our annual Bioblitz in the Craggy Mountains. Twenty experts lead the more than 75 participants in a bioblitz in an area of the forest that we are working to have designated as a National Scenic Area. Participants took 1486 photographic observations and identified 621 species.
- We re-treated 117 ash trees at Bluff Mountain. We have treated more than 1,200 ash trees against the scourge of the Emerald Ash Borer beetle, and we are committed to the survival of these trees.

Water

Our water team protects the French Broad, Watauga, New, Green, Broad, Little Tennessee, Savannah, and Hiwassee River basins by tracking and reporting sewer leaks, straight pipes, pollution sources, and negative impacts from agriculture and development.

- French Broad Riverkeeper
 - We scored victories and encountered an obstacle on plastic pollution. The City of Asheville completed its outreach survey, which showed broad support for passing a plastic bag ban, and was due to take up an ordinance in October. The towns of Woodfin and Black Mountain passed resolutions asking Buncombe County to pass a countywide plastic bag ban. After significant pressure and advocacy, Buncombe County commissioners had expressed support for an ordinance. However, at the 11th hour, the NC Retail Merchants Association got party leaders to insert language into the budget that prevents local governments from regulating any “auxiliary packaging,” including single-use plastic grocery bags. We’ve circled up with our grassroots advocates and coalition partners and are developing a new strategic campaign aimed at building support among local grocers and retailers for both the implementation of voluntary plastic reduction efforts and a statewide plastic bag ban.
 - We conducted another DNA water study. We completed another DNA water study, which shows the amount and sources of E. coli. The analysis has been critical in guiding our work by proving that cows are the primary source of E. coli pollution, followed by humans.
 - We successfully lobbied the NC General Assembly for \$2 million for Agricultural Cost-share. Using our DNA study, we successfully lobbied for funding that provides farmers with financial assistance to implement best management practices to prevent cow pollution in our streams.
 - We established a septic system repair program that has been critical in repairing failing septic systems across our region — another significant source of bacteria pollution.
 - We continued to improve and expand the French Broad Paddle Trail to provide more and better opportunities for people to recreate and deepen their connections to the outdoors and foster more environmental advocates. We successfully lobbied the NC General Assembly for \$150,000, which has allowed us to hire an additional staff member to manage the trail; develop a new logo, website, map, and signage; improve access points in Transylvania and Madison counties; and install new composting toilets, picnic tables, fire rings, and signage at MountainTrue managed paddle trail campsites.
 - We continued building a broader coalition of environmental advocates by engaging communities of color in more outdoor activities. Through a grant from Made X Mountains’ Outdoor Equity Fund, we led no-cost paddling trips on the French Broad River for communities of color. We have hosted four trips focused on paddling instruction, river safety, and making the connection between a love of nature and environmental conservation. We plan to host another 3-4 trips in 2024, culminating in an overnight trip on the French Broad Paddle Trail.
- Green Riverkeeper
 - We held river cleanups on the Green River, removing tires, plastics, metal scraps, and other trash. These volunteer events help educate our volunteers about our plastic advocacy work.

- We treated 38 hemlock trees in the Green River Gorge in partnership with Hemlock Restoration Initiative to protect against the woolly adelgid invasive species.
- We conducted monthly water sampling and seasonal biomonitoring with volunteers. We continue to partner with EQI (Environmental Quality Institute) to analyze sample data — critical information that informs our State of Our Rivers report and advocacy efforts at the NC General Assembly and with local governments.
- Monitored and informed the public of an 8,000-gallon oil spill into Cove Creek and worked with NC DEQ to communicate the remediation efforts.
- Broad Riverkeeper
 - We are advising Cleveland County Water Manager as they design three new paddle access points on the First Broad River. After withdrawing its application for a permit to build a reservoir by damming the First Broad River, Cleveland County Water is now focused on developing an extensive greenway/blueway park system, the Stagecoach Greenway.
 - Our Broad Riverkeeper, David Caldwell, was appointed to the Cleveland County Planning Board, where he will work with the county to ensure that zoning and ordinances help fulfill the priorities in the County's 10-Year Land Use Plan.
 - We are partnering with the Southern Environmental Law Center to reclassify the Broad River as a primary recreation water and submitting a petition to compel NCDEQ to consider technology-based effluent limits when issuing discharge permits.
 - After more than five years of applying pressure, Befesa Zinc Corp. is finally meeting the limits of its National Pollutant Discharge Elimination System (NPDES) permit. MountainTrue and Southern Environmental Law Center have reviewed Befesa's permit renewal application and submitted comments and concerns to state regulators.
- Watauga Riverkeeper
 - We won the reclassification of 11 streams in the Watauga River Basin as Outstanding Resource Waters or High-Quality Waters. This victory took years of advocacy. The new classifications will restrict future permitted waste discharge.
 - We secured funding for the removal of Shulls Mill Dam. MountainTrue has been working closely with Wildlands Engineering and American Rivers to have the project shovel ready by 2024.
 - We are conducting Eastern Hellbender surveys as part of our pre-dam removal efforts. This work also supports ongoing advocacy efforts to list the hellbender for federal protection under the Endangered Species Act.
 - We continued researching the Wards Mill Dam removal project on the Watauga River. Ongoing research continues to show that the Wards Mill dam removal has significantly improved water quality and the health of the aquatic habitat.
 - We spearheaded the writing, data analysis, and editing of the 2023 MountainTrue State of Our Rivers Report. This report summarizes the water quality of our rivers and streams across all our regional offices at <https://stateofourrivers.report/executive-summary/>

- We expanded our Waterkeeper jurisdiction to include the North Carolina sections of the New River and the Watauga River in North Carolina and Tennessee.
- We planted more than 20,000 livestakes. These livestakes will grow into trees and shrubs that prevent sediment runoff into local waterways. Planting sites the Wards Mill Dam Removal site.
- We led the High Country Habitat Restoration Coalition, a multi-agency stakeholder group dedicated to removing non-native invasive plant species and restoring habitat across the High Country Region.
- Western Region
 - We participated in scoping for a 25.2-mile TVA Transmission Line and Switching Station project across Nantahala National Forest in southwestern NC. We supported residents in advocating for an in-person public meeting, which happened on September 12.
 - We expanded our Swim Guide and volunteer microplastics water quality monitoring programs into the Little Tennessee River Basin in Swain and Macon counties. E. coli samples were collected, analyzed, and reported weekly at 20 locations in our Western Region this summer, including seven new locations.
 - We continued to tackle the problem of domesticated populations of Canada goose around our lakes and rivers. A new Swim Guide site at a boat ramp in Murphy failed every E. coli test due to geese and domestic ducks. We worked with the Town of Murphy to install signage and educate people about not feeding the waterfowl. Geese also returned to the Clay County Swim Beach on Lake Chatuge in early August, causing elevated levels of E. coli.
 - We completed an inventory of nonnative invasive plants along the 2.3-mile Jackson Co. Greenway and hosted three volunteer workdays in partnership with Jackson Co. Parks & Rec, WCU professors, and Mainspring Conservation Trust. These events engaged more than 40 new volunteers in our work!
 - We helped launch the Blue Ridge Snorkel Trail at 10 locations across WNC in partnership with the NC Wildlife Resources Commission and others. The Blue Ridge Snorkel Trail is a series of curated snorkel sites along mountain rivers.

Clean Energy

- We are tracking the growth of cryptomining data centers, which use immense amounts of electricity and provide few jobs or other economic benefits for our communities. We are working with county commissioners in Buncombe, Cherokee, and Madison counties and the Town of Boone to pass high-impact land-use ordinances that would give them the power to keep these operations out of their communities. This work led to Cherokee County Commissioners adopting their first comprehensive plan on September 18, 2023.
- We advocated in two rate hearings before the NC Utilities Commission (NCUC). MountainTrue provided testimony and activated our membership base to influence energy rate setting in two cases before the NCUC, one involving Duke Energy Carolinas and one involving Duke Energy Progress. Both utilities operate in Western NC. We advocated for more investments in renewable energy, efficiency, and employing performance-based ratemaking to incentivize the reduction of energy demand and limit rate increases to protect low-income families.

- We continued to advocate on the NC Carbon Plan. Adopted in 2021, HB 951 requires the NCUC to develop a Carbon Plan to achieve the goals of a 70% reduction in carbon emissions by 2030 and 100% carbon neutrality by 2050. NCUC directed Duke Energy to create the plan, which must be revised and approved by the NCUC every two years. Duke recently released its first 2-year updated plan. We are working with a statewide coalition of partners to analyze and advocate for a better plan that relies less on gas and more on renewables to meet the state's goals.

Healthy Communities

Our 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.

- We launched Neighbors for More Neighbors WNC. MountainTrue added a new member to our Healthy Communities team to lead this new project focused on growing grassroots support for infill development in our cities and towns. Focusing on additional residential development in and near our downtowns is more energy efficient, minimizes vehicle miles traveled, and reduces the negative impacts of sprawl across the region. We are mobilizing support for this kind of development through education, policy advocacy, and project-level support.
- We developed a project scorecard to evaluate proposed developments. We have developed a tool that helps us consistently assess environmental threats and whether developments contribute to healthier communities by providing affordable housing, pedestrian infrastructure improvements, and green infrastructure.
- We advocated for improvements to Henderson County's Comprehensive Plan. We mobilized our membership base to advocate for open space protections, agricultural land preservation, and responsible development to guide the county's growth for the next quarter century. While the county planning staff developed a draft plan in late 2022 that included many encouraging elements, County Commissioners removed many positive recommendations, leaving a comprehensive plan that will provide little guidance for future growth.
- We won a better Comprehensive Plan in Buncombe County. We partnered with community organizations and municipalities to recommend policies that align with our smart-growth principles. In May, commissioners adopted a plan that addresses numerous issues facing the county, including housing, transportation, and land conservation. We participated on the County's steering committee and are confident the plan reflects MountainTrue's values.
- We helped develop a Community Plan for the Emma neighborhood. We assisted PODER Emma in the completion of their Emma Community Plan, which includes a set of tools that can measure the gentrification risk that their neighborhood faces and a suite of local actions and policies that can help to provide a stable future for current residents in the face of a robust housing market. We are now exploring how to replicate this process and share the tools Emma developed with other communities looking to preserve Naturally Occurring Affordable Housing.

Creation Care Alliance of WNC (CCA)

CCA helps congregations in the Southern Blue Ridge take steps to protect God's creation by supporting the greening of their buildings, land, and worship practices, in addition to connecting them to action alerts, lobbying, and opportunities to create change through organizing their communities. This year saw significant growth in our CCA program, with new regional engagement and actions for a cleaner and more sustainable Western North Carolina.

- We trained congregations and community partners throughout our region. Through our Winter Symposium & Retreat, we provided 12 workshops to clergy members and community leaders throughout Western North Carolina. These workshops ranged in focus from the importance of climate action and advocacy to sustainability in congregational buildings and church grounds. Over the two days, more than 150 people from all of MountainTrue's regions came together to share information, build relationships, and learn practical skills to improve their environmental efforts.
- We empowered congregational community organizers. This year, we saw increased engagement from faith community members in the Plastic Free WNC campaign. Faith leaders gave testimony at Town Council and County Commissioner meetings, hosted organizing meetings in their buildings, and surveyed local businesses and community stakeholders regarding their support of a proposed ban on single-use plastic bags and styrofoam containers in Buncombe County. Though our plastics work is shifting going into 2024 due to the state budget amendment, our efforts to organize faith communities put us in a great position moving forward. These congregations, and the time we invested in building grassroots support, will continue to help us win needed change.
- We updated our congregational covenant partnership. This year, we updated our congregational covenant partnership agreement to include more benefits for our congregational network and increased incentives for joining the Creation Care Alliance. We look forward to growing our covenant partner relationships throughout MT's regions in 2024.

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 follows Accounting Standards Update (ASU) No. 2016-02 Leases (Topic 842). 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 standard can have a material impact on the organization's statement of financial position but does not have a material impact on the statement of activities and cash flows. The organization has no applicable leases, and accordingly, no impact on the financial statements presented.

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 consist of amounts billed and recognized as program income. Accounts receivable are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The organization separates accounts receivable into risk pools to help determine the amount of the allowance as of the statement of financial position date. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions.

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 2023 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, 2022, 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:

<u>As of December 31:</u>	2023	2022
Financial Assets at year end:		
Cash and Cash Equivalents	\$ 371,723	\$ 748,103
Investments	916,318	639,952
Grants and Other Receivables	374,777	296,689
Total Financial Assets	<u>1,662,818</u>	<u>1,684,744</u>
Less amounts not available to be used in one year:		
Contributions Receivable- Long-Term	-	59,000
Fiscal Sponsor Restricted Balances	97,811	110,740
Board Designated Net Assets	<u>463,396</u>	<u>442,299</u>
Total not available to be used in one year	<u>561,207</u>	<u>612,039</u>
Financial assets available to meet general expenditures over the following year	<u>\$ 1,101,611</u>	<u>\$ 1,072,705</u>

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.

<u>As of December 31:</u>	2023	2022
Checking Accounts	\$ 236,108	\$ 292,082
Money Market Accounts	83,235	361,974
Savings Accounts	-	711
Fiscal Sponsor Funds Account	52,230	93,211
Petty Cash	150	125
Total Cash and Cash Equivalents	<u>\$ 371,723</u>	<u>\$ 748,103</u>

As of December 31, 2023, the organization had exceeded the FDIC federally insured limit by a total of \$61,279 at one financial institution. 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:

<u>As of December 31:</u>	<u>2023</u>	<u>2022</u>
Money Funds	\$ 403,155	\$ 34,838
Certificates of Deposit	513,066	600,041
Stock	97	5,073
Total Investments	<u>\$ 916,318</u>	<u>\$ 639,952</u>

6. Grants Receivable

The grants receivable balance consists of foundation grants awarded and grant contracts completed in 2023. The balance was \$305,777 and \$150,592 as of December 31, 2023, and 2022, respectively. Management believes the amount is fully collectible.

7. Contributions Receivable

The contributions receivable balance was \$69,000 and \$144,651 as of December 31, 2023, and 2022, respectively. All of the 2023 balance are current and management believes all receivables are fully collectible and no allowance or present value discount is considered necessary.

8. Property and Equipment

Property and equipment consists of the following:

<u>As of December 31:</u>	<u>2023</u>	<u>2022</u>
Property and Equipment	\$ 53,259	\$ 45,059
Vehicles	8,853	8,853
Leasehold Improvements	8,802	8,802
Less: Accumulated Depreciation	(62,286)	(60,376)
Property and Equipment, Net	<u>\$ 8,628</u>	<u>\$ 2,338</u>

Depreciation expense was \$3,309 and \$1,819 for the year ended December 31, 2023, and 2022, respectively.

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, 2025. During the year ended December 31, 2023, monthly rental payments were \$2,850.

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, 2031. 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, 2023, and 2022, the total rent expense for office space was \$79,023 and \$89,200, respectively. The weighted-average remaining lease term is 4.39 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:

<u>For the Years Ended December 31:</u>	
2024	\$ 49,160
2025	6,691
2026	6,825
2027	6,961
2028	7,100
Thereafter	18,359
Total Undiscounted Cash Flows	<u>95,096</u>
Less: Present Value Discount	(6,080)
Total Lease Liabilities	<u>\$ 89,016</u>

11. **Net Assets Without Donor Restrictions**

Net assets without donor restrictions totaled \$1,028,675 and \$1,104,748 as of December 31, 2023, and 2022, 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 \$463,396 and \$442,299 as of December 31, 2023, and 2022, 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>2023</u>	<u>2022</u>
French Broad Riverkeeper	\$ 146,597	\$ 148,308
High Country Region Office	70,000	-
Healthy Community	84,000	-
Muddy Water Watch	-	776
Public Lands	-	11,118
Water	20,050	95,006
Time Restricted for Future Years	150,000	150,000
Fiscally Sponsored Organizations	97,811	110,740
Total Net Assets with Donor Restrictions	<u>\$ 568,458</u>	<u>\$ 515,948</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>	2023	2022
Fiscal Sponsor Income:		
Contributions and Grants	\$ 301,032	\$ 160,579
Fiscal Sponsor Expenses:		
Program Activities	(395,445)	(161,934)
Fundraising	(13,590)	(5,565)
Fiscal Sponsor Activity, Net	<u>\$ (108,003)</u>	<u>\$ (6,920)</u>

14. **Fair Value Measurements**

Fair value of assets measured on a recurring basis on December 31, 2023, 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	\$ 403,155	\$ 403,155	\$ -	\$ -
Certificates of Deposit	513,066	513,066	-	-
Stock	97	97	-	-
Total	<u>\$ 916,318</u>	<u>\$ 916,318</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, 2023, and 2022, the organization contributed a total of \$35,295, and \$27,302, respectively.

16. **Subsequent Events**

Subsequent events have been evaluated through August 29, 2024, which is the date the financial statements were available to be issued.