

MOUNTAINS TO SOUND GREENWAY TRUST

FINANCIAL STATEMENTS
With Independent Auditor's Report

YEARS ENDED JUNE 30, 2023 AND 2022

UNIFORM GUIDANCE SUPPLEMENTARY FINANCIAL REPORTS
YEAR ENDED JUNE 30, 2023



MOUNTAINS TO SOUND GREENWAY TRUST

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Mountains to Sound Greenway Trust
Seattle, Washington

Opinion

We have audited the accompanying financial statements of Mountains to Sound Greenway Trust (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mountains to Sound Greenway Trust as of June 30, 2023 and 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Mountains to Sound Greenway Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to 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 Mountains to Sound Greenway Trust'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 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 and *Government 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 and *Government 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 Mountains to Sound Greenway Trust'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 Mountains to Sound Greenway Trust'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2024, on our consideration of the Mountains to Sound Greenway Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Mountains to Sound Greenway Trust's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mountains to Sound Greenway Trust's internal control over financial reporting and compliance.



Jacobson Jarvis & Co, PLLC
Seattle, Washington
January 18, 2024

MOUNTAINS TO SOUND GREENWAY TRUST

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2023 AND 2022

	<u>ASSETS</u>	
	<u>2023</u>	<u>2022</u>
Current Assets		
Cash and cash equivalents	\$ 743,679	\$ 1,298,119
Accounts receivable	1,391,813	901,872
Prepaid expenses	77,808	56,215
Pledges receivable	114,150	276,321
	<u>2,327,450</u>	<u>2,532,527</u>
Investments	2,068,603	1,427,943
Pledges Receivable, net of current portion	-	180,828
Right-of-Use Assets	209,824	-
Property and Equipment	209,071	171,731
	<u>\$ 4,814,948</u>	<u>\$ 4,313,029</u>
	<u>LIABILITIES AND NET ASSETS</u>	
Current Liabilities		
Accounts payable and accrued liabilities	\$ 225,508	\$ 98,166
Payroll liabilities	152,732	151,941
Operating lease liabilities	69,415	-
Deferred revenue	47,016	70,563
	<u>494,671</u>	<u>320,670</u>
Operating Lease Liabilities, net of current portion	<u>151,154</u>	<u>-</u>
Net Assets		
Without donor restrictions		
Undesignated	777,617	774,292
Board-designated	2,382,610	1,966,444
	<u>3,160,227</u>	<u>2,740,736</u>
Total Net Assets Without Donor Restrictions		
With donor restrictions	1,008,896	1,251,623
	<u>4,169,123</u>	<u>3,992,359</u>
Total Net Assets	<u>\$ 4,814,948</u>	<u>\$ 4,313,029</u>

See notes to financial statements.

MOUNTAINS TO SOUND GREENWAY TRUST

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2023 AND 2022

	2023					2022				
	Without Donor Restrictions					Without Donor Restrictions				
	Without Donor Restrictions	Board Designated	Total Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Board Designated	Total Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue										
Government grants	\$ 4,152,895	\$ -	\$ 4,152,895	\$ -	\$ 4,152,895	\$ 1,715,207	\$ -	\$ 1,715,207	\$ -	\$ 1,715,207
Contributions	1,099,353	-	1,099,353	365,318	1,464,671	1,637,556	-	1,637,556	252,534	1,890,090
Investment return and other	110,297	-	110,297	-	110,297	(114,759)	-	(114,759)	-	(114,759)
In-kind contributions	25,109	-	25,109	-	25,109	119,104	-	119,104	-	119,104
Board designated transfers	(416,166)	416,166	-	-	-	(199,932)	199,932	-	-	-
Satisfaction of purpose restrictions	598,045	-	598,045	(598,045)	-	270,381	-	270,381	(270,381)	-
Satisfaction of time restrictions	10,000	-	10,000	(10,000)	-	10,000	-	10,000	(10,000)	-
Total Support and Revenue	<u>5,579,533</u>	<u>416,166</u>	<u>5,995,699</u>	<u>(242,727)</u>	<u>5,752,972</u>	<u>3,437,557</u>	<u>199,932</u>	<u>3,637,489</u>	<u>(27,847)</u>	<u>3,609,642</u>
Expenses										
Program services	4,965,964	-	4,965,964	-	4,965,964	2,959,246	-	2,959,246	-	2,959,246
Management and general	315,092	-	315,092	-	315,092	225,451	-	225,451	-	225,451
Fundraising	295,152	-	295,152	-	295,152	258,351	-	258,351	-	258,351
Total Expenses	<u>5,576,208</u>	<u>-</u>	<u>5,576,208</u>	<u>-</u>	<u>5,576,208</u>	<u>3,443,048</u>	<u>-</u>	<u>3,443,048</u>	<u>-</u>	<u>3,443,048</u>
Changes in Net Assets	3,325	416,166	419,491	(242,727)	176,764	(5,491)	199,932	194,441	(27,847)	166,594
Net Assets - Beginning of Year	<u>774,292</u>	<u>1,966,444</u>	<u>2,740,736</u>	<u>1,251,623</u>	<u>3,992,359</u>	<u>779,783</u>	<u>1,766,512</u>	<u>2,546,295</u>	<u>1,279,470</u>	<u>3,825,765</u>
Net Asset - End of Year	<u>\$ 777,617</u>	<u>\$ 2,382,610</u>	<u>\$ 3,160,227</u>	<u>\$ 1,008,896</u>	<u>\$ 4,169,123</u>	<u>\$ 774,292</u>	<u>\$ 1,966,444</u>	<u>\$ 2,740,736</u>	<u>\$ 1,251,623</u>	<u>\$ 3,992,359</u>

MOUNTAINS TO SOUND GREENWAY TRUST

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	Program Services					Support Services		
	Conservation		Stewardship	Education	Total	Management and General		Total
	Partnership	Communication				and General	Fundraising	
Salary, taxes and benefits	\$ 600,007	\$ 157,702	\$ 998,795	\$ 197,796	\$ 1,954,300	\$ 209,823	\$ 222,942	\$ 2,387,065
Outside services	12,217	12,496	2,006,519	60,457	2,091,689	86,098	1,773	2,179,560
Field project materials	2,825	1,470	448,806	24,461	477,562	-	1,287	478,849
Office	47,201	20,539	58,717	15,795	142,252	13,953	20,684	176,889
Meals and meetings	60,442	5,608	11,283	4,949	82,282	1,663	30,564	114,509
Fees	717	18,259	30,312	1,349	50,637	158	11,071	61,866
Transportation	11,987	5,014	21,786	6,567	45,354	194	2,124	47,672
Insurance	8,858	3,195	22,156	3,069	37,278	2,752	3,606	43,636
Depreciation	-	-	35,911	-	35,911	-	-	35,911
Contributions to Partners	16,542	643	48	2,285	19,518	13	17	19,548
Printing	1,784	6,039	1,463	7,599	16,885	310	848	18,043
Conferences and trainings	3,935	1,700	5,430	1,231	12,296	128	236	12,660
Total Expenses	<u>\$ 766,515</u>	<u>\$ 232,665</u>	<u>\$ 3,641,226</u>	<u>\$ 325,558</u>	<u>\$ 4,965,964</u>	<u>\$ 315,092</u>	<u>\$ 295,152</u>	<u>\$ 5,576,208</u>

MOUNTAINS TO SOUND GREENWAY TRUST

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	Program Services					Support Services		
	Conservation		Stewardship	Education	Total	Management and General		Total
	Partnership	Communication				and General	Fundraising	
Salary, taxes and benefits	\$ 510,307	\$ 119,695	\$ 891,421	\$ 78,458	\$ 1,599,881	\$ 154,070	\$ 189,332	\$ 1,943,283
Outside services	174,056	17,537	638,665	7,459	837,717	54,884	1,430	894,031
Field project materials	2,024	-	185,514	2,680	190,218	-	-	190,218
Office	46,663	37,004	69,506	8,187	161,360	12,490	19,521	193,371
Meals and meetings	17,021	1,238	5,655	648	24,562	675	32,822	58,059
Fees	951	2,097	13,129	253	16,430	192	8,041	24,663
Transportation	8,060	1,745	19,659	588	30,052	83	1,385	31,520
Insurance	8,293	3,394	10,772	1,505	23,964	2,302	3,245	29,511
Depreciation	1,622	664	25,826	294	28,406	450	635	29,491
Contributions to Partners	6,775	650	616	15,934	23,975	-	50	24,025
Printing	2,914	2,460	1,557	139	7,070	186	1,515	8,771
Conferences and trainings	6,251	2,400	4,981	1,979	15,611	119	375	16,105
Total Expenses	<u>\$ 784,937</u>	<u>\$ 188,884</u>	<u>\$ 1,867,301</u>	<u>\$ 118,124</u>	<u>\$ 2,959,246</u>	<u>\$ 225,451</u>	<u>\$ 258,351</u>	<u>\$ 3,443,048</u>

MOUNTAINS TO SOUND GREENWAY TRUST

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Cash received from:		
Donors	\$ 951,183	\$ 1,845,318
Government agencies	4,495,894	1,917,050
Investments	1,547	-
Other	28,779	25,779
Cash paid for:		
Personnel	(2,386,274)	(1,962,310)
Vendors	(2,994,441)	(1,283,705)
Interest	<u>(23,608)</u>	<u>(7,501)</u>
Net Cash Provided by Operating Activities	73,080	534,631
Cash Flows From Investing Activities		
Proceeds from sales of investments	106,030	52,974
Purchases of investments	(666,719)	(52,332)
Purchases of property and equipment	<u>(66,831)</u>	<u>(105,627)</u>
Net Cash Used by Operating Activities	<u>(627,520)</u>	<u>(104,985)</u>
Changes in Cash and Cash Equivalents	(554,440)	429,646
Cash and Cash Equivalents - beginning of year	<u>1,298,119</u>	<u>868,473</u>
Cash and Cash Equivalents - end of year	<u>\$ 743,679</u>	<u>\$ 1,298,119</u>

MOUNTAINS TO SOUND GREENWAY TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The Mountains to Sound Greenway Trust (the Organization) leads and inspires action to conserve and enhance the landscape from Seattle across the Cascade Mountains to Central Washington, ensuring a long-term balance between people and nature. The Organization works to conserve and restore natural lands, open spaces, and historic sites; build and maintain recreational trails; engage with students through our environmental education program; advocate for public lands and recreational access; lead a robust volunteer program; and so much more.

The Organization is also the coordinating entity for the Mountains to Sound Greenway National Heritage Area. National Heritage Areas are places designated by Congress where historic, cultural, and natural resources combine to form cohesive, nationally important landscapes. The Organization received designation in March 2019, adopted a cooperative management plan in late 2022, and is now implementing that plan.

The work the Organization does would not be possible without the partners that they collaborate with every day. The Greenway Coalition is a catalyst for action, convening multiple interest groups. The Organization works together to tackle challenges and plan for the future of this incredible landscape and the people who live, work, and play here.

Adoption of accounting principle

On July 1, 2022, the Organization adopted ASU 2016-02, Leases (Topic 842). This standard requires lessees to recognize a right of use asset and lease liability for material lease arrangements. The Organization used a modified retrospective approach and elected the effective method of implementation. Under the effective method, the Organization reports leases under the new guidance as of the date of implementation and presents leases under the previous guidance (ASC 840) for comparative periods.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Income taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

MOUNTAINS TO SOUND GREENWAY TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting and report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for various funds.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. It is the Organization's policy to recognize contributions with donor restrictions within the net assets without donor restrictions class if the restrictions have been met in the same year. There were no perpetually restricted net assets at June 30, 2023 and 2022.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all checking and money market accounts and unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. The Organization maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times during the year. The Organization has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Investments

The Organization carries investments with readily determinable fair values at their fair values in the statements of financial position. Investments are held for long-term purposes. Investment return is included in the change in net assets in the statements of activities.

Fair value measurements

Fair value is defined as the price received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Accounting standards establish a hierarchy for measuring fair value that gives the highest priority to unadjusted quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

MOUNTAINS TO SOUND GREENWAY TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

The three levels of the fair value hierarchy are as follows:

Level 1: Unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, or other inputs that can be corroborated by observable market data.

Level 3: Inputs that are not observable that reflect management's assumptions and estimates.

Fair value measurements apply to the Organization's bond mutual funds and exchange traded funds, which are classified within level 1 of the fair value hierarchy.

Accounts Receivable

Accounts receivable consist primarily of grants from government agencies. Accounts receivable are stated at the amount management expects to collect from the outstanding balances and are due within one year. No allowance for uncollectible balances has been established by management based on the Organization's historical experience in the collection of balances due.

Pledges Receivable

Pledges receivable from donors are recognized as support in the period to which they are committed and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Pledges receivable that are expected to be collected in more than one year are recorded at the present value of estimated cash flows. No allowance for uncollectible balances has been established by management based on the Organization's historical experience in the collection of balances due.

Property and equipment

Purchased property and equipment is stated at cost. Donated property and equipment is recognized as revenue and capitalized at its estimated fair value at the date of receipt. The Organization capitalizes assets that have a useful life greater than one year and a value greater than \$5,000. Depreciation is computed using the straight-line method over the estimated useful life of the asset, generally between three to eight years.

Revenue Recognition

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been met. For conditional contributions and grants with donor restrictions, it is the Organization's policy to recognize restricted conditional contributions in the net asset without donor restrictions class if the restrictions has been met in the same year.

MOUNTAINS TO SOUND GREENWAY TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from government grants and contracts are recognized based on billings submitted for reimbursement and are subject to audit and retroactive adjustments made by the funding agencies. There were no adjustments resulting from government audits during the years ended June 30, 2023 and 2022. Amounts received in advance are deferred to the applicable period in which the related expenditures incurred.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or release, are not recognized until the conditions on which they depend have been met. Certain of the Organization's federal, state and local contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. As of June 30, 2023 and 2022, conditional contributions totaling \$4,915,628 and \$4,467,222, respectively, for which no amounts had been received in advance have not been recognized in the accompanying financial statements.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain expenses are attributed to more than one program or supporting function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. The expenses that are allocated include occupancy, depreciation, salaries and wages, benefits, payroll taxes, professional services, office related expenses, and insurance, which are allocated on a basis of estimates of time and effort.

Reclassifications

Certain amounts in the 2022 financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These reclassifications had no effect on the net assets or change in net assets as of or for the year ended June 30, 2022.

NOTE B - LIQUIDITY AND AVAILABILITY

The Organization's financial assets have seasonal variations during the year attributed to the timing of receipt of grants, donations and payments for services provided. The Organization has an operating reserve that the governing board has dedicated with the objective of setting funds aside to be drawn upon in the event of financial distress or an immediate liquidity need. Distress or a liquidity need could result from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities.

MOUNTAINS TO SOUND GREENWAY TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

NOTE B - LIQUIDITY AND AVAILABILITY (Continued)

Financial assets available for general expenditure within one year of the statement of financial position date are as follows at June 30:

	<u>2023</u>	<u>2022</u>
Financial Assets		
Cash and cash equivalents	\$ 743,679	\$ 1,298,119
Investments	2,068,603	1,427,943
Accounts and pledges receivable	<u>1,505,963</u>	<u>1,359,021</u>
	<u>4,318,245</u>	<u>4,085,083</u>
Less those unavailable for general expenditures within one year:		
Receivables collectible beyond one year	-	(180,828)
Restricted by donors for purpose	(1,008,896)	(1,251,623)
Board designated funds (require Board approval to use)	<u>(2,382,610)</u>	<u>(1,966,444)</u>
	<u>(3,391,506)</u>	<u>(3,398,895)</u>
Financial assets available within one year	<u>\$ 926,739</u>	<u>\$ 686,188</u>

NOTE C - INVESTMENTS

Investments consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Cash held for investments - Level 1	\$ 882,696	\$ 262,713
Exchange traded funds - Level 1	419,815	730,982
Bond mutual funds - Level 1	<u>766,092</u>	<u>434,248</u>
	<u>\$ 2,068,603</u>	<u>\$ 1,427,943</u>

NOTE D - PLEDGES RECEIVABLE

Pledges receivable consisted of the following at June 30:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 114,150	\$ 276,321
Receivable in one to five years	<u>-</u>	<u>188,251</u>
	114,150	464,572
Less discount on pledges	<u>-</u>	<u>(7,423)</u>
	<u>\$ 114,150</u>	<u>\$ 457,149</u>

The Organization used a rate of 3% to calculate the present value of receivables due in more than one year.

MOUNTAINS TO SOUND GREENWAY TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2023</u>	<u>2022</u>
Vehicles	\$ 380,713	\$ 307,462
Computers	91,578	91,578
Field equipment	12,033	12,033
Furniture and equipment	<u>31,004</u>	<u>31,004</u>
	515,328	442,077
Less accumulated depreciation	<u>(306,257)</u>	<u>(270,346)</u>
	<u>\$ 209,071</u>	<u>\$ 171,731</u>

NOTE F - BOARD DESIGNATED NET ASSETS

The Board of Directors has designated certain net assets without donor restrictions to function as funds for the following purposes at June 30:

	<u>2023</u>	<u>2022</u>
General reserve	\$ 745,710	\$ 730,009
Fellowship	1,586,900	1,186,435
Thompson fund	<u>50,000</u>	<u>50,000</u>
	<u>\$ 2,382,610</u>	<u>\$ 1,966,444</u>

NOTE G - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are composed of the following restrictions at June 30:

	<u>2023</u>	<u>2022</u>
Middle Fork Snoqualmie Initiative	\$ 509,747	\$ 956,534
Education	134,741	175,844
Restoration	68,496	54,594
Policy and coalition	204,651	54,651
Future periods	50,000	10,000
Conservation & Partnerships: East	<u>41,261</u>	<u>-</u>
	<u>\$ 1,008,896</u>	<u>\$ 1,251,623</u>

NOTE H - RETIREMENT PLAN AND PROFIT SHARING

The Organization has adopted a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all full-time employees of the Organization. Employees may make contributions to the plan up to the maximum allowed by the Internal Revenue Code. Employer contributions are discretionary. The Organization contributed \$80,364 and \$68,039 to the plan during the years ended June 30, 2023 and 2022 respectively.

MOUNTAINS TO SOUND GREENWAY TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

NOTE I - IN-KIND CONTRIBUTIONS

Donations of facilities, goods and services are recorded as revenue at the estimated fair value at the date of donation if they meet the criteria for recognition. The Organization recognizes donated services if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not donated. The Organization receives contributed legal services that are reported using current rates for similar legal services.

In-kind contributions are comprised of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Legal services	\$ 21,915	\$ 111,064
Other professional services	-	3,967
Supplies	1,256	1,565
Equipment	1,938	2,508
	<u>\$ 25,109</u>	<u>\$ 119,104</u>

NOTE J - LEASE COMMITMENTS

The Organization has operating leases for an office space and a field lease. Operating leases are included in Right of Use (ROU) assets and lease liabilities in the statement of financial position. ROU assets represent a right to use an underlying asset for the lease term and operating lease liabilities represents the Organization's obligation to make lease payments arising from the lease. The discount rate represents the Organization's election of the risk-free rate. Nonlease components, such as payments required for common area maintenance, are not included in the lease liability and are expensed as incurred. The components of the lease costs for the years ended June 30 are as follows:

	<u>2023</u>	<u>2022</u>
Operating lease costs	\$ 78,144	\$ 84,304

Supplemental cash flow information:

Weighted-average remaining lease term	2.82 years
Weighted-average discount rate	2.00%

Maturities of lease liabilities are as follows for the years ending June 30:

2024	\$ 73,048
2025	74,356
2026	73,664
2027	<u>6,155</u>
	227,223
Less present value discount	<u>(6,654)</u>
	<u>\$ 220,569</u>

MOUNTAINS TO SOUND GREENWAY TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022

NOTE K - CONCENTRATIONS

As June 30, 2023, 73% of accounts receivable is due from 4 grantors. As June 30, 2022, 39% of accounts receivable is due from two grantors. As of June 30, 2023, 92% of pledge receivable is due from 2 contributors. As of June 30, 2022, 82% of pledge receivable is due from one contributor.

NOTE L - RISKS AND UNCERTAINTIES

The extent to which the pandemic will further impact the Organization going forward will depend on numerous evolving factors that cannot be reasonably predicted, including the duration and scope of the pandemic; governmental, business, and families' actions in response to the pandemic; and the impact on economic activity including the possibility of recession or financial market instability.

NOTE M - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to June 30, 2023 through January 18, 2024, which is the date the financial statements were available to be issued and has recognized in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at June 30, 2023, including the estimates inherent in the processing of financial statements.

SUPPLEMENTARY INFORMATION

MOUNTAINS TO SOUND GREENWAY TRUST

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

Federal Grantor

Pass-through Grantor

"Program Title"

"Program Title"	Contract Number	Assistance Listing #	Passed Through to Subrecipients	Federal Expenditures
Department of Commerce				
<i>Washington State Recreation & Conservation Office</i>				
"Pacific Coast Salmon Recovery Pacific Salmon Treaty Program"	20-1060 (WA RCO Grant #)		\$ -	\$ 61,683
	Subtotal Department of Commerce	11.438	<u>-</u>	<u>61,683</u>
Department of Transportation				
<i>Washington State Recreation & Conservation Office</i>				
"Recreational Trails Program"	20-2281 (WA RCO Grant #)		-	76,332
	Subtotal Department of Transportation	20.219	<u>-</u>	<u>76,332</u>
Environmental Protection Agency				
"Innovative Water Infrastructure Workforce Development Program (SDWA 1459E)"				
	84035201		-	9,767
	Subtotal Environmental Protection Agency	66.445	<u>-</u>	<u>9,767</u>
Department of the Interior				
<i>National Park Service</i>				
"Heritage Partnership"	P20AC00706	15.939*	-	422,500
<i>National Fish & Wildlife Foundation</i>				
"National Wildlife Refuge System Enhancements"	NFWF GRANT ID:1301.20.067759	15.654	-	15,267
	Subtotal Department of the Interior		<u>-</u>	<u>437,767</u>
Department of Agriculture				
<i>USDA Forest Service</i>				
"Great American Outdoors Act Deferred Maintenance Program"	21-CS-11060500-016	10.712	75,164	346,604
"Partnership Agreements"	18CS11061700020	10.699	-	34,835
"Schools and Roads - Grants to States"	21CS11060500007	10.665	-	7,794
<i>National Fish & Wildlife Foundation</i>				
"Cooperative Forestry Assistance"	NFWF Grant ID 1301.21.071396	10.664	-	1,770
	Subtotal Department of Agriculture		<u>75,164</u>	<u>391,003</u>
	Total Expenditures of Federal Awards		<u>\$ 75,164</u>	<u>\$ 976,552</u>

* Denotes major program

MOUNTAINS TO SOUND GREENWAY TRUST

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2023

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Mountains to Sound Greenway Trust and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - INDIRECT COST RATE

Mountains to Sound Greenway Trust does not have a negotiated indirect cost rate for use on federal grants and contracts. As such, Mountains to Sound Greenway Trust is eligible to elect use of the 10% de minimus indirect cost rate.

INDEPENDENT AUDITOR'S REPORT
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Mountains to Sound Greenway Trust
Seattle, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Mountains to Sound Greenway Trust, which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 18, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mountains to Sound Greenway Trust's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mountains to Sound Greenway Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of Mountains to Sound Greenway Trust's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mountains to Sound Greenway Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mountains to Sound Greenway Trust's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mountains to Sound Greenway Trust's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jacobson Jarvis & Co, PLLC
Seattle, Washington
January 18, 2024

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
AS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Mountains to Sound Greenway Trust
Seattle, Washington

Report on Compliance with Each Major Federal Program

We have audited Mountains to Sound Greenway Trust's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Mountains to Sound Greenway Trust's major federal programs for the year ended June 30, 2023. Mountains to Sound Greenway Trust's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Opinion on Each Major Federal Program

In our opinion, Mountains to Sound Greenway Trust complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Mountains to Sound Greenway Trust and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Mountains to Sound Greenway Trust's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Mountains to Sound Greenway Trust's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Mountains to Sound Greenway Trust's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Mountains to Sound Greenway Trust's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Mountains to Sound Greenway Trust's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Mountains to Sound Greenway Trust's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Mountains to Sound Greenway Trust's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Jacobson Jarvis & Co, PLLC
Seattle, Washington
January 18, 2024

MOUNTAINS TO SOUND GREENWAY TRUST

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2023

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Mountains to Sound Greenway Trust.
2. No material weaknesses relating to the financial statements are reported in the "Independent Auditor's Report Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* ."
3. No instances of noncompliance material to the financial statements of Mountains to Sound Greenway Trust were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal award programs are reported in the "Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance as Required by the Uniform Guidance."
5. The auditor's report on compliance for the major federal award program for Mountains to Sound Greenway Trust expresses an unmodified opinion.
6. Audit findings relative to the major federal award program for Mountains to Sound Greenway Trust are reported in Part C of this Schedule.
7. The program tested as major was "Heritage Partnership", Assistance Listing #15.939.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Mountains to Sound Greenway Trust was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None