

MOUNTAINS TO SOUND GREENWAY TRUST

FINANCIAL STATEMENTS
With Independent Auditor's Report

YEARS ENDED JUNE 30, 2022 AND 2021

MOUNTAINS TO SOUND GREENWAY TRUST

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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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 statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements (collectively '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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mountains to Sound Greenway Trust 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 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 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 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.

Auditors' Responsibilities for the Audit of the Financial Statements

The financial statements of Mountains to Sound Greenway Trust as of and for the year ended June 30, 2021, were audited by Jones & Associates PLLC, whose partners and professional staff joined Jacobson Jarvis & Co, PLLC as of September 1, 2022, and has subsequently ceased operations. Jones & Associates PLLC expressed an unmodified opinion on those statements in their report dated January 31, 2022.

Jacobson Jarvis & Co, PLLC

Jacobson Jarvis & Co, PLLC
Seattle, Washington
December 13, 2022

MOUNTAINS TO SOUND GREENWAY TRUST

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
Current Assets		
Cash and cash equivalents	\$ 1,298,119	\$ 868,473
Accounts receivable	901,872	858,054
Prepaid expenses	56,215	78,773
Pledges receivable	<u>276,321</u>	<u>483,000</u>
Total Current Assets	2,532,527	2,288,300
Investments	1,427,943	1,569,124
Pledges receivable, net of current	180,828	175,992
Property and equipment	<u>171,731</u>	<u>95,595</u>
	<u>\$ 4,313,029</u>	<u>\$ 4,129,011</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 98,166	\$ 60,761
Payroll liabilities	151,941	170,968
Deferred revenue	<u>70,563</u>	<u>71,517</u>
Total Liabilities	<u>320,670</u>	<u>303,246</u>
Net Assets		
Without Donor Restrictions		
Undesignated	774,292	779,783
Board-designated	<u>1,966,444</u>	<u>1,766,512</u>
Total Net Assets Without Donor Restrictions	2,740,736	2,546,295
With donor restriction	<u>1,251,623</u>	<u>1,279,470</u>
Total Net Assets	<u>3,992,359</u>	<u>3,825,765</u>
	<u>\$ 4,313,029</u>	<u>\$ 4,129,011</u>

MOUNTAINS TO SOUND GREENWAY TRUST

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2022 AND 2021

	2022					2021				
	Without Donor Restrictions			With Donor Restrictions	Total	Without Donor Restrictions			With Donor Restrictions	Total
	Without Donor Restrictions	Board Designated	Total Without Donor Restrictions			Without Donor Restrictions	Board Designated	Total Without Donor Restrictions		
SUPPORT AND REVENUE										
Government grants	\$ 1,715,207	\$ -	\$ 1,715,207	\$ -	\$ 1,715,207	\$ 1,962,652	\$ -	\$ 1,962,652	\$ -	\$ 1,962,652
Contributions	1,637,556	-	1,637,556	252,534	1,890,090	575,913	-	575,913	378,348	954,261
Gain on forgiveness of note payable	-	-	-	-	-	344,600	-	344,600	-	344,600
Investment return and other	(114,759)	-	(114,759)	-	(114,759)	18,393	187,065	205,458	-	205,458
In-kind contributions	119,104	-	119,104	-	119,104	10,678	-	10,678	-	10,678
Special events, net	-	-	-	-	-	5,547	-	5,547	-	5,547
	<u>3,357,108</u>	<u>-</u>	<u>3,357,108</u>	<u>252,534</u>	<u>3,609,642</u>	<u>2,917,783</u>	<u>187,065</u>	<u>3,104,848</u>	<u>378,348</u>	<u>3,483,196</u>
Net asset releases:										
Board designated transfers	(199,932)	199,932	-	-	-	21,660	(21,660)	-	-	-
Satisfaction of purpose restriction	270,381	-	270,381	(270,381)	-	316,237	-	316,237	(316,237)	-
Satisfaction of time restriction	10,000	-	10,000	(10,000)	-	30,000	-	30,000	(30,000)	-
Total Support and Revenue	<u>3,437,557</u>	<u>199,932</u>	<u>3,637,489</u>	<u>(27,847)</u>	<u>3,609,642</u>	<u>3,285,680</u>	<u>165,405</u>	<u>3,451,085</u>	<u>32,111</u>	<u>3,483,196</u>
EXPENSES										
Program services	2,959,246	-	2,959,246	-	2,959,246	2,510,920	-	2,510,920	-	2,510,920
Management and general	225,451	-	225,451	-	225,451	216,689	-	216,689	-	216,689
Fundraising	258,351	-	258,351	-	258,351	229,416	-	229,416	-	229,416
Total Expenses	<u>3,443,048</u>	<u>-</u>	<u>3,443,048</u>	<u>-</u>	<u>3,443,048</u>	<u>2,957,025</u>	<u>-</u>	<u>2,957,025</u>	<u>-</u>	<u>2,957,025</u>
CHANGES IN NET ASSETS	<u>(5,491)</u>	<u>199,932</u>	<u>194,441</u>	<u>(27,847)</u>	<u>166,594</u>	<u>328,655</u>	<u>165,405</u>	<u>494,060</u>	<u>32,111</u>	<u>526,171</u>
NET ASSETS										
Net Assets - Beginning of Year	<u>779,783</u>	<u>1,766,512</u>	<u>2,546,295</u>	<u>1,279,470</u>	<u>3,825,765</u>	<u>451,128</u>	<u>1,601,107</u>	<u>2,052,235</u>	<u>1,247,359</u>	<u>3,299,594</u>
Net Asset - End 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>

See notes to financial statements.

MOUNTAINS TO SOUND GREENWAY TRUST

STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	2022							
	Program Services				Total	Support Services		
	Conservation				Program	Management		Total
	Partnership	Communication	Stewardship	Education	Services	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
Office	46,663	37,004	69,506	8,187	161,360	12,490	19,521	193,371
Field project materials	2,024	-	185,514	2,680	190,218	-	-	190,218
Meals and meetings	17,021	1,238	5,655	648	24,562	675	32,822	58,059
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
Fees	951	2,097	13,129	253	16,430	192	8,041	24,663
Contributions to Partners	6,775	650	616	15,934	23,975	-	50	24,025
Conferences/Training	6,251	2,400	4,981	1,979	15,611	119	375	16,105
Printing	2,914	2,460	1,557	139	7,070	186	1,515	8,771
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 FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	2021								
	Program Services					Total	Support Services		
	Conservation					Program	Management		Total
	Partnership	Communication	Stewardship	Volunteer	Education	Services	and General	Fundraising	
Salary, taxes and benefits	\$ 456,584	\$ 141,728	\$ 835,448	\$ 9,420	\$ 60,068	\$ 1,503,248	\$ 141,591	\$ 186,428	\$ 1,831,267
Outside services	63,035	2,828	620,858	-	825	687,546	60,161	-	747,707
Office	38,989	25,728	53,558	-	7,546	125,821	10,223	25,726	161,770
Field project materials	3,387	-	64,233	82	54	67,756	-	-	67,756
Meals and meetings	241	117	7,096	-	13	7,467	18	143	7,628
Transportation	1,303	1,299	23,391	137	42	26,172	23	263	26,458
Insurance	7,748	3,444	10,044	-	1,693	22,929	2,325	3,444	28,698
Depreciation	6,811	3,027	28,376	-	1,488	39,702	2,043	3,027	44,772
Fees	530	2,178	9,715	-	93	12,516	67	9,780	22,363
Contributions to Partners	4,838	1,080	303	-	-	6,221	-	-	6,221
Conferences/Training	634	177	2,161	-	515	3,487	93	211	3,791
Printing	579	3,406	3,965	-	105	8,055	145	394	8,594
Total Expenses	<u>\$ 584,679</u>	<u>\$ 185,012</u>	<u>\$ 1,659,148</u>	<u>\$ 9,639</u>	<u>\$ 72,442</u>	<u>\$ 2,510,920</u>	<u>\$ 216,689</u>	<u>\$ 229,416</u>	<u>\$ 2,957,025</u>

MOUNTAINS TO SOUND GREENWAY TRUST

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from contributions and grants	\$ 3,762,368	\$ 2,663,870
Cash received from investment return and other	25,779	34,740
Cash paid to employees and suppliers	<u>(3,253,516)</u>	<u>(2,864,501)</u>
	534,631	(165,891)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	52,974	35,163
Purchase of investments	(52,332)	(51,261)
Purchase of property and equipment	<u>(105,627)</u>	<u>(11,548)</u>
	<u>(104,985)</u>	<u>(27,646)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>429,646</u>	<u>(193,537)</u>
Cash and Cash Equivalents - beginning of year	<u>868,573</u>	<u>1,062,110</u>
Cash and Cash Equivalents - end of year	<u><u>1,298,219</u></u>	<u><u>868,573</u></u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES		
Gain on forgiveness of note payable	<u>\$ -</u>	<u>\$ 344,600</u>

MOUNTAINS TO SOUND GREENWAY TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

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 and are recently completed a three-year cooperative management planning process.

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.

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, 2022 and 2021.

MOUNTAINS TO SOUND GREENWAY TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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). 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.

MOUNTAINS TO SOUND GREENWAY TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Revenue is recognized when earned. 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 restrictions class if the restrictions have been met in the same year.

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, 2022 and 2021. Amounts received in advance are deferred to the applicable period in which the related expenditures incurred.

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.

MOUNTAINS TO SOUND GREENWAY TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

NOTE A - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

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).

NOTE B - LIQUIDITY AND AVAILABILITY

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

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash and cash equivalents	\$ 1,298,119	\$ 868,473
Investments	1,427,943	1,569,124
Accounts and pledges receivable	<u>1,359,021</u>	<u>1,517,046</u>
	<u>4,085,083</u>	<u>3,954,643</u>
Less those unavailable for general expenditures within one year:		
Receivables collectible beyond one year	(180,828)	(175,992)
Restricted by donors for purpose	(1,251,623)	(1,259,470)
Board designated funds (require Board approval to use)	<u>(1,966,444)</u>	<u>(1,766,512)</u>
	<u>(3,398,895)</u>	<u>(3,201,974)</u>
Financial assets available within one year	<u>\$ 686,188</u>	<u>\$ 752,669</u>

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, 2022 AND 2021

NOTE C - INVESTMENTS

Investments consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Cash held for investments - Level 1	\$ 262,713	\$ 261,227
Exchange traded funds - Level 1	730,982	882,367
Bond mutual funds - Level 1	<u>434,248</u>	<u>425,530</u>
	<u>\$ 1,427,943</u>	<u>\$ 1,569,124</u>

NOTE D - PLEDGES RECEIVABLE

Pledges receivable consisted of the following at June 30:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 276,321	\$ 483,000
Receivable in one to five years	<u>180,828</u>	<u>183,410</u>
	457,149	666,410
Less discount on pledges	<u>(7,423)</u>	<u>(7,418)</u>
	<u>\$ 449,726</u>	<u>\$ 658,992</u>

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

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
Vehicles	\$ 307,462	\$ 238,059
Computers	91,578	91,578
Field equipment	12,033	12,033
Furniture and equipment	<u>31,004</u>	<u>31,004</u>
	442,077	372,674
Less accumulated depreciation	<u>(270,346)</u>	<u>(277,079)</u>
	<u>\$ 171,731</u>	<u>\$ 95,595</u>

NOTE F - FORGIVABLE LOAN PAYABLE

In May 2020, the Organization received a \$344,600 Paycheck Protection Program note payable through the Small Business Administration as part of the CARES Act. This note allows for the forgiveness of the obligation if certain conditions are met within the specified time period. The note is unsecured and bears interest at 1% with a maturity date in May 2022 if conditions are not met. The note was fully forgiven in the year ended June 30, 2021 and recognized as revenue on the statement of activities.

MOUNTAINS TO SOUND GREENWAY TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

NOTE G - 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>2022</u>	<u>2021</u>
General reserve	\$ 730,009	\$ 900,513
Fellowship	1,186,435	730,860
Thompson fund	50,000	135,000
Technology upgrade	-	139
	<u>\$ 1,966,444</u>	<u>\$ 1,766,512</u>

NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Middle Fork Snoqualmie Initiative	\$ 956,534	\$ 1,175,107
Education	175,844	49,712
Restoration	54,594	-
Policy and coalition	54,651	34,651
Time restricted	10,000	20,000
	<u>\$ 1,251,623</u>	<u>\$ 1,279,470</u>

NOTE I - 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 \$68,039 and \$60,255 to the plan during the years ended June 30, 2022 and 2021 respectively.

NOTE J - IN-KIND CONTRIBUTIONS

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

	<u>2022</u>	<u>2021</u>
Services - Program	\$ 115,031	\$ 8,583
Goods - Fundraising	150	2,095
Goods - Program	3,923	-
	<u>\$ 119,104</u>	<u>\$ 10,678</u>

MOUNTAINS TO SOUND GREENWAY TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

NOTE J - IN-KIND CONTRIBUTIONS (Continued)

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.

NOTE K - LEASE COMMITMENT

The Organization has an operating lease for its office space, ending in July 2026, and a lease for its field base office, ending in March 2025. Rent expense under these leases was \$84,304 and \$85,394 for the years ended June 30, 2022 and 2021, respectively. Future minimum lease payments are as follows for the years ending June 30:

2023	\$	70,740
2024		73,048
2025		74,356
2026		73,664
2027		6,155
	\$	<u>297,963</u>

NOTE L - CONCENTRATIONS

As June 30, 2022, 39% of accounts receivable is due from two grantors. As of June 30, 2021, 20% of accounts receivable is due from one grantor. As of June 30, 2022, 82% of pledge receivable is due from one contributor. At June 30, 2021, 87% of pledges receivable is due from two contributors.

NOTE M - CONDITIONAL CONTRIBUTIONS

As of June 30, 2022, the Organization received 66 conditional, multi-year government grant awards totaling \$7,374,954. The grants are contingent on billings submitted for reimbursement. The Organization recognized \$1,009,557 in revenues during the year ended June 30, 2021, related to these awards. The Organization recognized \$1,705,714 in revenues through the year ended June 30, 2022. There is \$4,467,222 in funds available which represents a conditional promise to give; this portion of the award will not be recognized as revenue until the grantor conditions are met. Payments are expected through fiscal year ending June 30, 2025.

MOUNTAINS TO SOUND GREENWAY TRUST

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2022 AND 2021

NOTE N - 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 O - SUBSEQUENT EVENTS

Management has evaluated events occurring subsequent to June 30, 2022 through December 13, 2022 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, 2022, including the estimates inherent in the processing of financial