

**MOUNTAINS TO SOUND  
GREENWAY TRUST**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2011 AND 2010**



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Mountains to Sound Greenway Trust  
Seattle, Washington

We have audited the accompanying statements of financial position of Mountains to Sound Greenway Trust as of June 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Jones & Associates LLC, CPAs*

Jones & Associates LLC, CPAs  
October 13, 2011

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**MOUNTAINS TO SOUND GREENWAY TRUST**  
**STATEMENTS OF FINANCIAL POSITION**  
**YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010
<b>ASSETS</b>		
Cash and cash equivalents	\$ 314,184	\$ 391,073
Certificates of deposit	761,896	899,835
Accounts receivable	261,755	103,579
Pledges receivable	144,000	-
Prepaid expenses	22,126	13,592
Property and equipment, net	12,911	25,323
	\$ 1,516,872	\$ 1,433,402
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 89,473	\$ 41,533
Accrued expenses	55,937	58,553
Accrued vacation	32,107	26,529
	177,517	126,615
 <b>NET ASSETS</b>		
Unrestricted - undesignated	910,053	1,004,173
Board designated - stewardship	90,456	75,092
Temporarily restricted	338,846	227,522
	1,339,355	1,306,787
	\$ 1,516,872	\$ 1,433,402

**MOUNTAINS TO SOUND GREENWAY TRUST**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2011**

	Unrestricted			Total
	Undesignated	Board Designated	Temporarily Restricted	
<b>SUPPORT AND REVENUES</b>				
Contributions	\$ 689,130	\$ -	\$ 191,434	\$ 880,564
Government grants	828,946	-	-	828,946
In-kind contributions	288,792	-	-	288,792
Interest income and other	15,351	-	-	15,351
	<u>1,822,219</u>	<u>-</u>	<u>191,434</u>	<u>2,013,653</u>
Net assets released from restriction				
Satisfaction of program restrictions	80,110	-	(80,110)	-
Transfer of Board designated funds	(15,364)	15,364	-	-
	<u>64,746</u>	<u>15,364</u>	<u>(80,110)</u>	<u>-</u>
Total support and revenues	<u>1,886,965</u>	<u>15,364</u>	<u>111,324</u>	<u>2,013,653</u>
<b>EXPENSES</b>				
Programs	1,728,234	-	-	1,728,234
Management and general	167,984	-	-	167,984
Fund-raising	84,867	-	-	84,867
Total expenses	<u>1,981,085</u>	<u>-</u>	<u>-</u>	<u>1,981,085</u>
CHANGE IN NET ASSETS	(94,120)	15,364	111,324	32,568
<b>NET ASSETS</b>				
Beginning of the year	<u>1,004,173</u>	<u>75,092</u>	<u>227,522</u>	<u>1,306,787</u>
End of the year	<u>\$ 910,053</u>	<u>\$ 90,456</u>	<u>\$ 338,846</u>	<u>\$ 1,339,355</u>

**MOUNTAINS TO SOUND GREENWAY TRUST**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2010**

	Unrestricted			Total
	Undesignated	Board Designated	Temporarily Restricted	
<b>SUPPORT AND REVENUES</b>				
Contributions	\$ 610,558	\$ -	\$ 165,965	\$ 776,523
Government grants	861,695	-	-	861,695
In-kind contributions	41,687	-	-	41,687
Interest income and other	22,244	-	-	22,244
	<u>1,536,184</u>	<u>-</u>	<u>165,965</u>	<u>1,702,149</u>
Net assets released from restriction				
Satisfaction of program restrictions	393,665	-	(393,665)	-
Transfer of Board designated funds	29,966	(29,966)	-	-
	<u>423,631</u>	<u>(29,966)</u>	<u>(393,665)</u>	<u>-</u>
 Total support and revenues	 <u>1,959,815</u>	 <u>(29,966)</u>	 <u>(227,700)</u>	 <u>1,702,149</u>
<b>EXPENSES</b>				
Programs	1,716,204	-	-	1,716,204
Management and general	145,563	-	-	145,563
Fund-raising	120,282	-	-	120,282
Total expenses	<u>1,982,049</u>	<u>-</u>	<u>-</u>	<u>1,982,049</u>
 CHANGE IN NET ASSETS	 (22,234)	 (29,966)	 (227,700)	 (279,900)
<b>NET ASSETS</b>				
Beginning of the year	<u>1,026,407</u>	<u>105,058</u>	<u>455,222</u>	<u>1,586,687</u>
End of the year	<u>\$ 1,004,173</u>	<u>\$ 75,092</u>	<u>\$ 227,522</u>	<u>\$ 1,306,787</u>

**MOUNTAINS TO SOUND GREENWAY TRUST**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2011**

	Program	Management and General	Fundraising	Total
Salary, taxes and benefits	\$ 678,128	\$ 80,383	\$ 57,173	\$ 815,684
Outside services	604,664	4,150	1,425	610,239
Office	101,287	41,857	10,197	153,341
Field project materials	106,211	-	-	106,211
Meals and meetings	58,481	9,502	616	68,599
Printing	49,639	7,340	8,727	65,706
Transportation	46,976	1,700	1,403	50,079
Professional fees	21,269	12,730	4,852	38,851
Volunteer	34,005	-	-	34,005
Insurance	12,147	4,698	-	16,845
Depreciation	8,744	5,418	-	14,162
Conferences and training	4,683	206	474	5,363
Project support	2,000	-	-	2,000
	<u>\$ 1,728,234</u>	<u>\$ 167,984</u>	<u>\$ 84,867</u>	<u>\$ 1,981,085</u>

**MOUNTAINS TO SOUND GREENWAY TRUST**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2010**

	Program	Management and General	Fundraising	Total
Salary, taxes and benefits	\$ 666,366	\$ 74,259	\$ 87,885	\$ 828,510
Outside services	557,664	9,847	-	567,511
Office	89,734	33,729	6,692	130,155
Field project materials	182,044	-	-	182,044
Meals and meetings	33,142	9,772	140	43,054
Printing	33,179	6,787	8,963	48,929
Transportation	57,837	1,727	1,189	60,753
Professional fees	23,497	1,689	2,331	27,517
Volunteer	32,785	-	12,446	45,231
Insurance	11,054	4,802	-	15,856
Depreciation	11,923	2,711	-	14,634
Conferences and training	14,979	240	636	15,855
Project support	2,000	-	-	2,000
	<u>\$ 1,716,204</u>	<u>\$ 145,563</u>	<u>\$ 120,282</u>	<u>\$ 1,982,049</u>

**MOUNTAINS TO SOUND GREENWAY TRUST**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributions and grants	\$ 1,407,334	\$ 1,856,649
Cash received from interest income and other	15,351	22,244
Cash paid to employees and suppliers	(1,635,763)	(2,014,193)
	(213,078)	(135,300)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of certificates of deposit	-	(17,014)
Proceeds from sale of certificates of deposit	137,939	-
Purchase of property and equipment	(1,750)	(3,142)
	136,189	(20,156)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(76,889)	(155,456)
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of the year	391,073	546,529
End of the year	\$ 314,184	\$ 391,073



**MOUNTAINS TO SOUND GREENWAY TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

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**Note 1 –Nature of Activities and Summary of Significant Accounting Policies**

**Nature of Activities** – The Mountains to Sound Greenway Trust (the Organization), a non-profit corporation, was organized in 1991 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 has led a broad, public and private coalition in successfully protecting an additional 200,000 acres of this natural landscape. The Organization continues to convene diverse interests to solve contentious issues along the scenic highway and work to make this “breathing room” accessible to people by mobilizing thousands of volunteers to restore habitats and trails.

**Basis of Accounting and Presentation** – The financial statements have been prepared on the accrual basis of accounting and report information regarding the Organization’s financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Temporarily restricted net assets at June 30, 2011 and 2010 consist of funds to be used for future programs, as outlined in Note 6. There were no permanently restricted net assets as of June 30, 2011 or 2010.

**Cash and Cash Equivalents** – For purposes of the statements of cash flows, the Organization considers all checking and savings accounts and unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

**Certificates of Deposit** – The Organization carries investments with readily determinable fair values at their fair values in the statements of financial position. Investments consist of certificates of deposit. Interest income from the certificates of deposit is included in unrestricted net assets in the accompanying statements of activities.

The certificates of deposit are held at various financial institutions and have maturity dates of approximately two years. Interest rates at June 30, 2011 range from 1.3% to 2.0%. Interest rates at June 30, 2010 range from .75% to 3.2%.

**MOUNTAINS TO SOUND GREENWAY TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

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**Note 1 –Nature of Activities and Summary of Significant Accounting Policies**  
(continued)

**Receivables** – Accounts receivable consist primarily of grants from government agencies. Pledges receivable from donors are recognized as revenues or gains in the period to which they are committed and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional pledges receivable are recognized only when the conditions on which they depend are substantially met and the pledge becomes unconditional. Receivables 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.

**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 \$1,000. Depreciation is computed using the straight-line method.

**Revenue Recognition** – Grants and contributions are recorded as increases in unrestricted or temporarily restricted net assets, depending on the existence and/or nature of any donor restrictions. Expirations of temporarily restricted net assets (i.e. donor stipulated purpose has been fulfilled or stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets.

**In-kind Donations** – 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. During the years ended June 30, 2011 and 2010, the Organization received \$288,792 and \$41,687, respectively, of in-kind donations. Of these amounts, \$121,755 and \$6,016 represented administrative in-kind services for the years ended June 30, 2011 and 2010, respectively.

**Expense Allocation** – The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**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.

**MOUNTAINS TO SOUND GREENWAY TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

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**Note 1 –Nature of Activities and Summary of Significant Accounting Policies**  
(continued)

**Income Tax Status** – 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).

The Organization files information and tax returns in the U.S. federal jurisdiction, and state and local jurisdictions. The Organization is subject to U.S. federal, state and local examinations by tax authorities for the current year and certain prior years based on applicable laws and regulations.

**Note 2 – Cash Flow Information**

The following reconciles the change in net assets to net cash provided by operating activities for the year ended June 30:

	2011	2010
Change in net assets	\$ 32,568	\$ (279,900)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	14,162	14,634
Change in:		
Accounts receivable	(158,176)	218,431
Pledges receivable	(144,000)	-
Prepaid expenses	(8,534)	(2,452)
Accounts payable	47,940	(76,432)
Accrued expenses	(2,616)	(7,291)
Accrued vacation	5,578	(2,290)
	\$ (213,078)	\$ (135,300)

**MOUNTAINS TO SOUND GREENWAY TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

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**Note 3 – Property and Equipment**

Property and equipment consists of the following at June 30:

	2011	2010
Vehicles	\$ 95,630	\$ 95,630
Computers	35,327	33,577
Field equipment	6,558	6,558
Furniture and equipment	6,133	6,133
	<u>143,648</u>	<u>141,898</u>
Less accumulated depreciation	(130,737)	(116,575)
	<u>\$ 12,911</u>	<u>\$ 25,323</u>

The estimated useful lives of the assets are as follows:

Vehicles	5 years
Computers	3 - 5 years
Field equipment	5 years
Furniture and equipment	5 - 10 years

**Note 4 – Lease Obligations**

The Organization has an operating lease for its office space, ending in February 2015. The Organization also leases a photocopier under a noncancelable operating equipment lease. Rent expense was \$47,986 and \$46,743 for the years ended June 30, 2011 and 2010, respectively. Future minimum rentals payments under these leases are as follows for the years ending:

2012	\$ 43,020
2013	43,820
2014	46,220
2015	31,880
	<u>\$ 164,940</u>

**MOUNTAINS TO SOUND GREENWAY TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2011 AND 2010**

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**Note 5 – Retirement Plan**

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 amount allowed by the Internal Revenue Code. Employer contributions are discretionary. The Organization contributed \$29,924 and \$30,153 to the plan during the years ended June 30, 2011 and 2010, respectively.

**Note 6 – Temporarily Restricted Net Assets**

Temporarily restricted net assets consist of the following at June 30:

	2011	2010
Stewardship	\$ 106,730	\$ 125,230
Kiosk	77,643	55,209
Education	10,473	47,083
Time restricted (pledges)	144,000	-
	<u>\$ 338,846</u>	<u>\$ 227,522</u>

**Note 7 – Government Grant Contingency**

Governmental sources compose a substantial portion of the Organization's revenue. Revenue from governmental sources is subject to audits that could result in adjustments. The adjustments are recorded at the time that such amounts can first be reasonably determined, normally upon notification by the government agency. There were no adjustments resulting from governmental audits during the years ended June 30, 2011 and 2010.

**Note 8 – Subsequent Events**

Subsequent events were evaluated through October 13, 2011, which is the date the financial statements were available to be issued.