

**MOUNTAINS TO SOUND  
GREENWAY TRUST**

**FINANCIAL STATEMENTS WITH  
INDEPENDENT AUDITORS' REPORT**

**JUNE 30, 2015 AND 2014**

## INDEPENDENT AUDITORS' REPORT

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

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, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### *Management's Responsibility 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.

### *Auditors' Responsibility*

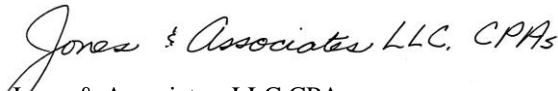
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *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, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

  
Jones & Associates, LLC CPAs  
November 24, 2015

**MOUNTAINS TO SOUND GREENWAY TRUST**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2015 AND 2014**

	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 825,552	\$ 603,132
Certificates of deposit	308,614	459,011
Accounts receivable	165,958	267,124
Pledges receivable	256,990	114,356
Prepaid expenses	12,029	13,318
Property and equipment, net	8,964	14,425
	\$ 1,578,107	\$ 1,471,366
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 48,679	\$ 56,347
Payroll liabilities	73,128	100,365
Deferred revenue	38,040	22,412
	159,847	179,124
 <b>NET ASSETS</b>		
<b>Unrestricted</b>		
Unrestricted - undesignated	890,592	962,304
Board designated - stewardship	2,008	2,008
	892,600	964,312
Temporarily restricted	525,660	327,930
	1,418,260	1,292,242
	\$ 1,578,107	\$ 1,471,366

**MOUNTAINS TO SOUND GREENWAY TRUST**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2015**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUES</b>			
Contributions	\$ 312,583	\$ 875,978	\$ 1,188,561
Government grants	736,181	-	736,181
Special events, net	86,883	-	86,883
In-kind contributions	39,653	-	39,653
Program income	21,385	-	21,385
Interest income and other	6,227	-	6,227
	<u>1,202,912</u>	<u>875,978</u>	<u>2,078,890</u>
Net assets released from restriction			
Satisfaction of program restriction	463,082	(463,082)	-
Satisfaction of time restriction	215,166	(215,166)	-
	<u>678,248</u>	<u>(678,248)</u>	<u>-</u>
Total support and revenues	<u>1,881,160</u>	<u>197,730</u>	<u>2,078,890</u>
<b>EXPENSES</b>			
Program	1,559,572	-	1,559,572
Management and general	246,237	-	246,237
Fundraising	147,063	-	147,063
Total expenses	<u>1,952,872</u>	<u>-</u>	<u>1,952,872</u>
CHANGE IN NET ASSETS	(71,712)	197,730	126,018
<b>NET ASSETS</b>			
Beginning of the year	<u>964,312</u>	<u>327,930</u>	<u>1,292,242</u>
End of the year	<u>\$ 892,600</u>	<u>\$ 525,660</u>	<u>\$ 1,418,260</u>

**MOUNTAINS TO SOUND GREENWAY TRUST**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2014**

	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUES</b>			
Contributions	\$ 544,432	\$ 515,657	\$ 1,060,089
Government grants	637,665	-	637,665
Special events, net	83,833	-	83,833
In-kind contributions	19,016	-	19,016
Program income	22,370	-	22,370
Interest income and other	6,416	-	6,416
	<u>1,313,732</u>	<u>515,657</u>	<u>1,829,389</u>
Net assets released from restriction			
Satisfaction of program restriction	567,019	(567,019)	-
Satisfaction of time restriction	96,550	(96,550)	-
	<u>663,569</u>	<u>(663,569)</u>	<u>-</u>
Total support and revenues	<u>1,977,301</u>	<u>(147,912)</u>	<u>1,829,389</u>
<b>EXPENSES</b>			
Program	1,630,024	-	1,630,024
Management and general	189,675	-	189,675
Fundraising	146,848	-	146,848
Total expenses	<u>1,966,547</u>	<u>-</u>	<u>1,966,547</u>
CHANGE IN NET ASSETS	10,754	(147,912)	(137,158)
<b>NET ASSETS</b>			
Beginning of the year	<u>953,558</u>	<u>475,842</u>	<u>1,429,400</u>
End of the year	<u>\$ 964,312</u>	<u>\$ 327,930</u>	<u>\$ 1,292,242</u>

**MOUNTAINS TO SOUND GREENWAY TRUST**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2015**

	Program	Management and General	Fundraising	Total
Salary, taxes and benefits	\$ 846,339	\$ 117,828	\$ 103,271	\$ 1,067,438
Outside services	429,163	-	121	429,284
Office	74,743	47,537	29,752	152,032
Professional fees	17,800	45,682	950	64,432
Transportation	53,543	933	1,667	56,143
Meals and meetings	45,060	10,116	768	55,944
Printing	35,734	4,893	10,242	50,869
Field project materials	42,169	-	-	42,169
Insurance	3,038	16,604	-	19,642
Depreciation	4,149	1,312	-	5,461
Volunteer	4,173	-	25	4,198
Conferences and training	3,661	272	165	4,098
Bad debt	-	900	-	900
Advertising and promotion	-	160	102	262
	<u>\$ 1,559,572</u>	<u>\$ 246,237</u>	<u>\$ 147,063</u>	<u>\$ 1,952,872</u>

**MOUNTAINS TO SOUND GREENWAY TRUST**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2014**

	Program	Management and General	Fundraising	Total
Salary, taxes and benefits	\$ 910,149	\$ 103,945	\$ 110,703	\$ 1,124,797
Outside services	401,185	-	625	401,810
Office	59,381	40,398	25,235	125,014
Professional fees	22,049	19,974	-	42,023
Transportation	48,767	999	1,821	51,587
Meals and meetings	33,255	9,783	972	44,010
Printing	30,538	4,908	7,417	42,863
Field project materials	87,615	-	-	87,615
Insurance	12,135	7,322	-	19,457
Depreciation	4,149	2,117	-	6,266
Volunteer	16,709	-	-	16,709
Conferences and training	4,092	229	75	4,396
	<u>\$ 1,630,024</u>	<u>\$ 189,675</u>	<u>\$ 146,848</u>	<u>\$ 1,966,547</u>

**MOUNTAINS TO SOUND GREENWAY TRUST**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2015 AND 2014**

	2015	2014
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from contributions, grants and program income	\$ 2,007,170	\$ 1,838,839
Cash received from interest income and other	6,227	6,416
Cash paid to employees and suppliers	(1,941,374)	(1,949,429)
	72,023	(104,174)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from redemption of certificates of deposit	153,662	-
Purchase of certificates of deposit	(3,265)	(152,664)
Purchase of property and equipment	-	(5,475)
	150,397	(158,139)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 222,420	 (262,313)
 <b>CASH AND CASH EQUIVALENTS</b>		
Beginning of the year	603,132	865,445
End of the year	\$ 825,552	\$ 603,132



**MOUNTAINS TO SOUND GREENWAY TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

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

**Nature of Activities** – The Mountains to Sound Greenway is the 1.5 million-acre landscape connecting Puget Sound and central Washington that has sustained generations through the abundance of its natural resources. Alpine peaks, wilderness lakes, and lush forests connect by road, rail and trail to rural towns and city high rises, where local residents live, work and play in communities deeply rooted to the land around them. Twenty years of conservation have protected the natural heritage of the Greenway. Today, this network of parks, forests, farms and cities is both our history and our way of life.

The Mountains to Sound Greenway Trust leads and inspires action to conserve and enhance this landscape surrounding Interstate 90, ensuring a long-term balance between people and nature. Founded in 1991, the Greenway Trust coalition works to promote public land acquisitions, connect a continuous regional trail system, teach people of all ages about the importance of conserving forests and wildlife, improve recreation access, create new parks and trails and mobilize thousands of volunteers.

**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. There were no permanently restricted net assets as of June 30, 2015 and 2014.

**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.

**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 from one to three years. Interest rates at June 30, 2015 and 2014 range from .75% to .80%.

**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**  
**JUNE 30, 2015 AND 2014**

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

**Pledges Receivable** – 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. 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 \$1,000. Depreciation is computed using the straight-line method over the estimated useful life of the asset, generally between three to five years.

**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.

Program revenue from educational programs and hikes is recognized in the period in which the event occurs. Accordingly, fees received for future events are deferred until the event occurs.

**Government Grants** – Revenue from government grants is recognized based on billings submitted for reimbursement and is subject to audit and retroactive adjustment made by the funding agencies. 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, 2015 and 2014.

**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.

**Expense Allocation** – The costs of providing various programs and other activities have been summarized on a functional basis in the statement 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, 2015 AND 2014**

**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)(1).

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.

**Reclassifications** – Certain amounts in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements. These reclassifications did not affect the total change in net assets for the current or prior year.

**Subsequent Events** – Subsequent events were evaluated through the independent auditors' report date, which is the date the financial statements were available to be issued.

**Note 2 – Cash Flow Information**

The following reconciles the change in net assets to net cash provided (used) by operating activities for the years ended June 30:

	2015	2014
Change in net assets	\$ 126,018	\$ (137,158)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	5,461	6,266
Change in:		
Accounts receivable	101,166	71,230
Pledges receivable	(142,634)	(7,450)
Prepaid expenses	1,289	1,440
Accounts payable and accrued expenses	(7,668)	(17,806)
Payroll liabilities	(27,237)	8,202
Deferred revenue	15,628	(28,898)
	<u>\$ 72,023</u>	<u>\$ (104,174)</u>

**MOUNTAINS TO SOUND GREENWAY TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

**Note 3 – Pledges Receivable**

Pledges receivable consist of the following at June 30:

	2015	2014
Receivable in less than one year	\$ 146,000	\$ 90,381
Receivable in one to five years	113,000	29,000
	<u>259,000</u>	<u>119,381</u>
Less discount on pledges	(2,010)	(5,025)
	<u>\$ 256,990</u>	<u>\$ 114,356</u>

The Organization uses rates between 2% and 4.9% to calculate the present value of receivables due in more than one year.

**Note 4 – Property and Equipment**

Property and equipment consists of the following at June 30:

	2015	2014
Vehicles	\$ 109,531	\$ 109,531
Computers	41,644	41,644
Field equipment	12,033	12,033
Furniture and equipment	6,133	6,133
	<u>169,341</u>	<u>169,341</u>
Less accumulated depreciation	(160,377)	(154,916)
	<u>\$ 8,964</u>	<u>\$ 14,425</u>

**Note 5 – Temporarily Restricted Net Assets**

Temporarily restricted net assets are composed of the following restrictions at June 30:

	2015	2014
Time restricted	\$ 198,190	\$ 80,356
Stewardship	190,024	90,510
Policy and coalition	48,872	89,231
Education	43,990	48,333
Other programs	44,584	19,500
	<u>\$ 525,660</u>	<u>\$ 327,930</u>

**MOUNTAINS TO SOUND GREENWAY TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

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**Note 6 – 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 \$39,628 and \$37,463 to the plan during the years ended June 30, 2015 and 2014.

**Note 7 – Special Events**

Special events revenue is shown in the statements of activities net of consumable costs that directly benefit the participants of the event. The net revenue is as follows for the years ended June 30:

	2015	2014
Revenue	\$ 110,118	\$ 103,764
Less: cost of direct donor benefits	(23,235)	(19,931)
	<u>\$ 86,883</u>	<u>\$ 83,833</u>

**Note 8 – In-Kind Contributions**

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

	2015	2014
Services - legal and other administrative	\$ 21,358	\$ 282
Services - program	17,800	8,462
Goods	495	6,772
Facilities	-	3,500
	<u>\$ 39,653</u>	<u>\$ 19,016</u>

**MOUNTAINS TO SOUND GREENWAY TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2015 AND 2014**

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**Note 9 – Lease Obligations**

The Organization has an operating lease for its office space, originally ending in February 2018, and a lease for its field base office, ending in March 2020. Rent expense under these leases was \$52,225 and \$55,934 for the years ended June 30, 2015 and 2014, respectively. Subsequent to year-end, the Organization was notified by the landlord of its office space that the building was being sold, with a major renovation to begin in June 2016, and that the lease will not continue beyond the start of renovation. The Organization is actively seeking new office space. Future minimum rental payments, including office space payments through May 2016, are as follows for the years ending June 30:

2016	\$ 50,200
2017	4,000
2018	4,000
2019	4,000
2020	3,000
	<u>\$ 65,200</u>