

# **MOUNTAIN PROJECTS, INC.**

## **FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**MOUNTAIN PROJECTS, INC.**  
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### **Independent Auditor's Report**

To the Board of Directors  
Mountain Projects, Inc.  
Waynesville, North Carolina

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Mountain Projects, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year 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.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. 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. 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.

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 Mountain Projects, Inc. as of June 30, 2019, 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.

### **Other Matters**

#### **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 and state 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 financial statements. The financial data schedules and templates as required by the U.S. Department of Housing and Urban Development (HUD) are also presented for additional analysis. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 January 7, 2020, on our consideration of Mountain Projects, Inc.'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 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 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 Mountain Projects, Inc.'s internal control over financial reporting and compliance.

*Ray, Bumgarner, Kingshill & Assoc., P.A.*

Waynesville, North Carolina  
January 7, 2020

**MOUNTAIN PROJECTS, INC.**  
**Statement of Financial Position**  
**As of June 30, 2019**

**Assets**

	<u>2019</u>
Cash and cash equivalents	\$ 961,010
Investments	34,110
Sales taxes receivable	18,155
Accounts receivable	363,356
Grants receivable	246,086
Inventory	14,663
Prepaid expenses	83,038
Asset held for sale	65,000
Other assets	525,000
Fixed assets - net	<u>5,074,987</u>
Total assets	<u><u>\$ 7,385,405</u></u>

**Liabilities**

Accounts payable - trade	\$ 193,011
FSS escrow payable	63,603
Accrued liabilities	442,103
Deferred Grant Revenue	1,191
Fringe benefits, leave and indirect costs over (under) applied	(108,565)
Notes payable	<u>2,362,672</u>
Total liabilities	<u>2,954,015</u>

**Net Assets**

Without donor restrictions:	
Undesignated	3,557,206
With donor restrictions	<u>874,184</u>
Total net assets	<u>4,431,390</u>
Total liabilities and net assets	<u><u>\$ 7,385,405</u></u>

The notes to the financial statements are an integral part of these statements.

**MOUNTAIN PROJECTS, INC.**  
**Statement of Activities**  
**Year ended June 30, 2019**

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public Support:</b>			
Grants and contracts	\$ 10,972,006	\$ 29,869	\$ 11,001,875
Contributions	207,696	484,788	692,484
Contributions - non cash	79,000	-	79,000
Donated space and supplies	12,581	-	12,581
<b>Revenues:</b>			
Client fees	486,073	-	486,073
Fundraising revenue	13,062	-	13,062
Interest Income	1,469	-	1,469
Other revenue	447,542	-	447,542
Net real estate activities	3,784	-	3,784
Gain (Loss) on sale of fixed assets	1,530	-	1,530
Net assets released from restrictions- satisfaction of purpose restrictions	73,228	(73,228)	-
Total public support and revenues	12,297,971	441,429	12,739,400
<b>Expenses:</b>			
Program services	11,511,313	-	11,511,313
General and administrative	924,299	-	924,299
Fundraising expenses	72,752	-	72,752
Total expenses	12,508,364	-	12,508,364
Change in net assets	(210,393)	441,429	231,036
Net assets, beginning of year	3,767,599	432,755	4,200,354
Net assets, end of year	\$ 3,557,206	\$ 874,184	\$ 4,431,390

The notes to the financial statements are an integral part of these statements.

**MOUNTAIN PROJECTS, INC.**  
**Statement of Functional Expenses**  
**Year ended June 30, 2019**

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	Program Services												Total
	Local and Food Service	Affordable Housing	Housing and Weatherization	Elder Services	Head Start/ Child Services	Corporation for National Service	Community Services Block Grant	Trans- portation	Housing Assistance	Navigator Program	Prevention Services	Workforce Opportunity Act	Program Services
Direct assistance	\$ 18,239	\$ -	\$ 342,407	\$ 29,043	\$ 26,311	\$ 7,874	\$ 738	\$ 609	\$ 4,461,887	\$ -	\$ -	\$ 16,064	\$ 4,903,172
Salaries and related expenses	256,229	-	180,589	314,662	1,897,981	143,126	174,381	555,904	336,866	241,188	125,522	57,019	4,283,467
Supplies	444,535	-	20,862	11,234	79,029	6,239	8,789	18,946	24,587	13,958	9,829	21,824	659,832
Depreciation	111,696	-	9,738	992	21,256	-	126	144,352	3,462	-	-	231	291,853
Stipends	-	-	-	10,858	-	256,441	-	-	-	-	-	-	267,299
Contractual services	22,009	-	116,759	11,431	79,329	3,261	6,457	11,995	15,288	2,939	9,377	-	278,845
Travel and transportation	22,404	-	9,301	90,537	33,455	38,983	1,061	69,741	4,378	5,718	18,033	23,016	316,627
Utilities	19,125	-	2,256	842	40,491	-	2,191	6,171	3,609	1,480	768	-	76,933
Donated services and supplies	-	-	-	-	8,492	4,090	-	-	-	-	-	-	12,582
Professional services	-	-	-	-	-	-	-	4,987	-	-	-	-	4,987
Occupancy expense	35,450	87,457	-	-	82,928	-	2,002	-	1,950	1,611	936	-	212,334
Repairs and maintenance	6,666	-	1,726	245	10,063	-	1,297	1,418	1,986	892	505	-	24,798
Insurance and bonding	11,535	-	4,599	2,757	14,507	2,303	362	1,848	1,578	262	82	4	39,837
Other expenses	58,267	-	11,493	1,436	45,352	8,853	1,371	8,940	(29,781)	2,576	29,977	263	138,747
	<u>\$ 1,006,155</u>	<u>\$ 87,457</u>	<u>\$ 699,730</u>	<u>\$ 474,037</u>	<u>\$ 2,339,194</u>	<u>\$ 471,170</u>	<u>\$ 198,775</u>	<u>\$ 824,911</u>	<u>\$ 4,825,810</u>	<u>\$ 270,624</u>	<u>\$ 195,029</u>	<u>\$ 118,421</u>	<u>\$ 11,511,313</u>

The notes to the financial statements are an integral part of these statements.

**MOUNTAIN PROJECTS, INC.**  
**Statement of Functional Expenses**  
**Year ended June 30, 2019**

Page 2 of 2

	Total Program Services	General and Administrative	Fund Raising	2019 Total
Direct assistance	4,903,172	1,793	43,109	4,948,074
Salaries and related expenses	4,283,467	626,661	953	4,911,081
Supplies	659,832	68,573	22,738	751,143
Depreciation	291,853	17,646	-	309,499
Stipends	267,299	-	-	267,299
Contractual services	278,845	36,779	3,760	319,384
Travel and transportation	316,627	16,516	1,087	334,230
Utilities	76,933	7,160	90	84,183
Donated services and supplies	12,582	-	-	12,582
Professional services	4,987	66,197	-	71,184
Occupancy expense	212,334	390	-	212,724
Repairs and maintenance	24,798	8,969	150	33,917
Insurance and bonding	39,837	55,901	-	95,738
Other expenses	138,747	17,714	865	157,326
	<u>11,511,313</u>	<u>924,299</u>	<u>72,752</u>	<u>12,508,364</u>

The notes to the financial statements are an integral part of these statements.



**MOUNTAIN PROJECTS, INC.**  
**Statement of Cash Flows**  
**Year ended June 30, 2019**

**Cash Flows from Operating Activities:**

	<b>2019</b>
Cash received from contributions and grants	\$ 11,885,313
Cash received from client fees	486,073
Cash received from fund raising	13,062
Cash received from other activities	477,542
Cash return on investments	1,469
Cash paid for goods and services	(7,431,840)
Cash paid for employees and employee benefits	(4,796,396)
Cash paid for interest	(36,702)
	<hr/>
Net cash provided by operating activities	598,521

**Cash Flows from Investing Activities:**

Purchase of fixed assets	(582,098)
Proceeds from sale of lots	45,000
Lot purchases and development costs	(3,716)
Investments sold (purchased)	4,982
Proceeds from sale of fixed assets	1,530
	<hr/>
Net cash used by investing activities	(534,302)

**Cash Flows from Financing Activities:**

Payments on notes payable	(51,913)
	<hr/>
Net cash used by financing activities	(51,913)
	<hr/>
Net increase in cash and cash equivalents	12,306
Cash and cash equivalents, beginning of year	948,704
	<hr/>
Cash and cash equivalents, end of year	\$ 961,010

**Non-cash Investing and Financing Activities:**

During the year, the Corporation wrote-down the cost of their fixed assets by \$18,572 after a settlement was reached with the construction company charged with completing renovations at the 2177 Asheville Rd. location.

The notes to the financial statements are an integral part of this statement.

**MOUNTAIN PROJECTS, INC.**  
**Statement of Cash Flows**  
**Year ended June 30, 2019**

**Reconciliation of Increase in Net Assets to Net Cash Provided by  
Operating Activities:**

	<u>2019</u>
Increase (decrease) in net assets	\$ 231,036
Adjustments to reconcile change in net assets to net cash:	
Depreciation	309,500
Gain on sale of fixed assets	(1,530)
Gain on sale of lots	(3,784)
(Increase) decrease in operating assets:	
Taxes receivable	(372)
Accounts receivable	162,413
Grants receivable	218,832
Inventories	(1,017)
Prepaid expenses and other assets	12,426
Increase (decrease) in operating liabilities:	
Accounts payable	(171,264)
Deferred revenue	(119,459)
Deferred credit	(29,754)
FSS Escrow Payable	9,468
Accrued liabilities	<u>(17,974)</u>
Net cash provided by operating activities	<u>\$ 598,521</u>

The notes to the financial statements are an integral part of this statement.

**Note A – Nature of Organization**

Mountain Projects, Inc. (Corporation) was created as a non-profit corporation on September 9, 1965. The Corporation was formed to aid in improving and to study the problems involved in improving the education, economic opportunities, living environment and general welfare of the people of all ages in the cooperating North Carolina counties. The Corporation's programs are funded primarily through state, federal and local grants, contracts, client fees, participant donations and contributions. The following is a description of the major programs that are provided by the Corporation:

Local and Food Service – Local contributions are used to support programs that have unfunded expenses. Food Service provides meals to the Corporation's other programs and outside agencies.

Affordable Housing Rental – Affordable housing rental units are owned by the Corporation and managed by a third party.

Housing and Weatherization – Housing programs improve the quality of housing for low-income, elderly and challenged persons. Included in this category is the Self-Help Housing program, which assists individual low-income families in acquiring their own home through subsidized land development and construction projects. The Weatherization program provides renovations to homes of lower income persons.

Elder Services – This program provides nutritious food for elderly and challenged participants and operates a senior center that provides activities for senior citizens.

Head Start/Child Services – This program is a comprehensive child development program for low-income children.

Corporation for National Service – These programs encourage and support citizen involvement as volunteers. The Foster Grandparent and Senior Companion programs provide stipends for elderly individuals who perform volunteer services.

Community Services Block Grant – This grant funds the Corporation's central intake services and caseworkers.

Transportation – This program provides public transportation for Haywood County citizens.

Housing Assistance – Housing assistance consists of the Section 8 Housing Program, which assists low-income, elderly and challenged persons by subsidizing their rent and utility payments.

Certified Application Counselor Program – This program helps consumers navigate the health insurance marketplace and assists consumers in understanding insurance options by providing free, impartial and unbiased information regarding enrollment.

Prevention Program – This program provides adult and youth counseling focused on the prevention of substance abuse.

Workforce Innovation and Opportunity Act – Individuals receive job training through this program.

**Note B – Summary of Significant Accounting Policies****Basis of Accounting**

The accounting records are maintained in accordance with U.S. generally accepted accounting principles (GAAP).

**Basis of Presentation**

The Corporation follows the reporting requirements of GAAP, which requires that resources be classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification into two classes of net assets: without donor restrictions and with donor restrictions.

**Cash and Cash Equivalents**

For purposes of the statement of cash flow, the Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Investments and Fair Value Measurement**

Investments consist of certificates of deposit with maturities of generally less than one year and marketable securities held in a brokerage account. Certificates of deposit are carried at cost, which approximates market, and marketable securities are carried at readily determined fair values.

**Accounts and Grants Receivable**

Accounts receivable consist of amounts due on contracts for services performed by the Corporation, plus receivable due to the Corporation from its stop-loss health insurance plan. Grants receivable consist of amounts billed to granting agencies for expenditures that have not yet been reimbursed. No allowance for doubtful accounts has been recorded, as all amounts are due from various governmental agencies and have historically been paid in full.

**Inventory**

Inventory is valued at the lower of cost or market. Inventory consists mainly of food items and supplies used in the food services department. There is also a small amount of office supplies regularly maintained.

**Prepaid Expenses**

Prepaid expenses consist primarily of unexpired insurance premiums paid.

**Real Estate Activities**

The Housing programs include the acquisition of land and development of single-family lots. Costs that clearly relate to land development projects are capitalized, and allocated to the units

based on their relative sales value. Interest costs are capitalized while development is in progress. The cost of amenities are capitalized and allocated to the units that have benefited. Selling costs are capitalized and recognized as lots are sold. All other costs are charged to expense as incurred.

#### Fixed Assets

Property and equipment purchased by the Corporation is recorded at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are recognized in the appropriate category of net assets when recorded.

Absent donor stipulations regarding how long those donated assets must be maintained, the Corporation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Corporation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Property and equipment are depreciated using the straight-line method over their estimated useful lives ranging from three to twenty years. All acquisitions of property and equipment in excess of \$2,500 and all expenses for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized.

#### Family Self Sufficiency (FSS) Escrow Accounts and Escrow Payable

The Corporation participates in a federal program to assist families living in public or subsidized housing to discontinue reliance on welfare assistance. Amounts determined by HUD are deposited into restricted cash accounts, and represent amounts payable to families who are successful in becoming self-sufficient.

#### Vacation and Sick Leave Policy

The vacation policy of the Corporation is that employees earn vacation time at the rate of one-half hour per eight hours of work. Employees are allowed to accumulate and carry to the next year a maximum of 300 vacation hours. Accumulated vacation pay is reported as an accrued liability.

The sick leave policy of the Corporation is that employees earn sick leave at the rate of thirteen days per year and can accumulate and carry to the next year a maximum of 400 hours. Sick leave does not vest and therefore the Corporation has no obligation for the accumulated sick leave until it is actually taken; therefore, no accrual for sick leave has been made.

#### Fringe Benefits, Leave, and Indirect Costs Over/Under Applied

Fringe benefits, leave and indirect costs are allocated to the fringe benefit, leave and indirect cost pools at annual fixed allocation rates compared to the actual costs in these pools. At June 30, 2019 fringe benefits and annual leave were under-applied and indirect costs were over-applied. Indirect costs are determined at fixed provisional rates at June 30, 2019. Over-applied amounts represent the excess allocated while under-applied amounts represent the shortage allocated. These over and under applied amounts in the fringe benefits and leave costs will be applied against the expenses of the subsequent year and will be substantially eliminated within one year. Indirect costs over-applied will have to be repaid while under-applied costs will have to be absorbed by the Corporation. See **Note N – Indirect Cost Allocation Plan**.

### Federal and State Assisted Programs

The Corporation has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

### Grants, Contracts and Contributions

All grants and contracts received by the Corporation have been determined to be exchange transactions. Exchange transactions, in reality, are purchases of goods and services from another entity. Revenue from government and private grant and contract agreements is recognized as it is earned through expenditure in accordance with the agreements. Any funding received in advance of expenditure is recorded as deferred revenue on the balance sheet.

Contributions are recognized in the appropriate category of net assets in the period received. Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Pledges receivable are stated at the estimated net present value, net of an allowance for uncollectible amounts. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Donated property is recognized at fair value on the date of receipt.

### Donated Services

Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Corporation.

During the year ended June 30, 2019 there were no donated services meeting the requirements set by generally accepted accounting principles for recognition in the financial statements and thus none were recorded.

However, many individuals volunteer their time and travel costs and perform a variety of tasks that assist the Corporation. The Corporation received volunteer hours and donated travel costs with an estimated value of \$754,138 for the year ended June 30, 2019, which was not recognized in the financial statements because the recognition criteria was not met.

### Donated Space and Supplies

Donated space, supplies, and meals are valued at fair market value at the date of the donation. The value of donated space, supplies, and meals recognized in the financial statements for the year ended June 30, 2019 amounted to \$12,581.

### Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the year ended June 30, 2019 were \$41,514.

### Annuity Plan

Full-time and part-time employees of the Corporation are eligible to participate in the Corporation's Tax Deferred Annuity Plan. This 403(b) plan (Plan) is funded by both the Corporation and employee contributions based on an employee's compensation for the period. Employees may contribute a percentage of their wages effective the first month after sixty full days of employment. After twelve months of employment, the Corporation makes a matching contribution in the amount of 100% of the first 3% of compensation contributed by an employee. Additionally, the Corporation contributes an amount equal to 3% of the employees' wages. Employees are always fully vested in their employee contributions to the Plan, but must meet a two-year service requirement to become fully vested in the Corporation's contributions to the Plan on their behalf. The cost to the Corporation was \$164,613 for the year ended June 30, 2019.

### Cost Pools

The Corporation uses three pools in its accounting system for accumulating allocated costs: leave, fringe and indirect costs pools. On October 1, 1990, the Corporation adopted an indirect cost allocation plan. The plan was adopted in order to recover expenditures, which are not readily allocable to specific program activities. These expenditures (indirect costs) are accumulated in a pool, and are allocated based on a provisional indirect cost rate of the program's direct costs. Each year an updated plan is adopted. At year-end, the indirect cost rate is based on the actual rate.

### Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

### Income Taxes

The Corporation is a non-profit corporation organized in accordance with Chapter 55-A of the North Carolina Statutes and is exempt from income taxes under Section 501 (c) (3) of the Internal Code and state law. However, income from certain activities not directly related to the Corporation's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Corporation qualifies for the charitable contribution deduction under Section 170 (b)(1)(A) and has been classified as a corporation other than a private foundation under Section 509(a)(2). Under North Carolina Statute, the Corporation applies for refunds of all sales taxes paid.

### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

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.

#### Recent Accounting Guidance

During the year ended June 30, 2019 the Corporation implemented ASU 2016-14, Financial Statements of Not-for-Profit Entities. Accordingly, the beginning balances of the donor restricted net asset categories (temporarily and permanently restricted) have been retroactively adjusted to consolidate all donor restricted net assets into one classification. The ASU requires additional disclosures in the areas of liquidity and modifies the direct method presentation of the Statement of Cash Flows, requires reclassification of investment expenses which are netted in investment return to include internal investment expenses.

#### Note C – Liquidity and Availability

The Corporation receives contributions for various programs that are limited their use. For more detail about the specific programs whose net assets are restricted by their use, see **Note I – Net Assets with Donor Restrictions**. The Corporation has not adopted a formal policy regarding maintaining operating reserves, nor has the Board restricted the use of any assets by time or purpose. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019, comprise the following:

<b>Financial Assets at Year End</b>	<b>2019</b>
Cash and cash equivalents and investments	\$ 995,120
Accounts receivable	363,356
Grant receivable	246,086
Sales taxes receivable	18,155
Total financial assets at year-end	<u>\$ 1,622,717</u>

#### Note D – Cash and Investments and Fair Value Measurement

All deposits of the Corporation, both cash and investments, are made in board-designated official depositories. Investments are stated at cost, which approximates market value, and consist of two publicly traded stocks that are recorded at market value at year-end. The Corporation's deposits are collateralized by a combination of federal deposit insurance and pledged U.S. Agency Securities under the dedicated method. The Federal Deposit Insurance Corporation (FDIC) covers \$250,000 for substantially all depository accounts. The Corporation's deposits had a carrying amount of \$957,210 and a bank balance of \$1,080,385 at June 30, 2019. Of the bank balance, \$250,000 was



covered by FDIC coverage while the remaining balance of \$830,385 was adequately secured by pledged U.S. Agency Securities valued at \$955,398 at June 30, 2019. Cash on hand totaled \$3,800 at June 30, 2019. Interest earned on cash deposits was \$1,469 for the year ended June 30, 2019.

The cash balances at June 30, 2019 contain \$63,603 of restricted cash escrowed for FSS-HUD and Self-Help Housing purposes.

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Corporation has the ability to access at the measurement date.
- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. (The unobservable inputs should be developed based on the best information available in the circumstances and may include the Corporation's own data.)

The following table represents the Corporation's fair value hierarchy for those assets measured at fair value on a recurring basis at June 30, 2019.

June 30, 2019

Assets:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Market Securities	34,110	-	-	34,110
Total	<u>\$ 34,110</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,110</u>

Investment income (loss) is included in other revenue in the Statement of Activities for the year-ended June 30, 2019. The amounts are not considered material to the financial statements.

**Note E – Property Development**

Property development costs consist of land purchases, infrastructure and related construction period expenses for various housing projects.

Development costs are recorded as an asset of the Corporation as incurred. As lots are sold, revenue is recorded and the appropriate cost of lots sold is expensed by reducing the asset account. During the year ended June 30, 2018, the Corporation purchased forty-five lots for a cost of \$12,500 each or a total of \$562,500. The lots were seller-financed with a Note Payable for

\$562,500. During the year ended June 30, 2019 three lots were sold for \$45,000 and related development costs of \$41,216 were expensed. Forty-two lots remain for sale at June 30, 2019.

Development costs and cost of lots sold at June 30, 2019 are as follows:

	<u>2019</u>
Infrastructure costs	\$ 562,500
Capitalized indirect costs	1,216
Purchases capitalized	2,500
Cost of lots purchased	<u>(41,216)</u>
Total	<u>\$ 525,000</u>

**Note F – Fixed Assets**

The fixed assets of the Corporation at June 30, 2019 are as follows:

	<u>2019</u>
Land	\$ 733,671
Land improvements	89,946
Building	3,594,575
Motor vehicles	1,551,633
Furniture & equipment	1,171,218
Building improvements	<u>1,877,560</u>
Total	9,018,603
Less: Accumulated Depreciation	<u>(3,943,616)</u>
	<u>\$ 5,074,987</u>

Depreciation expense for the year ended June 30, 2019 was \$309,499.

The Corporation has possession of motor vehicles, originally costing \$1,229,816, for which it does not have title, but records them on the balance sheet and records annual depreciation. The motor vehicles are used in the Corporation's Transportation Program and their titles are held in Raleigh because the Department of Transportation has a lien on these vehicles. However, there is implied ownership of these vehicles by the Corporation and management is responsible for upkeep and insurance. The net book value of these vehicles was \$214,578 at June 30, 2019.

Capital items acquired with grant funds are considered owned by the Corporation while used in the program for which they were acquired. The federal and state agencies have a reversionary interest in the capital items, including ownership of any proceeds from their disposition. At June 30, 2019, the total original cost of items acquired with grant funds amounted to \$4,359,239, while the net book value was \$1,997,813.

**Note G – Accrued Liabilities**

Accrued liabilities at June 30, 2019 consist of the following:

	<u>2019</u>
Accrued salaries	\$ 62,170
Accrued vacation pay	227,446
Self-insurance reserve	52,695
Health benefits payable	77,125
Other payables	22,667
Total	<u>\$ 442,103</u>

**Note H – Notes Payable**

Notes payable at June 30, 2019 are as follows:

	<u>2019</u>
Note payable to USDA Rural Development, due in 40 annual payments of \$33,969, beginning April 9, 2010, interest of 4.50%, secured by the organization's revenues.	\$ 553,188
Note payable to NC Housing Finance Agency, due in one payment of \$337,530 on March 1, 2027 unless extended, interest of 0.00%, secured by real property.	337,530
Note payable to NC Housing Finance Agency, due in one payment of \$298,000 on October 1, 2039 unless extended, interest of 0.00%, secured by real property.	298,000
Note payable to NC Housing Finance Agency, due in one payment of \$323,600 on April 1, 2038 unless extended, interest of 0.00%, secured by real property.	323,600
Note payable to Camp Bethel, Inc. for \$562,500. Payment of \$12,500 is due as each lot is sold. Interest of 0.00%, secured by real property.	525,000
Note payable to Haywood County, due in sixty monthly payments of \$1,211 and one balloon payment of \$303,496, unless extended, interest of 3.25%, secured by real property	316,815
Capital Lease to Tamco Capital Corporation, due in sixty monthly payments of \$215, inferred interest of 9.474%, secured by personal property	8,539
	<u>\$ 2,362,672</u>

Future scheduled maturities of notes payable are as follows:

Years ended June 30,

2020	15,234
2021	15,969
2022	16,744
2023	316,110
2024	10,823
Thereafter	<u>1,987,792</u>
	<u>\$ 2,362,672</u>

Interest expense on notes payable was \$36,702 for the year ended June 30, 2019.

### **Note I – Net Assets with Donor Restrictions**

Net assets with donor restrictions arise from contributions received that limit the use of the donated assets. During the year ended June 30, 2019, the Corporation received donations for seventeen programs that were limited to use.

In the prior year, the Corporation received donations for eleven programs that were restricted as to the use of donated assets. The restrictions were removed after the donations were spent for the intended purposes.

Net assets with donor restrictions that are subject to expenditure for a specified purpose at June 30, 2019 are as follows:

	<b><u>2019</u></b>
MPI Building Fund	\$ 99,110
Senior Services Fund Raising	6,439
Road to Self-Sufficiency	1,972
Loan-Donated Rent & Utility Deposits	5,424
Head Start Fundraising	64,541
Jackson Neighbors in Need	41,750
KB Reynolds-CAC Program	130,117
Haywood Share the Warmth	128,559
Circles of Hope	114,848
Auxiliary Projects-Other	7,835
Teen Substance Abuse Reduction	19,258
Evergreen Found. - Jackson Circles	4,339
Haywood Community Connections	50,549
Local-Other Projects	142,439
Haywood EMC-Weatherization	19,910
Haywood Volunteer Center	28,632
Other various programs	<u>8,462</u>
	<u>\$ 874,184</u>

**Note J – Economic Concentrations**

During the period ended June 30, 2019, direct and indirect grants from various federal agencies totaled \$10,024,274 and direct grants from various state agencies totaled \$511,038. The combined total of these grants, \$10,535,312, comprised 83% of the total support and revenue received by the Corporation for the year ended June 30, 2019.

**Note K– Other Revenues**

Other revenues at June 30, 2019 consist of the following:

	<b><u>2019</u></b>
Fraud recoveries	\$ 9,902
Affordable housing rental income	131,085
Miscellaneous	<u>306,555</u>
Total	<u><u>\$ 447,542</u></u>

**Note L – Post Retirement Employee Benefits**

The Corporation provides post-retirement health insurance benefits for eligible retirees who are 60 years of age with 20 years of service. The retirement health plan allows employees to continue coverage as if they were employees until eligible for Medicare. The Corporation has not recorded a liability for these post-retirement health benefits because the Corporation does not believe the amount will be material and the amount cannot be reasonably estimated. During the year ended June 30, 2019, there were no eligible retirees receiving benefits under the plan.

**Note M – Operating Leases**

The Corporation leases space for use in the Head Start Program at three locations: Jones Cove Road, Champion Drive and North Main Street. The Jones Cove Road lease agreement runs from July 2018 through June 2023, with monthly rent of \$1,500. The Champion Drive lease agreement runs from April 2019 through March 2024, with monthly rent of \$1,400. The North Main Street lease runs from August 2018 to July 2019, with monthly rent of \$3,600. The Corporation also leases space for use in the Food Service program in Sylva. The lease runs from March 2017 through March 2022, with monthly rent of \$2,000. The Corporation leases space for the Sylva Linings Thrift Store with monthly rent of \$1,400. This lease runs from September 2017 to September 2022.

The Corporation also rents space for various other purposes on month-to-month arrangements that are not reflected in the future minimum lease payment schedule below.

Lease and rental expense for facilities and space totaled \$125,148 for the year ended June 30, 2019.

Future minimum annual lease payments for facilities leases are as follows:

<u>Years ended June 30:</u>		
2019	\$	72,000
2020		68,400
2021		68,400
2022		33,600
2023		6,000
Thereafter		-
	\$	<u>248,400</u>

The Corporation has entered into several leases for equipment with monthly payments totaling approximately \$2,156. Equipment lease expense totaled \$24,478 for the year ended June 30, 2019.

Future minimum annual lease payments for equipment leases are as follows:

<u>Years ended June 30:</u>		
2019	\$	17,152
2020	\$	15,383
2021	\$	7,608
2022	\$	3,680
2023		920
Thereafter		-
	\$	<u>44,743</u>

#### **Note N – Indirect Cost Allocation Plan**

The Indirect Cost Allocation Plan is based on a fixed provisional rate whereby the costs of the indirect cost pool are allocated to each program throughout the year as a fixed provisional rate in proportion to the direct costs less capital expenditures, and other excluded costs of each local and funded program in relation to these costs for the agency as a whole.

All indirect costs are allocated based on the percentage of allowable direct costs. For those programs that have indirect costs allocations in excess of budgetary limitations, the excess costs are paid by the Corporation, using local funds.

At the end of each fiscal period, the indirect cost allocation for all programs is “trued-up” to the provisional actual rate, and any overpayments or underpayments to (from) the indirect cost pool are paid back to the programs.

For the year ended June 30, 2019, the provisional indirect cost rate of the program’s indirect costs was 9.72%, while the actual rate was 9.18%. For the year ended June 30, 2019, fixed indirect costs applied totaled \$924,299.

The Corporation submits its Indirect Cost Allocation Plan to its cognizant federal agency, the U.S. Department of Housing and Urban Development (HUD), for approval on an annual basis. HUD contracts with HHS to review the indirect cost plan.

**Note O – Risk Management**

The Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters

The Corporation carries commercial coverage for general liability, auto liability, property damage and worker's compensation. There have been no significant reductions in insurance coverage in the prior period, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Corporation provides health care coverage for eligible employees through a self-insured health benefit plan administered by a third-party administrator (TPA). The Corporation retains the risk for all claims up to a set monthly amount. This monthly amount depends on the type of coverage each employee selects. The plan is reinsured for claims through commercial companies in excess of the stated monthly amounts, which are included in accounts receivable. At June 30, 2019 the Corporation had no stop loss reimbursement claims outstanding. During the year ended June 30, 2019, the Corporation had a self-insurance reserve of \$52,695. This reserve is accrued as an accrued liability in the financial statements.

**Note P – Unrelated Business Income Taxes**

Mountain Projects, Inc. is a not-for-profit corporation and has been recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and does not record a provision for income taxes. The Corporation records an immaterial amount of income from certain activities not directly related to the Corporation's tax-exempt purpose that is subject to taxation as unrelated business income; however the net amount recorded is a loss. The Corporation regularly reviews and evaluates its tax positions taken in previously filed information returns and in its financial statements, with regard to issues affecting its tax-exempt status, unrelated business income, and related matters. The Corporation believes that in the event of an examination by taxation authorities, its position would prevail. Therefore, the Corporation has concluded that no tax benefits or liabilities are required to be recognized. The Corporation's tax years open to examination by authorities include 2017, 2018, and 2019.

**Note S – Subsequent Events**

Subsequent events have been evaluated through January 7, 2020 which is the date the financial statements were available to be issued.

Subsequent to year-end the Corporation purchased land in Jackson County for \$65,000 for the Self-Help Housing Program. There is a pending grant of \$400,000 that may be used for the administration of this project.

Additionally, subsequent to year-end, a separate division was created to address the issues of affordable housing in the community. The potential name of the division is Smoky Mountain Housing Partnership. The Corporation will be receiving contributions and handling the administrative duties of this project until the non-profit is created. Volunteers on this committee

have raised \$200,000 of the \$500,000 needed for this project. The Corporation used a portion of these funds to purchase property in Clyde for \$85,000.



## **COMPLIANCE**



Ray,  
Bumgarner,  
Kingshill,

& Assoc., P.A.

Certified Public Accountants

(828) 452-4734  
Fax (828) 452-4733

385 N. Haywood St., Suite 3  
Waynesville, NC 28786

**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Board of Directors  
Mountain Projects, Inc.  
Waynesville, North Carolina

We have audited, 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, the financial statements of Mountain Projects, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 7, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Mountain Projects, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mountain Projects, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Mountain Projects, Inc.'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 the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Ray, Bumgarner, Kingshill & Assoc., P.A.*

Waynesville, North Carolina  
January 07, 2020

**Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of Directors  
Mountain Projects, Inc.  
Waynesville, North Carolina

**Report on Compliance for Each Major Federal Program**

We have audited Mountain Projects, Inc.'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 Mountain Projects, Inc.'s major federal programs for the year ended June 30, 2019. Mountain Projects, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Mountain Projects, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. 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 of Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mountain Projects, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Mountain Projects, Inc.'s compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Mountain Projects, Inc. 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, 2019.

### **Report on Internal Control Over Compliance**

Management of Mountain Projects, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mountain Projects, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mountain Projects, Inc.'s 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*Ray, Bumgarner, Kingshill & Assoc., P.A.*

Waynesville, North Carolina  
January 7, 2020

## Section I. Summary of Auditor's Results

**MOUNTAIN PROJECTS, INC.**  
**Summary of Findings and Questioned Costs**  
**Year Ended June 30, 2019**

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**Section II – Financial Statement Findings**

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**Financial Statement Findings**

There were no findings relative to the financial statements in the current year.

**Major Federal Award Programs Findings and Questioned Costs**

There were no findings relative to federal award programs in the current year.

**MOUNTAIN PROJECTS, INC.**  
**Corrective Action Plan**  
**Year Ended June 30, 2019**

**Financial Statement Findings**

There were no findings relative to the financial statements in the current year.

**Major Federal Award Programs Findings and Questioned Costs**

There were no findings relative to federal award programs in the current year.



**MOUNTAIN PROJECTS, INC.**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2019**

There were no findings relative to financial statements or to federal award programs in the year ended June 30, 2018.

## **SUPPLEMENTARY SCHEDULES**

**MOUNTAIN PROJECTS, INC.**  
**Schedule of Expenditures of Federal and State Awards**  
**Year ended June 30, 2019**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures
<b>FEDERAL AWARDS:</b>				
<b>U.S. Department of Agriculture:</b>				
Passed through NC Dept of Health & Human Services Division of Public Health Child and Adult Care Food Program	10.558	XXXX	188,146	-
<b>U.S. Department of Housing and Urban Development:</b>				
FSS Self-Sufficiency Coordinators	14.896	XXXX	16,158	-
Passed through NC Housing Finance Agency Home Investment Partnerships Program	14.239	XXXX	120,874	-
Direct Award - Section 8 Housing Choice Voucher Cluster	14.871	XXXX	4,994,950	-
<b>U.S. Department of Labor</b>				
Passed through NC Department of Commerce Passed through Southwestern Commission WIOA - 220 Adult	17.258	XXXX	71,110	-
WIOA - 230 Dislocated Worker	17.278	XXXX	27,576	-
WIOA Finish Line Grant	17.259	XXXX	24,454	-
WIA / WIOA Cluster Total			123,140	-
<b>U.S. Department of Transportation</b>				
Passed through NC Dept. of Transportation Formula Grants for Other than Urbanized Areas	20.509	XXXX	175,595	100,862
Passed through NC Dept of Transportation Capital Assistance Program for Elderly Persons and Persons with Disabilities - Transit Services Program Cluster	20.513	XXXX	62,330	-

**MOUNTAIN PROJECTS, INC.**  
**Schedule of Expenditures of Federal and State Awards**  
**Year ended June 30, 2019**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures
<b>U. S. Department of Energy:</b>				
Passed through NC Dept of Commerce Energy Division Weatherization Assistance for Low Income Persons	81.042	XXXX	69,850	-
<b>U.S. Department of Health And Human Services:</b>				
<u>Aging Cluster</u>				
Passed through NC Dept of Health & Human Services				
Passed through Southwestern Commission Area Agency on Aging				
Passed through Haywood County				
Special Programs for the Aging - Title III, Part B				
Grants for Supportive Services & Senior Centers	93.044	XXXX	119,269	-
Special Programs for the Aging - Title III, Part C				
Nutrition Services	93.045	XXXX	192,610	-
Total Aging Cluster			311,879	-
Passed through NCDHHS/NC Department of Environmental Quality				
Weatherization Assistance for Low Income Persons	93.568	XXXX	183,480	-
Passed through N.C. Dept. of Health and Human Services, Office of Economic Opportunity				
Community Services Block Grant - 477 Cluster	93.569	XXXX	218,378	-
Passed through SW Child Development Commission, Inc.				
Child Care & Development Block Grant - 477 Cluster	93.575	XXXX	42,620	-
Direct Award-Head Start	93.600	XXXX	1,790,186	-
Direct Award - Early Head Start	93.600	XXXX	793,315	-
Pigeon St. Safety and Renovation Upgrades	93.600	XXXX	381,910	-
Total Head Start			2,965,411	-
Direct Award - PPHF Cooperative Agreement to Support Navigators in Federally-facilitated and State Partnership Exchanges	93.750	XXXX	81,444	-
Passed through N.C. Dept. of Insurance				
Centers for Medicare & Medicaid Services (CMS)				
Research, Demonstrations & Evaluation	93.779	XXXX	5,187	-
Medicare Enrollment Assistance Program	93.071	XXXX	4,337	-
			9,524	-
<b>Corporation for National and Community Services:</b>				
<u>Foster Grandparent/Senior Companion Cluster</u>				
Direct Award - Foster Grandparents Program	94.011	XXXX	231,432	-
Direct Award - Senior Companion Program	94.016	XXXX	229,064	-
Total Foster Grandparent/Senior Companion Cluster			460,496	-

**MOUNTAIN PROJECTS, INC.**  
**Schedule of Expenditures of Federal and State Awards**  
**Year ended June 30, 2019**

Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct & Pass-through) Expenditures	State Expenditures
<b>STATE AWARDS:</b>				
<b>N.C. Department of Public Instruction</b>				
NC Pre K		XXXX	-	69,700
21st Century Grant-Youth		XXXX	-	-
State Legislature Grant-Youth		XXXX	-	-
<b>N.C. Department of Transportation:</b>				
Passed through Haywood County				
EDTAP		XXXX	-	73,797
Transportation-RGP Supplement		XXXX	-	66,459
<b>N.C. Housing Finance Agency</b>				
NCHFA - Urgent Repair Program		XXXX	-	200,220
<b>N.C. Department of Public Safety</b>				
NC Dept of Public Safety - JCPC Operating		XXXX	-	-
NC Dept of Public Safety - Teen Substance Abuse Reduction		XXXX	-	-
<b>TOTAL FEDERAL AND STATE AWARDS</b>			<b>\$ 10,024,274</b>	<b>\$ 511,038</b>

**Note A: Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state grant activity of Mountain Projects, Inc. under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in the SEFSA is presented in accordance with the requirements of *Title 2 US code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of Mountain Projects, Inc., it is not intended to and does not present the financial position, changes in net position or cash flows of Mountain Projects, Inc.

**Note B: Summary of Significant Accounting Policies**

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note C: Indirect Cost Rate**

Mountain Projects, Inc. has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



# Real Estate Assessment Center

## Financial Assessment Subsystem (FASS-PH)

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Programs+

Comments

Late Reason

Material Difference

### PHA Information

PHA Code: NC152 Fiscal Year End Date:06/30/2019  
 PHA Name: Mountain Projects, Inc.  
 Submission Type: Audited/Single Audit

### PHA Information

PHA Code NC152  
 PHA Name Mountain Projects, Inc.  
 EIN Number N/A  
 Address(line1) 2177 Asheville Road  
 Address(line2) 2251 Old Balsom Road  
 City Waynesville  
 State NC  
 Zip Code 28786  
 Reporting Ending Date 06/30 ▼ 2019 (Four Digit Year)  
 Number of Reporting Months 12 ▼  
 Submission Type  
☒ Audited/Single Audit  
☐ Audited/Non Single Audit  
 Asset Management  
☐ Non-Asset Management with Elimination Only  
☐ Non-Asset Management with COCC/Elimination  
☒ Non Asset Management  
 Accounting Method  
☒ Full Accrual  
☐ Modified Accrual  
 Component Unit  
☒ Component Unit (Check this box if the PHA is a component unit of the local government or local jurisdiction and will not be receiving its own separate Single Audit or Financial Audit.)

Save

Please ensure the "Reporting Ending Date" you entered is correct. If you wish to change the "Reporting Ending Date", you will have to delete the draft submission and recreate a new submission with the correct "Reporting Ending Date".



# Real Estate Assessment Center

## Financial Assessment Subsystem (FASS-PH)

My Inbox PHA Info FDS DCF Notes and Findings Submit Edit Flags Reports Logout

Programs+

Comments

Late Reason

Material Difference

### PHA Information

PHA Code: NC152 Fiscal Year End Date:06/30/2019  
 PHA Name: Mountain Projects, Inc.  
 Submission Type: Audited/Single Audit

Program Selection		
CFDA#	Name of Program	Select
1.	Business Activities	<input type="checkbox"/>
10.415	Rural Rental Housing Loans	<input type="checkbox"/>
10.427	Rural Rental Assistance Payments	<input type="checkbox"/>
10.447	Rural Dev Multi-Family Revitalization Demo Program	<input type="checkbox"/>
14.181	Supportive Housing for Persons with Disabilities	<input type="checkbox"/>
14.182	N/C S/R Section 8 Programs	<input type="checkbox"/>
14.218	Community Development Block Grants/Entitlement Grants	<input type="checkbox"/>
14.238	Shelter Plus Care	<input type="checkbox"/>
14.239	HOME Investment Partnerships Program	<input type="checkbox"/>
14.249	Section 8 Moderate Rehabilitation Single Room Occupancy	<input type="checkbox"/>
14.269	Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	<input type="checkbox"/>
14.419	Section 3 Coordination and Implementation	<input type="checkbox"/>
14.850	Low Rent Public Housing	<input type="checkbox"/>
14.856	Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitat	<a href="#">[Details]</a>
14.860	Head Start Public Housing Early Childhood/Development Demonstration	<input type="checkbox"/>
14.866	Revitalization of Severely Distressed Public Housing	<input type="checkbox"/>
14.870	Resident Opportunity and Supportive Services	<input type="checkbox"/>
14.871	Housing Choice Vouchers	<input checked="" type="checkbox"/>
14.872	Public Housing Capital Fund Program	<input type="checkbox"/>
14.879	Mainstream Vouchers	<input type="checkbox"/>
14.881	Moving to Work Demonstration Program	<input type="checkbox"/>
14.884	Competitive Capital Fund Stimulus Grant	<input type="checkbox"/>
14.885	Formula Capital Fund Stimulus Grant	<input type="checkbox"/>
14.890	Capital Fund Education and Training Community Facilities	<input type="checkbox"/>
14.895	Jobs-Plus Pilot Initiative	<input type="checkbox"/>
14.896	PIH Family Self-Sufficiency Program	<input type="checkbox"/>
14.DVP	Disaster Voucher Program	<input type="checkbox"/>
16.817	Byrne Criminal Justice Innovation Program	<input type="checkbox"/>
2	State/Local	<input type="checkbox"/>
3	General Fixed Assets Account Group	<input type="checkbox"/>
4	General Long-Term Debt Account Group	<input type="checkbox"/>
5	Fiduciary	<input type="checkbox"/>
6.1	Component Unit - Discretely Presented	<input type="checkbox"/>
6.2	Component Unit - Blended	<input type="checkbox"/>
7	Debt Service Fund	<input type="checkbox"/>
8	Other Federal Program 1	<input type="checkbox"/>

81.128	Energy Efficiency and Conservation Block Grant Program (EECBG)	<input type="checkbox"/>
9	Other Federal Program 2	<input type="checkbox"/>
91	Other Federal Program 3	<input type="checkbox"/>
93.531	PPHF - Community Transformation Grants and National Dissemination	<input type="checkbox"/>
93.724	ARRA - Prevention and Wellness (FOA)	<input type="checkbox"/>
94.019	Social Innovation Fund	<input type="checkbox"/>





# Real Estate Assessment Center

## Financial Assessment Subsystem (FASS-PH)

My Inbox PHA Info FDS DCF Notes and Findings Submit Edit Flags Reports Logout

Balance Sheet

Income Statement

### PHA Information

PHA Code: NC152 Fiscal Year End Date:06/30/2019  
 PHA Name: Mountain Projects, Inc.  
 Submission Type: Audited/Single Audit  
 Program Name: Housing Choice Vouchers  
 Select Entity: [Program List](#)

### Balance Sheet

Line Item #	Description	Value	Details
<b>Assets</b>			
<b>Current Assets Cash:</b>			
111	Cash - Unrestricted	\$0	-
112	Cash - Restricted - Modernization and Development	\$	-
113	Cash - Other Restricted	\$109382	<a href="#">[Details]</a>
114	Cash - Tenant Security Deposits	\$	-
115	Cash - Restricted for Payment of Current Liabilities	\$	<a href="#">[Details]</a>
100	<b>Total Cash</b>	\$109382	-
<b>Receivables:</b>			
121	Accounts Receivable - PHA Projects	\$	-
122	Accounts Receivable - HUD Other Projects	\$3786	<a href="#">[Details]</a>
124	Accounts Receivable - Other Government	\$	-
125	Accounts Receivable - Miscellaneous	\$	<a href="#">[Details]</a>
126	Accounts Receivable - Tenants	\$	-
126.1	Allowance for Doubtful Accounts -Tenants	\$	-
126.2	Allowance for Doubtful Accounts - Other	\$0	-
127	Notes, Loans, & Mortgages Receivable - Current	\$	-
128	Fraud Recovery	\$32878	-
128.1	Allowance for Doubtful Accounts - Fraud	\$-3462	-
129	Accrued Interest Receivable	\$	-
120	<b>Total Receivables, Net of Allowances for Doubtful Accounts</b>	\$33202	-
131	Investments - Unrestricted	\$	-
132	Investments - Restricted	\$	<a href="#">[Details]</a>
135	Investments - Restricted for Payment of Current Liability	\$	<a href="#">[Details]</a>
142	Prepaid Expenses and Other Assets	\$	-
143	Inventories	\$	-
143.1	Allowance for Obsolete Inventories	\$	-
144	Inter Program Due From	\$	<a href="#">[Details]</a>
145	Assets Held for Sale	\$	-
150	<b>Total Current Assets</b>	\$142584	-
<b>NonCurrent Assets</b>			
<b>Fixed Assets:</b>			
161	Land	37	\$ -
162	Buildings		-

## Balance Sheet

		\$	
163	Furniture, Equipment & Machinery - Dwellings	\$	-
164	Furniture, Equipment & Machinery - Administration	\$36128	-
165	Leasehold Improvements	\$	-
166	Accumulated Depreciation	\$-26520	-
167	Construction in Progress	\$	-
168	Infrastructure	\$	-
160	<b>Total Capital Assets, Net of Accumulated Depreciation</b>	\$9608	-
171	Notes, Loans and Mortgages Receivable - Non-Current	\$	<a href="#">[Details]</a>
172	Notes, Loans, & Mortgages Receivable - Non Current - Past Due	\$	<a href="#">[Details]</a>
173	Grants Receivable - Non Current	\$	-
174	Other Assets	\$	<a href="#">[Details]</a>
176	Investments in Joint Ventures	\$	<a href="#">[Details]</a>
180	<b>Total Non-Current Assets</b>	\$9608	-
200	Deferred Outflow of Resources	\$	-
290	<b>Total Assets and Deferred Outflow of Resources</b>	\$152192	-
<b>Liabilities and Equity</b>			
	<b>Liabilities</b>		
	<b>Current Liabilities:</b>		
311	Bank Overdraft	\$	-
312	Accounts Payable <= 90 Days	\$14839	-
313	Accounts Payable >90 Days Past Due	\$	-
321	Accrued Wage/Payroll Taxes Payable	\$3649	-
322	Accrued Compensated Absences - Current Portion	\$10767	-
324	Accrued Contingency Liability	\$	-
325	Accrued Interest Payable	\$	-
331	Accounts Payable - HUD PHA Programs	\$0	<a href="#">[Details]</a>
332	Account Payable - PHA Projects	\$	-
333	Accounts Payable - Other Government	\$	-
341	Tenant Security Deposits	\$	-
342	Unearned Revenue	\$	<a href="#">[Details]</a>
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue Bonds	\$	-
344	Current Portion of Long-term Debt - Operating Borrowings	\$	-
345	Other Current Liabilities	\$	-
346	Accrued Liabilities - Other	\$	-
347	Inter Program - Due To	\$	-
348	Loan Liability - Current	\$	<a href="#">[Details]</a>
310	<b>Total Current Liabilities</b>	\$29255	-
	<b>NonCurrent Liabilities:</b>		
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	\$	<a href="#">[Details]</a>
352	Long-term Debt, Net of Current - Operating Borrowings	\$	-
353	Non-current Liabilities - Other	\$63603	-
354	Accrued Compensated Absences - Non Current	\$3947	-
355	Loan Liability - Non Current	\$	<a href="#">[Details]</a>
356	FASB 5 Liabilities	\$	-
357	Accrued Pension and OPEB Liabilities	\$	<a href="#">[Details]</a>

## Balance Sheet

350	Total Non-Current Liabilities	\$ 67550	-
300	Total Liabilities	\$ 96805	-
400	Deferred Inflow of Resources	\$	-
Equity	Equity		
508.4	Net Investment in Capital Assets	\$ 9608	-
511.4	Restricted Net Position	\$ 45779	-
512.4	Unrestricted Net Position	\$ 0	-
513	Total Equity - Net Assets / Position	\$ 55387	-
600	Total Liabilities, Deferred Inflows of Resources and Equity - Net Assets/Position	\$ 152192	-

Save

Reset

## Note:

- # If you add or alter line items, press the SAVE button to save all your changes.
- # When you press the SAVE button, all totals fields will be calculated and displayed.
- # All fields marked with \* are mandatory.



# Real Estate Assessment Center

## Financial Assessment Subsystem (FASS-PH)

My Inbox PHA Info FDS DCF Notes and Findings Submit Edit Flags Reports Logout

Balance Sheet

Income Statement

### PHA Information

PHA Code: NC152 Fiscal Year End Date:06/30/2019  
 PHA Name: Mountain Projects, Inc.  
 Submission Type: Audited/Single Audit  
 Program Name: Housing Choice Vouchers  
 Select Entity: [Program List](#)

### Income Statement

Line Item #	Description	Value	Details
70300	Net Tenant Rental Revenue	\$ -	-
70400	Tenant Revenue - Other	\$ -	-
<b>70500</b>	<b>Total Tenant Revenue</b>	<b>\$0</b>	-
70600	HUD PHA Operating Grants	\$4994950	<a href="#">[Details]</a>
70610	Capital Grants	\$ -	-
70800	Other Government Grants	\$ -	-
71100	Investment Income - Unrestricted	\$ -	<a href="#">[Details]</a>
71200	Mortgage Interest Income	\$ -	-
71300	Proceeds from Disposition of Assets Held for Sale	\$ -	-
71310	Cost of Sale of Assets	\$ -	-
71400	Fraud Recovery	\$9900	<a href="#">[Details]</a>
71500	Other Revenue	\$46909	-
71600	Gain or Loss on Sale of Capital Assets	\$ -	-
72000	Investment Income - Restricted	\$ -	<a href="#">[Details]</a>
<b>70000</b>	<b>Total Revenue:</b>	<b>\$5051759</b>	-
	<b>Expenses</b>		
	<b>Administrative:</b>		
91100	Administrative Salaries	\$192305	-
91200	Auditing Fees	\$ -	-
91300	Management Fee	\$ -	<a href="#">[Details]</a>
91310	Book-keeping Fee	\$ -	-
91400	Advertising and Marketing	\$ -	-
91500	Employee Benefit contributions - Administrative	\$93788	-
91600	Office Expenses	\$32615	-
91700	Legal Expense	\$ -	-
91800	Travel	\$4313	-
91810	Allocated Overhead	\$232519	-
91900	Other	\$17321	-
<b>91000</b>	<b>Total Operating - Administrative</b>	<b>\$572861</b>	-
92000	Asset Management Fee	\$ -	-
	<b>Tenant Services</b>		
92100	Tenant Services - Salaries 40	\$ -	-
92200	Relocation Costs	\$ -	-

## Income Statement

92300	Employee Benefit Contributions - Tenant Services	\$	-
92400	Tenant Services - Other	\$	-
<b>92500</b>	<b>Total Tenant Services</b>	<b>\$0</b>	-
	<b>Utilities</b>		
93100	Water	\$	-
93200	Electricity	\$	-
93300	Gas	\$	-
93400	Fuel	\$	-
93500	Labor	\$	-
93600	Sewer	\$	-
93700	Employee Benefit Contributions - Utilities	\$	-
93800	Other Utilities Expense	\$	-
<b>93000</b>	<b>Total Utilities</b>	<b>\$0</b>	-
	<b>Ordinary Maintenance and Operations:</b>		
94100	Ordinary Maintenance and Operations - Labor	\$	-
94200	Ordinary Maintenance and Operations - Materials and Other	\$	-
94300	Ordinary Maintenance and Operations Contracts	\$	-
94500	Employee Benefit Contributions - Ordinary Maintenance	\$	-
<b>94000</b>	<b>Total Maintenance</b>	<b>\$0</b>	-
95100	Protective Services - Labor	\$	-
95200	Protective Services - Other Contract Costs	\$	-
95300	Protective Services - Other	\$	-
95500	Employee Benefit Contributions - Protective Services	\$	-
<b>95000</b>	<b>Total Protective Services</b>	<b>\$0</b>	-
96110	Property Insurance	\$	-
96120	Liability Insurance	\$	-
96130	Workmen's Compensation	\$	-
96140	All Other Insurance	\$	-
<b>96100</b>	<b>Total Insurance Premiums</b>	<b>\$0</b>	-
	<b>General Expenses:</b>		
96200	Other General Expenses	\$	-
96210	Compensated Absences	\$36145	-
96300	Payments in Lieu of Taxes	\$	-
96400	Bad debt - Tenant Rents	\$	-
96500	Bad debt - Mortgages	\$	-
96600	Bad debt - Other	\$	-
96800	Severance Expense	\$	-
<b>96000</b>	<b>Total Other General Expenses</b>	<b>\$36145</b>	-
96710	Interest of Mortgage (or Bonds) Payable	\$	-
96720	Interest on Notes Payable (Short and Long Term)	\$	-
96730	Amortization of Bond Issue Costs	\$	-
<b>96700</b>	<b>Total Interest Expense and Amortization Cost</b>	<b>\$0</b>	-
<b>96900</b>	<b>Total Operating Expenses</b>	<b>\$609006</b>	-
<b>97000</b>	<b>Excess of Operating Revenue over Operating Expenses</b>	<b>\$4442753</b>	-
97100	Extraordinary Maintenance	\$	-
97200	Casualty Losses - Non-capitalized	\$	-
97300	Housing Assistance Payments	\$4454611	<a href="#">[Details]</a>
97350	HAP Portability-In		-

		\$ 10883	
97400	Depreciation Expense	\$ 6176	-
97500	Fraud Losses	\$	-
97800	Dwelling Units Rent Expense	\$	-
90000	<b>Total Expenses</b>	\$ 5080676	-
10010	Operating Transfer In	\$	-
10020	Operating transfer Out	\$	-
10030	Operating Transfers from/to Primary Government	\$	-
10040	Operating Transfers from/to Component Unit	\$	-
10070	Extraordinary Items, Net Gain/Loss	\$	-
10080	Special Items (Net Gain/Loss)	\$	-
10093	Transfers between Program and Project - In	\$	-
10094	Transfers between Project and Program - Out	\$	-
10100	<b>Total Other financing Sources (Uses)</b>	\$ 0	-
10000	<b>Excess (Deficiency) of Total Revenue Over (Under) Total Expenses</b>	\$ -28917	-
<b>Memo Account Information:</b>			
*11020	Required Annual Debt Principal Payments	\$ 0	-
*11030	Beginning Equity	\$ 84304	-
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	\$	<a href="#">[Details]</a>
*11170	Administrative Fee Equity	\$ 9608	<a href="#">[Details]</a>
*11180	Housing Assistance Payments Equity	\$ 45779	<a href="#">[Details]</a>
*11190	Unit Months Available	10942	<a href="#">[Details]</a>
*11210	Number of Unit Months Leased	10989	-

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