



NC High Peaks Trail Association
To: The Board of Directors
Financial Report, FY 2016

NC High Peaks Trail Association began a year of transition in FY 2016. We started a process to secure grant funding to repair the Mount Mitchell Trail from Black Mountain Campground to the summit of Mount Mitchell. Grant funding became available through the State of North Carolina's *Recreation Trails Program* (RTP). The RTP combines State and Federal funding and disburses these funds through a grant application process. Both the nature of the project we are undertaking and the source of funding for this project requires NC High Peaks Trail Association to be able to document our sources and uses of these funds. This document is a response to this challenge. It also has motivated us to increase our fund-raising activities and do more to raise local awareness of our activities.

In order to be able to document our activities and to be able to withstand an outside financial review or audit, the Board created a financial committee in early 2017. This committee consists of the President, Vice President, and Treasurer. It was directed by the Board to undertake an internal review of NC High Peaks' finances for FY 2016 and to prepare a report for the Board. It was also directed to recommend changes in our financial procedures to the Board for consideration. The Treasurer consulted a number of sources of information about non-profit Board audits and presented her findings to the committee. The committee chose to use an audit outline created by Intuit as the model for this report. A copy of the model is included with this report.

The committee met on March 22, March 29, April 6, and June 8. Using the model for reference, the Treasurer generated a series of reports from QuickBooks that have been used for this report. The committee also reviewed NC High Peaks' current policies and procedures for handling funds and documenting those activities. As part of this process, the committee identified some issues that, in its opinion, needed clarification or revision. Changes to Association policy were also identified and have been submitted to the Board for consideration.

Statement of Financial Position

NC High Peaks Trail Association began the year with \$30,497.05. It ended the year with \$39,685.92. Its financial position changed by \$9,188.87 or by 30.1%. Our liabilities went from \$49.81 to \$75.57. These consisted of sales taxes owed to the State of North Carolina that had not

been paid by the time we closed out the books at the end of September. NC High Peaks had no outstanding short-term or long-term debt at the end of the fiscal year.

NC High Peaks held \$26,234.58 in restricted funds at the end of the fiscal year. These represent funds from Mount Mitchell State Park's *Friends of Mount Mitchell* program. These funds are restricted for use for the benefit of Mount Mitchell State Park and NC High Peaks acts as the fiduciary agent to hold, disburse, and account for these funds.

NC High Peaks held \$1,610.91 in its checking account at the end of the year. It reported \$9,163.11 in income from memberships, charitable donations, and merchandise sales.

Data for this report may be found on the *Balance Sheet Previous Year Comparison*, which can be found in the *Trial Balance & Activity Review* section.

Statement of Activities

NC High Peaks Trail Association is a 501(c)3 non-profit corporation chartered in North Carolina. Our purpose is to advance the public's awareness, education, understanding, and appreciation of nature, wildlife and the natural environment by engaging in outdoor recreational activities including walking, hiking, bicycling and water sports. Our area of interest includes the North and South Toe River basins, Ivy Creek, Cane River valley, and the North Carolina portion of the Nolichucky River in the mountains of Western North Carolina.

The Association is engaged with our community leading hikes, maintaining and building trails, cleaning over-looks and scenic by-ways and working to improve the quality of our outdoor recreation assets. We are partners with the Blue Ridge Parkway, Pisgah National Forest (Appalachian Ranger District), Mount Mitchell State Park, Carolina Mountain Club, Appalachian Trail Conservancy and Friends of the Mountains-to-Sea Trail. NC High Peaks is also the fiduciary agent for the *Friends of Mount Mitchell State Park* fund.

NC High Peaks Trail Association is a membership-driven organization. We had 115 members at the end of our 2016 fiscal year. These consisted of 57 individual memberships, one organizational membership, and 57 family memberships.

NC High Peaks coordinates hiking trips each month. It also participates in community outreach activities like the Mount Mitchell Crafts Fair (held in August), Old Timey Days (held in September in Burnsville), and the July 4th celebration on the Burnsville Town Square.

NC High Peaks Trails Association maintains a website (<http://www.nchighpeaks.org/>). The website provides information about the Association and includes a calendar of activities, provides access to the Associations' maps of the Black Mountain Range and its trail network, and provides a retail outlet for merchandise. The Association also maintains a Facebook page which is used for public relations and promotions.

Statement of Cash Flows

NC High Peaks Trail Association received \$4,091.01 in income for its *Friends of Mount Mitchell* account. Of this, \$51.66 was interest on the account and \$4,040.35 was donations at the park. NC High Peaks spent \$5,802.46 for the benefit of the park. The *Friends of Mount Mitchell State Park* income and expense sheet is in the Accounts Receivable section of the notebook.

NC High Peaks Trail Association uses a PayPal account to handle online transactions. These transactions include membership renewals, payment for web site hosting, merchandise sales, and donations to the Association. It is also used to pay for products and services used by Association members or Board members for Board approved purposes. The PayPal account shows expenses of \$735.70 and income of \$2,099.67 for FY 2016. The *PayPal Income and Expense* sheet is in the Accounts Receivable section of the notebook.

On August 15, 2016, NC High Peaks Trail Association received a gift of \$10,000.00 to be used to support the Association's trail building efforts. The Board decided to create a special restricted fund with this gift and use it as a match for grant-seeking purposes. The Fund earned \$2.39 in interest during the balance of the year. A copy of *The Trail Fund's* Income and Expense sheet is in the Accounts Receivable section of the notebook.

NC High Peaks Trail Association uses United Community Bank (UCB) in Burnsville for its banking services. NC High Peaks reported \$5,109.34 in expenses and \$4,651.30 in income for our UCB checking account in FY 2016. The UCB Income and Expense detail report is in the Accounts receivable section of the notebook.

Statement of Expenses

NC High Peaks Trail Association had no remarkable expenses in FY 2016. By 'remarkable' I mean expenses that are out of the ordinary for normal Association activities. NC High Peaks did incur some 'one time' expenses for water and supplies related to the Centennial Celebration of the creation of Mount Mitchell State Park. NC High Peaks spent \$194.99 to purchase a weather station for Mount Mitchell State Park (to be used by our website weather reporting activities) and \$114.00 for a network camera for a webcam site (We host three webcams on our web page). We also paid \$300.00 to Alan Orovitz for his services setting up internet service for the vendors at the Mount Mitchell Centennial Celebration.

Explanatory Notes

While in the process of writing our first grant to rebuild the Mount Mitchell trail, the Board discovered that it was dealing with 'Reimbursable' grants. In other words, NC High Peaks needed sufficient funds available to be able to pay the contractors who would be doing the work. In turn, NC High Peaks would then apply to NC Parks and Recreation for reimbursement of our expenditures. In addition, there could be a delay of some weeks (to months) between NC High Peaks paying an invoice and receiving reimbursement. The *Bare Trail Fund* was created as one way to deal with this issue. In FY 2017, the Board also decided to apply for a line of credit from United Community Bank to be used for trail construction. Our credit line is \$35,000.00 and it uses our *Friends of Mount Mitchell* restricted account as well as the *Bare Fund* as collateral.

Recommendations and Conclusions

The financial committee came up with the following recommendations for the Board to consider in the process of conducting this review.

1. We recommend changing to month-end financial reports for board meetings. Our financial reports have previously been generated a few days before a board meeting. By going to a month-end report, it will give the board a consistent time frame for comparison of data. This will also follow good accounting practices.
2. We recommend the following policy changes to the board.
 - a. We recommend changing our checks to require two signatures in order to be valid.
 - b. We recommend having the Board approve debit card purchases. This is currently not required.
 - c. We recommend defining 'routine' purchases (which do not require Board approval) to amounts under \$200.00.
3. We recommend that the Board purchase a Director and Officer's Insurance policy.

In conclusion, NC High Peaks Trail Association is growing in its ability to fulfill its mission statement. It is taking on new challenges by managing the rebuilding of the Mount Mitchell Trail, in addition to its regular activities. It is growing its membership base and its ability to affect the local community. It practices sound, conservative financial management and is growing its asset base. Finally, it is taking steps to become more professional in its financial management practices in order to be able to manage larger projects and to be accountable to its funders for the management of their funds.

Reviewed and Approved:

John Whitehouse, President

Robert Branch, Vice President

Susan Weller, Treasurer

Written by: Robert Branch, June 2017