

THE ASSOCIATION FOR THE PRESERVATION  
OF THE ENO RIVER VALLEY, INC.

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

THE ASSOCIATION FOR THE PRESERVATION  
OF THE ENO RIVER VALLEY, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1-2
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5-7
Statement of Cash Flows	8
Notes to Financial Statements	9-14

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Dan E. Minor, CPA  
Kim E. Anglin, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
The Association for the Preservation  
of the Eno River Valley, Inc.  
Durham, North Carolina

We have audited the accompanying financial statements of The Association for the Preservation of the Eno River Valley, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, 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.

***Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 The Association for the Preservation of the Eno River Valley, Inc. as of December 31, 2013, 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.

*Minor, Anglin + Associates, P.A.*

May 20, 2014

THE ASSOCIATION FOR THE PRESERVATION  
OF THE ENO RIVER VALLEY, INC.  
STATEMENT OF FINANCIAL POSITION  
December 31, 2013

ASSETS

CURRENT ASSETS	
Cash	\$ 209,785
Investments	470,024
Grants Receivable	87,904
Sales Tax Receivable	2,093
Prepaid Expenses	<u>4,307</u>
TOTAL CURRENT ASSETS	<u>774,113</u>
PROPERTY AND EQUIPMENT	
Land	5,913,078
Buildings and Improvements	607,317
Equipment	20,362
Vehicles	<u>4,090</u>
	6,544,847
Less: Accumulated Depreciation	<u>(316,006)</u>
NET PROPERTY AND EQUIPMENT	<u>6,228,841</u>
TOTAL ASSETS	<u><u>\$ 7,002,954</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 44,425
Accrued Payroll	7,300
Sales Tax Payable	<u>414</u>
TOTAL CURRENT LIABILITIES	<u>52,139</u>
TOTAL LIABILITIES	52,139
NET ASSETS	
Unrestricted	6,552,522
Temporarily Restricted	<u>398,293</u>
TOTAL NET ASSETS	6,950,815
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 7,002,954</u></u>

See accompanying notes and independent auditors' report.

THE ASSOCIATION FOR THE PRESERVATION  
OF THE ENO RIVER VALLEY, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND GAINS			
Festival Income	\$ 222,479	\$	\$ 222,479
Rental Income	64,796		64,796
Calendar Sales	4,918		4,918
Member Merchandise	4,531		4,531
Membership Dues	41,016		41,016
Grants	347,874	65,527	413,401
Land Program	44,000		44,000
Other Program Income	93,287		93,287
Contributions			
Direct	119,344	41,401	160,745
Indirect	7,156		7,156
Non-Cash	20,000		20,000
Interest Income	1,602		1,602
Loss on Disposal of Property	(1,181)		(1,181)
Net Assets Released from Restrictions	58,517	(58,517)	-
	<u>1,028,339</u>	<u>48,411</u>	<u>1,076,750</u>
TOTAL REVENUES AND GAINS			
EXPENSES			
Program Services			
Festival for the Eno	200,700	-	200,700
Outreach and Communications	61,987	-	61,987
Environmental Education	79,823	-	79,823
Land Protection	148,537	-	148,537
Supporting Services			
Rental	40,595	-	40,595
Management and General	45,078	-	45,078
Fundraising	80,912	-	80,912
	<u>657,632</u>	<u>-</u>	<u>657,632</u>
TOTAL EXPENSES			
Increase in Net Assets	370,707	48,411	419,118
Net Assets - Beginning of Year	<u>6,181,815</u>	<u>349,882</u>	<u>6,531,697</u>
Net Assets - End of Year	<u>\$ 6,552,522</u>	<u>\$ 398,293</u>	<u>\$ 6,950,815</u>

See accompanying notes and independent auditors' report.

THE ASSOCIATION FOR THE PRESERVATION  
OF THE ENO RIVER VALLEY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2013

	PROGRAM					Program Total
	Festival for the Eno	Outreach and Communications	Environmental Education and Other Programs	Land Protection	Program Total	
Payroll	\$ 44,632	22,304	\$ 41,246		\$ 53,962	\$162,144
Payroll Taxes	4,224	3,034	2,550		4,458	14,266
Employee Benefits	8,004	4,000	7,397		9,677	29,078
Professional Fees	37,525	6,203	1,535			45,263
Office Expenses	1,769		11,662			13,431
Supplies		2,105				2,105
Planning & Coordination		1,860				1,860
Telephone	911					911
Postage	1,432	2,518				3,950
Occupancy	34,253	534	987	1,291		37,065
Printing	3,605	7,693				11,298
Travel	125		2,985			3,110
Depreciation	1,176	588	1,087	1,422		4,273
Calendars/Journals		7,675				7,675
Insurance	5,464				528	5,992
Other Expenses	6,160	866			148	7,174
Advertising		23				4,339
Evaluation		900	4,316			900
Meals		215	4,551			4,766
Festival Transportation	15,688					15,688
Equipment & Supplies			1,507		385	1,892
Land Protection					76,666	76,666
License & Fees	2,542					2,542
Promotions/Exhibits	33,190	1,469				34,659
Totals	\$ 200,700	\$ 61,987	\$ 79,823	\$ 148,537	\$ 491,047	\$491,047

See accompanying notes and independent auditors' report.

THE ASSOCIATION FOR THE PRESERVATION  
OF THE ENO RIVER VALLEY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2013

	SUPPORTING			
	Rental	Management and General	Fund- raising	Supporting Total
Payroll	\$	\$ 5,915	\$ 51,706	\$ 57,621
Payroll Taxes		80	4,703	4,783
Employee Benefits		1,061	9,273	10,334
Bank Service Charges		2,067		2,067
Accounting Fees		10,800		10,800
Professional Fees	4,974	1,092		6,066
Office Expenses		735		735
Telephone		5,138		5,138
Postage		1,859		1,859
Occupancy	9,959	142	1,237	11,338
Repairs and Maintenance	9,080	3,724		12,804
Printing		1,990		1,990
Travel		1,790		1,790
Conferences and Meetings		697		697
Depreciation	14,717	156	1,363	16,236
Dues and Subscriptions		2,600		2,600
Insurance	1,865	988		2,853
Other Expenses		598	4,303	4,901
Property Taxes		166		166
Equipment & Supplies		3,480		3,480
Promotions/Exhibits			8,327	8,327
Totals	\$ 40,595	\$ 45,078	\$ 80,912	\$ 166,585

See accompanying notes and independent auditors' report.



THE ASSOCIATION FOR THE PRESERVATION  
OF THE ENO RIVER VALLEY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program and Supporting Totals
	Totals
Payroll	\$ 219,765
Payroll Taxes	19,049
Employee Benefits	39,412
Bank Service Charges	2,067
Accounting Fees	10,800
Professional Fees	51,329
Office Expenses	14,166
Supplies	2,105
Planning & Coordination	1,860
Telephone	6,049
Postage	5,809
Occupancy	48,403
Repairs and Maintenance	12,804
Printing	13,288
Travel	4,900
Conferences and Meetings	697
Depreciation	20,509
Calendars/Journals	7,675
Dues and Subscriptions	2,600
Insurance	8,845
Other Expenses	12,075
Advertising	4,339
Evaluation	900
Meals	4,766
Property Taxes	166
Festival Transportation	15,688
Equipment & Supplies	5,372
Land Protection	76,666
License & Fees	2,542
Promotions/Exhibits	42,986
	\$ 657,632
Totals	

See accompanying notes and independent auditors' report.

THE ASSOCIATION FOR THE PRESERVATION  
OF THE ENO RIVER VALLEY, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013

Cash flows from operating activities		
Change in net assets	\$	419,118
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation		20,510
Loss on disposal of property		1,181
(Increase) Decrease in		
Investments		(59,086)
Accounts receivable		31,650
Sales tax receivable		(275)
Prepaid expenses		(785)
Renters security deposits		1,325
Increase (Decrease) in		
Accounts payable and accrued expenses		41,962
Accrued payroll taxes		1,402
Sales tax payable		85
		<hr/>
Net cash provided by operating activities		<hr/> 457,087 <hr/>
Cash flows from investing activities		
Sale of property and equipment		121,095
Purchase of property and equipment		<hr/> (486,684) <hr/>
Net cash used by investing activities		<hr/> (365,589) <hr/>
Increase (Decrease) in cash		91,498
Cash - Beginning of year		<hr/> 118,287 <hr/>
Cash - End of year	\$	<hr/> <hr/> 209,785 <hr/> <hr/>

See accompanying notes and independent auditors' report.

THE ASSOCIATION FOR THE PRESERVATION OF  
THE ENO RIVER VALLEY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description

The Association for the Preservation of the Eno River Valley, Inc. (Association) is a non-profit organization organized under Chapter 55A of the General Statutes of North Carolina. The organization operates in Durham and Orange County, North Carolina.

The mission of the Association is to conserve and protect the natural, historical, and cultural resources of the Eno River Basin. The Association carries out its mission through a set of program areas, where each program area is served by a committee made up of board members, staff, and Association members.

The main goal of the Association is to conserve lands along the Eno River, and within the entire watershed, concentrating first on completion of the master plan for the Eno River State Park. The Association accomplishes this goal by not only purchasing and accepting donated lands and conservation easements, but also by facilitating the purchase of lands by the State of North Carolina for inclusion in the Eno River State Park.

The Association also works with an advocacy and environmental education focus, where such activities fall within the mission. Annually, the Association sponsors the "Festival for the Eno", a celebration of the Eno River and the environment, accompanied by music, dance, arts and crafts, local and regional foods, and more. In addition, the Association works with government entities as well as other local, state, and national conservation groups to preserve the environment.

Basis of Accounting

The financial statements of the Association have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

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.

Net Asset Classification

Resources for various purposes are classified for accounting and financial reporting purposes into net asset categories established according to their nature and purpose as follows:

THE ASSOCIATION FOR THE PRESERVATION OF  
THE ENO RIVER VALLEY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

*Unrestricted Net Assets:* Unrestricted net assets represent funds which are fully available, at the discretion of management and the Board of Directors, for the Organization to utilize in any of its program or supporting services. They generally arise as a result of exchange transactions, unrestricted contributions, or restricted contributions whose restrictions have expired.

*Temporarily Restricted Net Assets:* Temporarily restricted net assets represent resources whose use is limited by donors for the purpose and/or time in which they may be expended. Temporarily restricted net assets are reclassified to unrestricted as their time and/or purpose restrictions are met.

*Permanently Restricted Net Assets:* Permanently restricted net assets include resources with permanent donor-imposed restrictions, which require the assets to be maintained in perpetuity but permit the Organization to expend all or part of the income derived from the donated assets.

Income Taxes

The Association for the Preservation of the Eno River Valley, Inc. is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the Code). As such, the Association is exempt from Federal income taxes to the extent provided under Section 501 of the Code. Accordingly, no provision for income taxes is made in the financial statements. The organization's form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2010, 2011, and 2012 are subject to examination by the IRS, generally for three years after they were filed. As of December 31, 2013 there were no uncertain tax positions.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Property and Equipment

Property and equipment are recorded at cost. The Association capitalizes all expenditures for property and equipment in excess of \$500. Equipment is depreciated on a straight-line basis over the estimated useful lives of 5-to-9 years.

THE ASSOCIATION FOR THE PRESERVATION OF  
THE ENO RIVER VALLEY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated Services

No amounts have been reflected in the financial statements for donated services. The organization pays for most services requiring specific expertise. However, individuals volunteer their time and perform a variety of tasks that assist the organization with specific events, general operations, and various committee assignments.

Expense Allocation

The costs of providing program services and other activities are reflected on the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

THE ASSOCIATION FOR THE PRESERVATION OF  
THE ENO RIVER VALLEY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE B - PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2012 consist of the following:

Land	\$ 5,913,078
Buildings and Improvements	607,317
Equipment	20,362
Vehicles	4,090
	<hr/>
	6,544,847
Less: Accumulated Depreciation	(316,006)
	<hr/>
Property and Equipment - Net	\$ 6,228,841

Depreciation expense was \$20,509 for the year ended December 31, 2013.

NOTE C - RESTRICTED REVENUES

The Association has restricted grants. The grants are reported as unrestricted support if the restrictions are met in the reporting period, the policy is followed consistently, and the organization has a similar policy for reporting donor-restricted investment income and gains.

NOTE D - TAX-DEFERRED ANNUITY RETIREMENT PLAN

The Association offers a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers full-time employees of the Association. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code if they wish. The Association makes a \$300 basic contribution to the plan for each employee per year. Additionally, The Association matches eligible employee contributions to the plan up to 3% of the individual participant's compensation. Employees must work at least 1,000 hours each year to become eligible for the employer basic contribution and the matching contribution. The plan's expenses were \$5,932 for the year ending December 31, 2013.

NOTE E - CONCENTRATIONS

The Association sponsors the annual event - Festival for the Eno in Durham, North Carolina. The event is largely dependent on local volunteers to set up and run the festival operations. The festival revenue was approximately 21% of the Association's total revenue for the year ended December 31, 2013.

THE ASSOCIATION FOR THE PRESERVATION OF  
THE ENO RIVER VALLEY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE E - CONCENTRATIONS (continued)

The Association for the Preservation of the Eno River Valley, Inc. maintains a cash balance at a financial institution in Durham, North Carolina. The Federal Deposit Insurance Corporation secures up to \$250,000 for all accounts at any one financial institution. The uninsured balance at December 31, 2013 was \$215,188.

NOTE F - FAIR VALUE FINANCIAL INSTRUMENTS

The Organization applies generally accepted accounting principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP defines fair value as 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. GAAP also establishes a framework for measuring fair value and expands disclosures about fair value measurements.

The Organization applies GAAP for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 inputs are 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.

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The following table presents assets that are measured at fair value on a recurring basis at December 31, 2013:

THE ASSOCIATION FOR THE PRESERVATION OF  
THE ENO RIVER VALLEY, INC.  
NOTES TO FINANCIAL STATEMENTS

NOTE F - FAIR VALUE FINANCIAL INSTRUMENTS (continued)

Fair Value Measurements at Reporting Date Using:			
December 31, 2013	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Marketable Securities	<u>\$470,024</u>	<u>\$470,024</u>	

NOTE G - RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

At December 31, 2013, temporarily restricted net assets consist of the following:

Education Programs	\$ 178,630
Stewardship Fund	172,274
Stewardship Programs	22,430
Marg Nygard Fund	12,753
Outreach Programs	5,000
Technology	3,200
Allen Lloyd Fund	2,506
Confluence Camp Fund	<u>1,500</u>
Total	<u>\$ 398,293</u>

NOTE H - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 20, 2014, the date which the financial statements were available to be issued.