

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

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2012

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

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Dan E. Minor, CPA  
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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, 2012, 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, 2012, 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.*

April 17, 2013

THE ASSOCIATION FOR THE PRESERVATION  
OF THE ENO RIVER VALLEY, INC.  
STATEMENT OF FINANCIAL POSITION  
December 31, 2012

ASSETS

CURRENT ASSETS	
Cash	\$ 118,287
Investments	410,938
Accounts Receivable	119,554
Sales Tax Receivable	1,818
Prepaid Expenses	<u>3,522</u>
TOTAL CURRENT ASSETS	<u>654,119</u>
PROPERTY AND EQUIPMENT	
Land	5,548,670
Buildings and Improvements	607,317
Equipment	20,362
Vehicles	<u>4,090</u>
	6,180,439
Less: Accumulated Depreciation	<u>(295,496)</u>
NET PROPERTY AND EQUIPMENT	<u>5,884,943</u>
OTHER ASSETS	
Renters Security Deposits	<u>1,325</u>
TOTAL ASSETS	<u><u>\$ 6,540,387</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	\$ 2,463
Accrued Payroll	5,898
Sales Tax Payable	<u>329</u>
TOTAL CURRENT LIABILITIES	<u>8,690</u>
TOTAL LIABILITIES	8,690
NET ASSETS	
Unrestricted	6,181,815
Temporarily Restricted	<u>349,882</u>
TOTAL NET ASSETS	6,531,697
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 6,540,387</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, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and Gains			
Festival Income	\$ 205,970	\$ -	\$ 205,970
Rental Income	67,472	-	67,472
Calendar Sales	6,293	-	6,293
Member Merchandise	4,277	-	4,277
Membership Dues	33,509	-	33,509
Grants	40,994	214,082	255,076
Land Program	253,851	-	253,851
Other Program Income	66,644	-	66,644
Contributions			
Direct	67,258	21,349	88,607
Indirect	10,760	-	10,760
Interest Income	2,329	967	3,296
Net Assets Released from Restrictions	79,477	(79,477)	-
	<u>838,834</u>	<u>156,921</u>	<u>995,755</u>
 TOTAL REVENUES AND GAINS			
 EXPENSES			
Program Services			
Festival for the Eno	222,696	-	222,696
Outreach and Communications	58,838	-	58,838
Environmental Education	61,599	-	61,599
Land Protection	95,385	-	95,385
Supporting Services			
Rental	39,327	-	39,327
Management and General	54,361	-	54,361
Fundraising	91,942	-	91,942
	<u>624,148</u>	<u>-</u>	<u>624,148</u>
 TOTAL EXPENSES			
 Increase in Net Assets	214,686	156,921	371,607
Net Assets - Beginning of Year	<u>5,967,129</u>	<u>192,961</u>	<u>6,160,090</u>
Net Assets - End of Year	<u>\$ 6,181,815</u>	<u>\$ 349,882</u>	<u>\$ 6,531,697</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, 2012

	PROGRAM					Program Total
	Festival for the Eno	Outreach and Communications	Environmental Education and Other Programs	Land Protection	Program Total	
Payroll	\$ 48,643	\$ 30,018	\$ 32,270	\$ 62,299	\$173,230	
Payroll Taxes	4,714	3,471	1,762	4,941	14,888	
Employee Benefits	7,719	4,764	5,121	9,886	27,490	
Professional Fees	47,676	1,869	-	-	49,545	
Office Expenses	687	-	20,893	-	21,580	
Telephone	852	-	-	-	852	
Postage	1,550	1,285	-	-	2,835	
Occupancy	39,537	636	683	1,319	42,175	
Printing	3,354	5,826	-	-	9,180	
Depreciation	1,312	809	870	1,680	4,671	
Calendars/Journals	-	7,958	-	-	7,958	
Insurance	3,526	-	-	-	3,526	
Other Expenses	4,208	150	-	176	4,534	
Festival Transportation	23,531	-	-	-	23,531	
Equipment & Supplies	-	-	-	202	202	
Land Protection	-	-	-	14,882	14,882	
License & Fees	2,897	-	-	-	2,897	
Promotions/Exhibits	32,490	2,052	-	-	34,542	
<b>Totals</b>	<b>\$ 222,696</b>	<b>\$ 58,838</b>	<b>\$ 61,599</b>	<b>\$ 95,385</b>	<b>\$438,518</b>	

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, 2012

	SUPPORTING			
	Rental	Management and General	Fund- raising	Supporting Total
Payroll	\$ -	\$ 10,879	\$ 54,417	\$ 65,296
Payroll Taxes	-	224	5,062	5,286
Employee Benefits	-	1,726	8,635	10,361
Bank Service Charges	-	1,838	-	1,838
Accounting Fees	-	10,400	-	10,400
Professional Fees	3,890	4,857	-	8,747
Office Expenses	-	2,611	-	2,611
Telephone	-	3,923	-	3,923
Postage	-	1,542	66	1,608
Occupancy	9,831	230	1,152	11,213
Repairs and Maintenance	9,472	4,224	-	13,696
Printing	-	1,444	-	1,444
Travel	-	1,853	-	1,853
Conferences and Meetings	-	1,936	-	1,936
Depreciation	14,513	295	1,467	16,275
Dues and Subscriptions	-	2,785	-	2,785
Insurance	1,621	1,059	-	2,680
Other Expenses	-	698	11,261	11,959
Equipment & Supplies	-	1,837	-	1,837
Promotions/Exhibits	-	-	1	1
	\$ 39,327	\$ 54,361	\$ 82,061	\$ 175,749
Totals	\$ 39,327	\$ 54,361	\$ 82,061	\$ 175,749

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, 2012

	Program and Supporting Totals
Payroll	\$ 238,526
Payroll Taxes	20,174
Employee Benefits	37,851
Bank Service Charges	1,838
Accounting Fees	10,400
Professional Fees	58,292
Office Expenses	24,191
Telephone	4,775
Postage	4,443
Occupancy	53,388
Repairs and Maintenance	13,696
Printing	10,624
Travel	#REF!
Conferences and Meetings	1,936
Depreciation	20,946
Calendars/Journals	7,958
Dues and Subscriptions	2,785
Insurance	6,206
Other Expenses	16,493
Festival Transportation	23,531
Equipment & Supplies	2,039
Land Protection	14,882
License & Fees	2,897
Promotions/Exhibits	34,543
Totals	#REF!

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, 2012

Cash flows from operating activities		
Change in net assets	\$	371,607
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation		20,946
(Increase) Decrease in		
Investments		44,078
Accounts receivable		(118,055)
Sales tax receivable		(401)
Prepaid expenses		1,646
Increase (Decrease) in		
Accounts payable and accrued expenses		(2,035)
Accrued payroll taxes		(778)
Sales tax payable		(27)
		<hr/>
Net cash provided by operating activities		316,981
Cash flows from investing activities		
Purchase of property and equipment		<hr/> (264,484)
		<hr/>
Net cash used by investing activities		(264,484)
		<hr/>
Increase (Decrease) in cash		52,497
		<hr/>
Cash - Beginning of year		65,790
		<hr/>
Cash - End of year	\$	<hr/> <hr/> 118,287

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 2009, 2010, and 2011 are subject to examination by the IRS, generally for three years after they were filed. As of December 31, 2012 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	\$ 5,548,670
Buildings and Improvements	607,317
Equipment	20,362
Vehicles	4,090
	<hr/>
	6,180,439
Less: Accumulated Depreciation	(295,496)
	<hr/>
Property and Equipment - Net	\$ 5,884,943

Depreciation expense was \$20,946 for the year ended December 31, 2012.

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 \$6,039 for the year ending December 31, 2012.

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, 2012.

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, 2012 was \$102,136.

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, 2012:

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, 2012	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Marketable Securities	<u>\$410,938</u>	<u>\$410,938</u>		

NOTE G - RESTRICTIONS AND LIMITATIONS ON NET ASSET BALANCES

At December 31, 2012, temporarily restricted net assets consist of the following:

Education Programs	\$ 163,104
Stewardship Fund	146,245
Marg Nygard Fund	34,551
Festival for Eno	3,000
Confluence Camp Fund	1,500
Allen Lloyd Fund	<u>1,482</u>
Total	<u>\$ 349,882</u>

NOTE H - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through April 17, 2013, the date which the financial statements were available to be issued.