



Financial Statements

for

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

Years Ended December 31, 2022 and 2021  
with Report of Independent Auditors

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## Report of Independent Auditors

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

### Opinion

We have audited the accompanying financial statements of Association for the Preservation of the Eno River Valley, Inc. (the Association), which comprise the statement of financial position as of December 31, 2022 and the related statements activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Association as of December 31, 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Other Matter

The financial statements of the Association, as of and for the year ended December 31, 2021, were audited by other auditors, whose report, dated May 12, 2022, expressed an unmodified opinion on those statements.

### Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the financial statements are available to be issued

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Dean Dotson Allen Ford, PLLC*

Raleigh, North Carolina  
July 07, 2023

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

Statements of Financial Position

December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 980,018	\$ 601,967
Accounts receivable, net	17,809	41,402
Promises to give, net	59,610	119,415
Prepaid expenses	<u>5,104</u>	<u>8,730</u>
Total current assets	1,062,541	771,514
Properties and equipment, net of accumulated depreciation	<u>440,432</u>	<u>465,075</u>
Other assets:		
Designated cash	27,636	71,505
Designated investments	-	1,495
Restricted cash	1,731,643	2,164,825
Restricted investments	327,381	397,660
Conservancy land and easements	<u>8,250,394</u>	<u>7,950,204</u>
Total other assets	<u>10,337,054</u>	<u>10,585,689</u>
Total assets	<u>\$ 11,840,027</u>	<u>\$ 11,822,278</u>

**ASSOCIATION FOR THE PRESERVATION OF THE ENO RIVER VALLEY, INC.**  
 Statements of Financial Position, continued  
 December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 15,474	\$ 15,164
Accrued payroll	8,596	5,624
Accrued expenses	<u>372</u>	<u>453</u>
Total liabilities	<b>24,442</b>	21,241
Net Assets:		
Net assets without donor restrictions:		
Board designated	73,000	73,000
Undesignated net assets	<u>9,563,950</u>	<u>9,046,137</u>
Total net assets without donor restrictions	<b>9,636,950</b>	9,119,137
Net assets with donor restrictions	<u>2,178,635</u>	<u>2,681,900</u>
Total net assets	<u>11,815,585</u>	<u>11,801,037</u>
 Total liabilities and net assets	 <b><u>\$ 11,840,027</u></b>	 <b><u>\$ 11,822,278</u></b>

See accompanying notes.

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

Statement of Activities

Year ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 373,398	\$ 88,336	\$ 461,734
Grants	134,122	-	134,122
In-kind contributions - auction items	8,491	-	8,491
In-kind contributions - services	3,300	-	3,300
Membership dues	60,158	-	60,158
Festival income	386,978	-	386,978
Merchandise sales	12,882	-	12,882
Rental income	53,888	-	53,888
Land program	14,563	182,700	197,263
Other program revenue	40,373	-	40,373
Net investment return	<u>1,404</u>	<u>(62,167)</u>	<u>(60,763)</u>
 Total support and revenue	 <u>1,089,557</u>	 <u>208,869</u>	 <u>1,298,426</u>
 Net assets released from restrictions	 <u>712,134</u>	 <u>(712,134)</u>	 <u>-</u>
 Total support and revenue and reclassifications	 <u>1,801,691</u>	 <u>(503,265)</u>	 <u>1,298,426</u>
 Expenses:			
Program Expenses:			
Festival for the Eno	319,547	-	319,547
Outreach and communications	126,845	-	126,845
Environmental education	154,838	-	154,838
Land protection	<u>358,172</u>	<u>-</u>	<u>358,172</u>
 Total program expenses	 <u>959,402</u>	 <u>-</u>	 <u>959,402</u>
 Supporting Expenses:			
Rental	51,643	-	51,643
Management and general	133,600	-	133,600
Fundraising	<u>139,233</u>	<u>-</u>	<u>139,233</u>
 Total supporting expenses	 <u>324,476</u>	 <u>-</u>	 <u>324,476</u>
 Total expenses	 <u>1,283,878</u>	 <u>-</u>	 <u>1,283,878</u>
 Increase in net assets	 517,813	 (503,265)	 14,548
Net assets at beginning of year	<u>9,119,137</u>	<u>2,681,900</u>	<u>11,801,037</u>
Net assets at end of year	<u>\$ 9,636,950</u>	<u>\$ 2,178,635</u>	<u>\$ 11,815,585</u>

See accompanying notes.

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

Statement of Activities

Year ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 280,048	\$ 161,809	\$ 441,857
Grants	89,163	282,655	371,818
Government grants	156,612	-	156,612
In-kind contributions - auction items	22,444	-	22,444
In-kind contributions - services	3,150	-	3,150
In-kind contributions - securities	9,679	-	9,679
Membership dues	62,814	-	62,814
Festival income	393,138	-	393,138
Merchandise sales	16,807	-	16,807
Rental income	80,395	-	80,395
Land program	13,815	-	13,815
Other program revenue	74,641	-	74,641
Net investment return	<u>594</u>	<u>87,052</u>	<u>87,646</u>
Total support and revenue	1,203,300	531,516	1,734,816
Net assets released from restrictions	<u>578,757</u>	<u>(578,757)</u>	<u>-</u>
Total support and revenue and reclassifications	<u>1,782,057</u>	<u>(47,241)</u>	<u>1,734,816</u>
Expenses:			
Program Expenses:			
Festival for the Eno	294,685	-	294,685
Outreach and communications	127,445	-	127,445
Environmental education	120,202	-	120,202
Land protection	<u>360,391</u>	<u>-</u>	<u>360,391</u>
Total program expenses	<u>902,723</u>	<u>-</u>	<u>902,723</u>
Supporting Expenses:			
Rental	40,205	-	40,205
Management and general	100,066	-	100,066
Fundraising	<u>133,463</u>	<u>-</u>	<u>133,463</u>
Total supporting expenses	<u>273,734</u>	<u>-</u>	<u>273,734</u>
Total expenses	<u>1,176,457</u>	<u>-</u>	<u>1,176,457</u>
Increase in net assets	605,600	(47,241)	558,359
Net assets at beginning of year	<u>8,678,537</u>	<u>2,729,141</u>	<u>11,407,678</u>
Net assets at beginning of year - Restated	<u>8,513,537</u>	<u>2,729,141</u>	<u>11,242,678</u>
Net assets at end of year	<u>\$ 9,119,137</u>	<u>\$ 2,681,900</u>	<u>\$ 11,801,037</u>

See accompanying notes.



**ASSOCIATION FOR THE PRESERVATION OF THE ENO RIVER VALLEY, INC.**  
Statement of Functional Expenses  
Year ended December 31, 2022

	Program Services					Supporting				
	Festival For the Eno	Outreach and Communication	Environmental Education and Other Programs	Land Protection	Total Program Expenses	Rental	Management and General	Fundraising	Total Supporting Expenses	Total Expenses
Salaries	\$ 81,704	\$ 69,643	\$ 75,132	\$ 102,994	\$ 329,473	\$ 14,268	\$ 25,653	\$ 97,049	\$ 136,970	\$ 466,443
Payroll taxes	6,158	10,340	1,403	7,621	25,522	1,176	2,009	10,357	13,542	39,064
Employee benefits	4,485	3,823	4,124	5,654	18,086	783	1,408	5,328	7,519	25,605
Retirement expense	2,486	2,119	2,286	3,133	10,024	434	780	2,952	4,166	14,190
Occupancy	42,788	1,485	1,602	2,197	48,072	15,810	547	2,070	18,427	66,499
Depreciation	2,594	2,211	2,385	3,269	10,459	10,290	814	3,081	14,185	24,644
Professional fees	65,462	2,376	8,109	-	75,947	-	41,821	8,009	49,830	125,777
Promotions and exhibits	52,907	2,941	-	-	55,848	-	-	-	-	55,848
Other program expenses	-	9,912	5,713	126,359	141,984	-	-	-	-	141,984
Land donation	-	-	-	4,647	4,647	-	-	-	-	4,647
Insurance	11,175	-	1,393	1,071	13,639	3,926	3,078	-	7,004	20,643
Supplies and materials	18,462	6,668	25,450	55,828	106,408	-	7,255	-	7,255	113,663
Calendars and journals	-	14,487	-	-	14,487	-	-	-	-	14,487
Equipment rental	-	-	2,889	-	2,889	-	-	-	-	2,889
Telephone and utilities	-	-	-	321	321	-	2,428	-	2,428	2,749
Postage	-	-	-	-	-	-	3,808	-	3,808	3,808
Printing	2,453	-	-	-	2,453	-	494	-	494	2,947
Office expenses	-	-	549	-	549	-	5,112	10,387	15,499	16,048
Conferences and meetings	-	-	-	-	-	-	14,065	-	14,065	14,065
Repairs and maintenance	-	-	-	-	-	4,956	8,419	-	13,375	13,375
Advertising	-	840	2,254	-	3,094	-	-	-	-	3,094
Travel and transportation	23,852	-	8,525	-	32,377	-	3,247	-	3,247	35,624
Meals	-	-	12,828	-	12,828	-	-	-	-	12,828
Land protection	-	-	-	41,578	41,578	-	-	-	-	41,578
Property taxes	-	-	-	-	-	-	126	-	126	126
License and fees	5,021	-	196	-	5,217	-	10,197	-	10,197	15,414
Dues	-	-	-	3,500	3,500	-	2,339	-	2,339	5,839
	<u>\$ 319,547</u>	<u>\$ 126,845</u>	<u>\$ 154,838</u>	<u>\$ 358,172</u>	<u>\$ 959,402</u>	<u>\$ 51,643</u>	<u>\$ 133,600</u>	<u>\$ 139,233</u>	<u>\$ 324,476</u>	<u>\$ 1,283,878</u>

See accompanying notes.

**ASSOCIATION FOR THE PRESERVATION OF THE ENO RIVER VALLEY, INC.**  
**Statement of Functional Expenses**  
**Year ended December 31, 2021**

	Program Services					Supporting				
	Festival For the Eno	Outreach and Communication	Environmental Education and Other Programs	Land Protection	Total Program Expenses	Rental	Management and General	Fundraising	Total Supporting Expenses	Total Expenses
Salaries	\$ 75,230	\$ 71,491	\$ 71,172	\$ 131,475	\$349,368	\$ -	\$ 17,822	\$ 96,625	\$ 114,447	\$ 463,815
Payroll taxes	6,005	6,376	2,492	10,030	24,903	-	292	10,274	10,566	35,469
Employee benefits	771	731	729	1,346	3,577	-	183	989	1,172	4,749
Retirement expense	2,096	1,991	1,983	3,662	9,732	-	496	2,693	3,189	12,921
Occupancy	34,050	1,362	1,356	2,505	39,273	15,276	340	1,841	17,457	56,730
Depreciation	2,455	2,333	2,323	4,291	11,402	14,155	582	3,153	17,890	29,292
Professional fees	72,696	4,157	13,500	-	90,353	4,090	18,212	8,056	30,358	120,711
Promotions and exhibits	58,483	725	-	-	59,208	-	-	-	-	59,208
Other program expenses	-	197	-	10,400	10,597	-	-	-	-	10,597
Land donation	-	-	-	165,000	165,000	-	-	-	-	165,000
Insurance	7,967	-	488	1,071	9,526	3,836	2,638	-	6,474	16,000
Supplies and materials	11,805	26,376	7,726	9,344	55,251	-	7,430	-	7,430	62,681
Calendars and journals	-	11,702	-	-	11,702	-	-	-	-	11,702
Equipment rental	-	-	2,835	-	2,835	-	-	-	-	2,835
Telephone and utilities	-	-	-	457	457	-	3,275	-	3,275	3,732
Postage	-	-	-	-	-	-	5,757	-	5,757	5,757
Printing	1,972	-	-	-	1,972	-	1,488	-	1,488	3,460
Office expenses	-	-	-	-	-	-	3,901	9,832	13,733	13,733
Conferences and meetings	-	-	-	-	-	-	15,349	-	15,349	15,349
Repairs and maintenance	-	-	-	-	-	2,848	6,991	-	9,839	9,839
Advertising	-	4	320	-	324	-	-	-	-	324
Travel and transportation	19,978	-	4,895	-	24,873	-	1,460	-	1,460	26,333
Meals	-	-	10,383	-	10,383	-	-	-	-	10,383
Land protection	-	-	-	20,810	20,810	-	-	-	-	20,810
Property taxes	-	-	-	-	-	-	169	-	169	169
License and fees	1,177	-	-	-	1,177	-	9,306	-	9,306	10,483
Dues	-	-	-	-	-	-	4,375	-	4,375	4,375
	<u>\$ 294,685</u>	<u>\$ 127,445</u>	<u>\$ 120,202</u>	<u>\$ 360,391</u>	<u>\$902,723</u>	<u>\$ 40,205</u>	<u>\$ 100,066</u>	<u>\$ 133,463</u>	<u>\$ 273,734</u>	<u>\$ 1,176,457</u>

See accompanying notes.

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

Statements of Cash Flows  
Years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Support from contributions and grants	\$ 655,661	\$ 813,845
Program service revenue	775,135	610,939
Employee compensation paid	(542,330)	(467,967)
Other operating expenses paid	(693,639)	(516,504)
Purchases of conservation land and easements	(857,339)	(557,149)
Sale of conservation land and easements	<u>552,502</u>	<u>-</u>
Net cash provided used in operating activities	<b>(110,010)</b>	(116,836)
<b>Cash flows from investing activities:</b>		
Purchase of properties and equipment	-	(6,884)
Interest income	<u>11,010</u>	<u>4,891</u>
Net cash provided by (used in) investing activities	<b>11,010</b>	(1,993)
Net change in cash, cash equivalents, designated, and restricted cash	(99,000)	(118,829)
Cash, cash equivalents, designated, and restricted cash beginning of year	<u>2,838,297</u>	<u>2,957,126</u>
Cash, cash equivalents, designated, and restricted cash end of year	<b><u>\$ 2,739,297</u></b>	<b><u>\$ 2,838,297</u></b>
Reconciliation of cash, cash equivalents, designated, and restricted cash to amounts reported in the the statment of financial position:		
Cash and cash equivalents	\$ 980,018	\$ 601,967
Designated cash	27,636	71,505
Restricted cash	<u>1,731,643</u>	<u>2,164,825</u>
Total cash, cash equivalents, designated, and restricted cash	<b><u>\$ 2,739,297</u></b>	<b><u>\$ 2,838,297</u></b>

See accompanying notes.

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

## Notes to the Financial Statements

### 1. Description of the Organization

Association for the Preservation of the Eno River Valley, Inc. (the Association) was formed as a non-profit organization under the statutes of North Carolina. The Association 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 accomplishes this goal by not only purchasing and accepting donated lands and conservation easements, but also by facilitating the purchase of land 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.

### 2. Summary of Significant Accounting Policies

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) which require management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates. The following is a summary of the significant accounting policies consistently followed by the Association in the preparation of its financial statements.

#### Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Association considers all checking accounts, money market accounts, certificates of deposit, and any other highly liquid investments with original maturities of less than three months or less to be cash equivalents. The Association's checking and money market accounts are held at various financial institutions.

The Association has a concentration of credit risk in that it periodically maintains bank accounts which, at times, may exceed the coverage provided by the Federal Deposit Insurance Corporation (FDIC). Cash balances in excess of insured limits were \$2,218,518 and \$2,335,879 as of December 31, 2022 and 2021, respectively.

#### Accounts Receivable

The Association records accounts receivable at their net realizable value consisting of the carrying amount, less the allowance for uncollectible accounts, as needed. The Association has determined, based on historical experience, and a review of subsequent collections that an allowance for doubtful accounts was not necessary as of December 31, 2022 and 2021.

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

Notes to the Financial Statements, continued

### 2. Summary of Significant Accounting Policies, continued

#### Promises to Give

The Association records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. The Association determines the allowance for uncollectible promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible. The Association reviewed the unconditional promises to give and determined that no allowance for uncollectible promises to give was necessary as of December 31, 2022 and 2021.

#### Properties and Equipment

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at estimated fair market value at the time of receipt. The gain or loss on the sale of property and equipment is recorded in the year of disposition and included in the statement of activities. The capitalization threshold used for the years ended December 31, 2022 and 2021 was \$500.

Depreciation is computed using the straight-line method over the following estimated useful life of the assets.

Buildings and improvements	15-40 years
Equipment	5-10 years
Vehicles	5 years

Depreciation expense during the years ended December 31, 2022 and 2021 was \$24,644 and \$29,292, respectively.

#### Asset Impairment

If facts and circumstances suggest that a long-lived asset may be impaired, the carrying value is reviewed. If this review indicates that the value of the asset will not be recoverable, as determined based on projected undiscounted cash flows related to the asset over its remaining life, then the carrying value of the asset is reduced to its estimated fair value.

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

Notes to the Financial Statements, continued

### 2. Summary of Significant Accounting Policies, continued

#### Investments

The Association records investment purchases at cost, or if donated, at fair value on the date of the donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net Investment return (loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

#### Compensated Absences

Employees of the Association are entitled to paid vacation, sick, and personal days. The number of days available to each employee is determined by the length of their employment and other factors. The Association's policy is to recognize the costs of compensated absences when paid to employees.

#### 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.

*Board designated net assets* - Net assets without donor restrictions that have self-imposed limits. These net assets have been designated by the board of directors for the Stewardship Fund, which is set up to cover costs associated with monitoring properties and conservation easements owned or held by the Association, and legal defense of easements and other property rights should it be necessary.

*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. The Association reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. 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.

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

Notes to the Financial Statements, continued

## 2. Summary of Significant Accounting Policies, continued

### Revenue Recognition

The Association recognizes revenue from educational events at the time the event takes place. The Association records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Revenue from merchandise sales is recognized at the time of purchase. Rental income from operating leases is recognized on a straight-line basis over the lease term.

The Association recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

### Advertising and Promotion

Advertising and promotion costs are primarily related to the Association's special events and are expensed as incurred. Advertising expense was \$3,094 and \$324 for the years ended December 31, 2022 and 2021, respectively.

### Donated Services

A number of volunteers have donated significant amounts of time to the Association's program services. Donated services are recognized as contributions if the services 1) create or enhance nonfinancial assets or 2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association. Donated services not meeting these criteria are not reflected in the financial statements.

### Functional Allocation of Expenses

The costs of programs and supporting service 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 benefited.

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

Notes to the Financial Statements, continued

## 2. Summary of Significant Accounting Policies, continued

### Financial Instruments and Credit Risk

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 net assets without donor restrictions if the restrictions are met (either by the passage of time or by use) in the reporting period in which the income and gains are recognized.

Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Association.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of asset and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### Income Taxes

The Association is exempt from federal income taxes under Sections 501(c)(3) of the Internal Revenue Code. In addition, the Association qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Association remains open to examination by various respective taxing authorities in the normal course of business. Although the outcome of tax audits is always uncertain, management believes that there are no significant unrecognized tax liabilities as of December 31, 2022. The Association files Form 990 (Return of Organization Exempt from Tax) as required by law. The Association is no longer subject to federal or state tax return examinations for the three preceding years.

### Recent Accounting Pronouncements

In September 2020, the FASB issued ASU No. 2020-07, Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which requires organizations to present contributed nonfinancial assets as a separate line item in the statement of activities. The ASU also requires that organizations disclose the disaggregated amounts of the contributed nonfinancial assets by category and qualitative information about how the contributed nonfinancial assets are going to be used, a description of any donor restrictions related to the assets, and valuation techniques used to value the contributions. The effective date of this standard is for annual reporting periods beginning after June 15, 2021, with early adoption permitted.



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

Notes to the Financial Statements, continued

### 2. Summary of Significant Accounting Policies, continued

#### Subsequent Events

Management has evaluated subsequent events for accounting and disclosure requirements through July 07, 2023, the date that the financial statements were available to be issued. There were no events occurring during the evaluation period that require recognition or disclosure in the financial statements.

#### Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation with no impact on total assets, liabilities, net assets or net income.

### 3. Designated and Restricted Cash and Investments

Designated cash and investments represent funds that have been designated by the board of directors for the stewardship fund. Restricted cash and investments consist of funds that have been restricted by the donor for land protection and conservation efforts.

A summary of designated and restricted cash and investments as of December 31, 2022 and 2021, is as follows:

	<u>2022</u>	<u>2021</u>
Board designated for stewardship fund	\$ <u>27,636</u>	\$ <u>71,505</u>
Margaret Nygard fund	<b>265,016</b>	199,765
Allen Lloyd fund	<b>3,898</b>	3,645
Confluence fund	<b>6,147</b>	5,647
Roberta and Herman Brown fund	<b>1,230,445</b>	1,791,687
Stewardship fund	<b>1,862</b>	3,341
Education fund	<b>41,575</b>	94,500
Land and stewardship fund	<b>14,700</b>	16,500
Land stewardship fund	<u><b>168,000</b></u>	<u>49,740</u>
Total restricted cash	<b>1,731,643</b>	2,164,825
Total designated and restricted cash	<u><b>\$ 1,759,279</b></u>	<u>\$ 2,236,330</u>
Board designated investment held with TIAA-CREF	\$ -	\$ 1,495
Restricted investments held with TIAA-CREF	<u><b>327,381</b></u>	<u>397,660</u>
Total designated and restricted investments	<u><b>\$ 327,381</b></u>	<u>\$ 399,155</u>

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

Notes to the Financial Statements, continued

**4. Liquidity and Availability**

Financial assets available for the general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 980,018	\$ 601,967
Accounts receivable, net	17,809	41,402
Promises to give, net	<u>59,610</u>	<u>119,415</u>
 Financial assets available to meet cash needs for general expenditures within one year.	 \$ <u>1,057,437</u>	 \$ <u>762,784</u>

Financial assets not available for general expenditure within one year consist of board designated and restricted cash and investments. Designated cash and investments represent funds that have been designated by the board of directors for the Stewardship Fund. Restricted cash and investments consist of funds that have been restricted by the donor for land protection and conservation efforts. Financial assets not available for general expenditure within one year comprise the following:

	<u>2022</u>	<u>2021</u>
Designated cash	\$ 27,636	\$ 71,505
Designated investments	-	1,495
Restricted cash	1,731,643	2,164,825
Restricted investments	<u>327,381</u>	<u>397,660</u>
 Financial assets available to meet cash needs for general expenditures within one year.	 \$ <u>2,086,660</u>	 \$ <u>2,635,485</u>

**5. Accounts Receivable**

Accounts receivable as of December 31 consisted of the following:

	<u>2022</u>	<u>2021</u>
Accounts receivables:		
Sales tax refunds receivable	\$ 4,913	\$ 3,923
Rental income receivable	-	7,265
Reimbursements receivable	<u>12,896</u>	<u>30,214</u>
Total accounts receivable	\$ <u>17,809</u>	\$ <u>41,402</u>

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

Notes to the Financial Statements, continued

### 6. Promises to Give

Unconditional promises to give are estimated to be collected as follows at December 31:

	<u>2022</u>	<u>2021</u>
Within one year	\$ 60,000	\$ 60,000
In one to five years	<u>-</u>	<u>60,000</u>
	<b>60,000</b>	120,000
Less: discount to net present value at rates ranging from .29% to .69%	<u>(390)</u>	<u>(585)</u>
Promises to give, net	<u><b>\$ 59,610</b></u>	<u><b>\$ 119,415</b></u>

As of December 31, 2022 and 2021, net promises to give totaling \$59,610 and \$119,415, respectively, were restricted by donors for specified purposes.

### 7. Fair Value Measurements and Disclosures

The Association reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous market, at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. While only Level 1 applies to this organization, a three-tier hierarchy categorizes the inputs as follows:

*Level 1* - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Association can access at the measurement date.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

*Level 3* – Unobservable inputs for the asset or liability. In these situations, the Association develops inputs using the best information available in the circumstances.

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

Notes to the Financial Statements, continued

**7. Fair Value Measurements and Disclosures, continued**

In some cases, the inputs used to measure the fair value of an asset, or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Association's assessment of the quality, risk, or liquidity profile of the asset or liability.

The following table presents assets measured at fair value on a recurring basis as of December 31, 2022:

<u>Asset Type and Class</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>
TIAA - CREF Social Choice Equity Fund - RTL (Endowment)	\$ <u>327,381</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>327,381</u>

The following table presents assets measured at fair value on a recurring basis as of December 31, 2021:

<u>Asset Type and Class</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Totals</u>
TIAA - CREF Social Choice Equity Fund - RTL (Endowment)	\$ <u>399,155</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>399,155</u>

**8. Properties and Equipment**

The Association's properties and equipment consisted of the following at December 31, 2022:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Buildings and improvements	\$ 937,206	\$ 502,073	\$ 435,133
Equipment	20,489	15,925	4,564
Vehicles	<u>15,021</u>	<u>14,286</u>	<u>735</u>
Totals	\$ <u>972,716</u>	\$ <u>532,284</u>	\$ <u>440,432</u>

Depreciation expense for the years ended December 31, 2022 and 2021 amounted to \$24,644 and \$29,292, respectively.

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

Notes to the Financial Statements, continued

### 9. Conservancy Land and Easements

Conservation land is real property with significant natural, cultural, and historical value. These properties are either managed in an effort to protect the natural resources along the Eno River and within the entire watershed, concentrating first on completion of the master plan for the Eno River State Park, or transferred to the State of North Carolina for inclusion in the Eno River State Park.

Land and land interests are recorded at cost if purchased or at fair value at the date of acquisition, if all or part of the land was received as a donation. Fair value is generally determined by appraisal at the time of acquisition and is not subsequently adjusted.

Conservation easements are comprised of listed rights and/or restrictions over the property that are conveyed by a property owner to the Association in perpetuity in order to protect the property as a significant natural area as defined in federal tax regulations.

The Association entered into an agreement with Orange County, North Carolina on January 24, 2012 to jointly negotiate to acquire conservation easements on lands that both the Association and Orange County have an interest in protecting. The terms of the agreement are as follows:

Orange County and the Association may undertake and agree to acquire by purchase or donation, conservation easements on lands located within areas both parties have an interest in and desire to protect.

Such conservation easements shall run in favor of both the County and the Association and shall include language protective of the interests of the County and Association as approved by the Board of County Commissioners of Orange County and the Board of Directors of the Association. Such joint easements may be enforced by either or both parties. The County and Association agree to cooperate with each other in activities necessary to assure compliance with, and enforcement of such conservation easements.

Orange County and the Association will share the cost of acquiring such easements as they shall determine on a case by case basis. Each entity shall cooperate fully with the other by all reasonable means to assist in applications for reimbursement of the acquisition costs of such joint conservation easements. Any reports or information required for either entity to seek separate reimbursement for its costs shall be paid by that entity. Each entity shall pay its own attorney fees.

The Association and Orange County hold six conservation easements jointly under this agreement consisting of approximately 389 acres of land as of December 31, 2022.

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

Notes to the Financial Statements, continued

### 10. Payroll Protection Program

On April 21, 2020, the Association received loan proceeds from Truist Bank in the amount of \$72,300 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provided loans to qualifying businesses for amounts up to 2.5 times their 2019 average monthly payroll expenses. The loan and accrued interest are forgivable after either an eight week or twenty-four week period as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its pre-pandemic employee levels. The amount of loan forgiveness may be reduced if the borrower terminates employees or reduces salaries during the covered period.

The Association was notified by Truist Bank on May 28, 2021 that the SBA approved their PPP loan forgiveness application. Therefore, the entire amount of the original loan is presented as an increase to net assets in the Statement of Activities for the year ended December 31, 2021.

### 11. Net Assets with Donor Restrictions

The Organization's net assets with donor restrictions are restricted for the following purposes as of December 31, 2022:

*Margaret C. Nygard Land Protection Fund* - provides funding for the purchase of conservation lands and easements consistent with the mission and strategic plan of the Association.

*Allen Lloyd Fund for the Protection of the Upper Eno* - provides funding for the purchase of conservation lands and easements consistent with the mission and strategic plan of the Association in the Upper Eno River watershed upstream of Hillsborough, North Carolina.

*Stewardship Fund* - provides revenue for ongoing monitoring and insurance related stewardship costs associated with properties and conservation easements owned or held by the Association, and enforcement and legal defense of its conservation easements and other property rights.

*Confluence Fund* - provides funding for the purchase, maintenance and improvement of the Confluence Property.

*Education Fund* - provides funding for educational programs for youth and adults to address, prevent, and solve environmental problems.

*Land and Stewardship Fund* - provides funding for land protection and conservation of the natural areas along the Eno River.

*Land Stewardship Fund* - provides funding for the protection of natural ecosystems and conservation lands in the Eno River Basin.

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

Notes to the Financial Statements, continued

**11. Net Assets with Donor Restrictions, continued**

*Roberta and Herman Brown Fund* - a memorial fund established to provide monies for the express purpose of purchasing land and easements in Orange County, North Carolina consistent with the mission and strategic plan of the Association, and to provide funds for revenue shortfalls or expenses that might impede the Associations normal operations. Acquisitions consistent with the purpose statement are allowed in varying amounts. Funds used towards operating expenses or shortfalls are restricted to \$25,000 in any one calendar year.

Net assets with donor restrictions are as follows for the year ending December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Margaret C. Nygard Fund	\$ 265,017	\$ 199,765
Allen Lloyd Fund	3,898	3,645
Stewardship Fund	329,243	401,001
Confluence Fund	6,147	5,647
Education Fund	161,185	213,915
Land and Stewardship Fund	14,700	16,500
Land Stewardship Fund	168,000	49,740
Roberta and Herman Brown Fund	<u>1,230,445</u>	<u>1,791,687</u>
Total donor restricted net assets.	\$ <u>2,178,635</u>	\$ <u>2,681,900</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by donors. The net assets released from restrictions are as follows:

	<u>2022</u>
Roberta and Herman Brown Fund	\$ 565,469
Education Fund	80,425
Land Stewardship Fund	49,740
Land and Stewardship Fund	<u>16,500</u>
Total donor restricted net assets released	\$ <u>712,134</u>

**12. Endowment**

The Board of Directors has established an endowment (the Stewardship Fund) to assist with funding of monitoring conservation land and easements held by the Association.

In accordance with the provisions of the Board's adopted Investment Policy, which outlines spending policies for the endowment assets, and in compliance with the North Carolina Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective March 2009, the Board considers the original value of gifts to endowments and the original value of subsequent gifts, after administrative fees, to be classified as net assets with donor restrictions.

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

### Notes to the Financial Statements, continued

#### 12. Endowment, continued

The Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Association and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Association
- The investment policies of the Association

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). Management has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of December 31, 2022, the Association did not have any underwater endowment funds.

*Investment Policy* - The Association has adopted an investment policy for all investments, including its endowment funds that attempts to preserve and grow wealth over time. The policy states that funds may be invested in long-term certificates of deposit, money market funds, mutual funds, and income producing real estate.

*Spending Policy* - The Association's Board of Directors reviews the endowment balance regularly and approves expenditures from the fund. Funds may be spent according to the Investment Policy to cover ongoing stewardship costs associated with properties and conservation easements owned or held by the Association, and enforcement and legal defense of its conservation easements and other property rights. As stated in the Investment Policy, the Board may allocate the investment income the endowment fund earns to the stewardship program expense. The principal may be used for conservation defense expense.

Changes in endowment net assets for the year ended December 31, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 73,000	\$ 401,001	\$ 474,001
Investment return, net	-	(71,790)	(71,790)
Contributions	-	32	32
Distribution of endowment assets pursuant to donor restrictions	(45,364)	-	(45,364)
Endowment net assets, end of year	\$ 27,636	\$ 329,243	\$ 356,879



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

Notes to the Financial Statements, continued

### 13. Revenue from Contracts with Customers

The Association receives revenue from contracts with customers primarily through hosting its annual special event "Festival for the Eno." Revenue from the event is recognized at the time the event takes place. Revenue from membership dues is recognized when their membership begins. Revenue from sales of merchandise is recognized when the merchandise has been delivered to the customer. Rental income from operating leases is recognized on a straight-line basis over the lease term. For the year ended December 31, 2022, revenue from contracts with customers consisted of the following:

	<u>Amount</u>
Festival income	\$ 386,978
Membership Dues	60,158
Rental income	53,888
Merchandise sales	<u>12,882</u>
Total	<u>\$ 460,018</u>

### 14. Contributed Assets

The Association receives support in the form of donated items to be sold at its annual auction. These items typically consist of gift certificates, vacations, experiences, and arts and craft items. These contributions are recorded at their fair value when received in the Statement of Activities. The value of all contributed auction items was \$8,491 and \$22,444 for the years ended December 31, 2022 and 2021, respectively.

The Association records gifts of donated securities at their fair value upon receipt in the Statement of Activities. The value of donated securities for the years ended December 31, 2022 and 2021 was \$0 and \$9,679, respectively.

### 15. Prior Period Adjustment

The Association donated land during the year ended December 31, 2020 totaling \$165,000. The disposal of the donated land was not recorded in the financial statements. The December 31, 2021 financial statements have been restated to properly reflect the disposal of the donated land.

Conservancy land and easements - Originally reported	\$ 8,115,204
Conservancy land and easements - Restated	<u>7,950,204</u>
Restatement	<u>\$ 165,000</u>
Net assets at beginning of year - Originally reported	\$ 11,407,678
Net assets at beginning of year - Restated	<u>11,242,678</u>
Restatement	<u>\$ 165,000</u>

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

Notes to the Financial Statements, continued

### **16. Functional Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. All expenses are allocated on the basis of estimates of time and effort.

### **17. Retirement Plan**

The Association offers a qualified 403(b) retirement plan to all eligible employees. The plan covers full-time employees of the Association who have worked at least 1,000 hours each year. 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 employees' eligible compensation. The Association made contributions to the plan in the amount of \$14,190 and \$12,921 for the years ended December 31, 2022 and 2021, respectively.