



Financial Statements

for

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

Years Ended December 31, 2024 and 2023
with Independent Auditor's Report

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Independent Auditor's Report

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

Opinion

We have audited the financial statements of Association for the Preservation of the Eno River Valley, Inc. (the Association), which comprise the statements of financial position as of December 31, 2024 and 2023, the related statements of activities, functional expenses, and cash flows for the years 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, 2024 and 2023, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the 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
April 10, 2025

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

Statements of Financial Position

December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 269,197	\$ 293,344
Accounts receivable	<u>2,580</u>	<u>4,211</u>
Total current assets	271,777	297,555
Property and equipment, net	356,983	417,075
Other assets:		
Designated cash	98,504	25,443
Designated investments	576,435	741,222
Restricted cash	68,825	54,594
Restricted investments	2,069,023	1,915,403
Conservancy land and easements	<u>8,350,098</u>	<u>8,250,394</u>
Total other assets	<u>11,162,885</u>	<u>10,987,056</u>
Total assets	<u>\$ 11,791,645</u>	<u>\$ 11,701,686</u>

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

Statements of Financial Position, continued

December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ -	\$ 19,480
Accrued payroll	28,558	22,308
Accrued expenses	<u>21</u>	<u>756</u>
Total liabilities	28,579	42,544
Net assets:		
Net assets without donor restrictions:		
Board designated	73,000	73,000
Undesignated net assets	<u>8,925,090</u>	<u>9,256,494</u>
Total net assets without donor restrictions	8,998,090	9,329,494
Net assets with donor restrictions	<u>2,764,976</u>	<u>2,329,648</u>
Total net assets	<u>11,763,066</u>	<u>11,659,142</u>
Total liabilities and net assets	<u>\$ 11,791,645</u>	<u>\$ 11,701,686</u>

See accompanying notes.

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

Statement of Activities

Year ended December 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 347,421	\$ 321,848	\$ 669,269
Grants	1,168,633	-	1,168,633
In-kind contributions	449	-	449
Membership dues	55,467	-	55,467
Festival income	375,118	-	375,118
Merchandise sales	6,543	-	6,543
Rental income	165	-	165
Land program	70,120	-	70,120
Other program revenue	131,992	-	131,992
Loss on sale disposal of equipment	(70,345)	-	(70,345)
Net investment return	45,322	198,120	243,442
Net assets released from restrictions	<u>84,640</u>	<u>(84,640)</u>	<u>-</u>
 Total support and revenue	 2,215,525	 435,328	 2,650,853
Expenses:			
Program expenses:			
Festival for the Eno	445,047	-	445,047
Outreach and communication	177,929	-	177,929
Environmental education and other programs	210,851	-	210,851
Land protection	<u>1,207,843</u>	<u>-</u>	<u>1,207,843</u>
 Total program expenses	 2,041,670	 -	 2,041,670
Supporting expenses:			
Rental	44,280	-	44,280
Management and general	288,394	-	288,394
Fundraising	<u>172,585</u>	<u>-</u>	<u>172,585</u>
 Total supporting expenses	 <u>505,259</u>	 <u>-</u>	 <u>505,259</u>
 Total expenses	 <u>2,546,929</u>	 <u>-</u>	 <u>2,546,929</u>
 Change in net assets	 (331,404)	 435,328	 103,924
Net assets, beginning of year	<u>9,329,494</u>	<u>2,329,648</u>	<u>11,659,142</u>
Net assets, end of year	<u>\$ 8,998,090</u>	<u>\$ 2,764,976</u>	<u>\$ 11,763,066</u>

See accompanying notes.

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

Statement of Activities

Year ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 322,220	\$ 35,707	\$ 357,927
Grants	150,370	60,000	210,370
In-kind contributions	412	-	412
Membership dues	54,585	-	54,585
Festival income	437,276	-	437,276
Merchandise sales	12,824	-	12,824
Rental income	60	-	60
Land program	3,283	-	3,283
Other program revenue	193,354	-	193,354
Net investment return	21,405	175,211	196,616
Net assets released from restrictions	<u>119,905</u>	<u>(119,905)</u>	<u>-</u>
Total support and revenue	1,315,694	151,013	1,466,707
Expenses:			
Program expenses:			
Festival for the Eno	422,016	-	422,016
Outreach and communications	102,333	-	102,333
Environmental education and other programs	222,852	-	222,852
Land protection	<u>320,596</u>	<u>-</u>	<u>320,596</u>
Total program expenses	1,067,797	-	1,067,797
Supporting expenses:			
Rental	204,192	-	204,192
Management and general	197,112	-	197,112
Fundraising	<u>154,049</u>	<u>-</u>	<u>154,049</u>
Total supporting expenses	<u>555,353</u>	<u>-</u>	<u>555,353</u>
Total expenses	<u>1,623,150</u>	<u>-</u>	<u>1,623,150</u>
Change in net assets	(307,456)	151,013	(156,443)
Net assets, beginning of year	<u>9,636,950</u>	<u>2,178,635</u>	<u>11,815,585</u>
Net assets, end of year	\$ <u>9,329,494</u>	\$ <u>2,329,648</u>	\$ <u>11,659,142</u>

See accompanying notes.

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

Statement of Functional Expenses

Year ended December 31, 2024

	Program Services				Supporting				Total Expenses	
	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
Land protection	\$ -	\$ -	\$ -	\$ 997,672	\$ 997,672	\$ -	\$ -	\$ -	\$ -	\$ 997,672
Salaries	130,902	126,596	112,934	138,933	509,365	14,378	111,262	130,261	255,901	765,266
Professional fees	86,983	1,238	19,974	-	108,195	7,231	66,592	5,955	79,778	187,973
Occupancy	55,744	2,378	2,121	2,610	62,853	2,637	2,090	2,448	7,175	70,028
Supplies and materials	17,877	3,566	15,037	13,155	49,635	-	19,675	-	19,675	69,310
Promotions and exhibits	59,702	1,864	-	-	61,566	-	-	-	-	61,566
Payroll taxes	9,566	10,032	6,695	10,895	37,188	1,127	8,721	10,126	19,974	57,162
Employee benefits	4,612	6,725	9,621	11,308	32,266	1,483	9,146	12,085	22,714	54,980
Retirement expense	5,159	4,195	5,060	8,274	22,688	1,366	13,137	7,811	22,314	45,002
License and fees	31,961	-	1,434	-	33,395	-	8,990	-	8,990	42,385
Travel and transportation	27,149	-	9,392	-	36,541	-	2,739	-	2,739	39,280
Repairs and maintenance	-	-	-	-	-	14,972	9,409	-	24,381	24,381
Meals	-	-	21,799	-	21,799	-	-	-	-	21,799
Insurance	10,860	-	1,339	1,265	13,464	776	4,938	-	5,714	19,178
Depreciation	2,818	2,726	2,431	2,991	10,966	310	2,395	2,805	5,510	16,476
Other program expenses	-	1,963	-	12,532	14,495	-	-	-	-	14,495
Calendars and journals	-	13,895	-	-	13,895	-	-	-	-	13,895
Conferences and meetings	-	-	-	-	-	-	8,769	-	8,769	8,769
Office expenses	-	-	-	-	-	-	7,308	1,094	8,402	8,402
Telephone and utilities	270	-	-	1,908	2,178	-	5,687	-	5,687	7,865
Dues	-	-	-	6,300	6,300	-	1,095	-	1,095	7,395
Property taxes	-	-	-	-	-	-	5,094	-	5,094	5,094
Advertising	-	2,751	170	-	2,921	-	-	-	-	2,921
Equipment rental	-	-	2,844	-	2,844	-	-	-	-	2,844
Printing	1,444	-	-	-	1,444	-	5	-	5	1,449
Postage	-	-	-	-	-	-	1,342	-	1,342	1,342
	<u>\$ 445,047</u>	<u>\$ 177,929</u>	<u>\$ 210,851</u>	<u>\$ 1,207,843</u>	<u>\$ 2,041,670</u>	<u>\$ 44,280</u>	<u>\$ 288,394</u>	<u>\$ 172,585</u>	<u>\$ 505,259</u>	<u>\$ 2,546,929</u>

See accompanying notes.

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

Statement of Functional Expenses

Year ended December 31, 2023

	Program Services					Supporting				Total Expenses
	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	
Land protection	\$ -	\$ -	\$ -	\$ 132,514	\$ 132,514	\$ -	\$ -	\$ -	\$ -	\$ 132,514
Salaries	131,225	58,683	118,123	114,438	422,469	36,359	45,615	112,853	194,827	617,296
Professional fees	76,647	5,314	13,221	-	95,182	101,424	28,148	5,014	134,586	229,768
Occupancy	57,066	1,154	2,323	2,250	62,793	2,187	897	2,219	5,303	68,096
Supplies and materials	18,241	5,116	27,606	7,985	58,948	-	16,556	-	16,556	75,504
Promotions and exhibits	65,521	4,543	-	-	70,064	-	-	-	-	70,064
Payroll taxes	9,135	8,396	4,322	11,109	32,962	2,857	3,313	8,249	14,419	47,381
Employee benefits	7,620	3,408	6,859	6,645	24,532	2,111	2,649	6,553	11,313	35,845
Retirement expense	5,399	2,414	4,860	4,708	17,381	1,496	1,877	4,643	8,016	25,397
License and fees	3,336	-	1,890	-	5,226	-	33,931	-	33,931	39,157
Travel and transportation	26,907	-	10,024	-	36,931	-	2,914	-	2,914	39,845
Repairs and maintenance	-	-	-	-	-	50,353	11,449	-	61,802	61,802
Meals	-	-	17,867	-	17,867	-	-	-	-	17,867
Insurance	12,297	-	1,218	1,155	14,670	6,029	3,069	-	9,098	23,768
Depreciation	4,965	2,220	4,469	4,330	15,984	1,376	1,726	4,270	7,372	23,356
Other program expenses	-	2,211	4,075	31,801	38,087	-	-	-	-	38,087
Calendars and journals	-	7,556	-	-	7,556	-	-	-	-	7,556
Conferences and meetings	-	-	-	-	-	-	16,319	-	16,319	16,319
Office expenses	-	-	427	-	427	-	4,660	10,248	14,908	15,335
Telephone and utilities	685	-	-	161	846	-	2,126	-	2,126	2,972
Dues	-	-	-	3,500	3,500	-	2,521	-	2,521	6,021
Property taxes	-	-	-	-	-	-	14,909	-	14,909	14,909
Advertising	-	1,318	3,609	-	4,927	-	-	-	-	4,927
Equipment rental	-	-	1,959	-	1,959	-	-	-	-	1,959
Printing	2,972	-	-	-	2,972	-	1,425	-	1,425	4,397
Postage	-	-	-	-	-	-	3,008	-	3,008	3,008
	<u>\$ 422,016</u>	<u>\$ 102,333</u>	<u>\$ 222,852</u>	<u>\$ 320,596</u>	<u>\$ 1,067,797</u>	<u>\$ 204,192</u>	<u>\$ 197,112</u>	<u>\$ 154,049</u>	<u>\$ 555,353</u>	<u>\$ 1,623,150</u>

See accompanying notes.

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

Statements of Cash Flows

Years ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Changes in net assets	\$ 103,924	\$ (156,443)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	16,476	23,357
Loss on sale of property and equipment	70,345	-
Unrealized gain on investments	(18,129)	(106,266)
Changes in assets and liabilities:		
Accounts receivable	1,631	13,598
Promises to give	-	59,610
Prepaid expenses	-	5,104
Accounts payable	(19,480)	4,006
Accrued payroll	6,250	13,712
Accrued expenses	<u>(735)</u>	<u>384</u>
Net cash provided by (used in) operating activities	160,282	(142,938)
Cash flows from investing activities:		
Sale (purchase) of investments	29,296	(2,222,978)
Purchase of property and equipment	(26,729)	-
Purchase of conservation land	<u>(99,704)</u>	<u>-</u>
Net cash used in investing activities	<u>(97,137)</u>	<u>(2,222,978)</u>
Increase (decrease) in cash, cash equivalents, designated, and restricted cash	63,145	(2,365,916)
Cash, cash equivalents, designated, and restricted cash beginning of year	<u>373,381</u>	<u>2,739,297</u>
Cash, cash equivalents, designated, and restricted cash end of year	\$ <u>436,526</u>	\$ <u>373,381</u>
Summary of cash and cash equivalents		
Cash and cash equivalents	\$ 269,197	\$ 293,344
Designated cash	98,504	25,443
Restricted cash	<u>68,825</u>	<u>54,594</u>
	\$ <u>436,526</u>	\$ <u>373,381</u>

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 \$0 and \$1,649 as of December 31, 2024 and 2023, respectively.

Accounts Receivable

The Association records accounts receivable at their net realizable value consisting of the carrying amount, less the allowance for credit losses, as needed. The Association has determined, based on historical experience, and a review of subsequent collections that an allowance for credit losses was not necessary as of December 31, 2024 and 2023.

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

Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Property 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, 2024 and 2023 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

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.

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

Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

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.

Contributions

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 \$2,921 and \$4,927 for the years ended December 31, 2024 and 2023, 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 presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These costs have been allocated based on the amount of time staff spends on the function.

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).

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

Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Income Taxes, continued

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, 2024. The Association files Form 990 (Return of Organization Exempt from Tax) as required by law.

Subsequent Events

Management has evaluated subsequent events for accounting and disclosure requirements through April 10, 2025, the date that the financial statements were available to be issued.

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, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Board designated for Stewardship Fund	\$ 98,504	\$ 25,443
Stewardship fund	30,800	24,326
Roberta and Herman Brown fund	20,540	16,972
Margaret Nygard fund	<u>17,485</u>	<u>13,296</u>
Total restricted cash	<u>68,825</u>	<u>54,594</u>
Total designated and restricted cash	<u>\$ 167,329</u>	<u>\$ 80,037</u>
Board designated investment	\$ 576,435	\$ 741,222
Restricted investments	<u>2,069,023</u>	<u>1,915,403</u>
Total designated and restricted investments	<u>\$ 2,645,458</u>	<u>\$ 2,656,625</u>

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

Notes to the Financial Statements, continued

4. Property and Equipment

The Association's property and equipment consisted of the following at December 31, 2024 and 2023:

December 31, 2024:	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Buildings and improvements	\$ 564,470	\$ 210,565	\$ 353,905
Equipment	20,119	17,041	3,078
Vehicles	<u>15,021</u>	<u>15,021</u>	<u>-</u>
Totals	<u>\$ 599,610</u>	<u>\$ 242,627</u>	<u>\$ 356,983</u>
December 31, 2023	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Buildings and improvements	\$ 937,206	\$ 522,836	\$ 414,370
Equipment	20,489	17,784	2,705
Vehicles	<u>15,021</u>	<u>15,021</u>	<u>-</u>
Totals	<u>\$ 972,716</u>	<u>\$ 555,641</u>	<u>\$ 417,075</u>

Depreciation expense for the years ended December 31, 2024 and 2023 was \$16,476 and \$23,356, respectively.

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

Notes to the Financial Statements, continued

5. Liquidity and Availability

The Association manages its liquid resources by focusing on fundraising efforts to ensure the organization has adequate contributions to cover the programs that are being conducted. The Association prepares detailed budgets and has been active in managing costs to ensure the organization remains liquid.

Financial assets as of December 31, 2024 available for 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:

Cash and cash equivalents	\$ 269,197
Accounts receivable	2,580
Designated cash	98,504
Designated investments	576,435
Restricted cash	68,825
Restricted investments	<u>2,069,023</u>
Financial assets, at year end	3,084,564
Less those unavailable for general expenditures within on year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	2,764,976
Amount unavailable to management without Board approval:	
Board designated	<u>73,000</u>
Financial assets available to meet cash needs to general expenditures within one year	<u>\$ 246,588</u>

6. Fair Value Measurements and Disclosures

The Organization classifies its investments measured at fair value based on a hierarchy consisting of: Level 1 (valued using quoted prices from active markets for identical assets), Level 2 (not traded on an active market but for which observable market inputs are readily available), and Level 3 (valued based on significant unobservable inputs). The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

The following methods and assumptions were used by the Organization in estimating the fair value of its investments. There were no changes in the methodologies used to measure fair value during the years ended December 31, 2024 and 2023.

Exchange traded funds, money market, fixed income funds and mutual funds: Valued at net asset value (NAV) of shares held by the Foundation at year end. The NAV is based on the value of the underlying investment assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

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

Notes to the Financial Statements, continued

6. Fair Value Measurements and Disclosures, continued

Corporate Bonds: Valued using a discounted cash flow model utilizing observable inputs. The model discounts the expected future cash flows (coupon payments and principal repayment) to the present using the current market interest rates for bonds with similar credit quality and maturity. Corporate bonds are included in Level 2 within the fair value hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth, by level, within the fair value hierarchy, the fair value of the Organization's investments at December 31, 2024:

	Level 1	Level 2	Level 3	Totals
Exchange traded funds	\$ 1,817,199	\$ -	\$ -	\$ 1,817,199
Money market	196,000	-	-	196,000
Fixed income	465,491	9,944	-	475,435
Mutual funds	156,824	-	-	156,824
	\$ 2,635,514	\$ 9,944	\$ -	\$ 2,645,458

The following table presents assets measured at fair value on a recurring basis as of December 31, 2023:

	Level 1	Level 2	Level 3	Totals
Exchange traded funds	\$ 1,784,420	\$ -	\$ -	\$ 1,784,420
Money market	430,000	-	-	430,000
Fixed income	361,398	9,824	-	371,222
Mutual funds	70,983	-	-	70,983
	\$ 2,646,801	\$ 9,824	\$ -	\$ 2,656,625

7. 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.

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

Notes to the Financial Statements, continued

7. Conservancy Land and Easements, continued

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, 2024.

8. Net Assets with Donor Restrictions

The Association's net assets with donor restrictions are restricted for the following purposes as of December 31, 2024:

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.

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

Notes to the Financial Statements, continued

8. Net Assets with Donor Restrictions, continued

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.

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 years ending December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Margaret C. Nygard Fund	\$ 535,932	\$ 293,577
Allen Lloyd Fund	4,148	4,148
Stewardship Fund	477,436	417,917
Confluence Fund	6,566	6,540
Education Fund	119,010	119,010
Land Stewardship Fund	168,000	168,000
Roberta and Herman Brown Fund	<u>1,453,884</u>	<u>1,320,456</u>
Total donor restricted net assets	\$ <u>2,764,976</u>	\$ <u>2,329,648</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 for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Margaret C. Nygard Fund	\$ 84,640	\$ 3,030
Education Fund	<u>-</u>	<u>116,875</u>
Total donor restricted net assets released	\$ <u>84,640</u>	\$ <u>119,905</u>

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

Notes to the Financial Statements, continued

9. 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.

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, 2024, 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.

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

Notes to the Financial Statements, continued

9. Endowment, continued

Changes in endowment net assets for the year ended December 31, 2024 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 417,916	\$ 417,916
Investment return, net	-	42,074	42,074
Contributions	<u>-</u>	<u>17,445</u>	<u>17,445</u>
 Endowment net assets, end of year	 <u>\$ -</u>	 <u>\$ 477,435</u>	 <u>\$ 477,435</u>

Changes in endowment net assets for the year ended December 31, 2023 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 27,636	\$ 329,243	\$ 356,879
Investment return, net	-	70,569	70,569
Contributions	-	18,104	18,104
Distribution of endowment assets pursuant to donor restrictions	<u>(27,636)</u>	<u>-</u>	<u>(27,636)</u>
 Endowment net assets, end of year	 <u>\$ -</u>	 <u>\$ 417,916</u>	 <u>\$ 417,916</u>

10. 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 years ended December 31, revenue from contracts with customers consisted of the following:

	<u>2024</u>	<u>2023</u>
Festival income	\$ 375,118	\$ 437,276
Membership dues	55,467	54,585
Rental income	165	60
Merchandise sales	<u>6,543</u>	<u>12,824</u>
 Total	 <u>\$ 437,293</u>	 <u>\$ 504,745</u>

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

Notes to the Financial Statements, continued

11. Contributed Assets and Services

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 \$199 and \$289 for the years ended December 31, 2024 and 2023, respectively.

The Association received contributed services of \$250 and \$123 at December 31, 2024 and 2023, respectively.

12. 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 \$45,002 and \$25,397 for the years ended December 31, 2024 and 2023, respectively.