



Financial Statements

for

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

Years Ended December 31, 2023 and 2022
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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (collectively, 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, 2023 and 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.

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
May 7, 2024

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

Statements of Financial Position

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 293,344	\$ 980,018
Accounts receivable	4,211	17,809
Promises to give	-	59,610
Prepaid expenses	-	5,104
	<hr/>	<hr/>
Total current assets	297,555	1,062,541
Properties and equipment, net	417,075	440,432
Other assets:		
Designated cash	25,443	27,636
Designated investments	741,222	-
Restricted cash	54,594	1,731,643
Restricted investments	1,915,403	327,381
Conservancy land and easements	8,250,394	8,250,394
	<hr/>	<hr/>
Total other assets	10,987,056	10,337,054
Total assets	\$ <u>11,701,686</u>	\$ <u>11,840,027</u>

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

Statements of Financial Position, continued

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 19,480	\$ 15,474
Accrued payroll	22,308	8,596
Accrued expenses	<u>756</u>	<u>372</u>
Total liabilities	42,544	24,442
Net Assets:		
Net assets without donor restrictions:		
Board designated	73,000	73,000
Undesignated net assets	<u>9,256,494</u>	<u>9,563,950</u>
Total net assets without donor restrictions	9,329,494	9,636,950
Net assets with donor restrictions	<u>2,329,648</u>	<u>2,178,635</u>
Total net assets	<u>11,659,142</u>	<u>11,815,585</u>
Total liabilities and net assets	<u>\$ 11,701,686</u>	<u>\$ 11,840,027</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 - auction items	289	-	289
In-kind contributions - services	123	-	123
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	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><u>\$ 9,329,494</u></u>	<u><u>\$ 2,329,648</u></u>	<u><u>\$ 11,659,142</u></u>

See accompanying notes.

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

Statement of Activities

Year ended December 31, 2022

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>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	1,404	(62,167)	(60,763)
Net assets released from restrictions	<u>712,134</u>	<u>(712,134)</u>	<u>-</u>
 Total support and revenue	 1,801,691	 (503,265)	 1,298,426
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>
 Change in net assets	 517,813	 (503,265)	 14,548
Net assets, beginning of year	<u>9,119,137</u>	<u>2,681,900</u>	<u>11,801,037</u>
Net assets, 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 Functional Expenses

Year ended December 31, 2023

	Program Services				Total Program Expenses	Supporting			Total Supporting Expenses	Total Expenses
	Festival For the Eno	Outreach and Communication	Environmental Education and Other Programs	Land Protection		Rental	Management and General	Fundraising		
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
Land protection	-	-	-	132,514	132,514	-	-	-	-	132,514
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
Occupancy	57,066	1,154	2,323	2,250	62,793	2,187	897	2,219	5,303	68,096
Repairs and maintenance	-	-	-	-	-	50,353	11,449	-	61,802	61,802
Payroll taxes	9,135	8,396	4,322	11,109	32,962	2,857	3,313	8,249	14,419	47,381
Travel and transportation	26,907	-	10,024	-	36,931	-	2,914	-	2,914	39,845
License and fees	3,336	-	1,890	-	5,226	-	33,931	-	33,931	39,157
Other program expenses	-	2,211	4,075	31,801	38,087	-	-	-	-	38,087
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
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
Meals	-	-	17,867	-	17,867	-	-	-	-	17,867
Conferences and meetings	-	-	-	-	-	-	16,319	-	16,319	16,319
Office expenses	-	-	427	-	427	-	4,660	10,248	14,908	15,335
Property taxes	-	-	-	-	-	-	14,909	-	14,909	14,909
Calendars and journals	-	7,556	-	-	7,556	-	-	-	-	7,556
Dues	-	-	-	3,500	3,500	-	2,521	-	2,521	6,021
Advertising	-	1,318	3,609	-	4,927	-	-	-	-	4,927
Printing	2,972	-	-	-	2,972	-	1,425	-	1,425	4,397
Postage	-	-	-	-	-	-	3,008	-	3,008	3,008
Telephone and utilities	685	-	-	161	846	-	2,126	-	2,126	2,972
Equipment rental	-	-	1,959	-	1,959	-	-	-	-	1,959
	<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.

Statement of Functional Expenses

Year ended December 31, 2022

	Program Services				Total Program Expenses	Supporting				Total Expenses
	Festival For the Eno	Outreach and Communication	Environmental Education and Other Programs	Land Protection		Rental	Management and General	Fundraising	Total Supporting 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.

Statements of Cash Flows

Years ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Changes in net assets	\$ (156,443)	\$ 14,548
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	23,357	24,644
Unrealized (gain)/loss on investments	(106,266)	71,774
Changes in:		
Accounts receivable	13,598	23,593
Promises to give	59,610	59,805
Prepaid expenses	5,104	3,626
Accounts payable	4,006	310
Accrued payroll	13,712	2,972
Accrued expenses	<u>384</u>	<u>(82)</u>
Net cash (used in) provided by operating activities	<u>(142,938)</u>	201,190
Cash flows from investing activities:		
Purchase of investments	(2,222,978)	-
Sales of conservation land	-	557,149
Purchase of conservation land	<u>-</u>	<u>(857,339)</u>
Net cash used in investing activities	<u>(2,222,978)</u>	<u>(300,190)</u>
Net change in cash, cash equivalents, designated, and restricted cash	<u>(2,365,916)</u>	(99,000)
Cash, cash equivalents, designated, and restricted cash beginning of year	<u>2,739,297</u>	<u>2,838,297</u>
Cash, cash equivalents, designated, and restricted cash end of year	\$ <u>373,381</u>	\$ <u>2,739,297</u>
Summary of cash and cash equivalents		
Cash and cash equivalents	\$ 293,344	\$ 980,018
Designated cash	25,443	27,636
Restricted cash	<u>54,594</u>	<u>1,731,643</u>
	\$ <u>373,381</u>	\$ <u>2,739,297</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 statues 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 \$1,649 and \$2,218,518 as of December 31, 2023 and 2022, 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 credit losses was not necessary as of December 31, 2023 and 2022.

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, 2023 and 2022.

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, 2023 and 2022 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, 2023 and 2022 was \$23,356 and \$24,644, respectively.

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.

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

Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

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.

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.

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

Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

Advertising and Promotion

Advertising and promotion costs are primarily related to the Association's special events and are expensed as incurred. Advertising expense was \$4,927 and \$3,094 for the years ended December 31, 2023 and 2022, 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. 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).

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, 2023. The Association files Form 990 (Return of Organization Exempt from Tax) as required by law.

Adoption of New Accounting Standard

Effective January 1, 2023, the Company adopted Accounting Standards Update (ASU) 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments and associated amendments. This standard creates a new credit impairment standard for financial assets measured at amortized cost and available-for-sale debt securities. The ASU requires financial assets measured at amortized cost (including loans, trade receivables and held-to-maturity debt securities) to be presented at the net amount expected to be collected, through an allowance for credit losses that are expected to occur over the remaining life of the asset, rather than incurred losses. The measurement of credit losses for newly recognized financial assets (other than certain purchased assets) and subsequent changes in the allowance for credit losses are recorded in the statement of income as the amounts expected to be collected change.

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

Notes to the Financial Statements, continued

2. Summary of Significant Accounting Policies, continued

The adoption of the new standard did not result in a cumulative-effect adjustment to the opening balance of retained earnings.

Subsequent Events

Management has evaluated subsequent events for accounting and disclosure requirements through May 7, 2024, 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, 2023 and 2022, is as follows:

	<u>2023</u>	<u>2022</u>
Board designated for stewardship fund	\$ <u>25,443</u>	\$ <u>27,636</u>
Margaret Nygard fund	13,296	265,016
Allen Lloyd fund	-	3,898
Confluence fund	-	6,147
Roberta and Herman Brown fund	16,972	1,230,445
Stewardship fund	24,326	1,862
Education fund	-	41,575
Land and stewardship fund	-	14,700
Land stewardship fund	-	<u>168,000</u>
Total restricted cash	<u>54,594</u>	<u>1,731,643</u>
Total designated and restricted cash	<u>\$ 80,037</u>	<u>\$ 1,759,279</u>
Restricted investments	<u>\$ 1,915,403</u>	<u>\$ 327,381</u>

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

Notes to the Financial Statements, continued

4. 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, 2023 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:

	<u>2023</u>
Cash and cash equivalents	\$ 293,344
Accounts receivable	4,211
Designated cash	25,443
Designated investments	741,222
Restricted cash	54,594
Restricted investments	<u>1,915,403</u>
Financial assets, at year end	3,034,217
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	
Restricted by donor with time or purpose restrictions	2,329,648
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>631,569</u>

5. Promises to Give

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

	<u>2023</u>	<u>2022</u>
Within one year	\$ -	\$ 60,000
In one to five years	<u>-</u>	<u>-</u>
	-	60,000
Less: discount to net present value at rates ranging from .29% to .69%	<u>-</u>	<u>(390)</u>
Promises to give, net	\$ <u>-</u>	\$ <u>59,610</u>

As of December 31, 2023 and 2022, net promises to give totaling \$0 and \$59,610, respectively, were restricted by donors for specified purposes.

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

Notes to the Financial Statements, continued

6. 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.

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.

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

Notes to the Financial Statements, continued

6. Fair Value Measurements and Disclosures, continued

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

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

	Level 1	Level 2	Level 3	Totals
TIAA - CREF Social Choice Equity Fund - RTL (Endowment)	\$ 327,381	\$ -	\$ -	\$ 327,381

7. Properties and Equipment

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

	Cost	Accumulated Depreciation	Net Book Value
Buildings and improvements	\$ 937,206	\$ 525,430	\$ 411,776
Equipment	20,489	15,925	4,564
Vehicles	15,021	14,286	735
Totals	\$ 972,716	\$ 555,641	\$ 417,075

Depreciation expense for the years ended December 31, 2023 and 2022 amounted to \$23,356 and \$24,644, respectively.

8. 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.

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

Notes to the Financial Statements, continued

9. Conservancy Land and Easements, continued

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, 2023.

9. Net Assets with Donor Restrictions

The Association's net assets with donor restrictions are restricted for the following purposes as of December 31, 2023:

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.

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

Notes to the Financial Statements, continued

9. Net Assets with Donor Restrictions, continued

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.

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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Margaret C. Nygard Fund	\$ 293,577	\$ 265,017
Allen Lloyd Fund	4,148	3,898
Stewardship Fund	417,917	329,243
Confluence Fund	6,540	6,147
Education Fund	119,010	161,185
Land and Stewardship Fund	-	14,700
Land Stewardship Fund	168,000	168,000
Roberta and Herman Brown Fund	<u>1,320,456</u>	<u>1,230,445</u>
Total donor restricted net assets.	\$ <u>2,329,648</u>	\$ <u>2,178,635</u>

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

Notes to the Financial Statements, continued

9. Net Assets with Donor Restrictions, continued

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>2023</u>	<u>2022</u>
Education Fund	\$ 116,875	\$ 80,425
Marg Nygard Fund	3,030	-
Land Stewardship Fund	-	49,740
Roberta and Herman Brown Fund	-	565,469
Land and Stewardship Fund	-	16,500
	<u> </u>	<u> </u>
Total donor restricted net assets released	<u>\$ 119,905</u>	<u>\$ 712,134</u>

10. 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, 2023, 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.

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

Notes to the Financial Statements, continued

10. Endowment, continued

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, 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>

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
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	<u>(45,364)</u>	<u>-</u>	<u>(45,364)</u>
Endowment net assets, end of year	<u>\$ 27,636</u>	<u>\$ 329,243</u>	<u>\$ 356,879</u>

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

Notes to the Financial Statements, continued

11. 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>2023</u>	<u>2022</u>
Festival income	\$ 437,276	\$ 386,978
Membership dues	54,585	60,158
Rental income	60	53,888
Merchandise sales	<u>12,824</u>	<u>12,882</u>
Total	<u>\$ 504,745</u>	<u>\$ 513,906</u>

12. 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 \$289 and \$8,491 for the years ended December 31, 2023 and 2022, respectively.

13. 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 \$25,397 and \$14,190 for the years ended December 31, 2023 and 2022, respectively.