

UPPER NEUSE RIVER BASIN ASSOCIATION

FINANCIAL STATEMENTS

JUNE 30, 2021

**UPPER NEUSE RIVER BASIN ASSOCIATION
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Upper Neuse River Basin Association

Report on Financial Statements

We have audited the accompanying financial statements of Upper Neuse River Basin Association (a non-profit organization) which comprise the statement of financial position as of June 30, 2021 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Upper Neuse River Basin Association as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Winston, Williams, Creech, Evans & Co., LLP

Oxford, North Carolina

October 11, 2021

FINANCIAL STATEMENTS

**UPPER NEUSE RIVER BASIN ASSOCIATION
STATEMENT OF FINANCIAL POSITION
FOR YEAR ENDED JUNE 30, 2021**

ASSETS

Current assets

Cash and cash equivalents	\$ 697,677
Accounts receivable	39,939
	737,616
TOTAL ASSETS	737,616

LIABILITIES

Current liabilities

Accounts payable	25,235
Unearned revenue	46,540
	71,775
TOTAL CURRENT LIABILITIES	71,775
TOTAL LIABILITIES	71,775

NET ASSETS

Without donor restrictions	665,841
TOTAL NET ASSETS	665,841
TOTAL LIABILITIES AND NET ASSETS	\$ 737,616

The notes to the financial statements are an integral part of this statement.

**UPPER NEUSE RIVER BASIN ASSOCIATION
STATEMENT OF ACTIVITIES
FOR YEAR ENDED JUNE 30, 2021**

		<u>WITHOUT DONOR RESTRICTIONS</u>
<u>NET POSITION</u>		
REVENUES AND OTHER SUPPORT		
Membership dues	\$ 1,107,722	
Grant revenues	23,500	
Interest Income	8,920	
TOTAL REVENUES AND OTHER SUPPORT	1,140,142	1,140,142
EXPENSES		
Program services	1,290,147	
Management and general	29,620	
Fundraising	-	
TOTAL EXPENSES	1,319,767	1,319,767
INCREASE (DECREASE) IN NET ASSETS		(179,625)
NET ASSETS BEGINNING OF YEAR		845,466
NET ASSETS END OF YEAR		\$ 665,841

The notes to the financial statements are an integral part of this statement.

**UPPER NEUSE RIVER BASIN ASSOCIATION
SCHEDULE OF FUNCTIONAL EXPENSES
FOR YEAR ENDED JUNE 30, 2021**

	Program Services	Supporting Activities		Total
		Management & General	Fundraising	
Consulting-projects	\$ 1,053,785	\$ -	\$ -	\$ 1,053,785
Consulting-accounting	7,673	-	-	7,673
Management services	216,136	-	-	216,136
Technology services	12,553	-	-	12,553
Legal	-	26,784	-	26,784
Tax preparation	-	630	-	630
Registration fees	-	504	-	504
Insurance	-	1,702	-	1,702
	<u>\$ 1,290,147</u>	<u>\$ 29,620</u>	<u>\$ -</u>	<u>\$ 1,319,767</u>

The notes to the financial statements are an integral part of this statement.

**UPPER NEUSE RIVER BASIN ASSOCIATION
STATEMENT OF CASH FLOWS
FOR YEAR ENDED JUNE 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (decrease) in net assets		\$ (179,625)
Adjustments to reconcile change in net assets to net cash provided by operations		
(Increase) decrease in accounts receivable	5,188	
Increase (decrease) in accounts payable	25,235	
Increase (decrease) in unearned revenue	46,540	
Net Cash Provided by Operating Activities		76,963
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(102,662)
BEGINNING CASH AND CASH EQUIVALENTS		800,339
ENDING CASH AND CASH EQUIVALENTS		\$ 697,677

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

UPPER NEUSE RIVER BASIN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

I. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Upper Neuse River Basin (UNRBA) was formed in 1996 to provide an ongoing forum for cooperation on water quality protection and water resource planning and management within the 770 square mile watershed. Seven municipalities, 6 counties and local Soil and Water Conservation Districts in the watershed voluntarily formed the Association. These entities pay membership dues to the Association.

Basis of Accounting

The financial statements of the Association are prepared on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. The Association's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the organization considers all highly liquid investments available for current use with an initial maturity of six months or less to be cash equivalents.

UPPER NEUSE RIVER BASIN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

Functional Expenses

Expenses are charged directly to program, fundraising or management in general categories based on specific identification. Expenses accumulated in one functional area related to multiple functional areas have been allocated among those areas included on the statement of functional expenses.

II. UNEARNED REVENUE

Unearned revenue consists of the following:

Dues collected for 2020-2021 year	\$ 46,540
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III. INCOME TAXES

Upper Neuse River Basin Association is exempt from payment of income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code, except to the extent of taxes on unrelated business income.

FASB ASC 740 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FASB ASC 740 requires the evaluation of tax positions taken or expected to be taken in the course of preparing financial statement to determine whether the tax positions are “more-likely-than-not: to be sustained by the applicable tax authority.

Upper Neuse River Basin Association does not believe there are any unrecognized tax benefits or costs as of June 30, 2021. Income tax returns from 2017 through 2020 are open to examination by tax authorities.

III. CONCENTRATION OF CREDIT RISK

Upper Neuse River Basin Association maintains accounts at one financial institution. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2021 the uninsured cash balance totaled \$447,677.

IV. ACCOUNTS RECEIVABLE

At June 30, 2021, accounts receivable consisted of the following:

City of Durham stormwater fee	\$39,939
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This amount is a prepaid membership fee for the 2021-2022 fiscal year. It is included in the unearned revenue total.

UPPER NEUSE RIVER BASIN ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

V. SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

The association has evaluated events and transactions that occurred between June 30, 2021 and October 11, 2021, which is the date that the financials were available to be issued, for possible recognition or disclosure in the financial statements. There were no events that occurred during this time that were deemed to be significant enough to be disclosed.

The Covid-19 pandemic, which began prior to this fiscal year, continues at the date of these financial statements. The overall impact of the pandemic on the change in net position of the Association is not determinable at this time.