

**CACAPON INSTITUTE, INC**

FINANCIAL STATEMENTS

For the Years Ended December 31, 2019 and 2018

## CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS</b>	3
<b>FINANCIAL STATEMENTS</b>	
Statements of financial position	4
Statements of activities and changes in net assets	5-6
Statements of functional expenses	7-8
Statements of cash flows	9
Notes to Financial Statements	10-15
Schedule of state grants receipts and expenditures	17



**INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS**

To the Board of Directors  
Cacapon Institute, Inc.  
Great Cacapon, West Virginia

We have audited the accompanying financial statements of the Cacapon Institute, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years 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.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cacapon Institute, Inc. as of December 31, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters**

Other information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of state grant receipts and expenditures is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standard generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Decker & Company PLLC*

August 24, 2020

Cacapon Institute, Inc.  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2019 and 2018

**ASSETS**

	<u>2019</u>	<u>2018</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 55,079	\$ 23,571
Accounts receivable	53,792	73,592
Other	<u>2,316</u>	<u>3,566</u>
 Total Current Assets	 <u>111,187</u>	 <u>100,729</u>
<b>Noncurrent Assets</b>		
Investments	90,849	79,727
Land, building and equipment - net of accumulated depreciation	<u>93,479</u>	<u>98,155</u>
 Total Noncurrent Assets	 <u>184,328</u>	 <u>177,882</u>
 <b>Total Assets</b>	 <u><u>\$ 295,515</u></u>	 <u><u>\$ 278,611</u></u>

**LIABILITIES**

<b>Current Liabilities</b>		
Current portion of mortgage payable	\$ 5,414	\$ 5,857
Accrued payable and accrued liabilities	<u>13,494</u>	<u>19,128</u>
 Total Current Liabilities	 <u>18,908</u>	 <u>24,985</u>
 Mortgage payable, less current portion	 <u>27,273</u>	 <u>33,186</u>
 Total liabilities	 <u>46,181</u>	 <u>58,171</u>

**NET ASSETS**

Without donor restrictions-undesignated	228,239	199,345
With donor restrictions	<u>21,095</u>	<u>21,095</u>
 Total net assets	 <u>249,334</u>	 <u>220,440</u>
 <b>Total Liabilities and Net Assets</b>	 <u><u>\$ 295,515</u></u>	 <u><u>\$ 278,611</u></u>

The accompanying notes are an integral part of these financial statements.

Cacapon Institute, Inc.  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
For the year ended December 31, 2019

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>REVENUES AND OTHER SUPPORT</b>			
Grants	\$ 353,413	\$ -	\$ 353,413
Contributions	44,194	-	44,194
Investment income- net of fees	11,961	-	11,961
Interest income - other	55	-	55
Other	2,624	-	2,624
Net assets released from restrictions	-	-	-
 Total revenues and other support	 412,247	 -	 412,247
 <b>EXPENSES</b>			
Program expenses	310,947	-	310,947
General and administrative expenses	71,160	-	71,160
Fundraising expenses	1,246	-	1,246
 Total expenses	 383,353	 -	 383,353
 Changes in net assets	 28,894	 -	 28,894
 Net assets beginning of year	 199,345	 21,095	 220,440
 Net assets, end of year	 \$ 228,239	 \$ 21,095	 249,334

The accompanying notes are an integral part of these financial statements.

Cacapon Institute, Inc.  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
For the year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND OTHER SUPPORT</b>			
Grants	\$ 319,602	\$ -	\$ 319,602
Contributions	52,543	-	52,543
Investment income- net of fees	(9,340)	-	(9,340)
Interest income - other	20	-	20
Other	6,110	-	6,110
Net assets released from restrictions	-	-	-
Total revenues and other support	368,935	-	368,935
<b>EXPENSES</b>			
Program expenses	298,862	-	298,862
General and administrative expenses	73,067	-	73,067
Fundraising expenses	4,225	-	4,225
Total expenses	376,154	-	376,154
Changes in net assets	(7,219)	-	(7,219)
Net assets, beginning of year	206,564	21,095	227,659
Net assets, end of year	\$ 199,345	\$ 21,095	\$ 220,440

The accompanying notes are an integral part of these financial statements.

Cacapon Institute, Inc.  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended December 31, 2019

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Total</u>
	<u>Conservation and Education</u>	<u>Management and General</u>	<u>Fundraising</u>	
Personnel costs	\$ 203,021	\$ 14,607	\$ 846	\$ 218,474
Supplies	70,509	437	357	71,303
Travel	21,082	745	43	21,870
Miscellaneous	2,471	12,913	-	15,384
Consulting	13,194	-	-	13,194
Professional fees	-	10,940	-	10,940
Repairs and maintenance	-	7,993	-	7,993
Utilities and telephone	-	7,584	-	7,584
Insurance	-	6,832	-	6,832
Depreciation	-	4,675	-	4,675
Interest	-	2,354	-	2,354
Postage & printing	-	2,080	-	2,080
Conference & meetings	670	-	-	670
<b>Total expenses</b>	<b><u>\$ 310,947</u></b>	<b><u>\$ 71,160</u></b>	<b><u>\$ 1,246</u></b>	<b><u>\$ 383,353</u></b>

The accompanying notes are an integral part of these financial statements.

Cacapon Institute, Inc.  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the year ended December 31, 2018

	Program Services	Supporting Services		Total
	Conservation and Education	Management and General	Fundraising	
Personnel costs	\$ 196,154	\$ 25,816	\$ 2,490	\$ 224,460
Supplies	66,683	-	-	66,683
Travel	22,488	1,173	405	24,066
Miscellaneous	1,499	10,719	1,330	13,548
Education assistance	10,163	-	-	10,163
Utilities and telephone	-	8,338	-	8,338
Professional fees	-	8,076	-	8,076
Repairs and maintenance	-	4,636	-	4,636
Depreciation	-	4,263	-	4,263
Insurance	-	4,050	-	4,050
Printing & postage	-	3,473	-	3,473
Interest	-	2,523	-	2,523
Conference & meetings	1,875	-	-	1,875
<b>Total expenses</b>	<b>\$ 298,862</b>	<b>\$ 73,067</b>	<b>\$ 4,225</b>	<b>\$ 376,154</b>

The accompanying notes are an integral part of these financial statements.

Cacapon Institute, Inc.  
**STATEMENTS OF CASH FLOWS**  
For the years ended December 31, 2019 and 2018

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u>2019</u>	<u>2018</u>
Changes in net assets	\$ 28,894	\$ (7,219)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	4,675	4,263
Realized and unrealized (gain) loss on investments	(10,154)	29,309
Increase (decrease) in operating assets and liabilities		
(Increase) decrease in accounts receivable	19,800	(49,325)
(Increase) decrease in other assets	1,250	(65)
Increase (decrease) in accounts payable and other liabilities	<u>(5,633)</u>	<u>7,840</u>
<b>Net cash provided (used) by operating activities</b>	<u>38,832</u>	<u>(15,197)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of investments	(968)	(1,966)
Purchase of land, building, and equipment	<u>-</u>	<u>(7,227)</u>
<b>Net cash provided (used) by investing activities</b>	<u>(968)</u>	<u>(9,193)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on mortgage	<u>(6,356)</u>	<u>(5,517)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>31,508</b>	<b>(29,907)</b>
Cash and cash equivalents, beginning of year	<u>23,571</u>	<u>53,478</u>
Cash and cash equivalents, end of year	<u>\$ 55,079</u>	<u>\$ 23,571</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>		
Cash paid during the year for interest	<u>\$ 2,354</u>	<u>\$ 2,523</u>

The accompanying notes are an integral part of these financial statements.

Cacapon Institute, Inc.  
**Notes to the Financial Statements**  
December 31, 2019 and 2018

## **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### **Nature of Operations**

The Cacapon Institute, Inc. (the Organization) was established in 1985 as a nonstock, nonprofit corporation under the laws of the State of West Virginia. The Organization's mission is from the Cacapon River, to the Potomac, to the Chesapeake Bay, we protect rivers and watersheds using science and education. The Organization's support comes primarily through private, federal, and state grants, along with public support.

### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

### **Basis of Presentation**

The financial statement presentation follows the requirements of the Not-for-Profit Entities Presentation of Financial Statements Topic of the FASB Accounting Standards Codification. Under the Standards, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. Net assets without donor restrictions are those currently available for use in the Organization's general operations under the direction of the board and those resources invested in land, buildings and equipment. Net assets with donor restrictions are those stipulated by donors for specific operating purposes, for the acquisition of property and equipment, those not currently available for use until commitments regarding their use have been fulfilled, or those contributed with donor stipulations that they be held in perpetuity with use of income with or without donor restrictions.

### **Use of Estimates**

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

### **Cash and Cash Equivalents**

The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents. All bank deposits are FDIC insured.

Cacapon Institute, Inc.  
**Notes to the Financial Statements (Continued)**  
December 31, 2019 and 2018

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Investments**

Investments in equity securities with readily determined fair values and all debt securities are carried at fair value in the statement of financial position with gains and losses included as without restrictions in the statement of activities.

**Accounts Receivable and Allowance for Doubtful accounts**

Accounts receivable consists of uncollected private, federal, and state grants and are recognized once the amount can be determined, and services and/or events have occurred. Management believes all accounts to be fully collectible and no allowance for doubtful accounts is recorded.

**Land, Building and Equipment**

The Organization's policy is to capitalize land, buildings and equipment over \$1,000. Lesser amounts are expensed in the year incurred. Purchased land, buildings and equipment are stated at cost. Donated assets are recorded at fair market value at the date of contribution. Such donations are reported as without restriction contributions unless the donor has restricted the donated asset to a specific purpose. Depreciation on property and equipment is calculated by use of the straight-line method over the estimated useful lives of the assets of 5 - 40 years.

**Revenue Recognition**

Substantially all of the Organization's revenue and support is derived from grants and contributions. Contributions are considered to be available for use without restrictions unless specifically restricted by the donor. The Organization has elected to present contributions with restrictions, which are fulfilled in the same time period, within the without restrictions net assets class. Receivables are recorded when formal notification of intent to appropriate or contribute funds is received by the Organization, or the funds are expended and invoiced on reimbursement grants.

**Donated Goods and Services**

The Organization receives donated goods and services from a variety of community donors and unpaid volunteers assisting the Organization in its programs. The value of these goods and services are not reflected in these statements since they do not meet the criteria under the Not-for-Profit Entities Revenue Recognition Topic of the FASB Accounting Standards Codification.

**Income Tax Status**

The Organization is a not-for-profit organization and is exempt from federal income taxes under Internal Revenue Code Section 501c(3). The Organization files its tax returns in the United States federal jurisdiction. These returns are subject to examination by that jurisdiction generally for three years after they were filed.

Cacapon Institute, Inc.  
**Notes to the Financial Statements (Continued)**  
December 31, 2019 and 2018

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Expenses by Nature and Function**

The financial statements of the Organization report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel costs which are allocated on the basis of time and effort studies, as well as supplies, travel, and miscellaneous expenses which are allocated on specific identification of purpose and use when possible.

**AVAILABILITY OF FINANCIAL ASSETS**

The Organization has \$199,720 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures which consists of \$55,079 of cash, \$53,792 of accounts receivable, and \$90,849 of investments. \$21,095 of those financial assets are subject to donor restrictions which leaves the Organization \$178,625 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. The Organization has set a goal of having financial assets on hand to meet 90 days of normal operating expenses, which are on average, around \$94,000. As part of the liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due. Should an unforeseen liquidity need arise, the Organization would request assistance from local and state government agencies.

**LAND, BUILDING AND EQUIPMENT**

Land, building and equipment consists of the following at December 31, 2019 and 2018:

	<b>2019</b>	2018
Building and improvements	\$ <b>107,686</b>	\$ 107,686
Office equipment	<b>4,556</b>	4,556
Project equipment	<b>11,346</b>	11,346
River equipment	<b>1,320</b>	1,320
Total	<b>124,908</b>	124,908
Accumulated depreciation	<b>(31,429)</b>	(26,753)
Land, building and equipment - net	<b>\$ 93,479</b>	\$ 98,155

Cacapon Institute, Inc.  
**Notes to the Financial Statements (Continued)**  
December 31, 2019 and 2018

**INVESTMENTS/FAIR VALUES ON FINANCIAL INSTRUMENTS**

FASB codification 820, Fair Value Measurements, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements), quoted prices for similar assets or liabilities in active or inactive markets either observable or corroborated by observable market data (level 2), and the lowest priority to unobservable inputs (level 3 measurements).

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2019.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Fixed income	\$ -	\$ -	\$ -	\$ -
Equities	-	-	-	-
Exchange traded funds	<u>87,736</u>	-	<u>87,736</u>	-
	<u>87,736</u>	<u>\$ -</u>	<u>\$ 87,736</u>	<u>\$ -</u>
Money market fund	<u>3,113</u>			
Total investments	<u>\$ 90,849</u>			

Investment earnings consisted of the following for the year ended December 31, 2019

Interest and dividends	\$ 1,807
Net unrealized and realized gains	10,154
Less custodial fees	(839)
	<u>\$ 11,122</u>

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2018.

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Fixed income	\$ -	\$ -	\$ -	\$ -
Equities	5,555	5,555	-	-
Exchange traded funds	<u>33,208</u>	-	<u>33,208</u>	-
	<u>38,763</u>	<u>\$ 5,555</u>	<u>\$ 33,208</u>	<u>\$ -</u>
Money market fund	40,964			
Total investments	<u>\$ 79,727</u>			

Investment earnings consisted of the following for the year ended December 31, 2018

Interest and dividends	\$ 3,078
Net unrealized and realized gains	(11,336)
Less custodial fees	(1,082)
	<u>\$ (9,340)</u>

Cacapon Institute, Inc.  
**Notes to the Financial Statements (Continued)**  
December 31, 2019 and 2018

**LONG TERM DEBT**

Details of long term debt at December 31 are as follows:

	<b>2019</b>	2018
Mortgage payable to Private Lender, bearing interest at 6.0% per annum and payable in monthly installments of \$670 until October 2024, secured by the building.	<b>\$ 32,687</b>	\$ 39,043
Less current maturities	<b>5,414</b>	5,857
	<b>\$ 27,273</b>	\$ 33,186

Long term principal maturities of the mortgage payable at December 31, 2019 are as follows:

2021	\$ 6,601
2022	7,009
2023	7,441
2024	6,222
	<b>\$ 27,273</b>

**NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consists of \$21,095 and \$21,095 at December 31, 2019 and 2018 respectfully, and are funds required to be invested in perpetuity, the income from which is expendable for general support and operations.

**RELATED PARTY TRANSACTIONS**

Related party transactions consisted of \$10,000 and \$10,000 at December 31, 2019 and 2018 respectfully and were donations from a foundation governed by a member of the Organization's board members.

**CONCENTRATION**

Approximately 86% of the Organization's support is derived from federal and state grants. Any future reductions in funding could have a significant impact on the Organization.

**SUBSEQUENT EVENTS**

Subsequent to year end, the local and national economy has been negatively impacted by the effects of the worldwide coronavirus pandemic. The Organization is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of these financial statements, the full impact of the Organization's financial position is not known and therefore no adjustment has been made to these financials statements.

Cacapon Institute, Inc.  
**Notes to the Financial Statements (Continued)**  
December 31, 2019 and 2018

**SUBSEQUENT EVENTS (continued)**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 24, 2020 the date the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

Cacapon Institute, Inc.  
**SCHEDULE OF STATE GRANT RECEIPTS AND EXPENDITURES**  
For the year ended December 31, 2019

<u>State Grantor/Program</u>	<u>Grant Receipts</u>	<u>Grant Expenditures</u>
WV DEP DWWM Watershed Improvement Program (January 1, 2019 - June 30, 2019)		
Grant Award # NPS1631	\$ 13,533	\$ 13,533
Grant Award # NPS1658	153,182	153,182
WV DEP DWWM Watershed Improvement Program (July 1, 2019 - December 31, 2019)		
Grant Award # NPS1658	5,826	5,826
Grant Award # NPS1695	103,375	103,375
Grant Award # NPS1700	<u>16,482</u>	<u>16,482</u>
Total	<u>\$ 292,398</u>	<u>\$ 292,398</u>