

**OWASCO LAKE WATERSHED
MANAGEMENT COUNCIL, INC.**

**FINANCIAL STATEMENTS
(and Independent Auditor's Report Thereon)**

Years Ended December 31, 2020 and 2019

Owasco Lake Watershed Management Council, Inc.

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
Owasco Lake Watershed Management Council, Inc.
Auburn, New York**

Report on the Financial Statements

We have audited the accompanying statements of financial position of Owasco Lake Watershed Management Council, Inc. (a nonprofit organization) as of December 31, 2020 and 2019, and the related statements of activities, 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 of 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. 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 in the first paragraph present fairly, in all material respects, the financial position of the Owasco Lake Watershed Management Council, Inc., as of December

31, 2020, and the changes in net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, which appears to read 'C. Winter & Schmitt'.

East Syracuse, New York
June 22, 2021

Owasco Lake Watershed Management Council, Inc.
Statements of Financial Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 168,181	\$ 155,392
Accounts receivable	-	1,500
Prepaid expenses	<u>4,015</u>	<u>4,605</u>
Total current assets	<u>172,196</u>	<u>161,497</u>
Fixed assets:		
Vehicles	50,610	50,610
Less: Accumulated depreciation	<u>(50,610)</u>	<u>(33,740)</u>
Total fixed assets	<u>-</u>	<u>16,870</u>
Total assets	<u>\$ 172,196</u>	<u>\$ 178,367</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 4,050	\$ -
Accrued expenses	<u>6,126</u>	<u>-</u>
Total current liabilities	<u>10,176</u>	<u>-</u>
Net assets:		
Without donor restrictions:		
Undesignated	<u>162,020</u>	<u>178,367</u>
Total net assets	<u>162,020</u>	<u>178,367</u>
Total liabilities and net assets	<u>\$ 172,196</u>	<u>\$ 178,367</u>

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

Owasco Lake Watershed Management Council, Inc.
Statements of Activities
For the Years Ended December 31, 2020 and 2019

	<u>Without Donor</u>	
	<u>Restrictions</u>	
	<u>2020</u>	<u>2019</u>
Revenues, gains and other support:		
Governmental grants and fees	\$ 225,676	\$ 226,322
Paycheck Protection Program loan forgiveness	41,750	-
Contributions	6,450	-
Interest income	<u>2</u>	<u>-</u>
Total revenues, gains, and other support	<u>273,878</u>	<u>226,322</u>
Expenses and losses:		
Program services	237,855	193,828
Management and general	52,370	41,712
Fund raising	<u>-</u>	<u>-</u>
Total expenses and losses	<u>290,225</u>	<u>235,540</u>
Change in net assets	(16,347)	(9,218)
Net assets - beginning of year	<u>178,367</u>	<u>187,585</u>
Net assets - end of year	<u>\$ 162,020</u>	<u>\$ 178,367</u>

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

Owasco Lake Watershed Management Council, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2020

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses:				
Personnel:				
Salaries and wages	\$ 154,175	\$ 38,544	\$ -	\$ 192,719
Payroll taxes	11,510	2,877	-	14,387
Employee benefits	<u>16,169</u>	<u>4,042</u>	-	<u>20,211</u>
Total salaries and related expenses	181,854	45,463	-	227,317
Advertising	780	195	-	975
Professional fees	5,474	1,368	-	6,842
Supplies and minor equipment	8,107	1,999	-	10,106
Repairs and maintenance	1,798	449	-	2,247
Telephone	3,478	870	-	4,348
Postage	146	37	-	183
Printing and copying	462	115	-	577
Occupancy	4,800	1,200	-	6,000
Travel and local transportation	1,805	451	-	2,256
Conferences and meetings	892	223	-	1,115
Insurance	11,389	-	-	11,389
Depreciation	<u>16,870</u>	<u>-</u>	<u>-</u>	<u>16,870</u>
Total expenses	<u>\$ 237,855</u>	<u>\$ 52,370</u>	<u>\$ -</u>	<u>\$ 290,225</u>

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

Owasco Lake Watershed Management Council, Inc.
Statement of Functional Expenses
For the Year Ended December 31, 2019

	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Expenses:				
Personnel:				
Salaries and wages	\$ 112,876	\$ 28,219	\$ -	\$ 141,095
Payroll taxes	8,570	2,143	-	10,713
Employee benefits	<u>14,967</u>	<u>3,742</u>	-	<u>18,709</u>
Total salaries and related expenses	136,413	34,104	-	170,517
Advertising	160	40	-	200
Professional fees	13,340	3,335	-	16,675
Supplies and minor equipment	8,452	2,085	-	10,537
Repairs and maintenance	2,587	647	-	3,234
Telephone	3,197	799	-	3,996
Postage	66	17	-	83
Printing and copying	258	65	-	323
Travel and local transportation	2,005	501	-	2,506
Conferences and meetings	476	119	-	595
Insurance	10,004	-	-	10,004
Depreciation	<u>16,870</u>	<u>-</u>	<u>-</u>	<u>16,870</u>
Total expenses	<u>\$ 193,828</u>	<u>\$ 41,712</u>	<u>\$ -</u>	<u>\$ 235,540</u>

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

Owasco Lake Watershed Management Council, Inc.
Statements of Cash Flow
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (16,347)	\$ (9,218)
Adjustments to reconcile net cash provided by operating activities:		
Depreciation	16,870	16,870
Decrease (increase) in operating assets:		
Accounts receivable	1,500	-
Prepaid expenses	590	(2,044)
Increase (decrease) in operating liabilities:		
Accounts payable	4,050	-
Accrued expenses	<u>6,126</u>	<u>(1,475)</u>
Net cash provided by operating activities	<u>12,789</u>	<u>4,133</u>
Net increase in cash, cash equivalents and restricted cash	12,789	4,133
Cash, cash equivalents and restricted cash, beginning of year	<u>155,392</u>	<u>151,259</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 168,181</u>	<u>\$ 155,392</u>

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

Owasco Lake Watershed Management Council, Inc.

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies

Nature of Operations

The mission of Owasco Lake Watershed Management Council, Inc. is to coordinate actions for protecting and restoring the health of Owasco Lake and its watershed to ensure that Owasco Lake will serve as a source of public drinking water, a recreational asset, and economic driver, and an important natural resource for the well-being of watershed residents and those who benefit from its protection now and for future generations.

The Owasco Lake Watershed Management Council is an inter-municipal 501(c)3 nonprofit development corporation with representation from municipalities throughout the Owasco Lake Watershed.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization records resources for accounting and reporting purposes into two classes of net assets; without donor restrictions and with donor restrictions, based on the existence or absence of donor-imposed restrictions.

Without Donor Restrictions – Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. From time to time the Board may designate a portion of these assets for specific purposes which makes them unavailable for use at management's discretion.

With Donor Restrictions – Net assets with donor restrictions consist of assets whose use is limited by donor imposed, time and/or purpose restrictions. The Organization did not have any net assets with donor restrictions at December 31, 2020 and 2019, respectively.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash held in a checking account. The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, receivables, and payables approximate fair value due to the short maturity of these financial instruments.

Owasco Lake Watershed Management Council, Inc.

Notes to Financial Statements

Note 1 – Summary of Significant Accounting Policies (continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Contributions and Support

When donations are received, they are accounted for in accordance with the recommendations of FASB ASC 958-605-45-3, *Contributions Received*. In accordance with FASB ASC 958-605-45-3, contributions received are recorded as contributions received with donor-imposed restrictions and those received without donor-imposed restrictions. The former shall be reported as donor restricted support that increases net assets with donor-imposed restrictions. The latter shall be reported as support that increases net assets without donor restrictions.

Donor-restricted contributions whose restrictions are met (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), restricted net assets are reclassified to net assets without donor restrictions.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Expenses that can be directly associated with a program are charged to that program. Certain costs have been allocated among the programs and supporting services benefited based on estimates of time and effort.

Fixed Assets

Property and equipment are stated at cost or if donated, at the fair value at the date of donation. It is the Organization's policy to capitalize assets with a life expectancy that exceeds one year and a value greater than \$1,000 per item. Depreciation is computed on the straight-line method over the useful lives of the related assets. Such lives are generally as follows:

	Estimated Useful <u>Life in Years</u>
Equipment	5-15
Vehicles	3-7

Repairs and maintenance costs are expensed as incurred. Expenditures for significant betterments are capitalized. Depreciation expense for the years ended December 31, 2020 and 2019 totaled \$16,870 for each year.

Owasco Lake Watershed Management Council, Inc.

Notes to Financial Statements

Note 2 – Liquidity and Availability of Financial Assets

The Organization has \$168,181 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash \$168,181. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Note 3 – Paycheck Protection Program Loan and Forgiveness

In April 2020, the Organization applied for and received a Paycheck Protection Program (PPP) loan for \$41,750. The Organization fulfilled the PPP loan forgiveness requirements and recognized the revenue in 2020. The \$41,750 is included on the Statement of Activities for 2020.

Note 4 – Economic Dependency

The Organization received \$225,676 and \$215,571 in 2020 and 2019 from government contracts which was approximately 82% and 95% of the Organization's revenue.

The majority of services are paid for by the City of Auburn and the Town of Owasco making the Organization very dependent on those two municipalities.

Note 5 – Tax Status

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Service Code and similar New York State statutes. The Organization is not considered a private foundation and contributions to the Organization are considered tax deductible.

The Organization follows guidance in the income tax standard regarding the recognition of uncertain tax positions. This guidance prescribes a recognition threshold for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The Organization's tax returns are subject to review and examination by federal and state authorities. The tax return for 2017-2019 is open to examination.

Note 6 – Retirement Plan

The Organization sponsors a defined contribution retirement plan covering substantially all full-time employees. The Plan is a discretionary contribution plan. Expense recognized under the terms of the Plan in 2020 and 2019 were \$18,646 and \$17,478, respectively.

Note 7 – Subsequent Events

In accordance with FASB Accounting Standards Codification Topic 855, Subsequent Events, the Organization has evaluated subsequent events through June 22, 2021, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 15, 2021, have been incorporated into these financial statements herein.