

WOONASQUATUCKET RIVER WATERSHED COUNCIL
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

WOONASQUATUCKET RIVER WATERSHED COUNCIL
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

CONTENTS

	<u>Page</u>
Independent Accountants' Review Report	1
Financial statements:	
Statement of financial position	2
Statement of activities	3
Statement of functional expenses	4 -5
Statement of cash flows	6
Notes to financial statements	7-17



UCRAN & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS ADVISORS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Trustees
Woonasquatucket River Watershed Council
Providence, Rhode Island 02908

We have reviewed the accompanying statement of financial position of the Woonasquatucket River Watershed Council (a non-profit corporation) as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements. Accordingly, we do not express such an opinion.

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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

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Ucran & Company, LLC

Greenville, RI

September 15, 2021

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WOONASQUATUCKET RIVER WATERSHED COUNCIL
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

	Assets Without Restrictions	Assets With Restrictions	Total
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 621,912	\$ 177,473	\$ 799,385
Accounts receivable	325,823	-	325,823
Prepaid expenses	3,965	-	3,965
Beneficial interest in assets held by others	-	305,610	305,610
Total current assets	951,700	483,083	1,434,783
Property and equipment, net	10,412	-	10,412
Total assets	<u>\$ 962,112</u>	<u>\$ 483,083</u>	<u>\$ 1,445,195</u>
LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable	\$ 41,330	\$ -	\$ 41,330
Accrued payroll and related liabilities	29,254	-	29,254
Accrued vacation	18,088	-	18,088
Accrued interest	2,406	-	2,406
Deferred revenue	100,000	-	100,000
Line of credit- RI Infrastructure Bank	338,417	-	338,417
Paycheck Protection Program Loan	98,125	-	98,125
Economic Injury Disaster Loan	2,028	-	2,028
Total current liabilities	629,648	-	629,648
Economic Injury Disaster Loan, long term	147,972	-	147,972
Total liabilities	777,620	-	777,620
Net assets	184,492	483,083	667,575
Total liabilities and net assets	<u>\$ 962,112</u>	<u>\$ 483,083</u>	<u>\$ 1,445,195</u>

WOONASQUATUCKET RIVER WATERSHED COUNCIL
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Assets Without Restrictions	Assets With Restrictions	Total
Operating revenue and support			
Grants	\$ 895,017	\$ 249,804	\$ 1,144,821
Program income	10,306	-	10,306
Fundraising	5,117	-	5,117
Contributions and donations	145,184	-	145,184
In-kind contributions	76,838	-	76,838
Change in unrealized gain on investments	-	22,478	22,478
Interest income	450	-	450
Assets released from restriction	218,867	(218,867)	-
	<u>1,351,779</u>	<u>53,415</u>	<u>1,405,194</u>
Total operating revenue and support			
Operating expenses			
Program services	1,112,348	-	1,112,348
Support services	272,068	-	272,068
	<u>1,384,416</u>	<u>-</u>	<u>1,384,416</u>
Total operating expenses			
(Deficiency of revenue over expense) / Excess of revenue over expenses.	(32,637)	53,415	20,778
Net assets, beginning of year	<u>217,129</u>	<u>429,668</u>	<u>646,797</u>
Net assets, end of year	<u>\$ 184,492</u>	<u>\$ 483,083</u>	<u>\$ 667,575</u>

WOONASQUATUCKET RIVER WATERSHED COUNCIL
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services								Total
	Greenway & Bike Path	Educational Programs	Red Shed Bike Shop	Restoration	Infrastructure	Enterprise	Recreation	Development Programs	
Expenses:									
Salaries and wages	210,342	46,394	48,119	1,151	30,636	1,465	15,172	68,430	421,709
Payroll taxes	14,772	3,338	3,646	115	1,094	155	1,719	5,122	29,961
Fringe benefits	948	175	(246)	-	-	-	-	-	877
Contract labor	-	-	-	-	306,402	-	-	-	306,402
In-Kind services	-	74,348	-	-	-	-	-	-	74,348
Consultants and professional fees	3,649	-	10,000	4,860	8,525	-	2,236	54,005	83,275
Rent	1,231	356	1,765	-	-	32	-	-	3,384
Utilities	100	110	120	-	-	-	-	-	330
Education and program materials	37,100	2,600	12,929	4,668	56,695	4,021	3,813	16	121,842
Professional development	-	90	-	-	-	149	-	-	239
Insurance	21,330	749	5,134	-	-	904	56	-	28,173
Telephone and internet	1,004	350	418	-	-	26	17	-	1,815
Travel	2,686	210	23	-	55	-	52	10	3,036
Printing	591	366	-	331	366	16	-	190	1,860
Postage and shipping	-	-	-	-	-	15	-	-	15
Dues, fees, and memberships	521	25	408	-	-	-	-	804	1,758
Bank fees	35	-	-	-	9,622	-	-	14	9,671
Payroll service fees	202	59	64	-	-	5	5	-	335
Advertising and promotional	561	-	420	-	-	-	-	-	981
Repairs and maintenance	7,618	-	-	-	-	-	-	-	7,618
Equipment	345	-	-	-	2,859	-	-	-	3,204
Meetings and seminars	137	-	-	-	605	135	-	110	987
Miscellaneous expense	-	730	981	-	4	-	31	14	1,760
Subgrantee- pass through	-	2,517	-	-	6,251	-	-	-	8,768
Total Expenses	303,171	132,418	83,781	11,124	423,113	6,923	23,102	128,714	1,112,348

WOONASQUATUCKET RIVER WATERSHED COUNCIL
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2020

	Support Services			
	Fundraising	General and Administration	Total Support	Total Program Services
Expenses:				
Salaries and wages	1,695	138,612	140,307	421,709
Payroll taxes	168	19,901	20,069	29,961
Fringe benefits	-	2,236	2,236	877
Contract labor	-	-	-	306,402
In-Kind services	-	-	-	74,348
Consultants and professional fees	100	-	100	83,275
Rent	-	16,180	16,180	3,384
Utilities	-	1,045	1,045	330
Education and program materials	1,520	836	2,356	121,842
Professional development	-	70	70	239
Insurance	-	53,263	53,263	28,173
Telephone and internet	-	6,244	6,244	1,815
Travel	12	420	432	3,036
Printing	1,554	100	1,654	1,860
Postage and shipping	918	60	978	15
Dues, fees, and memberships	1,862	3,182	5,044	1,758
Bank fees	380	-	380	9,671
Payroll service fees	142	1,699	1,841	335
Advertising and promotional	-	250	250	981
Repairs and maintenance	-	-	-	7,618
Equipment	-	-	-	3,204
General fundraising costs	1,777	-	1,777	-
Meetings and seminars	69	536	605	987
Interest expense	-	2,406	2,406	-
Miscellaneous expense	36	11,049	11,085	1,760
Depreciation	-	3,746	3,746	-
Subgrantee- pass through	-	-	-	8,768
Total Expenses	10,233	261,835	272,068	1,112,348
				1,384,416

WOONASQUATUCKET RIVER WATERSHED COUNCIL
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

	Assets Without Restrictions	Assets With Restrictions	Total
Cash flows from operating activities:			
Excess of expenses over revenues (deficiency of revenue over expenses)	\$ (32,637)	\$ 53,415	\$ 20,778
Adjustments to reconcile excess of expenses over revenues to net cash provided (used) by operating activities:			
Depreciation and amortization	3,746	-	3,746
Changes in unrealized gain on investments	-	(22,478)	(22,478)
Changes in:			
Grants and accounts receivable	28,139	-	28,139
Donations receivable	11,648	-	11,648
Prepaid expenses	3,224	-	3,224
Beneficial interest in assets held by others	-	2,660	2,660
Accounts payable	27,863	-	27,863
Accrued payroll liabilities	14,187	-	14,187
Accrued vacation	18,088	-	18,088
Accrued interest	2,406	-	2,406
Deferred revenue	100,000	-	100,000
Net cash provided by operating activities	<u>176,664</u>	<u>33,597</u>	<u>210,261</u>
Cash flows from investing activities:			
Acquisition of property and equipment	<u>(9,670)</u>	<u>-</u>	<u>(9,670)</u>
Cash flows from financing activities			
Proceeds from borrowing-RI Infrastructure Note	163,617	-	163,617
Proceeds from Paycheck Protection Program Loan	98,125	-	98,125
Proceeds from Economic Injury Disaster Loan	150,000	-	150,000
Net cash provided by financing activities	<u>411,742</u>	<u>-</u>	<u>411,742</u>
Net change in cash	578,736	33,597	612,333
Cash, beginning of year	<u>43,176</u>	<u>143,876</u>	<u>187,052</u>
Cash, end of year	<u><u>\$ 621,912</u></u>	<u><u>\$ 177,473</u></u>	<u><u>\$ 799,385</u></u>

See Accompanying Notes and Independent Accountants' Review Report.

WOONASQUATUCKET RIVER WATERSHED COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 1- DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Organization

The Woonasquatucket River Watershed Council (the Council) is a nonprofit Rhode Island corporation exempt from federal and state income taxes as a public charity under section 501(c)(3) of the Internal Revenue Code. The Council creates positive environmental, social and economic change by revitalizing the Woonasquatucket River, its Greenway and its communities. The Council is headquartered in Providence, Rhode Island.

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting and have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without restrictions - net assets not subject to donor-imposed restrictions.

Net assets with restrictions - net assets subject to donor-imposed restrictions that will be met either by actions of the Council or the passage of time and net assets subject to donor-imposed restrictions that must be maintained permanently by the Council.

All donor-restricted support is reported as an increase in net assets with restrictions depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions. Restrictions are not reported on the financial statements if the restriction is met within the year that the support is received.

Promises to Give

Unconditional promises to give, less an allowance for uncollectible amounts, are recognized as revenue in the period received and increases in assets, decreases of liabilities, or as expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. As of December 31, 2020, there have been no unconditional or conditional promises to give.

Cash and Cash Equivalents

Cash consists of cash on hand and monies held in checking and savings accounts. The Council had cash equivalents of \$50,000 at December 31, 2020.

WOONASQUATUCKET RIVER WATERSHED COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 1- DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grants and Accounts Receivable

Grants and accounts receivable consist principally of program service fees receivable. The Council maintains an allowance for doubtful accounts for estimated losses resulting from the inability of its grantors to make required payments. Management considers the following factors when determining the collectability of grants and accounts receivable: past transaction history, current economic trends, and changes in payment terms. Based on management's assessment, the Council provides for estimated uncollectible amounts through a charge to earnings and a credit to a valuation allowance. Balances that remain outstanding after the Council has made reasonable collection efforts are written off through a charge to the valuation allowance and a credit to grants and accounts receivable. Management reviews the account balances for collectability and records an allowance for doubtful accounts based on historical information and current economic trends. No allowance was recorded at December 31, 2020, as management has deemed all balances to be fully collectible.

Property and Equipment

The Council maintains a policy in which all acquisitions of property and equipment over \$500 are capitalized. Property and equipment are carried at cost if purchased or, if donated, at the fair value at the date of the gift. Depreciation is computed using the straight-line method over lives ranging from 5 to 39 years. When assets are retired or otherwise disposed of, the cost and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the statement of activities for the period. The cost of maintenance and repairs are expensed as incurred; significant renewals and betterments are capitalized.

The Council evaluates long-lived assets held and used for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. An impairment loss is recognized if the sum of the expected undiscounted future cash flows from the use and disposition of the asset is less than its carrying amount. Generally, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the estimated fair value of the asset. The Council did not record any impairment losses during the year ended December 31, 2020.

Equipment acquired with grant funds in which the Council does not retain legal title is recorded as revenue and expense. The Council does not record such equipment as a contribution and related asset since the Council has determined that it is not probable that it will retain the asset at the end of the related grant program. The grant agreements also set forth certain limitations relating to the incurrence of liens and the disposal or transfer of property and equipment. The cost of building and improvements funded through other grants is recorded as property and equipment and as contribution revenue since the Council has legal title to the respective building and improvements.

WOONASQUATUCKET RIVER WATERSHED COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 1- DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Goods and Services

The Council records donated goods and services at fair market value at date of donation in accordance with accounting profession guidelines. The Council recorded \$76,838 of donated goods or services during 2020.

Fair Value of Financial Instruments

The carrying amount of grants and accounts receivable, prepaid expenses, accounts payable and accrued expenses, and accrued payroll approximates fair value due to their short-term nature.

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. Actual results could differ from those estimates.

Contract and Grant Revenue Recognition

Contract and grant revenue is recognized when earned as the Council fulfills the terms accompanying award of such funds. Revenue received, but not earned, is classified as a liability or as net assets with restrictions on the financial statements depending upon terms and conditions.

Functional Allocation of Expenses

Expenses are categorized as program services and support services (management and general) on a specific identification basis where practical and on a percentage allocation method based on management's judgment where specific identification is not practical.

Advertising Costs

Advertising costs are expensed as incurred and included in support services. Advertising expenses totaled \$1,231 for the year ended December 31, 2020.

Income Taxes

The Council is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Council may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax

WOONASQUATUCKET RIVER WATERSHED COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 1- DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income taxes, continued

position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Council and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended December 31, 2020. The Council is generally no longer subject to examination by the Internal Revenue Service for tax years before 2017. There are currently no examinations pending or in progress.

NOTE 2 - ACCOUNTS RECEIVABLE

The balance of accounts receivable at December 31, 2020 consists of:

America the Beautiful	\$ 185
USEPA Environmental Education	15,568
Providence Neighborhood Planting Program	775
Ranger Enterprise	10,414
Restore America's Estuaries	1,746
Rhode Island Department of Environmental Management (RIDEM)	133,900
Rhode Island Department of Transportation (RIDOT)	144,730
Individual donations	<u>18,505</u>
Total Accounts Receivable	\$ <u>325,823</u>

NOTE 3 – FAIR VALUE MEASUREMENTS

GAAP 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 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GAAP are described as follows:

Basis of Fair Value Measurement

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Council has the ability to access.

WOONASQUATUCKET RIVER WATERSHED COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurements.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The Council's investments at fair value totaling \$305,610 consist of beneficial interest in assets held by others. All of the investments at December 31, 2020 fall within Level 3 of the fair value hierarchy.

The following methods and assumptions were used by the Council in estimation of the fair value of its financial instruments:

Beneficial Interest in Assets Held by Others

These assets are pooled with other assets held by a financial institution and are invested primarily in securities with quoted prices in active markets. Net gain or loss on these assets is determined by the overall performance of the financial institutions' endowment pool.

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

The following is a reconciliation of activity for the year ended December 31, 2020 for the beneficial interest in assets held by others, assets measured at fair value based on unobservable inputs:

Balance, beginning of year	\$ 285,792
Gifts	12,422
Change in unrealized/realized gain on investments	32,153
Fees	(2,661)
Grants disbursed	<u>(22,096)</u>
Balance, end of year	<u>\$ 305,610</u>

WOONASQUATUCKET RIVER WATERSHED COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 3 – FAIR VALUE MEASUREMENTS (CONTINUED)

Change in net unrealized gains for the year ended December 31, 2020 of \$22,478 are reported in the Statement of Activities as a component of changes in net assets with restrictions.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2020:

Computers and Equipment	\$ 38,135
Vehicle	36,510
Canoe and Trailer	4,005
Donated Furniture and Equipment	8,592
Total Property and Equipment	<u>87,242</u>
Less: accumulated depreciation	<u>76,830</u>
Property and equipment, net	<u>\$ 10,412</u>

Depreciation expense for the year ended December 31, 2020 was \$3,746.

NOTE 5 – LINE OF CREDIT- RHODE ISLAND INFRASTRUCTURE BANK

The Council entered a \$300,000 Non-Restoring Line of Credit Promissory Note with Rhode Island Infrastructure Bank in April 2019 to finance a Project¹. The Note bears interest at 0% and is secured by payments made to the Council by the RIDOT and RIDEM under the State Agreement. Quarterly payments are to begin July 2019, however subject to the borrower's receipt of funds from RIDOT or RIDEM. At December 31, 2020 the outstanding balance on the note was \$338,417².

NOTE 6 - FORGIVABLE LOANS RECEIVED UNDER THE SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION PROGRAM

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans.

¹ Project is defined by two agreements: Stormwater Retrofits to Green the Greenway Construction and Maintenance Agreement between the Council and Rhode Island Department of Transportation (RIDOT Agreement) and the Stormwater Improvements and Pedestrian Walkway at Citizens Bank Agreement between the Council and Rhode Island Department of Environmental Management (RIDEM Agreement), collectively "State Agreement".

² Loan origination fees in the amount \$4,500 have been added to the balance of the loan and are to be reimbursed to the Council.

WOONASQUATUCKET RIVER WATERSHED COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 6 - FORGIVABLE LOANS RECEIVED UNDER THE SMALL BUSINESS ADMINISTRATION PAYCHECK PROTECTION PROGRAM (CONTINUED)

In May 2020, the Council obtained a PPP loan for \$98,125, which is included in the Council's loan payable balance at December 31, 2020. The note matures in May 2022 and bears interest at a fixed annual rate of 1%, with the first six months of interest deferred.

The Council believes it used all the proceeds from the note for qualifying expenses and thus expects to receive approval of its application for the loan to be forgiven in the future, at which time the Council will recognize a gain on forgiveness of the loan.

NOTE 7- ECONOMIC INJURY DISASTER LOAN (EIDL)

During 2020 the SBA began offering low interest long term federal disaster loans for working capital for organizations suffering substantial economic injury as a result of the COVID 19 pandemic. On June 2, 2020, the Council entered into a loan agreement with the US Small Business Administration in the amount of \$150,000. The note matures on June 2, 2050 and bears interest at the rate of 2.75%. Installment payments of \$641 including principal and interest will begin on June 2, 2021. Accrued interest at December 31, 2020 totaled \$2,406.

Future scheduled maturities are as follows:

Years ending December 31:		
	2021	\$ 2,028
	2022	3,554
	2023	3,653
	2024	3,755
	2025	3,859
	Thereafter	<u>133,151</u>
	Total	<u>\$ 150,000</u>

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Lease for Office Space

The Council leases office space under an operating lease which expires on August 31, 2021. Monthly rent from September 1, 2018 through August 31, 2021 is \$1,620. The Council is also required to make additional monthly payments of \$125 for utilities.

Minimum annual rent due under the lease is \$13,960 for the year ended December 20, 2021

WOONASQUATUCKET RIVER WATERSHED COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 8 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

Line of Credit

The Council has a line of credit with a local financial institution. This line of credit allows for maximum borrowings of \$84,000 at an interest rate of 5.5%. There was no balance due on this line at December 31, 2020.

Contract Audits

The Council received governmental funding under contracts whereby the performance of the Council is subject to audit or review by the funding source at the discretion of the funding source. To date, no such audits or reviews have been performed and none are pending. Management believes that any such audits or reviews would not materially impact the financial statements.

NOTE 9 – NET ASSETS

The Council has net assets without restrictions, comprised of operating funds for general activities and funds invested in property and equipment, totaling \$174,492 at December 31, 2020.

The Council has the following Net Assets with restrictions at December 31, 2020:

Costal Resources Management Council - Coastal Habitat Trust	\$ 12,152
Cox Communication	4,837
Fred Lippitt Endowment Fund	305,610
June Rockwell Levy	12,000
Banspach Memorial Fund	1,220
Cricket Foundation	10,000
Ocean State Charities	3,900
Nordson	6,337
Rivers Council Pass Through	4,292
Rhode Island Foundation	5,094
Green Infrastructure Coalition	3,782
Providence After School Alliance	1,275
Pawtucket Credit Union	1,500
New England Grassroots Environmental Fund	6,518
United States Environmental Protection Agency – Environmental Education	1,950
Garden Club	238
Ranger Enterprise	20,369
Recreation	1,406
RI Commerce	12,205
San Souci	19,579
Social Enterprise Greenhouse	2,490
Brown Rudnick Charitable Foundation	1,790
Kelson Foundation	10,173

WOONASQUATUCKET RIVER WATERSHED COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 9 – NET ASSETS, Continued

Red Shed Program	2,102
Capital Fund	<u>32,264</u>
 Total Net Assets with restrictions	 <u>\$ 483,083</u>

Net assets released from restrictions during the year ended December 31, 2020 consist of the following:

Banspach Memorial Fund	\$ 1,375
Cricket Foundation	12,000
New England Grassroots Environmental Fund	7,707
Nordson	8,661
Ocean State Charities	3,000
Mary Dexter Chaffee	7,100
Rivers Council Pass Through	2,102
Rhode Island Foundation	15,620
United Way	14,600
Fred Lippitt Endowment	13,248
Green Infrastructure Coalition	9,481
Clean Ocean Access	396
Providence After School Alliance	2,581
Ranger Enterprise	13,002
San Souci	421
Lorber Foundation	11,006
Brown Rudnick Charitable Foundation	210
Kelson Foundation	4,827
Cox Communications	163
RI Commerce	12,795
Donations	<u>78,572</u>
	 <u>\$ 218,867</u>

An endowment fund has been established at Rhode Island Foundation for the support of the Council. The fund is named the Fred Lippitt Endowment Fund for the Woonasquatucket River Watershed and was established in May 2005 via a gift that was valued at \$244,333 at December 31, 2020. The endowment fund corpus is held as an asset by the Rhode Island Foundation.

During 2008, the Fred Lippitt Endowment Fund transferred funds to another Fred Lippitt Endowment Fund for the Woonasquatucket River Watershed. The value of the fund at December 31, 2020 was \$61,277. The endowment fund corpus is held as an asset by the Rhode Island Foundation.

WOONASQUATUCKET RIVER WATERSHED COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

NOTE 10 – FUNDRAISING ACTIVITIES

Fundraising income and expenses for the year ended December 31, 2020 are as follows:

<u>Event</u>	<u>Income</u>	<u>Expense</u>	<u>Net</u>
Small Events	<u>\$ 5,117</u>	<u>\$ 10,216</u>	<u>\$ (5,099)</u>
Total Fundraising	<u>\$ 5,117</u>	<u>\$ 10,216</u>	<u>\$ (5,099)</u>

NOTE 11 – RETIREMENT PLAN

The Council maintains a defined-contribution SIMPLE IRA retirement plan for eligible employees. Participants are 100% vested in contributions to the plan made on their behalf. Retirement expense for 2020 was \$5,867.

NOTE 12 – RISKS AND UNCERTAINTIES

Concentration of Credit Risk

Financial instrument that subject the council to potential concentrations of credit risk consist principally of cash. The council maintain cash balances in banks, which may at times exceed federally insured limits. The Council has not experienced any losses in such account and believes it is not exposed to any significant credit risk on cash balances.

Concentration of Funding

The Council received \$793,231 from the RIDOT during the year ended December 31, 2020. Payments from the RIDOT represent approximately 72% of all funding received during 2020. The Council did not have any other sources of funding that represented more than 10% of public support during the year ended December 31, 2020.

Novel Coronavirus

In March 2020, the World Health Organization recognized the novel strain of coronavirus, COVID 19, as a pandemic. The coronavirus outbreak has severely restricted the level of economic activity. Due to the pandemic, the Council reduced staffing on both the Greenway and River Ranger teams. In addition, the Council did not hold the Summer Bike Camp. Management estimated that these changes caused a reduction of income and expenses of approximately \$60,000. Given the uncertainty of the spread of the coronavirus, the related financial impact to the Council, if any, cannot be determined at this time.

**WOONASQUATUCKET RIVER WATERSHED COUNCIL
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

NOTE 13 – SUBSEQUENT EVENTS

In preparing these financial statements, the Council has evaluated events and transactions for potential recognition or disclosure through September 15, 2021, the date the financial statements were available to be issued. The following events have occurred:

- In February 2021, the Council applied for and received \$98,125 from the second round of emergency funding under the Paycheck Protection Loan Program (PPP2).
- On April 10, 2020, the Council was granted forgiveness in the amount of \$98,125 related to proceeds received from the first round of funding under the Paycheck Protection Loan Program during 2020.