

**NORTH CAROLINA CONSERVATION NETWORK**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**



## **C O N T E N T S**

### **DECEMBER 31, 2024 AND 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
North Carolina Conservation Network  
Raleigh, North Carolina

### Opinion

We have audited the accompanying financial statements of North Carolina Conservation Network (a North Carolina nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of North Carolina Conservation Network as of December 31, 2024, and its support, revenue, expenses, and changes in net assets for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 North Carolina Conservation Network and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 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.

## INDEPENDENT AUDITOR'S REPORT

### CONTINUED

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 North Carolina Conservation Network'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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 North Carolina Conservation Network'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 North Carolina Conservation Network's ability to continue as a going concern for a reasonable period of time.

**INDEPENDENT AUDITOR'S REPORT****CONTINUED**

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.

**Prior Period Financial Statements**

The financial statements of North Carolina Conservation Network for the year ended December 31, 2023, were audited by Langdon & Company, LLP, who expressed an unmodified opinion on those statements in their report dated May 3, 2024. We were not engaged to audit, review, or apply any procedures to the financial statements for the year ended December 31, 2023, and, accordingly, we do not express an opinion or any other form of assurance on them.

*Stancil PC*

Raleigh, North Carolina  
May 30, 2025

# NORTH CAROLINA CONSERVATION NETWORK

## STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31, 2024 AND 2023

	ASSETS	
	2024	2023
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 6,502,279	\$ 2,703,766
Certificates of Deposit	3,533,207	4,775,422
Contributions Receivable	825	18,545
Grants Receivable - Net	210,000	150,000
Prepaid Expenses	62,483	39,604
<b>Total Current Assets</b>	<b>10,308,794</b>	<b>7,687,337</b>
<b>Property and Equipment:</b>		
Furniture and Equipment	82,639	116,733
Less: Accumulated Depreciation	(66,425)	(91,011)
<b>Net Property and Equipment</b>	<b>16,214</b>	<b>25,722</b>
<b>Net Intangible Assets:</b>	<b>-</b>	<b>-</b>
<b>Non-Current Assets:</b>		
Grants Receivable - Net	383,619	-
Security Deposit	15,000	15,000
<b>Total Non-Current Assets</b>	<b>398,619</b>	<b>15,000</b>
<b>Total Assets</b>	<b>\$ 10,723,627</b>	<b>\$ 7,728,059</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 4,429	\$ 5,246
Accrued Liabilities	68,791	78,996
Deferred Membership Dues	3,900	426
<b>Total Current Liabilities</b>	<b>77,120</b>	<b>84,668</b>
<b>Total Liabilities</b>	<b>77,120</b>	<b>84,668</b>
<b>Net Assets:</b>		
Without Donor Restrictions		
Board Designated	7,869,365	4,804,638
Undesignated	1,937,789	1,614,359
With Donor Restrictions	839,353	1,224,394
<b>Total Net Assets</b>	<b>10,646,507</b>	<b>7,643,391</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 10,723,627</b>	<b>\$ 7,728,059</b>

*See Independent Auditor's Report and Accompanying Notes to Financial Statements*

# NORTH CAROLINA CONSERVATION NETWORK

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2024

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenues:</b>			
Support and Contributions			
Contributions	\$ 4,324,162	\$ 95,000	\$ 4,419,162
Grants	24,000	1,347,869	1,371,869
Total Support and Contributions	<u>4,348,162</u>	<u>1,442,869</u>	<u>5,791,031</u>
 Program Service Revenues			
Membership Dues	56,451	-	56,451
Conference	10,500	-	10,500
Total Program Service Revenues	<u>66,951</u>	<u>-</u>	<u>66,951</u>
 Other Revenue			
Miscellaneous Revenue	5,833	-	5,833
Interest Income	406,416	-	406,416
Loss on Disposal of Fixed Assets	(845)	-	(845)
Total Other Revenue	<u>411,404</u>	<u>-</u>	<u>411,404</u>
 Net Assets Released from Donor Restrictions	<u>1,827,910</u>	<u>(1,827,910)</u>	<u>-</u>
 <b>Total Revenues:</b>	<u>6,654,427</u>	<u>(385,041)</u>	<u>6,269,386</u>
 <b>Expenses:</b>			
Program Services	2,690,637	-	2,690,637
Management and General	437,689	-	437,689
Fundraising	137,944	-	137,944
<b>Total Expenses:</b>	<u>3,266,270</u>	<u>-</u>	<u>3,266,270</u>
 <b>Change in Net Assets</b>	<u>3,388,157</u>	<u>(385,041)</u>	<u>3,003,116</u>
 <b>Net Assets - Beginning of Year</b>	<u>6,418,997</u>	<u>1,224,394</u>	<u>7,643,391</u>
 <b>Net Assets - End of Year</b>	<u><u>\$ 9,807,154</u></u>	<u><u>\$ 839,353</u></u>	<u><u>\$ 10,646,507</u></u>

*See Independent Auditor's Report and Accompanying Notes to Financial Statements*

# NORTH CAROLINA CONSERVATION NETWORK

## STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2023

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenues:</b>			
Support and Contributions			
Contributions	\$ 1,400,389	\$ 1,050,000	\$ 2,450,389
Grants	20,000	681,000	701,000
Total Support and Contributions	<u>1,420,389</u>	<u>1,731,000</u>	<u>3,151,389</u>
 Program Service Revenues			
Affiliate Dues	<u>54,800</u>	<u>-</u>	<u>54,800</u>
Total Revenues	<u>54,800</u>	<u>-</u>	<u>54,800</u>
 Other Revenues			
Miscellaneous Revenue	8,373	-	8,373
Interest Income	195,618	-	195,618
Total Other Revenues	<u>203,991</u>	<u>-</u>	<u>203,991</u>
 Net Assets Released from Donor Restrictions	<u>948,383</u>	<u>(948,383)</u>	<u>-</u>
 <b>Total Support and Revenues:</b>	<u>2,627,563</u>	<u>782,617</u>	<u>3,410,180</u>
 <b>Expenses:</b>			
Program Services	1,852,512	-	1,852,512
Management and General	343,898	-	343,898
Fundraising	80,286	-	80,286
<b>Total Expenses:</b>	<u>2,276,696</u>	<u>-</u>	<u>2,276,696</u>
 <b>Change in Net Assets</b>	<u>350,867</u>	<u>782,617</u>	<u>1,133,484</u>
 <b>Net Assets - Beginning of Year</b>	<u>6,068,130</u>	<u>441,777</u>	<u>6,509,907</u>
 <b>Net Assets - End of Year</b>	<u><u>\$ 6,418,997</u></u>	<u><u>\$ 1,224,394</u></u>	<u><u>\$ 7,643,391</u></u>

*See Independent Auditor's Report and Accompanying Notes to Financial Statements*



# NORTH CAROLINA CONSERVATION NETWORK

## STATEMENT OF FUNCTIONAL EXPENSES

**FOR THE YEAR ENDED DECEMBER 31, 2024**

	Program Services	Support Services			Total Expenses
		Management and General	Fundraising	Total Supporting Services	
Salaries and Benefits	\$ 1,764,652	\$ 249,834	\$ 93,820	\$ 343,654	\$ 2,108,306
Projects	550,871	67,898	30,243	98,141	649,012
Rent	118,194	16,734	6,284	23,018	141,212
Organizing	119,369	5,574	2,093	7,667	127,036
Professional Services	-	49,477	-	49,477	49,477
Travel, Meals, and Lodging	32,922	4,661	1,750	6,411	39,333
Meetings	35,501	1,921	721	2,642	38,143
Board and Staff Development	12,062	12,062	-	12,062	24,124
Printing	17,853	2,527	949	3,476	21,329
Communication	13,742	1,945	731	2,676	16,418
Dues and Subscriptions	-	12,145	-	12,145	12,145
Depreciation and Amortization	8,458	1,197	450	1,647	10,105
Supplies and Other Expenses	8,384	1,187	444	1,631	10,015
Insurance	-	8,605	-	8,605	8,605
Internships	6,345	898	337	1,235	7,580
Contracts and Maintenance	2,284	1,024	122	1,146	3,430
	<u>\$ 2,690,637</u>	<u>\$ 437,689</u>	<u>\$ 137,944</u>	<u>\$ 575,633</u>	<u>\$ 3,266,270</u>

*See Independent Auditor's Report and Accompanying Notes to Financial Statements*

# NORTH CAROLINA CONSERVATION NETWORK

## STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Services	Support Services			Total Expenses
		Management and General	Fundraising	Total Supporting Services	
Salaries and Benefits	\$ 1,442,572	\$ 236,934	\$ 67,795	\$ 304,729	\$ 1,747,301
Projects	167,529	4,918	1,407	6,325	173,854
Rent	112,559	18,487	5,290	23,777	136,336
Organizing	44,029	7,232	2,069	9,301	53,330
Professional Services	-	39,720	-	39,720	39,720
Travel, Meals, and Lodging	21,920	3,600	1,030	4,630	26,550
Meetings	20,993	3,448	987	4,435	25,428
Board and Staff Development	6,565	6,564	-	6,564	13,129
Printing	2,593	426	122	548	3,141
Communication	9,609	1,578	451	2,029	11,638
Dues and Subscriptions	-	11,502	-	11,502	11,502
Depreciation and Amortization	10,825	1,778	509	2,287	13,112
Supplies and Other Expenses	3,831	629	180	809	4,640
Insurance	-	5,394	-	5,394	5,394
Internships	4,508	740	212	952	5,460
Contracts and Maintenance	4,979	948	234	1,182	6,161
	<u>\$ 1,852,512</u>	<u>\$ 343,898</u>	<u>\$ 80,286</u>	<u>\$ 424,184</u>	<u>\$ 2,276,696</u>

*See Independent Auditor's Report and Accompanying Notes to Financial Statements*

# NORTH CAROLINA CONSERVATION NETWORK

## STATEMENT OF CASH FLOWS

**FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
<b>Cash Flow from Operating Activities:</b>		
Cash Received from Contributors, Grantors, and Programs	\$ 5,441,391	\$ 3,359,017
Cash Paid to Employees and Suppliers	(3,290,067)	(2,281,782)
Interest Received	406,416	95,946
<b>Cash Flows Provided by Operating Activities</b>	<u>2,557,740</u>	<u>1,173,181</u>
<b>Cash Flow from Investing Activities:</b>		
Purchase of Certificates of Deposit	(1,788,144)	(4,706,725)
Proceeds from Redemption of Certificates of Deposit	3,030,359	3,493,527
Purchases of Property and Equipment	(1,442)	(8,375)
<b>Cash Flow Provided by (Used in) Investing Activities</b>	<u>1,240,773</u>	<u>(1,221,573)</u>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	3,798,513	(48,392)
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>2,703,766</u>	<u>2,752,158</u>
<b>Cash and Cash Equivalents - End of Year</b>	<u><u>\$ 6,502,279</u></u>	<u><u>\$ 2,703,766</u></u>

*See Independent Auditor's Report and Accompanying Notes to Financial Statements*

# NORTH CAROLINA CONSERVATION NETWORK

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

##### **Nature of Activities**

The North Carolina Conservation Network (the Network) is a not-for-profit organization organized under the General Statutes of North Carolina. The Network was organized through a collaborative effort of North Carolina conservation, environmental justice, and community groups.

The Network supports, trains, and coordinates diverse groups and directly advocates to achieve equitable and sustainable solutions for the environment. Through the efforts of the Network, diverse groups engage in environmental policy decision-making at all levels of government. The result: a North Carolina committed to improving and protecting the state's vast natural resources; fostering environmental justice; and ensuring healthy, sustainable communities with a high quality of life. The Network is the catalyst for active environmental collaboration that ensures state and local officials regularly adopt strong environmental policies and programs. The majority of the Network's revenue is grants and contributions from foundations, corporations, and individuals.

##### **Basis of Accounting**

The financial statements of the Network are prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (GAAP). Accordingly, revenues are recognized when earned, and expenses are recognized when obligations are incurred.

##### **Basis of Presentation**

The financial statements are presented according to Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-profit Entities* which requires the presentation of the Network's financial position and activities according to the following net asset classifications:

*Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor-imposed restrictions. As discussed in Note 5, the governing board has designated net assets without donor restrictions for a contingency fund.

**NORTH CAROLINA CONSERVATION NETWORK****NOTES TO FINANCIAL STATEMENTS****FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)****Basis of Presentation (Continued)**

*Net assets with donor restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature and will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. Donor 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. The Network had net assets with donor restrictions totaling \$849,353 and \$1,224,394 as of December 31, 2024 and 2023, respectively.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash, monies in banks, and highly liquid investments that are readily convertible to cash or with an initial maturity of three months or less.

**Certificates of Deposit**

The Network held certificates of deposit totaling \$3,533,207 and \$4,775,422 as of December 31, 2024 and 2023, respectively. The certificates of deposit bear interest rates ranging from 4.40% to 4.60% and have maturity dates ranging from January through December 2025.

**Property and Equipment**

Property and equipment are recorded at cost on the date of acquisition. Maintenance, repairs, and minor improvements are expensed as incurred. Gains and losses on dispositions are included in the statement of activities. Depreciation and amortization are computed using the straight-line method over the estimated useful life of the respective assets. Purchases of \$1,000 or more are capitalized and depreciated. Rates of depreciation and amortization are based on estimated useful lives of 4 to 7 years.

**Intangible Assets**

Intangible assets consist of capitalized costs for the Network's website of \$15,510. The capitalized costs of the website, net accumulated amortization, was \$0 and \$0 as of December 31, 2024 and 2023, respectively.

# NORTH CAROLINA CONSERVATION NETWORK

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

##### Support and Revenue

###### *Contributions and Grants*

The Network recognizes contributions in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 958 (Topic 958). Topic 958 requires nonprofit Networks to recognize contributions as revenue when there are no significant barriers to receive the underlying contribution.

In accordance with Topic 958, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and nature of any donor-imposed restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in statement of activities as net assets released from restrictions.

Contributions and grants are recorded as revenue without donor restrictions or revenue with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give – those with a measurable performance or other barrier and a right of return – are recognized when the conditions on which they depend are substantially met. Unconditional promises to give, due in the next year, are recorded at their net realizable value. Unconditional promises to give, due in subsequent years, are reported at the present value of their net realizable value using a risk adjusted discount rate. When a restriction expires, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions and grants receivable consist of unconditional promises to give and are stated at unpaid balances, less an allowance for uncollectible promises receivable. As of December 31, 2024 and 2023, management considers all amounts to be fully collectible and has not recorded an allowance for uncollectible grants.

Contributions and grants receivable, due in subsequent years, are reported at the present value of their net realizable value using a risk adjusted discount rate. The discount rate used is the U.S. Treasury rate applicable to instruments with similar maturities, which was 4.27%. The discount is amortized to grant revenue over the term of the receivable.

# NORTH CAROLINA CONSERVATION NETWORK

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

##### Support and Revenue (Continued)

##### *Grants Receivable*

Grants receivable as of December 31, 2024 and 2023 are summarized as follows:

	2024	2023
Total Grants Receivable	\$ 610,000	\$ 150,000
Less: Discount to Present Value	(16,381)	-
Grants Receivable - Net	593,619	150,000
Less Current Portion of Grants Receivable	(210,000)	(150,000)
Non-Current Portion of Grants Receivable	<u>\$ 383,619</u>	<u>\$ -</u>
	2024	2023
Due Within One Year	\$ 210,000	\$ 150,000
Due Within One to Five Years	383,619	-
Total Grants Receivable - Net	<u>\$ 593,619</u>	<u>\$ 150,000</u>

##### *Donated Assets and Services*

In-kind contributions of services, materials, or facilities that meet the recording criteria as defined by accounting guidance are recorded at their estimated fair market value on the date of the donation. Such contributions are recorded as in-kind contributions and a corresponding expense on the statement of activities. The Network recognizes the fair value of contributed services received if such services a) create or enhance nonfinancial assets or b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed. Volunteers and members of the community perform various services for the Network, and these services are significant and form an integral part of the efforts of the Network. The Network does not control the activities of the volunteers as it would paid employees, and there is not a clearly measurable basis for an amount of contributed services to be recorded. Therefore, the Network does not record the amount of volunteer services rendered as a contribution and a corresponding amount as an expense.

*See Independent Auditor's Report*

# NORTH CAROLINA CONSERVATION NETWORK

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

##### Revenue from Contracts with Customers

The Network recognizes program service revenue in accordance with FASB Accounting Standards Code Topic 606 (Topic 606). Topic 606 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The core principle in the accounting standard is the recognition of revenue for contracts with customers in an amount that reflects the consideration that an entity expects to be entitled to in exchange for the provisions of goods or services. To achieve the core principle, the Network applies the following steps:

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

Topic 606 requires disclosures about the entities revenue streams, disaggregation of revenue, contract assets, contract liabilities, and significant judgments when applying the guidance. The objective of the disclosures is to allow financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows resulting from contracts with customers.

Revenue from contracts with customers is disaggregated by type on the Statement of Activities for the years ended December 31, 2024 and 2023.

##### Membership Dues

The Network recognizes membership dues at a point in time when performance obligations are met for related benefits. The performance obligations consist of providing members coalition building, one-on-one consultations, job postings, weekly alerts, webinars, event postings, a news digest, and legislative updates. Revenue recognized for membership dues totaled \$56,451 and \$54,800 for the years ended December 31, 2024 and 2023, respectively.

##### Conferences

The Network recognizes conference revenues at a point in time when performance obligations are met for related benefits. The performance obligations consist of providing a conference experience. Revenue recognized for conferences totaled \$10,500 and \$0 for the years ended December 31, 2024 and 2023, respectively.



# NORTH CAROLINA CONSERVATION NETWORK

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

##### **Revenue from Contracts with Customers (Continued)**

The Network assesses certain economic factors and the potential for significant changes in those economic factors and its impact on the nature, amount, timing, and uncertainty of revenue and cash flows. These factors have been assessed and management feels they have limited impact on the performance of the Network.

##### Contract Balances

Contract liabilities consist of payments for membership dues that are to be fulfilled in a subsequent period. Contract liabilities are presented on the statement of financial position as deferred revenue. Total contract liabilities were \$3,900 for the year ended December 31, 2024.

##### Significant Judgments When Applying the Guidance

The Network assesses judgments and changes in judgments that significantly affect the determination and timing of revenue. Significant judgments when applying the guidance are described in the nature of services and revenue stream section.

##### **Income Taxes**

The Network is exempt from federal and state income taxes under Section 501(a) of the Internal Revenue Code and is classified under Section 501(c)(3) as a public charity. The Network has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions provided in Section 170(b)(1)(A)(vi). The Network files information returns in the U.S. Federal jurisdiction and in North Carolina. There is no unrelated business income tax for the years ending December 31, 2024 and 2023.

The Network evaluates any uncertain tax positions. Accordingly, the Network's policy is to record a liability for any tax position taken that is beneficial to the Network, including any related interest and penalties, when it is more likely than not the position of management with respect to a transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2024 and 2023.

##### **Functional Allocation of Expenses**

The costs of providing programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied.

*See Independent Auditor's Report*

# **NORTH CAROLINA CONSERVATION NETWORK**

## **NOTES TO FINANCIAL STATEMENTS**

### **FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

##### **Functional Allocation of Expenses (Continued)**

Expenses that are allocated include salaries and benefits, projects, rent, organizing, contracts and maintenance, board and staff development, internships, printing, communication, depreciation and amortization, travel, meals, and lodging, meetings, and supplies and other expenses, which are all allocated on the basis of estimates of time and effort.

##### **Use of Estimates**

The preparation of the 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, the 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.

#### **2. CONCENTRATION OF CREDIT RISK:**

##### **Cash Equivalents**

The Network places its cash and cash equivalents and certificates of deposits with financial institutions in the United States. Effective January 1, 2013, the Federal Deposit Insurance Corporation (FDIC) covers up to \$250,000 for substantially all depository accounts. The Organization exceeded these limits by \$3,269,222 as of December 31, 2024. Effective January 1, 2013, the National Credit Union Administration (NCUA) covers up to \$250,000 for substantially all depository accounts. The Organization exceeded these limits by \$6,011,490 as of December 31, 2024.

##### **Receivables and Revenues**

Grants receivable consisted of 98% and 100% of amounts due from one grantor at December 31, 2024 and 2023, respectively.

Support and contributions consisted of 64% and 63% of contributions from one donor during the years ended December 31, 2024 and 2023, respectively.

# NORTH CAROLINA CONSERVATION NETWORK

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

#### 3. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are available for the following purposes as of December 31, 2024:

	<u>12/31/2023</u>	<u>Additions</u>	<u>Releases</u>	<u>12/31/2024</u>
Subject to the Passage of Time:	\$ 162,000	\$ 583,619	\$ (162,000)	\$ 583,619
Subject to Expenditure for Specified Purpose:				
Civic Engagement	863,108	-	(863,108)	-
Clean Energy	133,303	674,250	(664,572)	142,981
Environmental Justice Project	11,741	40,000	(11,741)	40,000
Advocacy and Lobbying	4,242	-	-	4,242
Campus Fellows	50,000	75,000	(75,000)	50,000
Toxics	-	15,000	-	15,000
Waterkeepers Carolina Coordination	-	10,000	(6,489)	3,511
Communications Infrastructure	-	15,000	(15,000)	-
Climate Resiliency	-	5,000	(5,000)	-
Wetlands	-	25,000	(25,000)	-
Total	<u>\$ 1,224,394</u>	<u>\$ 1,442,869</u>	<u>\$ (1,827,910)</u>	<u>\$ 839,353</u>

*See Independent Auditor's Report*

# NORTH CAROLINA CONSERVATION NETWORK

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

#### 3. NET ASSETS WITH DONOR RESTRICTIONS: (Continued)

Net assets with donor restrictions are available for the following purposes as of December 31, 2023:

	<u>12/31/2022</u>	<u>Additions</u>	<u>Releases</u>	<u>12/31/2023</u>
Subject to the Passage of Time:	\$ 374,000	\$ 12,000	\$ (224,000)	\$ 162,000
Subject to Expenditure for Specified Purpose:				
Civic Engagement	-	1,000,000	(136,892)	863,108
Clean Energy	8,730	544,000	(419,427)	133,303
Environmental Justice Project	50,000	-	(38,259)	11,741
Advocacy and Lobbying	4,247	50,000	(50,005)	4,242
CAFOS Strategy	4,800	60,000	(64,800)	-
Campus Fellows	-	50,000	-	50,000
Waterkeepers Carolina Coordination	-	15,000	(15,000)	-
Total	<u>\$ 441,777</u>	<u>\$ 1,731,000</u>	<u>\$ (948,383)</u>	<u>\$ 1,224,394</u>

#### 4. GOVERNING BOARD DESIGNATIONS:

The Network's governing board has designated net assets without donor restrictions for a contingency fund. Board designated net assets for the contingency fund were \$7,869,365 and \$4,804,638 at December 31, 2024 and 2023, respectively.

#### 5. DEFINED CONTRIBUTION PLAN:

Full-time employees become eligible for establishing a SIMPLE IRA retirement plan on the first day of their employment with the Network. Employees have the option to make their own pre-tax contributions to their SIMPLE IRA accounts each pay period. The Network matches three percent of the employee's compensation (unless they opt to reduce the match to 1% for two out of every five years). Total employer contributions were \$40,032 and \$36,327 for the years ended December 31, 2024 and 2023, respectively.

*See Independent Auditor's Report*

# NORTH CAROLINA CONSERVATION NETWORK

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

#### 6. OPERATING LEASES:

The Network adopted FASB Accounting Standards Codification Topic 842, *Leases* (ASC 842) as of July 1, 2022. The Network does not have any leases that are required to be presented as right of use assets and lease liabilities in accordance with ASC 842 as of December 31, 2024.

##### Short-Term Leases

The Network is committed under a non-cancelable operating lease of less than twelve months expiring August 31, 2025 for office space. The lessor provided office space to the Network based on an escalating rent payment schedule. Total short-term lease expenses for the years ended December 31, 2024 and 2023 was \$141,212 and \$136,336, respectively.

#### 7. RECLASSIFICATIONS:

Certain items included in the 2023 financial statements have been reclassified to conform to the 2024 presentation. Change in net assets of the Network previously reported for 2023 was not affected by these reclassifications.

#### 8. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The Network is substantially supported by restricted contributions and grants. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Network must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Network's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Network invests cash in excess of daily requirements in short-term investments. In accordance with the Network's fund management policy, the board designates a portion of any operating surplus to its contingency fund, which may be drawn upon in the event of an immediate liquidity need.

# NORTH CAROLINA CONSERVATION NETWORK

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

#### 8. LIQUIDITY AND AVAILABILITY OF RESOURCES: (Continued)

The following reflects the Network's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include the board-designated contingency fund, which could be drawn upon if the governing board approves that action.

Financial Assets at Year End:	<b>2024</b>	<b>2023</b>
Cash and Cash Equivalents	\$ 6,502,279	\$ 2,703,766
Certificates of Deposit	3,533,207	4,775,422
Contributions Receivable	825	18,545
Grants Receivable	593,619	150,000
Total Financial Assets at Year End	<u>10,629,930</u>	<u>7,647,733</u>
Less Amounts Not Available to be Used Within One Year:		
Non-Current Grants Receivable	(383,619)	-
Donor-Imposed Restrictions	(839,353)	(1,224,394)
Board-Designated Contingency Fund	<u>(7,869,365)</u>	<u>(4,804,638)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 1,537,593</u>	<u>\$ 1,618,701</u>

#### 9. SUBSEQUENT EVENTS:

The Network has evaluated events and transactions that occurred between December 31, 2024 and May 30, 2025 which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. There were no such transactions needing to be disclosed subsequent to year-end.



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