

AUDITED FINANCIAL STATEMENTS

NORTHEAST RECYCLING COUNCIL, INC.

Brattleboro, Vermont

JUNE 30, 2020

Boisselle, Morton & Wolkowicz, LLP
Certified Public Accountants

NORTHEAST RECYCLING COUNCIL, INC.

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Independent Auditors' Report

To the Board of Directors
Northeast Recycling Council, Inc.
Brattleboro, Vermont

We have audited the accompanying financial statements of Northeast Recycling Council, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows 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.

Auditors' 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 Northeast Recycling Council, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Boisselle, Morton & Wolkowicz, LLP

Hadley, Massachusetts
August 21, 2020

NORTHEAST RECYCLING COUNCIL, INC.

Statement of Financial Position

June 30, 2020

Assets

Cash	\$	710,347
Cash - restricted		240,208
Dues receivable, net		<u>122,814</u>
Total assets	\$	<u><u>1,073,369</u></u>

Liabilities and Net Assets

Accounts payable and accrued liabilities	\$	<u>2,367</u>
Net assets		
Without donor restrictions		665,782
With donor restrictions		<u>405,220</u>
Total net assets		<u><u>1,071,002</u></u>
Total liabilities and net assets	\$	<u><u>1,073,369</u></u>

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

NORTHEAST RECYCLING COUNCIL, INC.Statement of Activities
Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Program revenues	\$ 28,666	\$ 108,769	\$ 137,435
Advisory membership dues	118,850	91,500	210,350
State membership dues	89,465	87,950	177,415
Grants	51,599		51,599
Conference fees	86,738	4,700	91,438
Sponsorships	27,500	3,000	30,500
State travel - member meetings		7,500	7,500
Interest income	7,621	632	8,253
Net assets released from restrictions	<u>306,125</u>	<u>(306,125)</u>	
Total support and revenue	<u>716,564</u>	<u>(2,074)</u>	<u>714,490</u>
Expenses			
Program	568,320		568,320
Administration	<u>129,686</u>		<u>129,686</u>
Total expenses	<u>698,006</u>		<u>698,006</u>
Change in net assets	18,558	(2,074)	16,484
Net assets - beginning of year	<u>647,224</u>	<u>407,294</u>	<u>1,054,518</u>
Net assets - end of year	<u>\$ 665,782</u>	<u>\$ 405,220</u>	<u>\$ 1,071,002</u>

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

NORTHEAST RECYCLING COUNCIL, INC.

Statement of Functional Expenses

Year Ended June 30, 2020

	<u>Program</u>	<u>Administration</u>	<u>Total</u>
Salaries and related expenses	\$ 191,952	\$ 97,573	\$ 289,525
Professional fees	238,310	8,776	247,086
Travel	21,186	53	21,239
Program meetings	44,033		44,033
Consultants and contractual labor	37,700	25	37,725
Other program costs	8,437		8,437
Licenses, dues, and fees	10,525	4,514	15,039
Rent		13,300	13,300
Insurance	500	5,050	5,550
Bad debts	2,001		2,001
Telephone and internet	5,272		5,272
Office supplies and expense	3,191	269	3,460
Equipment purchase and maintenance	3,213	126	3,339
Promotion and marketing	2,000		2,000
	<u> </u>	<u> </u>	<u> </u>
Total expenses	\$ <u>568,320</u>	\$ <u>129,686</u>	\$ <u>698,006</u>

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

NORTHEAST RECYCLING COUNCIL, INC.

Statement of Cash Flows
Year Ended June 30, 2020

Cash flows from operating activities	
Change in net assets	\$ 16,484
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Bad debts	2,001
Change in assets and liabilities:	
Dues receivable, net	70,215
Accounts payable and accrued liabilities	<u>(4,613)</u>
Net cash provided by operating activities	<u>84,087</u>
Net increase in cash	84,087
Cash - beginning of year	<u>866,468</u>
Cash - end of year	<u><u>\$ 950,555</u></u>
Cash includes:	
Cash	\$ 710,347
Cash - restricted	<u>240,208</u>
	<u><u>\$ 950,555</u></u>

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

NORTHEAST RECYCLING COUNCIL, INC.

Notes to Financial Statements

June 30, 2020

1. Summary of Significant Accounting Policies

- a. *Nature of Business:* Northeast Recycling Council, Inc. (the Organization) was incorporated on September 1, 2000. It is a nonprofit entity incorporated under the laws of Vermont. The Organization provides information, education, and research on the benefits of recycling and recycling related economic development mostly in the Northeast of the United States. Its office is in Brattleboro, Vermont. The Organization is funded by membership dues, federal, state, and local government contracts and grants, sponsorships and fees for service from other nonprofit organizations, trade associations, and private companies.
- b. *Tax status:* Northeast Recycling Council, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes is included in the financial statements.
- c. *Accounting Method:* The financial statements of the Organization have been prepared on the accrual basis of accounting.
- d. *Use of Estimates:* Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts, and the reported revenues and expenses. Actual results could differ from those estimates.
- e. *Dues Receivable:* Dues receivable are stated at the amount management expects to collect from outstanding balances, net of an allowance for doubtful accounts of \$6,750. Management estimates the allowance based on historical bad debt expense.
- f. *Support and Revenue:* Sponsorships, grants, program, and other revenue are recorded as support and revenue when received.
- g. *Restrictions:* Sponsorships, dues, grants, and fees are available for unrestricted use unless specifically restricted by the donor, grantor or program user. Donor, grantor, or program user restrictions result in revenue being recorded as net assets with donor restrictions. When a donor, grantor, or program user requirements are met, the net assets with donor restrictions are released (reclassified) as net assets without donor restrictions.
- h. *Donated Services:* No amounts have been reflected in the financial statements for donated services. The Organization generally pays for those requiring specific expertise.
- i. *Expense Allocation:* The costs of providing various programs and other activities have been allocated among the programs and supporting services benefited.

2. FDIC Insurance of Bank Deposits

The Organization maintained bank accounts at a number of local banks. Accounts at these banks are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2020, and throughout the year then ended, the Organization did not exceed these limits.

3. Line of Credit

The Organization has a \$50,000 line of credit with a local bank that is payable on demand. This line of credit is unsecured. Interest is prime plus 2.95% (6.20% at June 30, 2020). There was no outstanding balance at June 30, 2020.

NORTHEAST RECYCLING COUNCIL, INC.

Notes to Financial Statements (Continued)

June 30, 2020

4. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30, 2020:

Electronics Recycling Coordination Clearinghouse	\$162,279
Reuse Marketplace	1,241
State Electronics Challenge	152,069
State Travel Funds	11,702
Toxics in Packaging Clearinghouse	<u>77,929</u>
	<u>\$405,220</u>

The Organization is required to maintain separate bank accounts for the Toxics in Packaging Clearinghouse and Electronics Recycling Coordination Clearinghouse contracts. These are presented as Cash - restricted on the statement of financial position for \$240,208.

5. Pension

The Organization established a defined contribution pension plan for all eligible employees under Section 403(b) of the Internal Revenue Service. The plan has an employer match of two dollars for each dollar contributed up to 5% of employee compensation voluntary contribution to the pension plan. Pension expense, which is included in salaries and related expenses on the statement of functional expenses, was \$18,586 in the year ended June 30, 2020.

6. Operating Lease

The Organization leases office space in Brattleboro, Vermont, under a one-year non-cancelable operating lease, renewing at June 1. Rent expense for the year ended June 30, 2020, was \$12,036. The minimum required rental payments for the year ending June 30, 2021, are \$12,036.

7. Available Resources and Liquidity

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30, 2020:

Cash	\$710,347
Dues receivable, net	<u>122,814</u>
Total financials assets available for general expenditures within one year	<u>\$833,161</u>

8. Contingencies

In early March 2020, there was a global outbreak of the COVID-19 virus that has resulted in significant changes in the global economy. As a result of a potential economic downturn, and any potential resulting direct or indirect negative impact to the Organization cannot be determined, however it could have a prospective material impact on the Organization's business, cash flows, and liquidity.

9. Subsequent Events

Management evaluated subsequent events after the statement of financial position date of June 30, 2020, through August 21, 2020, the date on which the financial statements were available to be issued, and concluded that no disclosures were required.