

**AUDITED FINANCIAL STATEMENTS**

**NORTHEAST RECYCLING COUNCIL, INC.**

*Brattleboro, Vermont*

**JUNE 30, 2021**

***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

### **Opinion**

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, 2021, and the related statements of activities, functional expenses, and cash flows and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Northeast Recycling Council, Inc. as of June 30, 2021, 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.

### **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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditors' 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 auditors' 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 the Organization'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 the Organization's ability to continue as a going concern for a reasonable period of time.

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.

*Boisselle, Morton & Wolkowicz, LLP*

Hadley, Massachusetts  
August 31, 2021

**NORTHEAST RECYCLING COUNCIL, INC.**

Statement of Financial Position

June 30, 2021

Assets

Cash	\$ 843,104
Cash - restricted	255,919
Dues receivable, net	<u>107,439</u>
Total assets	\$ <u><u>1,206,462</u></u>

Liabilities and Net Assets

Accounts payable and accrued liabilities	\$ <u>1,792</u>
Net assets	
Without donor restrictions	795,138
With donor restrictions	<u>409,532</u>
Total net assets	<u>1,204,670</u>
Total liabilities and net assets	\$ <u><u>1,206,462</u></u>

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

**NORTHEAST RECYCLING COUNCIL, INC.**

Statement of Activities  
Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenue			
Advisory membership dues	\$ 150,950	\$ 68,250	\$ 219,200
State membership dues	85,965	101,060	187,025
Program revenues	3,470	157,460	160,930
Conference fees	65,953	3,750	69,703
Sponsorships	55,750		55,750
Grants	50,598		50,598
State travel - member meetings	6,000	1,500	7,500
Interest income	3,801	339	4,140
Net assets released from restrictions	<u>328,047</u>	<u>(328,047)</u>	
Total support and revenue	<u>750,534</u>	<u>4,312</u>	<u>754,846</u>
Expenses			
Program	486,586		486,586
Administration	<u>134,592</u>		<u>134,592</u>
Total expenses	<u>621,178</u>		<u>621,178</u>
Change in net assets	129,356	4,312	133,668
Net assets - beginning of year	<u>665,782</u>	<u>405,220</u>	<u>1,071,002</u>
Net assets - end of year	<u>\$ 795,138</u>	<u>\$ 409,532</u>	<u>\$ 1,204,670</u>

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

**NORTHEAST RECYCLING COUNCIL, INC.**

## Statement of Functional Expenses

Year Ended June 30, 2021

	<u>Program</u>	<u>Administration</u>	<u>Total</u>
Salaries and related expenses	\$ 183,139	\$ 101,925	\$ 285,064
Professional fees	229,501	11,776	241,277
Consultants and contractual labor	31,800		31,800
Licenses, dues, and fees	10,722	2,913	13,635
Rent	1,011	12,036	13,047
Other program costs	9,873		9,873
Telephone and internet	6,482		6,482
Insurance		5,569	5,569
Travel	4,134	104	4,238
Equipment purchase and maintenance	3,600		3,600
Office supplies and expense	2,574	269	2,843
Bad debts	2,250		2,250
Promotion and marketing	1,500		1,500
	<u>486,586</u>	<u>134,592</u>	<u>621,178</u>
Total expenses	\$ <u>486,586</u>	\$ <u>134,592</u>	\$ <u>621,178</u>

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

**NORTHEAST RECYCLING COUNCIL, INC.**

Statement of Cash Flows  
Year Ended June 30, 2021

Cash flows from operating activities	
Change in net assets	\$ 133,668
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Bad debts	2,250
Change in assets and liabilities:	
Dues receivable, net	13,125
Accounts payable and accrued liabilities	<u>(575)</u>
Net cash provided by operating activities	<u>148,468</u>
Net increase in cash	148,468
Cash - beginning of year	<u>950,555</u>
Cash - end of year	<u><u>\$ 1,099,023</u></u>
Cash includes:	
Cash	\$ 843,104
Cash - restricted	<u>255,919</u>
	<u><u>\$ 1,099,023</u></u>

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



# NORTHEAST RECYCLING COUNCIL, INC.

## Notes to Financial Statements

June 30, 2021

### 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, 2021, 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, 2021). There was no outstanding balance at June 30, 2021.

**NORTHEAST RECYCLING COUNCIL, INC.**

Notes to Financial Statements (Continued)

June 30, 2021

4. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at June 30, 2021:

Electronics Recycling Coordination Clearinghouse	\$180,976
Reuse Marketplace	1,241
State Electronics Challenge	139,411
State Travel Funds	12,961
Toxics in Packaging Clearinghouse	<u>74,943</u>
	<u>\$409,532</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 \$255,919.

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 \$15,612 in the year ended June 30, 2021.

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, 2021, was \$13,047. The minimum required rental payments for the year ending June 30, 2022, 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, 2021:

Cash	\$843,104
Dues receivable, net	<u>107,439</u>
Total financials assets available for general expenditures within one year	<u>\$950,543</u>

8. Contingencies

The global outbreak of COVID-19 continues to rapidly evolve, and the ultimate impact of the pandemic is highly uncertain. Any potential direct or indirect negative impact to the Organization from an economic downturn 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, 2021, through August 31, 2021, the date on which the financial statements were available to be issued, and concluded that no disclosures were required.