

HOUSATONIC VALLEY  
ASSOCIATION, INC  
AND HVA FOUNDATION, INC.

Consolidated Financial Statements  
June 30, 2014

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.  
CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2014

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 14



Independent Auditor's Report

To the Board of Directors of  
Housatonic Valley Association, Inc  
and HVA Foundation, Inc.  
Cornwall Bridge, CT 06754

We have audited the accompanying consolidated statement of financial position of Housatonic Valley Association, Inc and HVA Foundation, Inc. (non-profit organizations) as of June 30, 2014, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated 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 include 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 obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Housatonic Valley Association, Inc. and HVA Foundation, Inc. as of June 30, 2014, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Sinnamon & Associates LLC".

Sinnamon & Associates, LLC  
Certified Public Accountants

Canaan, Connecticut  
August 7, 2014

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2014

ASSETS:

Current Assets:

Cash and Cash Equivalents	\$ 166,448
Accounts Receivable	128,341
Prepaid Expenses	19,148

<u>Total Current Assets</u>	313,937
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Property and Equipment:

Land	216,206
Buildings and Renovations	328,414
Furnishings and Equipment	174,713
Less: Accumulated Depreciation	(418,571)

<u>Net Property and Equipment:</u>	300,762
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Other Assets:

Investments	1,157,901
Deferred Land Sale Costs	6,342

<u>Total Other Assets</u>	1,164,243
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<u>TOTAL ASSETS</u>	\$ 1,778,942
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LIABILITIES AND NET ASSETS:

Current Liabilities:

Accounts Payable	\$ 33,977
Accrued Salaries and Wages	9,847
Tenants Security Deposit	579

<u>Total Current Liabilities</u>	44,403
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Net Assets:

Unrestricted

Unrestricted, equity in property and equipment	300,762
Unrestricted, designated by the board	32,000
Unrestricted, undesignated	161,513

<u>Total Unrestricted Net Assets</u>	494,275
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Temporarily restricted	391,239
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Permanently restricted	849,025
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<u>Total Net Assets</u>	1,734,539
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<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$ 1,778,942
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The Notes To The Financial Statements Are An Integral Part Of This Statement  
See The Accompanying Independent Auditor's Report

**HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<u>Revenues, Gains and Other Support</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Membership Dues	\$ 60,541	-	-	\$ 60,541
Contributions Above Dues	313,772	-	3,500	317,272
Grants	754,445	74,236	-	828,681
Events	158,045	-	-	158,045
Fees	12,696	-	-	12,696
Rent	9,526	-	-	9,526
Investment Income	4,944	37,075	-	42,019
Unrealized Gains (Losses) on Investments	48,766	99,774	-	148,540
Net Assets Released from Restrictions	142,275	(142,275)	-	-
<u>Total Revenues, Gains and Other Support</u>	<u>1,505,010</u>	<u>68,810</u>	<u>3,500</u>	<u>1,577,320</u>
<u>Expenses</u>				
Program Services:				
Watch	120,789	-	-	120,789
Geographic Information Systems	34,852	-	-	34,852
Environmental Education	215,274	-	-	215,274
Land Protection	615,650	-	-	615,650
Water Protection	265,593	-	-	265,593
Total Program Services	<u>1,252,158</u>	<u>-</u>	<u>-</u>	<u>1,252,158</u>
Supporting Services:				
Membership	61,258	-	-	61,258
Events	95,857	-	-	95,857
Management & General	22,439	-	-	22,439
Fundraising	89,156	-	-	89,156
Total Supporting Services	<u>268,710</u>	<u>-</u>	<u>-</u>	<u>268,710</u>
<u>Total Expenses</u>	<u>1,520,868</u>	<u>-</u>	<u>-</u>	<u>1,520,868</u>
<u>Change in Net Assets</u>	<u>(15,858)</u>	<u>68,810</u>	<u>3,500</u>	<u>56,452</u>
<u>Net Assets at Beginning of Year</u>	<u>510,133</u>	<u>322,429</u>	<u>845,525</u>	<u>1,678,087</u>
<u>Net Assets at End of Year</u>	<u>\$ 494,275</u>	<u>\$ 391,239</u>	<u>\$ 849,025</u>	<u>\$ 1,734,539</u>

The Notes To The Financial Statements Are An Integral Part Of This Statement  
See The Accompanying Independent Auditor's Report

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2014

Cash Flows From Operating Activities:

Changes in Net Assets	\$ 56,452
Adjustments To Reconcile Change In Net Assets	
To Net Cash Provided By Operating Activities:	
Depreciation	13,850
Unrealized (Gains) Losses on Investments	(148,540)
Increase in Accounts Receivable	(68,848)
Increase in Prepaid Expenses	(9,936)
Increase in Accounts Payable	24,517
Increase in Tenants Security Deposit	11
Increase in Accrued Salaries and Wages	822
	<hr/>
<u>Net Cash Provided By Operating Activities</u>	<u>(131,672)</u>

Cash Flows From Investing Activities:

Purchase of Furnishings and Equipment	(7,865)
Net Proceeds From Sale of Investments	145,617
Purchase of Investments	(148,705)
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<u>Net Cash Used In Investing Activities</u>	<u>(10,953)</u>

<u>Net Increase in Cash and Cash Equivalents</u>	<u>(142,625)</u>
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<u>Cash and Cash Equivalents at Beginning of Year</u>	<u>309,073</u>
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<u>Cash and Cash Equivalents at End of Year</u>	<u>\$ 166,448</u>
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Supplemental Information:

Cash Paid for Interest	\$ 11
Cash Paid for Taxes	-

The Notes to the Financial Statements Are An Integral Part of This Statement  
See the Accompanying Independent Auditor's Report

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2014

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organizations and Nature of Activities

The Housatonic Valley Association, Inc. (“HVA”) is a nonprofit citizen’s organization whose purpose is to protect and preserve the natural environment and scenic beauty of the Housatonic River watershed, from the headwaters above Pittsfield, Massachusetts to Long Island Sound, by fostering the best practices of education, conservation and land use. Its main office is in Cornwall Bridge, Connecticut, and satellite offices are maintained in South Lee, Massachusetts and Wassaic, New York. Major activities include an environmental resource center for use by the general public, governmental units and other organizations; environmental education; land use planning; periodic publications; establishing a Source-to-Sound Riverbelt (a conservation and recreation path along the entire length of the river); and responding/studying/alerting the community to potential problems relating to open space, groundwater and river quality.

HVA Foundation, Inc. was originally formed in April 1994 to create an endowment for financial support of HVA, which is the sole member of the organization.

Basis of Accounting and Presentation

The financial statements of the Association have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and consolidate Housatonic Valley Association, Inc. with HVA Foundation, Inc. The notes to the financial statements refer to both organizations collectively as “HVA”.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board codification of accounting standards section 958. Under these standards, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Contributions and Promises to Give

Contributions are defined as voluntary, nonreciprocal transfers. Grants from various organizations for specific programs are treated as contributions for accounting and reporting purposes. Contributions are recognized when a donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire or are met in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.



HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2014

Donated Assets

Donated assets are recognized at their estimated fair market value. HVA reports gifts of land, buildings, equipment and other assets as unrestricted support unless donor stipulations specify how the donated assets must be used. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Contributed Services

Donated materials and services, if of a material amount, are reflected in the accompanying statements at their fair market value at date of receipt. Contributed services are recognized if the services create or enhance nonfinancial assets or require specialized skills. During the year ended June 30, 2014 the value of contributed services meeting the criteria for recognition in the financial statements was not material and has not been recorded. However, many individuals volunteer their time and talents and perform a variety of tasks that assist the Association in its overall purpose

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, accrual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents consist of bank accounts, and cash invested in readily marketable mutual funds. Included in cash equivalents are money market funds of \$74,235 which are permanently restricted.

Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts. Management believes that all accounts receivable are collectible and, therefore, has not recorded an allowance for doubtful accounts.

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2014

Property and Equipment

Purchased buildings and renovations, personal property and equipment are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of the gift. Depreciation is provided over the estimated useful lives of the assets ranging from 3 to 30 years using the straight line method. Depreciation expense for the fiscal year ended June 30, 2014 was \$13,850.

Income Tax Status

The Housatonic Valley Association, Inc. and the HVA Foundation, Inc. are each a separate non-stock corporation and both are exempt from federal income tax under section 501(c) (3) of the Internal Revenue Code. In addition, both Organizations' qualify for the charitable contribution deduction under Section 170 (b) (1) (A) and each has been classified as organization that is not a private foundation under Section 509 (a) (2). Additionally, both organizations are registered and exempt from state income tax in Connecticut, Massachusetts and New York.

**NOTE 2 – INVESTMENTS**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Investments held as of June 30, 2014 consisted of the following:

	<u>Cost Basis</u>	<u>Fair Value</u>
Long-term Certificates of Deposit	\$ 20,000	\$ 20,931
Publically traded mutual funds	575,123	906,086
Publically traded equity investments	222,594	230,884
	<u>\$ 817,717</u>	<u>\$ 1,157,901</u>

The following schedule summarizes the investment return included in the statement of activities:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Investment Income (net of \$2,648 advisory fees)	\$ 4,944	\$ 37,075	\$ 42,019
Unrealized Gains	48,766	99,774	148,540
Total Investment Return	<u>\$ 53,710</u>	<u>\$ 136,849</u>	<u>\$ 190,559</u>

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2014

**NOTE 3 – BANK EQUITY LINE OF CREDIT**

On August 12, 2004, HVA entered into an equity line of credit agreement with Salisbury Bank & Trust Company allowing up to \$100,000 in short-term borrowing. The agreement provides for monthly interest payments at a rate of 1% above the bank's secured commercial lending rate, and is collateralized with HVA's office facilities in Cornwall Bridge. On July 12, 2009 this agreement was extended to mature on August 12, 2014. At June 30, 2014 the balance outstanding on this line of credit was \$ 0.

**NOTE 4 – NET ASSET CATEGORIES**

To ensure observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in the following net asset categories:

**Unrestricted**

Unrestricted net assets represent available resources other than donor restricted contributions. Funds for operations and fixed assets, with the exception of some land which is permanently restricted, are reported in this category.

**Temporarily Restricted**

Temporarily restricted net assets represent contributions and grants that are restricted by the donor either as to purpose or as to time of expenditure. These net assets are in the form of cash and equivalents and include accumulated earnings for the Operating Fund, the Endowed Maintenance Fund and the Hanser Land Acquisition Fund. Additionally, unrealized investment gains (losses) on investment of contributed funds in the Endowment Fund, the Endowment Maintenance Fund, the Hanser Land Acquisition Fund, the Land Stewardship Fund and the HVA Foundation funds are reported as temporarily restricted until realized.

**Permanently Restricted**

Permanently restricted net assets represent contributions received with the donor restriction that the principal be invested in perpetuity and that only the income earned thereon be available for operations. These net assets consist of investments in equity stocks and mutual funds totaling \$642,683, land of \$200,000 and deferred land sale costs of \$6,342. They represent the Endowment Fund, a portion of the Hanser Land Acquisition Fund, a portion of the Endowment Maintenance Fund net assets, a portion of the Land Stewardship Fund, and HVA Foundation funds.

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2014

**NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS**

The following is a breakdown of temporarily restricted net assets as of June 30, 2014:

Education	\$ 8,400
Paddde Guide	6,300
Greenprint/Land Planning	12,500
Donor Outreach	2,330
Rain Gardens Development	10,000
Strategic Planning	4,806
Employee Benefits	12,500
Culvert Assessments	7,500
Capital Purchase	5,000
Summer Intern	4,900
River enhancement/protection	52,048
Any legal fees related to easements	18,218
Net unrealized investment gains of permanently restricted funds	246,737
	<u>\$ 391,239</u>

**NOTE 6 – ENDOWMENT AND SIMILAR FUNDS**

As described in Note 5, HVA maintains separate funds to hold and invest donor restricted contributions for various purposes. The funds are the Endowment Fund, the Hanser Land Acquisition Fund, and the Endowed Maintenance Fund. They are described as follows:

The Endowment Fund consists of land (and deferred land sale costs) held for investment by Housatonic Valley Association and investments in cash equivalent funds, equity stocks, mutual funds and long term certificates of deposit held by the HVA Foundation. The Foundation has established investment policy guidelines in order to preserve the real value of funds invested.

Funds are transferred from the Endowment Fund to the Operating Fund based on a formula which considers the market value of total invested funds at the fiscal year end of the previous three years and the calendar year end of the current fiscal year. An average of the four market values is multiplied by 3% to arrive at the amount available for transfer. The Board of Directors has designated \$5,000 of this amount to be available for fee land stewardship annually.

The Hanser Land Acquisition Fund consists of funds invested in an equity mutual fund held for land protection. Earnings from the fund may be used for river enhancement and protection.

The Endowed Maintenance Fund consists of funds invested in an equity mutual fund. The initial contributions and the subsequent earnings are restricted to protect and maintain three property conservation easements.

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2014

The Land Stewardship Fund consists of funds invested in an equity mutual fund. The initial contributions and subsequent earnings are restricted to protect and maintain easements.

The Board of Directors voted to designate funds totaling \$32,000 during the 2012-13 year for conservation easement defense. This designation was made in order to comply with a newly adopted board resolution which requires the Association to maintain a minimum of \$50,000 in dedicated or restricted reserves for the purpose of easement monitoring and legal enforcement obligations. This amount, when combined with the total restricted funds held in the Endowed Maintenance Fund and the Land Stewardship Fund resulted in a total balance of \$62,218 in dedicated and restricted funds available to protect and maintain conservation easements as of June 30, 2014.

The River Intern Fund was established during 2008-2009 as an endowment, the earnings from which would provide funding to hire a student intern for summer employment by the Housatonic Valley Association. During 2009-2010 the balance was transferred to the Community Foundation of North West Connecticut (CFNWCT) under an agreement which established a permanent endowment fund owned by CFNWCT. The reported balance at June 30, 2014 was \$124,949. Distributions of income from the fund to HVA are based on a spending formula to currently not exceed a ceiling of 5.75% or a floor of 4.25% of the market valuation of the endowment assets based on a rolling three year average. Distributions totaling \$5,900 were received during 2013-2014.

The Organization has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act as allowing or the preservation of the fair value of the original gift as of the gift date of the donor restricted funds absent explicit donor stipulations to the contrary. As a result of this interpretation HVA classifies as permanently restricted net assets the original value of gifts to the Endowment Fund and the other permanently restricted funds along with any accumulations to the permanent funds made in accordance with donor gift instrument directions. The remaining portion of the aforementioned funds is classified as temporarily restricted net assets until appropriated for expenditure in the manner described for each fund.

The following is a breakdown of the changes in endowment and similar funds for the fiscal year ended June 30, 2014:

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2014

	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net Assets - Beginning of year	<u>\$ 200,878</u>	<u>\$ 845,525</u>	<u>\$ 1,046,403</u>
Investment Return:			
Investment income (net of \$2,663 advisory fees)	37,272	-	37,272
Net appreciation unrealized	<u>99,577</u>	<u>-</u>	<u>99,577</u>
Total Investment Return	<u>136,849</u>	<u>-</u>	<u>136,849</u>
Additions: Contributions	-	3,500	3,500
Deductions			
Endowment Fund Distributions per formula	<u>(20,724)</u>	<u>-</u>	<u>(20,724)</u>
Total Deductions	<u>(20,724)</u>	<u>-</u>	<u>(20,724)</u>
Net Change in Assets	<u>116,125</u>	<u>3,500</u>	<u>119,625</u>
Net assets - End of Year	<u>\$ 317,003</u>	<u>\$ 849,025</u>	<u>\$ 1,166,028</u>

The above schedule does not include temporarily restricted net assets totaling \$74,236 which are not maintained in an endowment or similar fund.

**NOTE 7 – RENTALS**

A portion of the Organization's facilities are rented to others as tenants at will. Rental revenue for the year ended June 30, 2014 was \$9,526.

**NOTE 8 – FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE 9 – RETIREMENT PLANS**

HVA sponsored a Simple IRA Pension Plan for the first half of the year, whereby it contributed 2% of annual gross salary for each employee who has earned at least \$5,000 in the last year. The contribution for the first half of the year was \$6,384. The Association terminated the Simple IRA and initiated a 403 (b) plan effective January 1, 2014 whereby they matched an employee's contribution of up to 5% of the employee's gross salary. This plan was open to all employees who worked at least 1,000 hours a year. The 403 (b) expense for the second half of the year was \$16,266.

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2014

**NOTE 10 – OPERATING LEASES**

HVA leases a copier under a five year non-cancellable operating lease which commenced on June 1, 2013. Total lease expenditures during the fiscal year ended June 30, 2014 were \$1,896.

The following is a schedule of future minimum lease payments:

2015	\$	1,896
2016		1,896
2017		1,896
2018		1,738

**NOTE 11 – FAIR VALUE OF FINANCIAL INSTRUMENTS**

The following methods and assumptions were used by the Organization in estimating its fair value disclosures for financial instruments:

The Association's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Association 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 fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

- Level 1 input consists of unadjusted quoted prices in active markets for identical assets and has the highest priority.
- Level 2 inputs consist of significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities in active markets, quoted prices in markets that are not active and other inputs that are observable or can be corroborated by observable market data.
- Level 3 inputs consist of significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability and have the lowest priority.

The Association uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Association measures fair

HOUSATONIC VALLEY ASSOCIATION, INC. AND HVA FOUNDATION, INC.

Notes To Financial Statements

June 30, 2014

values using Level 1 inputs because they generally provide the most reliable evidence of fair value.

Cash, cash equivalents, accounts receivable and accounts payable: The carrying amounts reported in the statement of assets, liabilities and net assets approximate fair values because of the short maturates of those instruments. The fair values of long-term certificates of deposit, and publically traded mutual funds and equity investments are based on the closing price reported in the active market where the investments are traded. Unrealized gains of \$148,540 were recorded on investments in the statement of activities.

**NOTE 12 – COMMITMENTS AND CONTINGENCIES**

The Association participates in various assisted grant programs. The use of grants in programs is subject to future review by the grantors. Such reviews may result in the Association having liabilities to the grantors.

The Association's Forms 990, *Return of Organization Exempt from Income Tax* are subject to examination by the IRS, generally for three years after they were filed.

**NOTE 13 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through August 7, 2014 which corresponds to the date the financial statements were available to be issued.