RHODE ISLAND PUBLIC WORKS ASSOCIATION, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statements of Assets, Liabilities, and Net Assets – Modified Cash Basis	3
Statements of Support, Revenues and Expenses – Modified Cash Basis	4
Statements of Functional Expenses – Modified Cash Basis	5
Statements of Cash Flows – Modified Cash Basis	6
Notes to Financial Statements	7-10

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rhode Island Public Works Association, Inc.
Richmond, Rhode Island

Report on the Financial Statements

I have audited the accompanying financial statements of Rhode Island Public Works Association, Inc. (a nonprofit organization) which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2019, and the related statements of support, revenues and expenses and cash flows – modified cash basis 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 the modified cash basis of accounting as described in Note 1; this includes the determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 to expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Rhode Island Public Works Association, Inc. as of December 31, 2019, and its support, revenue, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Report on Summarized Comparative Information

I have previously audited Rhode Island Public Works Association, Inc.'s 2018 financial statements, and my report dated November 12, 2019, expressed an unmodified opinion on those audited financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Basis of Accounting

The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United State of America. My opinion is not modified with respect to this matter.

Stephen T. Gentile

Stephen T. Gentile, C.P.A., Ltd.
November 2, 2020

RHODE ISLAND PUBLIC WORKS ASSOCIATION, INC.

STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH BASIS

YEARS ENDED DECEMBER 31, 2019 AND 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	$ 114,356	$ 100,186
PROPERTY AND EQUIPMENT		
Office and computer equipment	$ 23,394	$ 23,394
Trailer	6,995	6,995
Total property and equipment	30,389	30,389
Less: Accumulated depreciation	(29,440)	(28,748)
Total property and equipment, residual value	949	1,641
	$ 115,305	$ 101,827

LIABILITIES AND NET ASSETS

Total liabilities	$ 0	$ 0
NET ASSETS, WITHOUT DONOR RESTRICTIONS	$ 115,305	$ 101,827
	$ 115,305	$ 101,827

See accompanying notes.

RHODE ISLAND PUBLIC WORKS ASSOCIATION, INC.

STATEMENT OF SUPPORT, REVENUES AND EXPENSES – MODIFIED CASH BASIS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
REVENUES		
Education and training contract	$ 135,456	$ 10,945
Membership dues and assessments	14,259	15,506
Investment return – interest	65	66
Special events:		
Equipment shows	86,433	82,063
Miscellaneous income – all other	9,283	8,980
Total revenues	$ 245,496	$ 117,560
EXPENSES		
Program services	169,511	66,397
Supporting services		
Management and general	25,000	25,000
Fundraising	37,507	36,656
Total supporting services	62,507	61,656
Total expenses	$ 232,018	$ 128,053
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS	$ 13,478	$ (10,493)
NET ASSETS, WITHOUT DONOR RESTRICTIONS BEGINNING OF YEAR	101,827	112,320
NET ASSETS, WITHOUT DONOR RESTRICTIONS END OF YEAR	$ 115,305	$ 101,827

See accompanying notes.

RHODE ISLAND PUBLIC WORKS ASSOCIATION, INC.

STATEMENT FUNCTIONAL EXPENSES – MODIFIED CASH BASIS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019				2018			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Advertising/Website	$ 6,171	$ 0	$ 0	$ 6,171	$ 1,581	$ 0	$ 0	$ 1,581
Bank charges	0	0	0	0	5	0	0	5
Bookkeeping	0	25,000	0	25,000	0	25,000	0	25,000
Depreciation	692	0	0	692	947	0	0	947
Education and training seminars	8,370	0	0	8,370	5,080	0	0	5,080
Gifts, awards	7,801	0	0	7,801	187	0	0	187
Insurance	1,797	0	0	1,797	1,779	0	0	1,779
Legal and professional	31,702	0	0	31,702	13,677	0	0	13,677
Meetings, conferences, travel	43,618	0	0	43,618	11,987	0	0	11,987
Membership expenses	59,694	0	0	59,694	19,865	0	0	19,865
Newsletters/Flyers	8,430	0	0	8,430	7,939	0	0	7,939
Office expense, postage, shipping	6,454	0	0	6,454	3,350	0	0	3,350
Special events:								
Summer equipment show	0	0	32,289	32,289	0	0	36,656	36,656
	$ 174,729	$ 25,000	$ 32,289	$ 232,018	$ 66,397	$ 25,000	$ 36,656	$ 128,053

See accompanying notes.

RHODE ISLAND PUBLIC WORKS ASSOCIATION, INC.

STATEMENT OF CASH FLOWS – MODIFIED CASH BASIS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in net assets:	$ 13,478	$ (10,493)
Adjustments to reconcile (decrease) in net assets to net cash provided by operating activities:		
Depreciation	692	947
NET CASH PROVIDED (USED) BY OPERATING ACTIVITES	14,170	(9,546)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	100,186	109,732
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 114,356	$ 100,186

See accompanying notes.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Rhode Island Public Works Association, Inc. (the Organization), was incorporated in the State of Rhode Island in June 1989. The purpose of the Organization is to facilitate communication and to educate local and state public works employees. The Organization provides training workshops and other training opportunities in order to be able to accomplish its educational goal.

Financial Statement Presentation

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are put in place by its donors, as follows:

Net Assets without Donor Restrictions: Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets with Donor Restrictions: Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's restrictions.

The Organization's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified be the donor or by the passage of time, the expiration of the restriction is reported in the financial statements be reclassifying net assets with donor restrictions to net assets without donor restrictions.

Classification of transactions: All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or a future period. All expenses and net losses other than losses on investments are reported as decreases in net assets without donor restrictions. Net gains on investments increase net assets without donor restrictions, and net losses on investments reduce that net asset class.

Basis of Accounting

The financial statements of Rhode Island Public Works Association, Inc. have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Accordingly, revenue and the related assets are recorded when received rather than when earned and certain expenses are recognized when paid rather than when the obligations are incurred. Modifications to the cash basis of accounting include recording investments and depreciation on property and equipment.

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 certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property and equipment is stated at cost. The costs of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed in the period incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Depreciation of property and equipment is provided using the straight-line method over the five-year estimated useful lives of the assets currently owned by the Organization.

Income Taxes

The Organization is a not-for-profit organization exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code.

The Organization adopted the recognition requirements for uncertain tax positions as required by generally accepted accounting principles, with no cumulative effect adjustment required. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service. The Organization believes that income tax positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization's financial condition, results of operations or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain tax positions at December 31, 2019.

The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization's federal tax return is generally open to examination for the last three years.

Cash Equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Revenues (Without donor Restrictions)

- Special Event(s)

The Organization conducts special events such as an equipment show in order to raise revenues for member training, to cover expenses, and also, at times, to award scholarships to individuals pursuing interests and careers related to the public works field.

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Change in accounting principles: The Organization implemented FASB ASU No. 2016-14 *Presentation of Financial Statements of Not-for-Profit Entities* in the prior year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

- The temporarily restricted net asset class has been renamed net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a disclosure about the liquidity and availability of resources.

The changes had the following effect on net assets at January 1, 2018.

Net Asset Class	As Originally Presented	After Adoption of ASU 2016-14
Unrestricted net assets	$ 109,732	
Net assets without donor restrictions		$ 109,732
Total net assets	$ 109,732	$ 109,732

NOTE 2 --LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of December 31, 2019 are:

Financial assets:	
Cash and cash equivalents	$ 114,356
Accounts receivable	3,500
Amount available for general expenditures within one year	$ 117,856

The Organization is substantially supported by special events and membership fees. The Organization must maintain sufficient resources to meet the responsibilities to its members. As part of the Organization'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.

NOTE 3 – RELATED PARTY CONTRACTED SERVICES

The Organization contracts with its Executive Director to provide recordkeeping, administrative, and bookkeeping services for the Organization. The contract for January 1, 2019 to December 31, 2019 called for a $25,000 payment on January 1, 2019, following the carrying out of the service contract.

The Organization also contracts with a family member of the Executive Director for newsletter, website, and administrative services. The contract for the period January 1, 2019 through December 31, 2019 called for payment for services based on an hourly rate of $65 plus reimbursement of out-of-pocket expenses. The total amount paid for these services in 2019 plus reimbursement of expenses was $84,606.

The Organization paid an additional family member a total of $6,870 for training services.

NOTE 4 – OTHER CONTRACTED SERVICES

Rhode Island Public Works Association, Inc. contracts with J. Cathcart, Inc. for its membership coordination and consulting services. J. Cathcart, Inc. maintains the membership lists and acts as a liaison between the Organization and its members and all municipal organizations involved in the public works field. J. Cathcart, Inc. is paid 50% of all annual membership dues as well as clerical services provided to the Organization, and all other related expenses. Payments for education and training to J. Cathcart, Inc. totaled $79,829 for the year ended December 31, 2019. This amount is included in meetings, conferences, travel expense and membership expenses accounts in the statements of revenues and expenses – modified cash basis.

NOTE 5 – SUBSEQUENT EVENTS

The Organization did not have any recognized or non-recognized subsequent events after December 31, 2019, the date of the statement of assets, liabilities, and net assets – modified cash basis. Management has evaluated subsequent events through November 3, 2020, the date on which the financial statements were available to be issued.