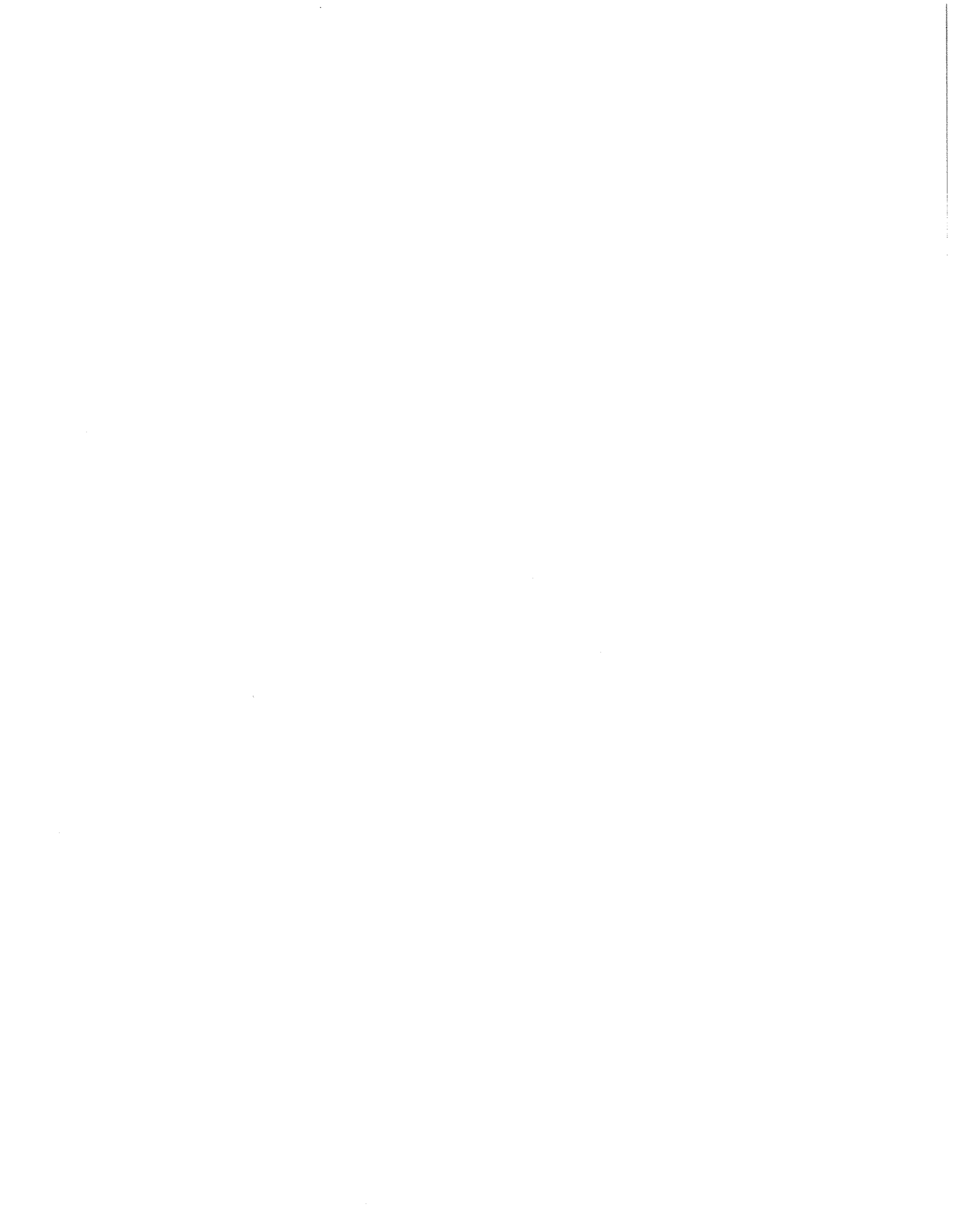


GREAT RIVER GREENING

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2010 AND 2009**



GREAT RIVER GREENING

FINANCIAL STATEMENTS

For The Years Ended December 31, 2010 and 2009

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Great River Greening
Minneapolis, Minnesota

We have audited the accompanying statements of financial position of Great River Greening as of December 31, 2010 and 2009, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Great River Greening's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Great River Greening as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Mahoney Ulbrich
Christiansen Russ P.A.*

Saint Paul, Minnesota
August 24, 2011

GREAT RIVER GREENING

STATEMENTS OF FINANCIAL POSITION

December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash	\$ 71,326	\$ 124,573
Accounts receivable	44,476	101,784
Contributions receivable	12,732	60,732
Grants receivable	55,007	30,161
Prepaid expenses and deposits	15,687	7,259
Equipment and leasehold improvements, net	<u>23,228</u>	<u>34,154</u>
 Total assets	 <u>\$ 222,456</u>	 <u>\$ 358,663</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 12,710	\$ 14,580
Accrued expenses	19,919	49,638
Refundable advances	<u>19,060</u>	<u>6,790</u>
 Total liabilities	 <u>51,689</u>	 <u>71,008</u>
Net assets:		
Undesignated	139,917	154,320
Temporarily restricted net assets	<u>30,850</u>	<u>133,335</u>
 Total net assets	 <u>170,767</u>	 <u>287,655</u>
 Total liabilities and net assets	 <u>\$ 222,456</u>	 <u>\$ 358,663</u>

See Accompanying Notes to Financial Statements.

GREAT RIVER GREENING

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended December 31, 2010 and 2009

	2010			2009		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Support:						
Public support	\$ 177,749	\$ 29,500	\$ 207,249	\$ 227,681	\$ 112,100	\$ 339,781
Government grants	178,950	-	178,950	156,014	-	156,014
Other grants	30,590	-	30,590	24,910	-	24,910
In-kind contributions	23,972	-	23,972	7,905	-	7,905
Net assets released from restrictions	131,985	(131,985)	-	106,450	(106,450)	-
Program service fees:						
Government	281,971	-	281,971	335,175	-	335,175
Other	113,673	-	113,673	112,889	-	112,889
Special event (net of direct benefits to donors of \$11,427 and \$13,250 in 2010 and 2009)	17,298	-	17,298	21,458	-	21,458
Other income	5,463	-	5,463	10,547	-	10,547
Total support and revenues	961,651	(102,485)	859,166	1,003,029	5,650	1,008,679
Expenses:						
Program services	817,963	-	817,963	815,349	-	815,349
Management and general	101,491	-	101,491	112,593	-	112,593
Fundraising	56,600	-	56,600	85,399	-	85,399
Total expenses	976,054	-	976,054	1,013,341	-	1,013,341
Change in net assets	(14,403)	(102,485)	(116,888)	(10,312)	5,650	(4,662)
Net assets - beginning of year	154,320	133,335	287,655	164,632	127,685	292,317
Net assets - end of year	\$ 139,917	\$ 30,850	\$ 170,767	\$ 154,320	\$ 133,335	\$ 287,655

See Accompanying Notes to Financial Statements.

GREAT RIVER GREENING

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2010 and 2009

	2010			Total
	Program Services	Management and General	Fundraising	
Salaries	\$ 437,108	\$ 73,992	\$ 40,478	\$ 551,578
Payroll taxes	47,839	7,676	4,827	60,342
Employee benefits	33,897	2,824	4,745	41,466
 Total personnel expense	 518,844	 84,492	 50,050	 653,386
Occupancy	26,284	2,522	2,143	30,949
Office and computer supplies	5,244	685	473	6,402
Copying, printing and photography	3,543	94	747	4,384
Telephone	4,056	303	237	4,596
Postage and shipping	1,977	167	1,201	3,345
Contract partner services	67,602	-	-	67,602
Restoration materials	114,100	-	-	114,100
Field and event supplies	37,769	-	-	37,769
Professional services	2,947	10,097	320	13,364
Staff development	992	25	-	1,017
Auto and travel	6,805	402	110	7,317
Graphic design	450	-	250	700
Other expense	1,367	1,066	445	2,878
Insurance	6,854	1,489	499	8,842
Depreciation	19,129	149	125	19,403
	<u>\$ 817,963</u>	<u>\$ 101,491</u>	<u>\$ 56,600</u>	<u>\$ 976,054</u>
Direct benefit to donors				<u>11,427</u>
Total expenses				<u>\$ 987,481</u>

2009

Program Services	Management and General	Fundraising	Total
\$ 426,491	\$ 84,130	\$ 63,633	\$ 574,254
44,687	8,149	6,535	59,371
44,897	5,646	6,485	57,028
516,075	97,925	76,653	690,653
27,693	2,707	2,513	32,913
5,929	619	587	7,135
5,339	36	933	6,308
4,204	333	306	4,843
1,907	151	1,727	3,785
100,436	-	-	100,436
68,637	-	-	68,637
38,624	-	-	38,624
3,919	8,704	497	13,120
1,004	45	-	1,049
8,172	27	95	8,294
4,580	24	120	4,724
1,198	354	1,291	2,843
6,709	1,514	533	8,756
20,923	154	144	21,221
<u>\$ 815,349</u>	<u>\$ 112,593</u>	<u>\$ 85,399</u>	<u>\$ 1,013,341</u>
			<u>13,250</u>
			<u>\$ 1,026,591</u>

See Accompanying Notes to Financial Statements.

GREAT RIVER GREENING

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2010 and 2009

Increase (Decrease) in Cash

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ (116,888)	\$ (4,662)
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation	19,403	21,221
In-kind contribution of equipment	(5,255)	-
Changes in operating assets and liabilities:		
Accounts receivable	57,308	38,488
Contributions receivable	48,000	(55,000)
Grants receivable	(24,846)	(30,161)
Prepaid expenses and deposits	(8,428)	(1,542)
Accounts payable	(1,870)	6,608
Accrued expenses	(29,719)	308
Refundable advances	12,270	1,790
Net cash from operating activities	<u>(50,025)</u>	<u>(22,950)</u>
Cash flows from investing activities:		
Purchase of equipment	<u>(3,222)</u>	<u>(1,500)</u>
Net cash from investing activities	<u>(3,222)</u>	<u>(1,500)</u>
Net decrease in cash	(53,247)	(24,450)
Cash - beginning of year	<u>124,573</u>	<u>149,023</u>
Cash - end of year	<u>\$ 71,326</u>	<u>\$ 124,573</u>

See Accompanying Notes to Financial Statements.

GREAT RIVER GREENING

NOTES TO FINANCIAL STATEMENTS

For The Years Ended December 31, 2010 and 2009

1. ORGANIZATION

Great River Greening (the Organization) is a Minnesota non-profit corporation organized in 1999 and located in Saint Paul, Minnesota.

The Organization leads and promotes community-based restoration of natural areas. The Organization follows the guiding principles of: citizen-based restoration, stewardship and education; ecologically sound implementation and evaluation; collaboration to help advance ecosystem-based management; and long-term stewardship.

The Organization is supported primarily by contributions and grants and contract fees.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. Actual results could differ from those estimates.

Financial Statement Presentation - The Organization is required to report information regarding its financial position and activities in the following net asset categories:

- Unrestricted net assets represent the portion of net assets that are not subject to donor restrictions.
- Temporarily restricted net assets arise from contributions that are restricted by donors for specific purposes or time periods.
- Permanently restricted net assets arise from contributions with restrictions from donors that do not expire and that allow, in certain cases, only the income earned thereon to be expended. At this time, the Organization has no permanently restricted net assets.

Concentrations of Credit Risk - The Organization maintains bank accounts at one financial institution which is insured by the Federal Deposit Insurance Corporation up to \$250,000. Although at times the amount on deposit in these accounts may exceed the federally insured limit, the Organization has never experienced any losses. At December 31, 2010 and 2009, the Organization did not exceed the federally insured limit.

Cash and Cash Equivalents - The Organization considers all highly liquid investments purchased with original maturities of three months or less and any certificates of deposit that do not contain material early withdrawal penalties to be cash equivalents. Cash equivalents consisted of money market savings of \$20,742 and \$67,572 at December 31, 2010 and 2009, respectively.

(Continued)

GREAT RIVER GREENING

NOTES TO FINANCIAL STATEMENTS

For The Years Ended December 31, 2010 and 2009

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Receivables - Accounts receivable and grant and contributions receivable are stated at the amount management expects to collect. Management reviews receivable balances at year end and establishes an allowance based on expected collections. No allowance for doubtful accounts was considered necessary at December 31, 2010 and 2009.

Equipment and Leasehold Improvements - Equipment and leasehold improvements are carried at cost, with the exception of donated equipment which is recorded at fair market value at the date of the gift. The Organization capitalizes all items over \$500 which provides a future benefit. Depreciation is computed using the straight-line method. Maintenance and repairs are expensed as incurred. Major renewals or betterments that extend the lives of property and equipment are capitalized. Management reviews these assets for impairment whenever events or changes in circumstances indicate that the amount of an asset may not be recoverable.

Contribution Revenue Recognition - Contributions are recognized in the period when the donor makes an unconditional promise to give to the Organization. Conditional contributions are recognized when the conditions on which they depend have been met and the conditional promise becomes unconditional. Contributions are considered to be unrestricted unless specifically restricted by the donor.

Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a specific time restriction ends or a purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets. If a temporary restriction is fulfilled during the same period in which the contribution is received, the contribution is reported as unrestricted.

Donated Materials and Services - Donated materials are recorded as contributions at their estimated fair market value in the period received. Donated services are recorded as contributions at their estimated fair value only if the services create or enhance a nonfinancial asset or if the services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. No contributed services were recognized in either year.

The Organization regularly receives donated services from many volunteers. However no amounts have been recognized for these services because they do not meet the criteria described above.

Government Grants and Contracts - Government grants and contract funds are generally considered exchange transactions and are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are incurred. Funds received but not yet earned are recorded as refundable advances. Expenditures under government grants and contracts are subject to review by the granting authority. If, as a result of such a review, expenditures are determined to be unallowable, the disallowance will be recorded at the time the assessment for refund is made.

(Continued)

GREAT RIVER GREENING

NOTES TO FINANCIAL STATEMENTS

For The Years Ended December 31, 2010 and 2009

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Program Service Fees - Revenue from program service fees is recognized when services are provided. Amounts collected in advance of performing the services are recorded as refundable advances.

Functional Expenses - Expenses have been allocated between program and supporting services classifications based upon direct expenditures and estimates made by management. Expenses which are common to program and to support services are allocated based on employee time allocations determined by management.

Income Taxes - The Organization is a Minnesota non-profit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable Minnesota Statutes and is subject to income taxes only on net unrelated business income. The Organization did not have any unrelated business income in 2010 or 2009.

The Organization is not currently under examination by any taxing jurisdiction. Federal and state tax authorities generally have the right to examine income tax returns for a period of three years after they are filed.

3. **CONTRIBUTIONS RECEIVABLE**

Contributions receivable are due within one year.

Conditional contributions receivable of \$10,000 from McKnight Foundation were recognized when the conditions were met during 2010.

4. **GRANTS RECEIVABLE**

Grants receivable consists of the following at December 31:

	<u>2010</u>	<u>2009</u>
MN Department of Natural Resources	\$ 18,731	\$ 12,568
MN Pollution Control Agency	20,712	17,593
National Fish and Wildlife Foundation	<u>15,564</u>	<u>-</u>
	<u>\$ 55,007</u>	<u>\$ 30,161</u>

(Continued)

GREAT RIVER GREENING

NOTES TO FINANCIAL STATEMENTS

For The Years Ended December 31, 2010 and 2009

5. **EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

Equipment and leasehold improvements consist of:

	<u>2010</u>	<u>2009</u>
Furniture and fixtures	\$ 28,707	\$ 28,707
Equipment	106,941	98,465
Vehicle	39,510	39,510
Leasehold improvements	<u>21,450</u>	<u>21,450</u>
	196,608	188,132
Accumulated depreciation	<u>(173,380)</u>	<u>(153,978)</u>
	<u><u>\$ 23,228</u></u>	<u><u>\$ 34,154</u></u>

6. **LINE OF CREDIT**

The Organization has a \$80,000 demand line of credit note with Anchor Bank. Interest is payable monthly on the unpaid principal balance at an annual rate equal to the prime rate plus 0.500 percent. The variable rate has a floor of 5.000 percent. The agreement expires on July 1, 2012. There were no advances on the line of credit at December 31, 2010 and 2009. The note is secured by all business assets.

7. **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are restricted for the following purposes:

	<u>2010</u>	<u>2009</u>
General operations – time restrictions	\$ -	\$ 60,000
Program support	<u>30,850</u>	<u>73,335</u>
	<u><u>\$ 30,850</u></u>	<u><u>\$ 133,335</u></u>

8. **RETIREMENT PLAN**

The Organization sponsors a 401(k) plan under which eligible employees may elect to have pre-tax payroll deferrals of up to 15 percent of qualified compensation contributed to the plan. The plan also allows for discretionary employer contributions. The Organization's contribution was \$580 and \$9,454, for the years ended December 31, 2010 and 2009, respectively. In May 2010, the Organization suspended the 401(k) match.

(Continued)

GREAT RIVER GREENING

NOTES TO FINANCIAL STATEMENTS

For The Years Ended December 31, 2010 and 2009

9. **LEASE**

The Organization occupies office space under a non-cancelable lease expiring on December 31, 2014. The lease requires monthly payments for base rent plus for the use of the garage. Rent expense was \$30,949 in 2010 and \$32,913 in 2009.

Future minimum lease payments required are as follows:

2011	\$ 30,990
2012	29,724
2013	29,724
2014	29,724
	<u>29,724</u>
	<u>\$ 120,162</u>

10. **IN - KIND CONTRIBUTIONS**

In-kind contributions consist of the following for the year ended December 31:

	<u>2010</u>	<u>2009</u>
Program		
Office and computer supplies	\$ 176	\$ -
Contract partner service	50	-
Restoration materials	15,667	5,282
Field and event supplies	2,486	1,021
Auto and travel	193	710
Other expense	145	22
	<u>18,717</u>	<u>7,035</u>
Fixed asset		
Equipment	5,255	-
	<u>5,255</u>	<u>-</u>
Management		
Auto and travel	-	104
Other expense	-	680
	<u>-</u>	<u>784</u>
Fundraising		
Office and computer supplies	-	60
Auto and travel	-	26
	<u>-</u>	<u>86</u>
Total in-kind contributions	<u>\$ 23,972</u>	<u>\$ 7,905</u>

(Continued)

GREAT RIVER GREENING

NOTES TO FINANCIAL STATEMENTS

For The Years Ended December 31, 2010 and 2009

11. **ECONOMIC DEPENDENCE**

Of its total 2010 revenue and support, the Organization received approximately 29% (\$246,686) from government contracts with the Minnesota Department of Natural Resources. Of its total 2009 revenue and support, the Organization received approximately 13% (\$130,000) from one donor and 24% (\$239,232) from government contracts with the Minnesota Department of Natural Resources.

12. **SUBSEQUENT EVENTS**

Management has evaluated subsequent events through August 24, 2011, the date on which the financial statements were available for issue, and identified no further significant events or transactions to disclose.