# GREAT RIVER GREENING

## FINANCIAL STATEMENTS

## FOR THE YEARS ENDED
## DECEMBER 31, 2014 AND 2013

GREAT RIVER GREENING

FINANCIAL STATEMENTS

For the Years Ended December 31, 2014 and 2013

Table of Contents

Mahoney
Ulbrich
Christiansen
Russ P.A.
CERTIFIED PUBLIC ACCOUNTANTS

30 EAST PLATO BOULEVARD SAINT PAUL, MN 55107-1809
TELEPHONE 651.227.6695 FACSIMILE 651.227.9796

# INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Great River Greening
Saint Paul, Minnesota

We have audited the accompanying financial statements of Great River Greening (a nonprofit organization), which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to 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 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 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.

(Continued)

**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, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Mahoney Ulbrich Christiansen Russ P.A.

Saint Paul, Minnesota
June 12, 2015

GREAT RIVER GREENING

STATEMENTS OF FINANCIAL POSITION

December 31, 2014 and 2013

| | 2014 | 2013 |
|---|---|---|
| **ASSETS** | | |
| Cash | $ 416,365 | $ 98,847 |
| Accounts receivable | 129,306 | 185,349 |
| Contributions receivable | 30,000 | 90,305 |
| Grants receivable | 170,845 | 170,497 |
| Prepaid expenses and deposits | 24,110 | 17,232 |
| Equipment and leasehold improvements, net | 92,752 | 43,049 |
| Cash restricted for long-term purposes | 1,800 | 30,000 |
| Total assets | $ 865,178 | $ 635,279 |
| **LIABILITIES AND NET ASSETS** | | |
| Accounts payable | $ 103,081 | $ 93,895 |
| Accrued expenses | 62,152 | 31,059 |
| Refundable advances | - | 4,600 |
| Vehicle note payable | 19,950 | - |
| Total liabilities | 185,183 | 129,554 |
| Net assets: | | |
| Unrestricted and undesignated | 338,896 | 257,385 |
| Temporarily restricted | 341,099 | 248,340 |
| Total net assets | 679,995 | 505,725 |
| Total liabilities and net assets | $ 865,178 | $ 635,279 |

See Accompanying Notes to Financial Statements.

GREAT RIVER GREENING

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended December 31, 2014 and 2013

| | 2014 | | | 2013 | | |
|---|---|---|---|---|---|---|
| | Unrestricted | Temporarily restricted | Total | Unrestricted | Temporarily restricted | Total |
| Support: | | | | | | |
| Public support | $ 296,923 | $ 361,891 | $ 658,814 | $ 291,154 | $ 247,765 | $ 538,919 |
| Government grants | 764,549 | - | 764,549 | 586,126 | - | 586,126 |
| In-kind contributions | 14,966 | - | 14,966 | 8,486 | - | 8,486 |
| Net assets released from restrictions | 269,132 | (269,132) | - | 127,909 | (127,909) | - |
| Program service fees: | | | | | | |
| Government | 272,570 | - | 272,570 | 350,708 | - | 350,708 |
| Other | 66,552 | - | 66,552 | 98,614 | - | 98,614 |
| Special event (net of direct benefits to donors of $30,660 in 2014 and $27,278 in 2013) | 63,937 | - | 63,937 | 60,282 | - | 60,282 |
| Other income | 360 | - | 360 | 108 | - | 108 |
| Total support and revenues | 1,748,989 | 92,759 | 1,841,748 | 1,523,387 | 119,856 | 1,643,243 |
| Expenses: | | | | | | |
| Program services | 1,435,932 | - | 1,435,932 | 1,259,562 | - | 1,259,562 |
| Management and general | 139,560 | - | 139,560 | 127,154 | - | 127,154 |
| Fundraising | 91,986 | - | 91,986 | 63,229 | - | 63,229 |
| Total expenses | 1,667,478 | - | 1,667,478 | 1,449,945 | - | 1,449,945 |
| Change in net assets | 81,511 | 92,759 | 174,270 | 73,442 | 119,856 | 193,298 |
| Net assets - beginning of year | 257,385 | 248,340 | 505,725 | 183,943 | 128,484 | 312,427 |
| Net assets - end of year | $ 338,896 | $ 341,099 | $ 679,995 | $ 257,385 | $ 248,340 | $ 505,725 |

See Accompanying Notes to Financial Statements.

GREAT RIVER GREENING

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2014 and 2013

| | 2014 | | | | 2013 | | | |
|---|---|---|---|---|---|---|---|---|
| | Program Services | Management and General | Fundraising | Total | Program Services | Management and General | Fundraising | Total |
| Salaries | $ 543,174 | $ 91,886 | $ 72,152 | $ 707,212 | $ 485,536 | $ 86,075 | $ 47,595 | $ 619,206 |
| Payroll taxes | 57,171 | 8,974 | 7,662 | 73,807 | 56,206 | 9,134 | 5,606 | 70,946 |
| Employee benefits | 54,690 | 13,228 | 5,482 | 73,400 | 45,353 | 12,047 | 3,438 | 60,838 |
| Total personnel expense | 655,035 | 114,088 | 85,296 | 854,419 | 587,095 | 107,256 | 56,639 | 750,990 |
| Occupancy | 25,506 | 2,483 | 2,038 | 30,027 | 25,947 | 2,541 | 2,086 | 30,574 |
| Office and computer supplies | 7,350 | 1,693 | 1,057 | 10,100 | 4,300 | 1,226 | 632 | 6,158 |
| Copying, printing and photography | 2,889 | 1,191 | 1,113 | 5,193 | 421 | 1,555 | 563 | 2,539 |
| Telephone | 3,886 | 793 | 293 | 4,972 | 3,895 | 600 | 246 | 4,741 |
| Postage and shipping | 502 | 495 | 601 | 1,598 | 12 | 256 | 741 | 1,009 |
| Contract partner services | 558,011 | - | - | 558,011 | 441,106 | - | - | 441,106 |
| Restoration materials | 82,612 | - | - | 82,612 | 100,152 | - | - | 100,152 |
| Field and event supplies | 44,375 | - | - | 44,375 | 57,479 | - | - | 57,479 |
| Professional services | 12,289 | 12,643 | - | 24,932 | 2,984 | 8,350 | 292 | 11,626 |
| Auto and travel | 8,907 | 809 | 213 | 9,929 | 13,410 | 916 | 352 | 14,678 |
| Other expense | 2,984 | 2,688 | - | 5,672 | 2,138 | 2,531 | 877 | 5,546 |
| Insurance | 13,358 | 2,070 | 828 | 16,256 | 10,506 | 1,773 | 666 | 12,945 |
| Depreciation | 18,228 | 607 | 547 | 19,382 | 10,117 | 150 | 135 | 10,402 |
| | $ 1,435,932 | $ 139,560 | $ 91,986 | 1,667,478 | $ 1,259,562 | $ 127,154 | $ 63,229 | 1,449,945 |
| Direct benefits to donors | | | | 30,660 | | | | 27,278 |
| Total expenses | | | | $ 1,698,138 | | | | $ 1,477,223 |

See Accompanying Notes to Financial Statements.

GREAT RIVER GREENING

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2014 and 2013

Increase (Decrease) in Cash

| | 2014 | 2013 |
|---|---|---|
| Cash flows from operating activities: | | |
| Change in net assets | $ 174,270 | $ 193,298 |
| Adjustments to reconcile the change in net assets to net cash from operating activities: | | |
| Depreciation | 19,382 | 10,402 |
| In-kind contribution of equipment | (9,500) | - |
| Contributions restricted for long-term purpose | - | (4,500) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 56,043 | 46,087 |
| Contributions receivable | 60,305 | (60,000) |
| Grants receivable | (348) | (7,507) |
| Prepaid expenses and deposits | (6,878) | 5,985 |
| Accounts payable | 9,186 | (60,450) |
| Accrued expenses | 31,093 | 6,171 |
| Refundable advances | (4,600) | (4,000) |
| Net cash from operating activities | 328,953 | 125,486 |
| Cash flows from investing activities: | | |
| Decrease (increase) in cash restricted for long-term purposes | 28,200 | (4,500) |
| Purchase of equipment | (59,585) | (28,900) |
| Net cash from investing activities | (31,385) | (33,400) |
| Cash flows from financing activities: | | |
| Contributions restricted for purchase of equipment | - | 4,500 |
| Proceeds from vehicle note payable | 22,000 | - |
| Repayment of vehicle note payable | (2,050) | - |
| Proceeds from line of credit | - | 77,000 |
| Payment of line of credit | - | (77,000) |
| Net cash from financing activities | 19,950 | 4,500 |
| Net increase in cash | 317,518 | 96,586 |
| Cash - beginning of year | 98,847 | 2,261 |
| Cash - end of year | $ 416,365 | $ 98,847 |

See Accompanying Notes to Financial Statements.

## 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, government 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, 2014, the Organization's deposits exceeded the federally insured limit by $166,300.

**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.

(Continued)

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

Cash restricted for long-term purposes is not considered a cash equivalent. Cash equivalents consist of a money market savings account of $378,340 and $95,025 at December 31, 2014 and 2013.

**Receivables** - Accounts, grants 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. Receivables are written off as a charge to the allowance when, in management's estimation, it is probable that the receivable is worthless. No allowance for doubtful accounts was considered necessary at December 31, 2014 and 2013.

**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 provide 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. No impairment loss was recognized in 2014 or 2013.

In the absence of explicit donor restrictions regarding how long contributed assets must be used, the Organization reports expiration of donor restrictions when a contributed asset is placed in service.

**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.

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

**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.

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** - Government grants are generally considered exchange transactions and are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant, are incurred. Funds received but not yet earned are recorded as refundable advances.

**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 2014 or 2013. The Organization believes that it has appropriate support for any tax positions taken, and accordingly, does not have any uncertain tax positions that are material to the financial statements.

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

**Reclassifications –** Certain amounts in the accompanying prior year financial statements have been reclassified to conform to the current year presentation.

(Continued)

3. **GRANTS RECEIVABLE**

Grants receivable consists of $170,845 and $170,497 from the Minnesota Department of Natural Resources at December 31, 2014 and 2013.

4. **CONTRIBUTIONS RECEIVABLE AND CONDITIONAL GRANT**

Contributions receivable are due in 2015.

In June 2013, the Organization received a $20,000 conditional grant ($5,000 in 2013, $10,000 in 2014 and $5,000 in 2015) from McKnight Foundation provided matching funds are raised from new and increasing donors. The Organization received $10,000 and $5,000 in 2014 and 2013.

The remaining $5,000 of the conditional promise to give will be included in support when the conditions are substantially met.

5. **EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

Equipment and leasehold improvements consist of:

| | 2014 | 2013 | Estimated useful life in years |
|---|---|---|---|
| Furniture and fixtures | $ 26,107 | $ 26,107 | 5 |
| Equipment | 129,647 | 138,458 | 3 - 5 |
| Vehicles | 95,017 | 48,509 | 5 |
| Leasehold improvements | 21,450 | 21,450 | 5 |
| | 272,221 | 234,524 | |
| Accumulated depreciation | (179,469) | (191,475) | |
| | $ 92,752 | $ 43,049 | |

6. **LINE OF CREDIT**

The Organization has a $100,000 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 1.75%. The variable rate has a floor of 5%. The agreement expires on July 10, 2015. The line of credit had a $0 balance at December 31, 2014 and 2013. The line of credit is secured by all business assets. Anchor Bank has approved the line of credit for a 12 month renewal at $150,000. Other terms of the note, including the annual interest rate, are not expected to change.

(Continued)

## 7. VEHICLE NOTE PAYABLE

The Organization has a $22,000 note with Think Mutual Bank. Monthly payments, including interest at 1.75%, are due until maturity on June 15, 2019. The note is secured by a vehicle.

Maturities of the note are as follows:

| | |
|---|---|
| 2015 | $ 4,331 |
| 2016 | 4,365 |
| 2017 | 4,443 |
| 2018 | 4,521 |
| 2019 | 2,290 |
| | $ 19,950 |

## 8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes:

| | 2014 | 2013 |
|---|---|---|
| General operations – time restrictions | $ 30,000 | $ 90,000 |
| Program support | 309,299 | 128,340 |
| Computer equipment and technology | 1,800 | 30,000 |
| | $ 341,099 | $ 248,340 |

Amounts restricted for computer equipment and technology are reported as cash restricted for long-term purposes.

## 9. RETIREMENT PLAN

The Organization sponsors a 401(k) plan under which eligible employees may elect to have pre-tax payroll deferrals of up to 75 percent of qualified compensation contributed to the plan. The plan also allows for discretionary employer contributions, including a match. The 401(k) match was suspended from May 2010 to July 2014. Matching contributions were $5,722 in 2014.

## 10. LEASE

The Organization occupied office space under a non-cancelable lease that expired on December 31, 2014 (renewed through December 31, 2019). The lease requires monthly payments for base rent plus for the use of the garage. Rent expense was $30,027 in 2014 and $30,574 in 2013.

Required minimum future lease payments are $29,724 annually through 2019.

## 11. ECONOMIC DEPENDENCE

Of its total 2014 revenue and support, the Organization received approximately 42% ($781,253) from government contracts with the Minnesota Department of Natural Resources. Of its total 2013 revenue and support, the Organization received approximately 33% ($550,575) from government contracts with the Minnesota Department of Natural Resources.

## 12. IN - KIND CONTRIBUTIONS

In-kind contributions consist of the following:

| | 2014 | 2013 |
|---|---|---|
| Program | | |
| Contract partner services | $ - | $ 150 |
| Restoration materials | 51 | 4,054 |
| Field and event supplies | 21 | 4,236 |
| Auto and travel | 36 | 46 |
| | 108 | 8,486 |
| Management and general | | |
| Office supplies | 103 | - |
| Other expense | 198 | - |
| | 301 | - |
| Direct donor benefits – event supplies | 5,057 | |
| Capitalized equipment | 9,500 | - |
| | $ 14,966 | $ 8,486 |

(Continued)

## 13. RELATED PARTIES

Certain members of the Board of Directors are employees of companies that the Organization provided services to in the normal course of business. These transactions are reviewed annually by the board finance committee and reported to the board of directors.

## 14. CONTINGENCY

Amounts received from grantor agencies are subject to audit and adjustment by grantor agencies. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date. If, as the result of an audit, unallowable costs are identified, the disallowance will be recorded at the time the assessment for refund is made.

## 15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 12, 2015, the date on which the financial statements were available for issue, and identified no further significant events or transactions to disclose.