

**GREAT RIVER GREENING**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED**  
**DECEMBER 31, 2015 AND 2014**

# GREAT RIVER GREENING

## FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

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# Mahoney Ulbrich Christiansen Russ P.A.

CERTIFIED PUBLIC ACCOUNTANTS

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## 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, 2015 and 2014, 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, 2015 and 2014, 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.

Saint Paul, Minnesota  
June 14, 2016

*Mahoney Ulbrich  
Christiansen Russ P.A.*

## GREAT RIVER GREENING

### STATEMENTS OF FINANCIAL POSITION

December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash	\$ 510,585	\$ 416,365
Accounts receivable	168,127	129,306
Contributions receivable	60,000	30,000
Grants receivable	86,853	170,845
Prepaid expenses and deposits	20,487	24,110
Equipment and leasehold improvements, net	83,758	92,752
Cash restricted for long-term purposes	<u>1,800</u>	<u>1,800</u>
 Total assets	 <u>\$ 931,610</u>	 <u>\$ 865,178</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 86,719	\$ 103,081
Accrued expenses	38,507	62,152
Refundable advances	8,338	-
Vehicle note payable	<u>15,669</u>	<u>19,950</u>
 Total liabilities	 <u>149,233</u>	 <u>185,183</u>
Net assets:		
Unrestricted and undesignated	417,173	338,896
Temporarily restricted	<u>365,204</u>	<u>341,099</u>
 Total net assets	 <u>782,377</u>	 <u>679,995</u>
 Total liabilities and net assets	 <u>\$ 931,610</u>	 <u>\$ 865,178</u>

See Accompanying Notes to Financial Statements.

**GREAT RIVER GREENING**

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended December 31, 2015 and 2014

	2015			2014		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Support and revenue:						
Public support	\$ 343,959	\$ 169,345	\$ 513,304	\$ 296,923	\$ 361,891	\$ 658,814
Government grants and contracts	1,164,664	-	1,164,664	1,037,119	-	1,037,119
In-kind contributions	22,651	-	22,651	14,966	-	14,966
Net assets released from restrictions	145,240	(145,240)	-	269,132	(269,132)	-
Program service fees	101,729	-	101,729	66,552	-	66,552
Special event (net of direct benefits to donors of \$41,509 in 2015 and \$30,660 in 2014)	87,458	-	87,458	63,937	-	63,937
Other income	3,138	-	3,138	360	-	360
	<u>1,868,839</u>	<u>24,105</u>	<u>1,892,944</u>	<u>1,748,989</u>	<u>92,759</u>	<u>1,841,748</u>
Total support and revenue						
Expenses:						
Program services	1,529,696	-	1,529,696	1,433,714	-	1,433,714
Management and general	154,089	-	154,089	139,762	-	139,762
Fundraising	106,777	-	106,777	94,002	-	94,002
	<u>1,790,562</u>	<u>-</u>	<u>1,790,562</u>	<u>1,667,478</u>	<u>-</u>	<u>1,667,478</u>
Total expenses						
Change in net assets	78,277	24,105	102,382	81,511	92,759	174,270
Net assets - beginning of year	338,896	341,099	679,995	257,385	248,340	505,725
Net assets - end of year	<u>\$ 417,173</u>	<u>\$ 365,204</u>	<u>\$ 782,377</u>	<u>\$ 338,896</u>	<u>\$ 341,099</u>	<u>\$ 679,995</u>

See Accompanying Notes to Financial Statements.

**GREAT RIVER GREENING**

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2015 and 2014

	2015				2014			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Salaries	\$ 534,906	\$ 99,540	\$ 70,865	\$ 705,311	\$ 543,174	\$ 91,886	\$ 72,152	\$ 707,212
Payroll taxes	55,304	9,311	7,306	71,921	57,174	8,974	7,662	73,810
Employee benefits	65,633	15,466	6,838	87,937	54,690	13,228	5,482	73,400
Total personnel expense	655,843	124,317	85,009	865,169	655,038	114,088	85,296	854,422
Occupancy	25,769	2,478	2,033	30,280	25,506	2,483	2,038	30,027
Office and computer supplies	8,247	2,339	860	11,446	7,349	1,693	1,057	10,099
Copying, printing and photography	3,418	648	634	4,700	2,889	1,191	1,113	5,193
Telephone	4,652	376	308	5,336	3,886	793	293	4,972
Postage and shipping	450	109	673	1,232	502	495	600	1,597
Contract partner services	667,443	-	7,269	674,712	558,011	-	-	558,011
Restoration materials	51,867	-	-	51,867	82,612	-	-	82,612
Field and event supplies	42,240	64	-	42,304	44,340	-	35	44,375
Professional services	5,698	14,156	988	20,842	12,289	11,011	1,632	24,932
Auto and travel	9,913	1,016	198	11,127	8,647	809	473	9,929
Other expense	16,687	5,812	7,434	29,933	1,059	4,521	90	5,670
Insurance	12,001	2,066	734	14,801	13,358	2,071	828	16,257
Depreciation	25,468	708	637	26,813	18,228	607	547	19,382
	<u>\$ 1,529,696</u>	<u>\$ 154,089</u>	<u>\$ 106,777</u>	1,790,562	<u>\$ 1,433,714</u>	<u>\$ 139,762</u>	<u>\$ 94,002</u>	1,667,478
Direct benefits to donors				41,509				30,660
Total expenses				<u>\$ 1,832,071</u>				<u>\$ 1,698,138</u>

See Accompanying Notes to Financial Statements.

## GREAT RIVER GREENING

### STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2015 and 2014

#### Increase (Decrease) in Cash

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ 102,382	\$ 174,270
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation	26,813	19,382
In-kind contribution of equipment	-	(9,500)
Changes in operating assets and liabilities:		
Accounts receivable	(38,821)	56,043
Contributions receivable	(30,000)	60,305
Grants receivable	83,992	(348)
Prepaid expenses and deposits	3,623	(6,878)
Accounts payable	(16,362)	9,186
Accrued expenses	(23,645)	31,093
Refundable advances	8,338	(4,600)
Net cash from operating activities	116,320	328,953
Cash flows from investing activities:		
Decrease in cash restricted for long-term purposes	-	28,200
Purchase of equipment	(17,819)	(59,585)
Net cash from investing activities	(17,819)	(31,385)
Cash flows from financing activities:		
Proceeds from vehicle note payable	-	22,000
Repayment of vehicle note payable	(4,281)	(2,050)
Net cash from financing activities	(4,281)	19,950
Net increase in cash	94,220	317,518
Cash - beginning of year	416,365	98,847
Cash - end of year	\$ 510,585	\$ 416,365

See Accompanying Notes to Financial Statements.



# GREAT RIVER GREENING

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

### 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, 2015 and 2014, the Organization's deposits exceeded the federally insured limit by \$257,903 and \$166,300.

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# GREAT RIVER GREENING

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

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

**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 restricted for long-term purposes is not considered a cash equivalent. Cash equivalents consist of a money market savings account of \$469,067 and \$378,340 at December 31, 2015 and 2014.

**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, 2015 and 2014.

**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 2015 or 2014.

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.

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# GREAT RIVER GREENING

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

### 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 and Contracts** - Government grants and contracts are generally considered exchange transactions and are recorded as revenue when earned. Revenue is earned when eligible expenditures are incurred, or when services are provided. 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.

**Allocation of Joint Costs** - In 2015 the Organization received an in-kind contribution of advertising space. The advertising space was used to promote volunteerism and partnerships for program purposes as well as to solicit contributions. The joint advertising costs were allocated to program (\$14,280) and fundraising (\$7,140).

**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 2015 or 2014. 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.

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

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# GREAT RIVER GREENING

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

### 3. GRANTS RECEIVABLE

Grants receivable consists of \$86,852 and \$170,845 from the Minnesota Department of Natural Resources at December 31, 2015 and 2014.

### 4. CONTRIBUTIONS RECEIVABLE AND CONDITIONAL GRANT

Contributions receivable at December 31, 2015 are due in 2016.

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 were raised from new and increasing donors. The Organization met the yearly conditions and received \$20,000.

In June 2015, the Organization received a \$20,000 conditional grant (\$5,000 in 2015, \$10,000 in 2016 and \$5,000 in 2017) from McKnight Foundation provided matching funds are raised from new and increasing donors. The Organization received \$5,000 in 2015.

The remaining \$15,000 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:

	2015	2014	Estimated useful life in years
Furniture and fixtures	\$ 31,706	\$ 26,107	5
Equipment	141,868	129,647	3 - 5
Vehicles	95,017	95,017	5
Leasehold improvements	21,450	21,450	5
	290,041	272,221	
Accumulated depreciation	(206,283)	(179,469)	
	<u>\$ 83,758</u>	<u>\$ 92,752</u>	

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# GREAT RIVER GREENING

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

### 6. LINE OF CREDIT

The Organization has a \$150,000 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, 2017. The line of credit had a \$0 balance at December 31, 2015 and 2014. The line of credit is secured by all business assets.

### 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:

2016	\$	4,415
2017		4,443
2018		4,521
2019		<u>2,290</u>
	\$	<u>15,669</u>

### 8. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes:

	<u>2015</u>	<u>2014</u>
General operations – time restrictions	\$ 60,000	\$ 30,000
Program support	303,404	309,299
Computer equipment and technology	<u>1,800</u>	<u>1,800</u>
	<u>\$ 365,204</u>	<u>\$ 341,099</u>

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

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# GREAT RIVER GREENING

## NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2015 and 2014

### 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 \$13,272 in 2015 and \$5,722 in 2014.

### 10. LEASE

The Organization occupies office space under a non-cancelable lease that expires on December 31, 2019. The lease requires monthly payments for base rent plus for the use of the garage. Rent expense was \$30,280 in 2015 and \$30,027 in 2014.

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

### 11. IN - KIND CONTRIBUTIONS

In-kind contributions consist of the following:

	<u>2015</u>	<u>2014</u>
Program		
Restoration materials	\$ -	\$ 51
Field and event supplies	15	21
Auto and travel	24	36
Other expense	14,280	-
	<u>14,319</u>	<u>108</u>
Management and general		
Office supplies	575	103
Other expense	617	198
	<u>1,192</u>	<u>301</u>
Fundraising		
Other expense	7,140	-
	<u>7,140</u>	<u>602</u>
Direct donor benefits – event supplies	-	5,057
Capitalized equipment	-	9,500
	<u>\$ 22,651</u>	<u>\$ 14,966</u>

(Continued)

# **GREAT RIVER GREENING**

## **NOTES TO FINANCIAL STATEMENTS**

For the Years Ended December 31, 2015 and 2014

### **12. ECONOMIC DEPENDENCE**

Of its total 2015 revenue and support, the Organization received approximately 44% (\$833,748) from government contracts with the Minnesota Department of Natural Resources. Of its total 2014 revenue and support, the Organization received approximately 42% (\$781,253) from government contracts with the Minnesota Department of Natural Resources.

### **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 14, 2016, the date on which the financial statements were available for issue, and identified no further significant events or transactions to disclose.