

GREAT RIVER GREENING
AUDITED FINANCIAL STATEMENTS
December 31, 2020 and 2019

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INDEPENDENT ACCOUNTANT'S AUDIT 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, 2020 and 2019, and the related statements of activities, cash flows and functional expense for the years 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 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 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.

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, 2020 and 2019, 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.

Harrington Langer & Associates

June 22, 2021

GREAT RIVER GREENING
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 419,574	\$ 312,658
Contributions receivable	592,554	743,919
Prepaid expenses	<u>14,450</u>	<u>26,690</u>
TOTAL CURRENT ASSETS	<u>1,026,578</u>	<u>1,083,267</u>
PROPERTY AND EQUIPMENT, at cost		
Office equipment	115,328	115,328
Field equipment	79,312	79,312
Vehicles	<u>131,313</u>	<u>131,313</u>
	325,953	325,953
Less: accumulated depreciation	<u>(290,236)</u>	<u>(270,007)</u>
TOTAL PROPERTY AND EQUIPMENT, net	<u>35,717</u>	<u>55,946</u>
TOTAL ASSETS	<u><u>\$ 1,062,295</u></u>	<u><u>\$ 1,139,213</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 35,515	\$ 235,558
Accrued expenses	60,143	90,043
Deferred rent	<u>27,195</u>	<u>23,990</u>
TOTAL CURRENT LIABILITIES	<u>122,853</u>	<u>349,591</u>
NET ASSETS		
Without donor restrictions	662,065	548,178
With donor restrictions	<u>277,377</u>	<u>241,444</u>
TOTAL NET ASSETS	<u>939,442</u>	<u>789,622</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,062,295</u></u>	<u><u>\$ 1,139,213</u></u>

GREAT RIVER GREENING
STATEMENT OF ACTIVITIES
For the Years Ended December 31, 2020 and 2019

	2020			2019		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUE						
Contributions	\$ 601,117	\$ 189,552	\$ 790,669	\$ 377,123	\$ 106,356	\$ 483,479
Government grants & contributions	1,420,594	-	1,420,594	2,302,235	-	2,302,235
Program service fees	150,915	-	150,915	227,337	-	227,337
Special events, net of expenses of \$15,067 and \$38,210, respectively	70,682	-	70,682	74,689	-	74,689
Other income	1,046	-	1,046	394	-	394
Net assets released from restrictions	153,619	(153,619)	-	241,758	(241,758)	-
TOTAL SUPPORT AND REVENUE	2,397,973	35,933	2,433,906	3,223,536	(135,402)	3,088,134
EXPENSES						
Program service	1,884,333	-	1,884,333	2,872,741	-	2,872,741
General and administrative	146,029	-	146,029	148,073	-	148,073
Fundraising and development	253,724	-	253,724	171,765	-	171,765
TOTAL EXPENSES	2,284,086	-	2,284,086	3,192,579	-	3,192,579
CHANGE IN NET ASSETS	113,887	35,933	149,820	30,957	(135,402)	(104,445)
NET ASSETS, BEGINNING OF YEAR	548,178	241,444	789,622	517,221	376,846	894,067
NET ASSETS, END OF YEAR	\$ 662,065	\$ 277,377	\$ 939,442	\$ 548,178	\$ 241,444	\$ 789,622

See notes to the financial statements

GREAT RIVER GREENING
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 149,820	\$ (104,445)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	20,229	25,922
Bad debt expense	-	19,241
Deferred excess straight line rent	3,205	4,911
PPP loan forgiveness	(210,700)	-
(Increase) decrease in:		
Contributions receivable	151,365	36,895
Prepaid expenses	12,240	(15,721)
Increase (decrease) in:		
Accounts payable	(200,043)	84,995
Accrued expenses	(29,900)	15,750
Refundable advances	-	(4,124)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	(103,784)	63,424
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(36,133)
Sale of investments	-	11,504
NET CASH USED IN INVESTING ACTIVITIES	-	(24,629)
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance on PPP loan	210,700	-
Payments on long-term debt	-	(2,193)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	210,700	(2,193)
INCREASE IN CASH AND CASH EQUIVALENTS	106,916	36,602
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	312,658	276,056
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 419,574	\$ 312,658

GREAT RIVER GREENING
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2020 and 2019

	2020				2019			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 723,973	\$ 95,864	\$ 178,746	\$ 998,583	\$ 687,256	\$ 105,003	\$ 134,974	\$ 927,233
Payroll taxes	63,853	8,455	15,765	88,073	74,678	10,985	13,939	99,602
Employee benefits	64,721	8,570	15,979	89,270	60,426	3,229	10,822	74,477
Total personnel costs	852,547	112,889	210,490	1,175,926	822,360	119,217	159,735	1,101,312
Contract services	718,896	2,181	4,033	725,110	1,492,643	-	-	1,492,643
Restoration materials	161,091	9	16	161,116	267,584	-	-	267,584
Field supplies	29,731	2,391	1,438	33,560	55,770	-	539	56,309
Occupancy	41,950	5,550	10,349	57,849	47,438	5,784	4,627	57,849
Depreciation	13,991	2,158	4,080	20,229	20,738	2,851	2,333	25,922
Telephone	5,697	754	1,407	7,858	7,443	120	-	7,563
Printing	427	57	1,096	1,580	4,498	-	-	4,498
Postage	617	80	448	1,145	115	1,251	52	1,418
Office and computer	12,891	2,536	8,808	24,235	12,764	2,229	204	15,197
Professional services	20,130	12,433	6,245	38,808	85,260	13,789	2,587	101,636
Insurance	12,342	1,563	3,048	16,953	14,206	2,241	919	17,366
Staff development	733	2,225	181	3,139	2,304	326	20	2,650
Auto and travel	12,833	1,086	2,026	15,945	14,315	240	363	14,918
Bad debt expense	-	-	-	-	19,241	-	-	19,241
Special event expenses	-	-	15,067	15,067	-	-	38,210	38,210
Other	457	117	59	633	6,062	25	386	6,473
Total expenses by function	1,884,333	146,029	268,791	2,299,153	2,872,741	148,073	209,975	3,230,789
Less expenses included with revenues on the statement of activities	-	-	(15,067)	(15,067)	-	-	(38,210)	(38,210)
Total expenses included on the expense section on the statement of activities	\$ 1,884,333	\$ 146,029	\$ 253,724	\$ 2,284,086	\$ 2,872,741	\$ 148,073	\$ 171,765	\$ 3,192,579

See notes to the financial statements

GREAT RIVER GREENING
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mission

Great River Greening (the Organization) is a Minnesota nonprofit 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 has ecological expertise in natural resource and water quality management, and in community building. The Organization focuses their work in locations and on activities that offer conservation impact, ecosystem services, and community benefits. Great River Greening's projects include:

- Native planting designs for developed and natural areas.
- Restoration and stabilization of shorelands and ravines.
- Ecological inventories and restoration management plans.
- Plantings of native trees, shrubs, wildflowers, and grasses.
- Restoration and management activities, including exotic species removal, prairie seed collection and sowing, and prescribed burns.
- Conservation practices on farmland for water quality.

Basis of Presentation

The accompanying financial statements are presented on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

GREAT RIVER GREENING
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition:

The Organization recognizes revenue from exchange transaction, primarily from agreements to provide land restoration services, as the services are provided to the client. These amounts are included in program service fees.

Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Government grants and contracts are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. As of December 31, 2020, the Organization had conditional promises to give of approximately \$2,676,000 for which no amounts had been received in advance, have not been recognized in the accompanying consolidated financial statements.

Contributions received, grants awarded, and other unconditional promises-to-give are measured at their fair values and are reported as an increase in net assets with donor restrictions if they are received with donor or grantor stipulations that limit the use of the assets, or if they are designated as support for future periods. When a donor or grantor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions and grants whose restrictions are met in the same reporting period are reported as net assets without donor restrictions.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as net assets with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

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 service create or enhance a nonfinancial asset or if the services require specialized skills, are provide 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.

GREAT RIVER GREENING
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For the purpose of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. From time to time, the Organization's balances in its bank accounts exceed Federal Deposit Insurance Corporation limits. The Organization periodically evaluates the risk of exceeding insurance levels and may transfer funds as it deems appropriate. The Organization has not experienced any losses with regards to balances in excess of insured limits or as the result of other concentrations of credit risk.

Contributions Receivable

Bad debts are recorded on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. At December 31, 2020 and 2019, management considered all outstanding amounts to be fully collectible. Accordingly, there was no allowance for doubtful accounts. For the year ended December 31, 2020 and 2019, the Organization recognized \$0 and \$19,241 of bad debt expense, respectively.

Property and Equipment

All expenditures of \$1,000 or more for equipment and leasehold improvements and fair value of donated assets are capitalized. It is the Organization's policy to provide depreciation based on the estimated useful lives of 3-5 years for furniture, equipment, vehicles and leasehold improvements using the straight-line method.

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 the reported amounts and disclosures in these financial statements. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

GREAT RIVER GREENING
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax Exempt Status

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Minnesota Statute 290.05. It has been classified as an organization that is not a private foundation under Section 509(a)(3) of the Internal Revenue Code and charitable contributions by donors are tax deductible.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) for any uncertain position that more likely than not would not be sustained upon examination by the applicable tax authorities. Federal and state tax authorities generally have the right to examine the current and three previous years of income tax returns. The Organization is not currently under examination by any taxing jurisdiction.

Reclassification:

Certain amounts in the 2019 financial statements have been reclassified to conform to the 2020 presentation. These amounts have no effect on previously reported net assets.

Change in Accounting Principle:

FASB Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization has implemented Topic 606 and adjusted the presentation in these financial statements accordingly. These amendments have been applied retrospectively to all periods presented, with no effect on net assets.

In June 2018, FASB issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization has implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08.

GREAT RIVER GREENING
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 22, 2021, the date the financial statements were available to be issued. We noted no subsequent events except as disclosed herein.

NOTE 2. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2020 and 2019, net assets with restrictions consisted of the following:

	2020	2019
Purpose restricted		
Program services	\$ 237,377	\$ 241,444
Cloud based server	40,000	-
	\$ 277,377	\$ 241,444

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2020 and 2019:

	2020	2019
Satisfaction of Purpose restriction		
Program service	\$ 137,672	\$ 158,993
Acquisition of utility terrain vehicle	-	30,000
Relocation and garage model	-	17,765
Satisfaction of time restricted -general operating	-	35,000
	\$ 137,672	\$ 241,758

NOTE 3. LINE OF CREDIT

The Organization has a \$150,000 demand line of credit agreement with Old National Bank. Interest is payable monthly on the unpaid principal balance at an annual rate equal to the prime rate plus 1.25%. The variable rate has a floor of 5%. The agreement expires November 10, 2021. There were no outstanding draws at December 31, 2020 and 2019. The line of credit is secured by all business assets.

GREAT RIVER GREENING
NOTES TO FINANCIAL STATEMENTS

NOTE 4. PPP FUNDING

On April 22, 2020, the Organization received loan proceeds in the amount of \$210,700 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act, provides loans to qualifying businesses. The loans and accrued interest are forgivable after twenty-four weeks if the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the twenty-four-week period. The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months.

The Organization expected to meet the PPP’s eligibility criteria and therefore, concluded that the PPP loan represented, in substance, a grant that was expected to be forgiven. As a result, the Organization accounted for the PPP loan in accordance with ASC 958-605 as a conditional contribution. During the year ended December 31, 2020, the Organization has used the entire proceeds for purposes consistent with the PPP. Therefore, the Organization has recognized the entire loan amount as contribution revenue in the accompanying financial statements. Subsequent to year-end, the Organization received confirmation that the loan has been forgiven.

NOTE 5. LONG-TERM DEBT

The Organization had a \$22,000 note with Think Mutual Bank. Monthly installments including interest at 1.75%, are due monthly. The note matured June 2019.

NOTE 6. RETIREMENT PLAN

The Organization’s employees who meet certain age and service requirements are eligible to participate in the Organization’s 401(k) retirement plan. The Organization contributes up to 2.5% of a qualified employee’s salary to the plan. For the years ended December 31, 2020 and 2019, the Organization contributed \$7,694 and \$14,537 to the plan, respectively.

NOTE 7. IN-KIND CONTRIBUTIONS

During the years ended December 31, 2020 and 2019, the Organization received in-kind contributions for special events of \$2,058 and \$84,744, respectively. Both the revenue and expense are reported on the statements of activities as special events revenue and expense.

GREAT RIVER GREENING
NOTES TO FINANCIAL STATEMENTS

NOTE 8. LEASE COMMITMENTS

The Organization occupied office and garage space under a non-cancelable lease that originally expired on December 31, 2019. The lease required monthly payments for base rent plus for the use of the garage. The owner wished to use the leased office space for other purposes. Accordingly, the lease was modified effective January 1, 2018, to reduce the leased space to only the garage and extend the lease to December 31, 2022.

The Organization entered into an operating lease for office and warehouse facilities, that commenced January 1, 2018 and expires March 31, 2028, with an option to renew for two additional three year periods at market rates. Under this lease, the Organization pays rent of \$4,394 per month, increasing 3% annually. Rent expense is recognized using the straight-line method over the initial term of the lease. The excess straight-line rent expense over the payments due under the lease is reported as deferred excess straight-line rent.

Rent expense under the leases was \$57,849 for both years ended December 31, 2020 and 2019.

Future minimum base lease payments for the year ended December 31, 2020 are:

<u>Year ending</u> <u>December 31,</u>	<u>Amount</u>
2021	\$ 56,315
2022	58,021
2023	59,727
2024	61,434
2025	63,141
Thereafter	<u>83,192</u>
	<u>\$ 381,830</u>

NOTE 9. CONCENTRATIONS

The Organization received \$1,036,937 and \$1,803,661 in 2020 and 2019 under government contracts with the state of Minnesota Department of Natural Resources (DNR). Receivables from the DNR were \$207,180 and \$237,289 on December 31, 2020 and 2019, respectively. Approximately 42% of the contract partner services expenses in 2020 were incurred with two vendors and approximately 36% of the contract partner services expenses in 2019 were incurred with a single vendor.

GREAT RIVER GREENING
NOTES TO FINANCIAL STATEMENTS

NOTE 10. AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets available for general expenditure within one year of December 31, 2020 and 2019:

	2020	2019
Financial Assets at Year-End		
Cash and cash equivalents	\$ 419,429	\$ 312,658
Accounts receivable	592,554	743,919
Total financial assets	1,011,983	1,056,577
Amounts not available to be used within one year		
Less net assets with donor restrictions	(277,377)	(241,444)
Net assets with restrictions to be met in less than one year	277,377	241,444
Financial assets available to meet general expenditures within one year	\$1,011,983	\$1,056,577

The Organization's goal is generally to maintain financial assets to meet 75 days of operating expenses.