

CLEAN UP THE RIVER ENVIRONMENT
FINANCIAL STATEMENTS
DECEMBER 31, 2022



**DANA F. COLE
& COMPANY** LLP
CERTIFIED PUBLIC ACCOUNTANTS

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CLEAN UP THE RIVER ENVIRONMENT
ORGANIZATION
YEAR ENDED DECEMBER 31, 2022

BOARD OF DIRECTORS

Rhyan Schicker, Chair
Sean Carroll, Vice Chair
Misty Butler, Secretary
Pete Kennedy, Treasurer
Margaret Kuchenreuther
Jim Falk
Kathy Hartley
Glen Jacobsen
Brian Wojtalewicz

EXECUTIVE DIRECTOR

Duane Ninneman



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Clean Up the River Environment

Report on the Audit of the Financial Statements *Opinion*

We have audited the accompanying financial statements of Clean Up the River Environment (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clean Up the River Environment as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Clean Up the River Environment and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Clean Up the River Environment's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Clean Up the River Environment's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Clean Up the River Environment's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Montevideo, Minnesota
November 6, 2023

Dana F. Cook & Company, LLP

CLEAN UP THE RIVER ENVIRONMENT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS			
Cash in bank - checking	68,497	342,454	410,951
Cash in bank - savings		662,489	662,489
Accounts receivable	639		639
Grants receivable	64,464	108,036	172,500
Prepaid expenses	7,567		7,567
Building and building improvements	175,941		175,941
Furniture and equipment	66,071		66,071
Less accumulated depreciation	(65,441)		(65,441)
TOTAL ASSETS	<u>317,738</u>	<u>1,112,979</u>	<u>1,430,717</u>
LIABILITIES AND NET ASSETS			
LIABILITIES			
Accounts payable	1,890		1,890
Accrued payroll taxes	2,833		2,833
Long term debt	41,995		41,995
Total liabilities	<u>46,718</u>		<u>46,718</u>
NET ASSETS			
Net assets without donor restrictions	<u>271,020</u>	<u>1,112,979</u>	<u>1,383,999</u>
Total net assets	<u>271,020</u>	<u>1,112,979</u>	<u>1,383,999</u>
TOTAL LIABILITIES AND NET ASSETS	<u>317,738</u>	<u>1,112,979</u>	<u>1,430,717</u>

**CLEAN UP THE RIVER ENVIRONMENT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Grant and contribution income	72,014	1,204,500	1,276,514
Interest income	2,957		2,957
Miscellaneous revenue	7,942		7,942
	<u>445,136</u>	<u>(445,136)</u>	<u> </u>
NET ASSETS RELEASED FROM RESTRICTION			
Total support and revenues	<u>528,049</u>	<u>759,364</u>	<u>1,287,413</u>
EXPENSES			
Management and general	192,726		192,726
Fundraising	32,698		32,698
Program services	506,261		506,261
Total expenses	<u>731,685</u>	<u> </u>	<u>731,685</u>
INCREASE (DECREASE) IN NET ASSETS	(203,636)	759,364	555,728
NET ASSETS, beginning of period	<u>474,656</u>	<u>353,615</u>	<u>828,271</u>
NET ASSETS, end of period	<u>271,020</u>	<u>1,112,979</u>	<u>1,383,999</u>

CLEAN UP THE RIVER ENVIRONMENT
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

	2022
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase (decrease) in net assets	555,728
Adjustments to reconcile changes in net assets to net cash from operating activities	
Depreciation	6,438
(Increase) Decrease in:	
Accounts receivables	(639)
Grants receivables	(172,500)
Prepaid expenses	(7,567)
Increase (Decrease) in:	
Accounts payable	1,890
Accrued liabilities	(2,378)
Total adjustments	(174,756)
Net cash from operating activities	380,972
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(25,045)
Net cash from investing activities	(25,045)
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on long term debt	(4,177)
Net cash from financing activities	(4,177)
NET CHANGE IN CASH	351,750
CASH, beginning of period	721,690
CASH, end of period	1,073,440
CASH	
Cash in bank - checking	410,951
Cash in bank - savings	662,489
TOTAL CASH	1,073,440

CLEAN UP THE RIVER ENVIRONMENT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	2022			
	Management and General	Fundraising	Program Services	Total
Salary and payroll taxes	112,140	22,274	342,105	476,519
Employee benefits	34,896	6,074	90,865	131,835
Advertising	200		1,669	1,869
Bank and service fees	40	425		465
Building repair and maintenance	2,274			2,274
Communication	2,298	359	5,782	8,439
Depreciation	1,338	600	4,500	6,438
Dues and licenses	679		75	754
Grants to others			12,992	12,992
Insurance	1,944			1,944
Interest expense	2,283	25		2,308
Miscellaneous	231		279	510
Office supplies/maintenance	4,763	393	5,161	10,317
Postage	81	1,927	1,562	3,570
Printing		225	1,682	1,907
Professional fees	13,331		29,710	43,041
Real estate taxes	1,350			1,350
Rent	800		100	900
Software	1,761	396	4,472	6,629
Staff training	2,427		475	2,902
Travel and meeting expenses	2,335		4,832	7,167
Utilities	7,555			7,555
	192,726	32,698	506,261	731,685
TOTAL EXPENSES	192,726	32,698	506,261	731,685

CLEAN UP THE RIVER ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Clean Up the River Environment was organized in 1992 to focus public awareness on the Minnesota River Watershed and to take action to restore and protect its water quality, biological integrity and natural beauty for all generations. The Organization is funded primarily by grants.

Financial Statement Presentation

The financial statements report amounts by class of net assets, as required by ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets to be used for expenses not allowed under grants.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported in the statement of activities as net assets released from restrictions.

Contributions restricted by donors received in the same period when the associated stipulated time or purpose restriction is accomplished are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

Contributions

The Organization utilizes FASB ASC 958-605, *Not-for-Profit Entities Revenue Recognition*. This standard requires that unconditional promises to give (pledges) be recorded as receivables and revenues and requires the organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions.

CLEAN UP THE RIVER ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions (Continued)

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States 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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. At December 31, 2022, the Organization had no cash equivalents.

Grants Receivable

Amounts recorded as grants receivable include amounts due from other not-for-profit Organizations.

Property and Equipment

Property and equipment are stated at cost, if purchased or fair value, if donated. Major expenditures for property and those which substantially increase useful lives are capitalized. Maintenance, repairs and minor renewals are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income.

Depreciation

The Organization provides for depreciation of property and equipment using annual rates which are sufficient to amortize the cost of depreciable assets using the straight-line method over their estimated useful lives which range from 5 to 40 years.

CLEAN UP THE RIVER ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization utilizes the provisions of FASB ASC 740-10, "Accounting for Uncertain Tax Positions". The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law and new authoritative rulings. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that would be material to the financial statements.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$1,869 for 2022.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees are recorded in the period the related services are performed. Contributions are recognized when cash, or other assets, are unconditional promise to give or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Revenue With or Without Donor Restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net asset with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property or equipment are considered to expire when the assets are placed in service. All other donor-restricted contributions are reported as increases in net asset with donor restrictions. When a restriction expires, 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. Contributions restricted by donors received

**CLEAN UP THE RIVER ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue With or Without Donor Restrictions (Continued)

in the same period when the associated stipulated time or purpose restriction is accomplished are reported as increases in net assets without donor restriction.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. All of the Organization's costs are direct expenses to the program or activity areas. Based on various grant agreements, indirect costs are allocated to program services.

NOTE 2. CONCENTRATION OF RISK

The Organization had deposits in one financial institution in excess of the \$250,000 federally insured limit by the Federal Deposit Insurance Corporation. At December 31, 2022, the amount of deposits not covered was \$832,905; however, the Organization did not incur any losses due to this under collateralization.

NOTE 3. RESTRICTED CASH

Restricted cash is comprised of funds received, that have been restricted by donors for specified purposes, or have barriers placed on them by donors. The funds are released from the restrictions or conditions, once the specified expense has been incurred or condition met.

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2022:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>2022 Net Value</u>
Building	65,120	(3,998)	61,122
Building Improvements	110,821	(7,624)	103,197
Furniture & Equipment	66,071	(53,819)	12,252
	<u>242,012</u>	<u>(65,441)</u>	<u>176,571</u>
Total	242,012	(65,441)	176,571

**CLEAN UP THE RIVER ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 5. LONG-TERM DEBT

In November 2020, the Organization obtained a note for \$50,000 at an interest rate of 4.95%. This note required 59 monthly payments of \$531, with a balloon payment at maturity, December 10, 2025. This note is secured by a blanket security agreement. The note balance at December 31, 2022 was \$41,995.

Aggregate maturities of long-term debt for the year ending December 31, 2022, are as follows:

2023	4,400
2024	4,600
2025	32,995
Total	41,995

NOTE 6. PENSION PLAN

The Organization maintains a SEP retirement plan for all eligible employees. Employees who meet the minimum eligibility requirements set forth in the plan and who wish may participate in the plan. The Organization's expense was \$46,147, for the year ended December 31, 2022.

NOTE 7. NET ASSETS

Net assets with donor restrictions subject to expenditure for a specified purpose, are as follows as of December 31, 2022:

	2022
Carolyn Foundation	189,962
McKnight Foundation	140,482
Morgan Family Foundation	91,500
Schmidt Foundation	25,000
Energy Foundation	188,000
Fresh Energy	18,750
Rural Power Coalition	245,000
Windward Fund	214,285
	1,112,979

**CLEAN UP THE RIVER ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS**

NOTE 8. LIQUIDITY OF RESOURCES

The Organization's financial assets available to meet cash needs for general expenditures within one year of the balance sheet date are as follows:

Cash in bank - checking	68,497
Accounts receivable	639
Grants receivable	<u>64,464</u>
Financial assets available to meet cash needs for general expenses within one year	<u><u>133,600</u></u>

The Organization is substantially supported by grants. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. 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. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

NOTE 9. SUBSEQUENT EVENT

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 6, 2023, the date the financial statements were available to be issued.