

CLEAN UP THE RIVER ENVIRONMENT
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2023



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**CLEAN UP THE RIVER ENVIRONMENT
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YEAR ENDED DECEMBER 31, 2023**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Clean Up the River Environment
Montevideo, Minnesota

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, 2023, 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, 2023, 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, we:

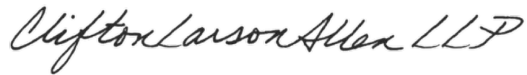
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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.

Board of Directors
Clean Up the River Environment

Emphasis-of-Matter Regarding a Correction of an Error

As discussed in Note 11 to the financial statements, the Organization corrected an error resulting in understatement of net assets without donor restrictions. Net assets with and without donor restrictions have been restated. Our opinion is not modified with respect to that matter.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

St. Cloud, Minnesota
November 14, 2024

**CLEAN UP THE RIVER ENVIRONMENT
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|------------------------------------|-------------------------------|----------------------------|----------------------------|
| ASSETS | | | |
| Cash in Bank - Checking | \$ 301,813 | \$ - | \$ 301,813 |
| Cash in Bank - Savings | 440,832 | 530,399 | 971,231 |
| Accounts Receivable | 1,455 | - | 1,455 |
| Grants Receivable | - | 575,000 | 575,000 |
| Prepaid Expenses | 5,001 | - | 5,001 |
| Building and Building Improvements | 175,940 | - | 175,940 |
| Furniture and Equipment | 68,831 | - | 68,831 |
| Less: Accumulated Depreciation | <u>(65,683)</u> | <u>-</u> | <u>(65,683)</u> |
| Total Assets | <u><u>\$ 928,189</u></u> | <u><u>\$ 1,105,399</u></u> | <u><u>\$ 2,033,588</u></u> |
| LIABILITIES AND NET ASSETS | | | |
| LIABILITIES | | | |
| Accounts Payable | \$ 11,664 | \$ - | \$ 11,664 |
| Accrued Payroll Taxes | 13,096 | - | 13,096 |
| Deferred Revenue | 19,000 | - | 19,000 |
| Long-Term Debt | <u>37,607</u> | <u>-</u> | <u>37,607</u> |
| Total Liabilities | 81,367 | - | 81,367 |
| NET ASSETS | | | |
| Net Assets | <u>846,822</u> | <u>1,105,399</u> | <u>1,952,221</u> |
| Total Net Assets | <u><u>846,822</u></u> | <u><u>1,105,399</u></u> | <u><u>1,952,221</u></u> |
| Total Liabilities and Net Assets | <u><u>\$ 928,189</u></u> | <u><u>\$ 1,105,399</u></u> | <u><u>\$ 2,033,588</u></u> |

See accompanying Notes to Financial Statements.

**CLEAN UP THE RIVER ENVIRONMENT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2023**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|-------------------------------|----------------------------|----------------------------|
| SUPPORT AND REVENUES | | | |
| Grant and Contribution Income | \$ 902,392 | \$ 917,399 | \$ 1,819,791 |
| Interest Income | 9,250 | - | 9,250 |
| Miscellaneous Revenue | 32,928 | - | 32,928 |
| NET ASSETS RELEASED FROM RESTRICTION | <u>453,961</u> | <u>(453,961)</u> | <u>-</u> |
| Total Support and Revenues | 1,398,531 | 463,438 | 1,861,969 |
| EXPENSES | | | |
| Management and General | 241,647 | - | 241,647 |
| Fundraising | 64,038 | - | 64,038 |
| Program Services | 988,062 | - | 988,062 |
| Total Expenses | <u>1,293,747</u> | <u>-</u> | <u>1,293,747</u> |
| INCREASE IN NET ASSETS | 104,784 | 463,438 | 568,222 |
| Net Assets - Beginning of Year, As Restated | <u>742,038</u> | <u>641,961</u> | <u>1,383,999</u> |
| NET ASSETS - END OF YEAR | <u><u>\$ 846,822</u></u> | <u><u>\$ 1,105,399</u></u> | <u><u>\$ 1,952,221</u></u> |

See accompanying Notes to Financial Statements.

**CLEAN UP THE RIVER ENVIRONMENT
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023**

| | Management and General | Fundraising | Program Services | Total |
|---------------------------------|---------------------------|------------------|---------------------|---------------------|
| Salary and Payroll Taxes | \$ 134,694 | \$ 46,785 | \$ 568,227 | \$ 749,706 |
| Employee Benefits | 34,292 | 8,451 | 109,056 | 151,799 |
| Advertising | 200 | - | 533 | 733 |
| Bank and Service Fees | 55 | 440 | 25 | 520 |
| Building Repair and Maintenance | 1,353 | - | - | 1,353 |
| Communication | 1,893 | 631 | 10,548 | 13,072 |
| Depreciation | 8,981 | - | - | 8,981 |
| Dues and Licenses | 625 | - | 1,420 | 2,045 |
| Grants to Others | - | - | 98,386 | 98,386 |
| Insurance | 4,217 | - | - | 4,217 |
| Interest Expense | 1,980 | - | - | 1,980 |
| Miscellaneous | 395 | - | 21,138 | 21,533 |
| Office Supplies/Maintenance | 4,685 | - | 5,791 | 10,476 |
| Postage | 361 | 852 | 390 | 1,603 |
| Printing | - | 230 | 7,368 | 7,598 |
| Professional Fees | 34,382 | - | 96,359 | 130,741 |
| Real Estate Taxes | 1,626 | - | - | 1,626 |
| Rent | - | - | 3,807 | 3,807 |
| Software | 1,964 | 6,430 | 8,120 | 16,514 |
| Staff Training | 2,055 | 219 | 3,629 | 5,903 |
| Travel and Meeting Expenses | 495 | - | 53,265 | 53,760 |
| Utilities | 7,394 | - | - | 7,394 |
| | <u>241,647</u> | <u>64,038</u> | <u>988,062</u> | <u>1,293,747</u> |
| Total Expenses | <u>\$ 241,647</u> | <u>\$ 64,038</u> | <u>\$ 988,062</u> | <u>\$ 1,293,747</u> |

See accompanying Notes to Financial Statements.

**CLEAN UP THE RIVER ENVIRONMENT
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023**

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|------------------|
| Increase in Net Assets | \$ 568,222 |
| Adjustments to Reconcile Increase in Net Assets to | |
| Net Cash Used by Operating Activities: | |
| Depreciation | 8,981 |
| Gain on Sale of Assets | (991) |
| (Increase) Decrease in: | |
| Accounts Receivables | (816) |
| Grants Receivables | (402,500) |
| Prepaid Expenses | 2,566 |
| Increase (Decrease) in: | |
| Accounts Payable | 9,774 |
| Accrued Liabilities | 10,263 |
| Deferred Reveue | 19,000 |
| Total Adjustments | <u>(353,723)</u> |
| Net Cash Provided by Operating Activities | 214,499 |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|--|--------------|
| Purchase of Property and Equipment | (11,707) |
| Proceeds from Sale of Property and Equipment | <u>1,200</u> |
| Net Cash Used by Investing Activities | (10,507) |

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|---------------------------------------|----------------|
| Payments on Long-Term Debt | <u>(4,388)</u> |
| Net Cash Used by Financing Activities | <u>(4,388)</u> |

NET CHANGE IN CASH

199,604

Cash - Beginning of Year

1,073,440

CASH - END OF YEAR

\$ 1,273,044

CASH

| | |
|-------------------------|----------------------------|
| Cash in Bank - Checking | \$ 301,813 |
| Cash In Bank - Savings | 971,231 |
| Total Cash | <u><u>\$ 1,273,044</u></u> |

See accompanying Notes to Financial Statements.

**CLEAN UP THE RIVER ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Clean Up the River Environment (the Organization) was organized in 1992 to protect and restore resilient communities and landscapes by harnessing the power of people who care about them. CURE works at the intersection of climate, democracy, and rural to systematically build communities of change at critical intersections of ecological and social well-being.

Financial Statement Presentation

The financial statements report amounts by class of net assets, as required by Accounting Standards Update (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 statements 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.

**CLEAN UP THE RIVER ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2023, the Organization had no cash equivalents.

Grants Receivable

Amounts recorded as grants receivable include amounts due from other nonprofit 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.

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 Position*. 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.

**CLEAN UP THE RIVER ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$733 for 2023.

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.

The Organization only has performance obligations that are satisfied at a point in time. The performance obligations are satisfied when a service is performed. For the years ended December 31, 2023, amounts received with a progress payment for which the performance obligation is not satisfied is \$19,000, and recognized in the statements of financial position as deferred revenue.

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 statements of activities as net assets released from restrictions.

Individual, governmental, and private grant arrangements are evaluated and determined whether they are nonreciprocal, meaning the granting entity has not received a direct benefit of commensurate value in exchange for the resources provided. Instead, revenue is recognized like a conditional contribution, when the barrier to entitlement is overcome. The barrier to entitlement is considered overcome when expenditures associated with each grant are determined to be allowable and all other significant conditions of the grant are met. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the assessment is made.

**CLEAN UP THE RIVER ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue With or Without Donor Restrictions (Continued)

A portion of the Organization's revenue is derived from conditional contracts and grants. Amounts received are recognized as earned and are reported as revenue when the Organization has satisfied the condition in compliance with specific contract or grant provisions. Amounts received but not yet earned are reported as deferred revenue in the statements of financial position. The Organization received conditional grants of \$261,846, for which the condition of the grant has not yet been met for the year ended December 31, 2023.

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.

Adoption of New Accounting Standards

The organization has adopted ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses. The organization adopted this new guidance utilizing the modified retrospective transition method. The adoption of this standard did not have a material impact on the organization's financial statements.

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, 2023, the amount of deposits not covered was \$1,079,020; 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 CONCENTRATIONS OF REVENUE AND ACCOUNTS RECEIVABLE

For the year ended December 31, 2023, the Organization received approximately 64% of its total revenue from three granting agencies. Additionally, 96% of the Organization's accounts receivable balance as of December 31, 2023 was concentrated among four granting agencies.

**CLEAN UP THE RIVER ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 5 PROPERTY AND EQUIPMENT

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

| | Cost | Accumulated Depreciation | 2023 Net Value |
|-------------------------|-------------------|-----------------------------|-------------------|
| Building | \$ 65,120 | \$ (4,568) | \$ 60,552 |
| Building Improvements | 110,820 | (10,736) | 100,084 |
| Furniture and Equipment | 68,831 | (50,379) | 18,452 |
| Total | <u>\$ 244,771</u> | <u>\$ (65,683)</u> | <u>\$ 179,088</u> |

NOTE 6 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, 2023 was \$37,607.

Aggregate maturities of long-term debt for the year ending December 31, 2023, are as follows:

| Year | Amount |
|-------|------------------|
| 2024 | \$ 4,800 |
| 2025 | 32,807 |
| Total | <u>\$ 37,607</u> |

NOTE 7 RETIREMENT CONTRIBUTIONS

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 \$68,003 for the year ended December 31, 2023.

**CLEAN UP THE RIVER ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 8 NET ASSETS

Net assets with donor restrictions consist of the following:

| | 2023 |
|---|---------------------|
| Time Restricted | |
| General Support | \$ 495,000 |
| Migrant Experience and Storytelling | 80,000 |
| Purpose Restricted | |
| CO2 Pipeline and CCUS Campaign | 31,031 |
| Decarbonization Efforts | 97,098 |
| Trash Incineration Awareness Work | 65,424 |
| Energy Democracy Work | 261,846 |
| Total Net Assets with Donor Restriction | <u>\$ 1,030,399</u> |

Net assets released during the year were as follows:

| | 2023 |
|---------------------------|-------------------|
| Time | \$ 172,500 |
| Purpose | 281,461 |
| Total Net Assets Released | <u>\$ 453,961</u> |

NOTE 9 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:

| | 2023 |
|---|---------------------|
| Cash in Bank - Checking | \$ 301,813 |
| Cash in Bank - Savings | 440,832 |
| Accounts Receivable | 1,455 |
| Grants Receivable | 495,000 |
| Financial Assets Available to Meet Cash Needs for General Expenses Within One Year | <u>\$ 1,239,100</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.

**CLEAN UP THE RIVER ENVIRONMENT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023**

NOTE 10 SUBSEQUENT EVENT

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 14, 2024, the date the financial statements were available to be issued.

NOTE 11 CORRECTION OF AN ERROR

During the year ended December 31, 2023, the Organization restated its beginning net assets to correct how net assets both with and without donor restrictions are presented to be consistent with the Organization's policies. The Organization restated those items and noted impact on those items in the table below:

| | Originally Stated | Restatement | Restated |
|---------------------------------------|----------------------|-------------|------------|
| Net Assets with Donor Restrictions | \$ 1,112,979 | \$ 471,018 | \$ 641,961 |
| Net Assets without Donor Restrictions | 271,020 | 471,018 | 742,038 |

