

GREAT RIVER GREENING

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2011 AND 2010**



GREAT RIVER GREENING

FINANCIAL STATEMENTS

For The Years Ended December 31, 2011 and 2010

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6



MAHONEY
ULBRICH
CHRISTIANSEN
RUSS P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of Great River Greening as of December 31, 2011 and 2010, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Great River Greening's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our 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, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Mahoney Ulbrich
Christiansen Russ P.A.*

Saint Paul, Minnesota
June 27, 2012

GREAT RIVER GREENING

STATEMENTS OF FINANCIAL POSITION

December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash	\$ 37,926	\$ 71,326
Accounts receivable	121,450	44,476
Contributions receivable	125,305	12,732
Grants receivable	126,057	55,007
Prepaid expenses and deposits	19,454	15,687
Equipment and leasehold improvements, net	<u>8,426</u>	<u>23,228</u>
Total assets	<u>\$ 438,618</u>	<u>\$ 222,456</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 100,453	\$ 12,710
Accrued expenses	21,596	19,919
Refundable advances	<u>5,050</u>	<u>19,060</u>
Total liabilities	<u>127,099</u>	<u>51,689</u>
Net assets:		
Unrestricted and undesignated	157,612	139,917
Temporarily restricted	<u>153,907</u>	<u>30,850</u>
Total net assets	<u>311,519</u>	<u>170,767</u>
Total liabilities and net assets	<u>\$ 438,618</u>	<u>\$ 222,456</u>

See Accompanying Notes to Financial Statements.

GREAT RIVER GREENING

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended December 31, 2011 and 2010

	2011			2010		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Support:						
Public support	\$ 309,923	\$ 164,539	\$ 474,462	\$ 177,749	\$ 29,500	\$ 207,249
Government grants	574,439	-	574,439	178,950	-	178,950
Other grants	3,500	-	3,500	30,590	-	30,590
In-kind contributions	6,038	-	6,038	23,972	-	23,972
Net assets released from restrictions	41,482	(41,482)	-	131,985	(131,985)	-
Program service fees:						
Government	227,477	-	227,477	281,971	-	281,971
Other	145,760	-	145,760	113,673	-	113,673
Special event (net of direct benefits to donors of \$15,114 in 2011 and \$11,138 in 2010)	23,182	-	23,182	17,586	-	17,586
Other income	10,278	-	10,278	5,463	-	5,463
Total support and revenues	<u>1,342,079</u>	<u>123,057</u>	<u>1,465,136</u>	<u>961,939</u>	<u>(102,485)</u>	<u>859,454</u>
Expenses:						
Program services	1,165,766	-	1,165,766	818,251	-	818,251
Management and general	109,152	-	109,152	101,491	-	101,491
Fundraising	49,466	-	49,466	56,600	-	56,600
Total expenses	<u>1,324,384</u>	<u>-</u>	<u>1,324,384</u>	<u>976,342</u>	<u>-</u>	<u>976,342</u>
Change in net assets	17,695	123,057	140,752	(14,403)	(102,485)	(116,888)
Net assets - beginning of year	<u>139,917</u>	<u>30,850</u>	<u>170,767</u>	<u>154,320</u>	<u>133,335</u>	<u>287,655</u>
Net assets - end of year	<u>\$ 157,612</u>	<u>\$ 153,907</u>	<u>\$ 311,519</u>	<u>\$ 139,917</u>	<u>\$ 30,850</u>	<u>\$ 170,767</u>

See Accompanying Notes to Financial Statements.

GREAT RIVER GREENING

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2011 and 2010

	2011			
	Program Services	Management and General	Fundraising	Total
Salaries	\$ 417,984	\$ 75,732	\$ 34,796	\$ 528,512
Payroll taxes	50,975	8,487	4,716	64,178
Employee benefits	35,661	6,755	2,438	44,854
 Total personnel expense	 504,620	 90,974	 41,950	 637,544
Occupancy	27,144	2,659	2,182	31,985
Office and computer supplies	4,430	620	994	6,044
Copying, printing and photography	2,185	975	1,076	4,236
Telephone	4,145	356	293	4,794
Postage and shipping	2,313	159	898	3,370
Contract partner services	454,268	-	-	454,268
Restoration materials	83,212	-	-	83,212
Field and event supplies	46,131	-	-	46,131
Professional services	3,198	9,447	220	12,865
Staff development	1,072	-	-	1,072
Auto and travel	10,434	172	383	10,989
Graphic design	1,004	-	300	1,304
Other expense	572	2,226	551	3,349
Insurance	6,544	1,402	473	8,419
Depreciation	14,494	162	146	14,802
	<u>\$ 1,165,766</u>	<u>\$ 109,152</u>	<u>\$ 49,466</u>	1,324,384
 Direct benefits to donors				 <u>15,114</u>
 Total expenses				 <u>\$ 1,339,498</u>

2010

Program Services	Management and General	Fundraising	Total
\$ 437,108	\$ 73,992	\$ 40,478	\$ 551,578
47,839	7,676	4,827	60,342
33,897	2,824	4,745	41,466
518,844	84,492	50,050	653,386
26,284	2,522	2,143	30,949
5,244	685	473	6,402
3,543	94	747	4,384
4,056	303	237	4,596
1,977	167	1,201	3,345
67,602	-	-	67,602
114,100	-	-	114,100
38,057	-	-	38,057
2,947	10,097	320	13,364
992	25	-	1,017
6,805	402	110	7,317
450	-	250	700
1,367	1,066	445	2,878
6,854	1,489	499	8,842
19,129	149	125	19,403
<u>\$ 818,251</u>	<u>\$ 101,491</u>	<u>\$ 56,600</u>	976,342
			<u>11,138</u>
			<u>\$ 987,480</u>

See Accompanying Notes to Financial Statements.

GREAT RIVER GREENING

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2011 and 2010

Increase (Decrease) in Cash

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Change in net assets	\$ 140,752	\$ (116,888)
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation	14,802	19,403
In-kind contribution of equipment	-	(5,255)
Changes in operating assets and liabilities:		
Accounts receivable	(76,974)	57,308
Contributions receivable	(112,573)	48,000
Grants receivable	(71,050)	(24,846)
Prepaid expenses and deposits	(3,767)	(8,428)
Accounts payable	87,743	(1,870)
Accrued expenses	1,677	(29,719)
Refundable advances	(14,010)	12,270
Net cash from operating activities	<u>(33,400)</u>	<u>(50,025)</u>
Cash flows from investing activities:		
Purchase of equipment	-	(3,222)
Net cash from investing activities	<u>-</u>	<u>(3,222)</u>
Cash flows from financing activities:		
Proceeds from line of credit	110,543	-
Payment of line of credit	(110,543)	-
Net cash from investing activities	<u>-</u>	<u>-</u>
Net decrease in cash	(33,400)	(53,247)
Cash - beginning of year	<u>71,326</u>	<u>124,573</u>
Cash - end of year	<u>\$ 37,926</u>	<u>\$ 71,326</u>

See Accompanying Notes to Financial Statements.

GREAT RIVER GREENING

NOTES TO FINANCIAL STATEMENTS

For The Years Ended December 31, 2011 and 2010

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, 2011 and 2010, the Organization did not exceed the federally insured limit.

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 equivalents consisted of money market savings of \$20,724 and \$20,742 at December 31, 2011 and 2010, respectively.

(Continued)

GREAT RIVER GREENING

NOTES TO FINANCIAL STATEMENTS

For The Years Ended December 31, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Receivables - Accounts receivable and grant 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. No allowance for doubtful accounts was considered necessary at December 31, 2011 and 2010.

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.

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.

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. No contributed services were recognized in either year.

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 contract funds are generally considered exchange transactions and are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are incurred. Funds received but not yet earned are recorded as refundable advances. Expenditures under government grants and contracts are subject to review by the granting authority. If, as a result of such a review, expenditures are determined to be unallowable, the disallowance will be recorded at the time the assessment for refund is made.

(Continued)

GREAT RIVER GREENING

NOTES TO FINANCIAL STATEMENTS

For The Years Ended December 31, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Service Fees - Revenue from program service fees is recognized when services are provided. Amounts collected in advance of performing the services are recorded as refundable advances.

Functional Expenses - Expenses have been allocated between program and supporting services classifications based upon direct expenditures and estimates made by management. Expenses which are common to program and to support services are allocated based on employee time allocations determined by management.

Reclassifications - Reclassifications were made to the 2010 financial statements to be consistent with the current year financial statements. These reclassifications did not affect net assets or the change in net assets.

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 2011 or 2010.

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

3. CONTRIBUTIONS RECEIVABLE

At December 31, 2011, contributions receivable consisted of the following:

Amounts due in:	
Less than one year	\$ 95,305
One to five years	<u>30,000</u>
	<u>\$ 125,305</u>

The Organization is to receive \$20,000 (\$5,000 in 2011, \$10,000 in 2012 and \$5,000 in 2013) from McKnight Foundation provided matching funds are raised from new and increasing donors. The Organization received \$5,000 in 2011.

The remaining \$15,000 of conditional promises to give will be included in support when the conditions are substantially met.

(Continued)

GREAT RIVER GREENING
NOTES TO FINANCIAL STATEMENTS

For The Years Ended December 31, 2011 and 2010

4. **GRANTS RECEIVABLE**

Grants receivable consists of the following at December 31:

	2011	2010
MN Department of Natural Resources	\$ 126,057	\$ 18,731
MN Pollution Control Agency	-	20,712
National Fish and Wildlife Foundation	-	15,564
	\$ 126,057	\$ 55,007

5. **EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

Equipment and leasehold improvements consist of:

	2011	2010
Furniture and fixtures	\$ 28,707	\$ 28,707
Equipment	106,941	106,941
Vehicle	39,510	39,510
Leasehold improvements	21,450	21,450
	196,608	196,608
Accumulated depreciation	(188,182)	(173,380)
	\$ 8,426	\$ 23,228

6. **LINE OF CREDIT**

The Organization has a \$100,000 demand line of credit note with Anchor Bank. Interest is payable monthly on the unpaid principal balance at an annual rate equal to the prime rate plus 0.500 percent. The variable rate has a floor of 5.0 percent. The agreement expires on July 1, 2013. The line of credit had a \$0 balance at December 31, 2011 and 2010. The note is secured by all business assets.

(Continued)

GREAT RIVER GREENING

NOTES TO FINANCIAL STATEMENTS

For The Years Ended December 31, 2011 and 2010

7. **TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are restricted for the following purposes:

	<u>2011</u>	<u>2010</u>
General operations – time restrictions	\$ 60,000	\$ -
Program support	93,907	30,850
	<u>\$ 153,907</u>	<u>\$ 30,850</u>

8. **RETIREMENT PLAN**

The Organization sponsors a 401(k) plan under which eligible employees may elect to have pre-tax payroll deferrals of up to 15 percent of qualified compensation contributed to the plan. The plan also allows for discretionary employer contributions. The Organization's contribution was \$0 and \$580, for 2011 and 2010, respectively. In May 2010, the Organization suspended the 401(k) match.

9. **LEASE**

The Organization occupies office space under a non-cancelable lease expiring on December 31, 2014. The lease requires monthly payments for base rent plus for the use of the garage. Rent expense was \$31,985 in 2011 and \$30,949 in 2010.

Future minimum lease payments required are as follows:

2012	\$ 29,724
2013	29,724
2014	<u>29,724</u>
	<u>\$ 89,172</u>

10. **ECONOMIC DEPENDENCE**

Of its total 2011 revenue and support, the Organization received approximately 36% (\$533,266) from government contracts with the Minnesota Department of Natural Resources. Of its total 2010 revenue and support, the Organization received approximately 29% (\$246,686) from government contracts with the Minnesota Department of Natural Resources.

(Continued)

GREAT RIVER GREENING

NOTES TO FINANCIAL STATEMENTS

For The Years Ended December 31, 2011 and 2010

11. **IN - KIND CONTRIBUTIONS**

In-kind contributions consist of the following for the year ended December 31:

	<u>2011</u>	<u>2010</u>
Program		
Office and computer supplies	\$ 57	\$ 176
Contract partner service	-	50
Restoration materials	1,470	15,667
Field and event supplies	2,194	2,486
Auto and travel	375	193
Other expense	-	145
	<u>4,096</u>	<u>18,717</u>
Fixed asset		
Equipment	-	5,255
	<u>-</u>	<u>5,255</u>
Management		
Auto and travel	5	-
Office supplies	346	-
Other expense	26	-
	<u>377</u>	<u>-</u>
Fundraising		
Event supplies	1,565	-
	<u>1,565</u>	<u>-</u>
Total in-kind contributions	<u>\$ 6,038</u>	<u>\$ 23,972</u>

12. **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.

13. **SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 27, 2012, the date on which the financial statements were available for issue, and identified no further significant events or transactions to disclose.