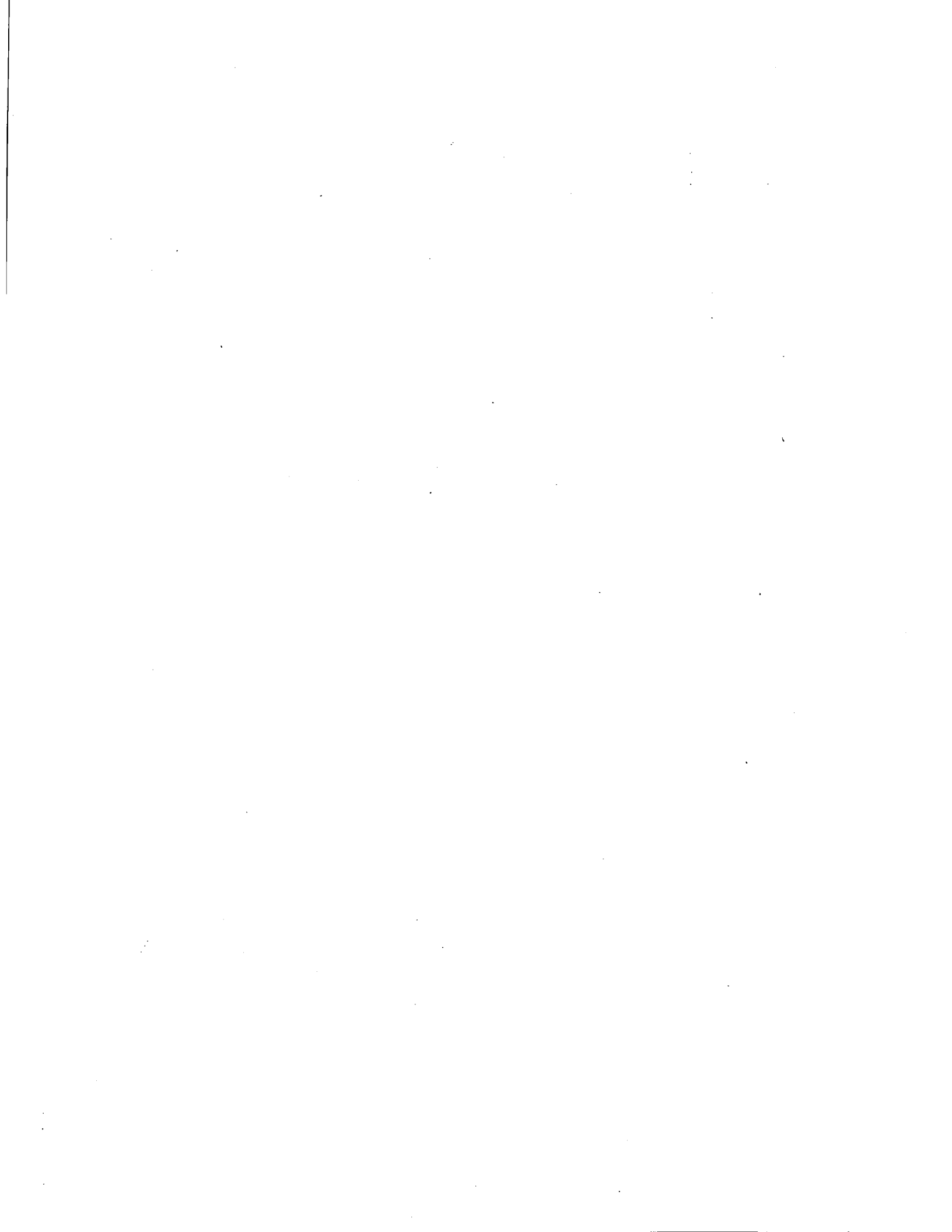


GREAT RIVER GREENING

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2012 AND 2011**



GREAT RIVER GREENING

FINANCIAL STATEMENTS

For the Years Ended December 31, 2012 and 2011

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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, 2012 and 2011, 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.

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, 2012 and 2011, 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.

Makney Ulbrich
Christiansen Russ P.A.

Saint Paul, Minnesota
June 27, 2013

GREAT RIVER GREENING

STATEMENTS OF FINANCIAL POSITION

December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash	\$ 2,261	\$ 37,926
Accounts receivable	231,436	121,450
Contributions receivable	30,305	125,305
Grants receivable	162,990	126,057
Prepaid expenses and deposits	23,217	19,454
Equipment and leasehold improvements, net	24,551	8,426
Cash restricted for long-term purpose	25,500	-
	<u>25,500</u>	<u>-</u>
Total assets	<u>\$ 500,260</u>	<u>\$ 438,618</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 154,345	\$ 100,452
Accrued expenses	24,888	21,596
Refundable advances	8,600	5,050
	<u>8,600</u>	<u>5,050</u>
Total liabilities	<u>187,833</u>	<u>127,098</u>
Net assets:		
Unrestricted and undesignated	183,943	157,613
Temporarily restricted	128,484	153,907
	<u>128,484</u>	<u>153,907</u>
Total net assets	<u>312,427</u>	<u>311,520</u>
Total liabilities and net assets	<u>\$ 500,260</u>	<u>\$ 438,618</u>

See Accompanying Notes to Financial Statements.

GREAT RIVER GREENING

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended December 31, 2012 and 2011

	2012			2011		
	Unrestricted	Temporarily restricted	Total	Unrestricted	Temporarily restricted	Total
Support:						
Public support	\$ 226,625	\$ 95,350	\$ 321,975	\$ 309,923	\$ 164,539	\$ 474,462
Government grants	537,297	-	537,297	574,439	-	574,439
Other grants	5,000	-	5,000	3,500	-	3,500
In-kind contributions	26,502	-	26,502	6,038	-	6,038
Net assets released from restrictions	120,773	(120,773)	-	41,482	(41,482)	-
Program service fees:						
Government	453,275	-	453,275	227,477	-	227,477
Other	106,023	-	106,023	145,760	-	145,760
Special event (net of direct benefits to donors of \$9,219 in 2012 and \$15,114 in 2011)	34,708	-	34,708	23,182	-	23,182
Other income	4,519	-	4,519	10,278	-	10,278
Total support and revenues	1,514,722	(25,423)	1,489,299	1,342,079	123,057	1,465,136
Expenses:						
Program services	1,310,134	-	1,310,134	1,165,765	-	1,165,765
Management and general	120,562	-	120,562	109,152	-	109,152
Fundraising	57,696	-	57,696	49,466	-	49,466
Total expenses	1,488,392	-	1,488,392	1,324,383	-	1,324,383
Change in net assets	26,330	(25,423)	907	17,696	123,057	140,753
Net assets - beginning of year	157,613	153,907	311,520	139,917	30,850	170,767
Net assets - end of year	\$ 183,943	\$ 128,484	\$ 312,427	\$ 157,613	\$ 153,907	\$ 311,520

See Accompanying Notes to Financial Statements.

GREAT RIVER GREENING

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31, 2012 and 2011

	2012			Total
	Program Services	Management and General	Fundraising	
Salaries	\$ 450,952	\$ 81,818	\$ 42,895	\$ 575,665
Payroll taxes	54,829	9,043	5,294	69,166
Employee benefits	36,094	9,708	2,625	48,427
Total personnel expense	541,875	100,569	50,814	693,258
Occupancy	25,832	2,526	2,073	30,431
Office and computer supplies	4,082	1,658	422	6,162
Copying, printing and photography	916	1,013	921	2,850
Telephone	3,871	400	498	4,769
Postage and shipping	477	562	955	1,994
Contract partner services	532,243	-	-	532,243
Restoration materials	109,636	-	-	109,636
Field and event supplies	52,314	-	-	52,314
Professional services	3,353	7,794	319	11,466
Auto and travel	11,708	669	331	12,708
Other expense	4,471	3,597	582	8,650
Insurance	10,847	1,667	684	13,198
Depreciation	8,509	107	97	8,713
	<u>\$ 1,310,134</u>	<u>\$ 120,562</u>	<u>\$ 57,696</u>	1,488,392
Direct benefits to donors				<u>9,219</u>
Total expenses				<u>\$ 1,497,611</u>

2011

Program Services	Management and General	Fundraising	Total
\$ 417,984	\$ 75,732	\$ 34,796	\$ 528,512
50,975	8,487	4,716	64,178
35,661	6,755	2,438	44,854
504,620	90,974	41,950	637,544
27,144	2,659	2,182	31,985
4,430	620	994	6,044
2,185	975	1,076	4,236
4,145	356	293	4,794
2,313	159	898	3,370
454,268	-	-	454,268
83,212	-	-	83,212
46,131	-	-	46,131
3,198	9,447	220	12,865
10,434	172	383	10,989
2,647	2,226	851	5,724
6,544	1,402	473	8,419
14,494	162	146	14,802
<u>\$ 1,165,765</u>	<u>\$ 109,152</u>	<u>\$ 49,466</u>	1,324,383
			<u>15,114</u>
			<u>\$ 1,339,497</u>

See Accompanying Notes to Financial Statements.

GREAT RIVER GREENING

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2012 and 2011

Increase (Decrease) in Cash

	<u>2012</u>	<u>2011</u>
Cash flows from operating activities:		
Change in net assets	\$ 907	\$ 140,753
Adjustments to reconcile the change in net assets to net cash from operating activities:		
Depreciation	8,713	14,802
In-kind contribution of equipment	(17,222)	-
Contributions restricted for long-term purpose	(25,500)	-
Changes in operating assets and liabilities:		
Accounts receivable	(109,986)	(76,974)
Contributions receivable	95,000	(112,573)
Grants receivable	(36,933)	(71,050)
Prepaid expenses and deposits	(3,763)	(3,767)
Accounts payable	53,893	87,742
Accrued expenses	3,292	1,677
Refundable advances	3,550	(14,010)
Net cash from operating activities	<u>(28,049)</u>	<u>(33,400)</u>
Cash flows from investing activities:		
Increase in cash restricted for long-term purpose	(25,500)	-
Purchase of equipment	(7,616)	-
Net cash from investing activities	<u>(33,116)</u>	<u>-</u>
Cash flows from financing activities:		
Contributions restricted for purchase of equipment	25,500	-
Proceeds from line of credit	363,472	110,543
Payment of line of credit	(363,472)	(110,543)
Net cash from financing activities	<u>25,500</u>	<u>-</u>
Net decrease in cash	(35,665)	(33,400)
Cash - beginning of year	<u>37,926</u>	<u>71,326</u>
Cash - end of year	<u>\$ 2,261</u>	<u>\$ 37,926</u>

See Accompanying Notes to Financial Statements.

GREAT RIVER GREENING

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2012 and 2011

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, 2012 and 2011, the Organization's deposits 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 restricted for long-term purposes is not considered a cash equivalent. Cash equivalents consisted of money market savings accounts of \$0 and \$20,724 at December 31, 2012 and 2011, respectively.

(Continued)

GREAT RIVER GREENING

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2012 and 2011

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, 2012 and 2011.

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.

(Continued)

GREAT RIVER GREENING

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2012 and 2011

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.

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 2012 or 2011.

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.

Reclassifications – Reclassifications were made to the 2011 financial statements to be consistent with the current year financial statements. These reclassifications did not affect net assets or the change in net assets.

3. CONTRIBUTIONS RECEIVABLE

Contributions receivable are due in 2013.

In June 2011, the Organization received a \$20,000 conditional grant (\$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 \$10,000 and \$5,000 in 2012 and 2011, respectively.

The remaining \$5,000 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, 2012 and 2011

4. **GRANTS RECEIVABLE**

Grants receivable consists of the following at December 31:

	2012	2011
MN Department of Natural Resources	\$ 136,144	\$ 126,057
National Fish and Wildlife Foundation	26,846	-
	\$ 162,990	\$ 126,057

5. **EQUIPMENT AND LEASEHOLD IMPROVEMENTS**

Equipment and leasehold improvements consist of:

	2012	2011
Furniture and fixtures	\$ 28,707	\$ 28,707
Equipment	115,311	106,941
Vehicle	48,509	39,510
Leasehold improvements	21,450	21,450
	213,977	196,608
Accumulated depreciation	(189,426)	(188,182)
	\$ 24,551	\$ 8,426

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 1.750 percent. The variable rate has a floor of 5.0 percent. The agreement expires on July 10, 2014. The line of credit had a \$0 balance at December 31, 2012 and 2011. The note is secured by all business assets.

(Continued)

GREAT RIVER GREENING
NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2012 and 2011

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are restricted for the following purposes:

	2012	2011
General operations – time restrictions	\$ 30,000	\$ 60,000
Program support	72,984	93,907
Computer equipment and technology	25,500	-
	\$ 128,484	\$ 153,907

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. 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 \$30,431 in 2012 and \$31,985 in 2011.

Future minimum lease payments required are as follows:

2013	\$ 29,724
2014	29,724
	\$ 59,448

10. ECONOMIC DEPENDENCE

Of its total 2012 revenue and support, the Organization received approximately 43% (\$635,713) from government contracts with the Minnesota Department of Natural Resources. Of its total 2011 revenue and support, the Organization received approximately 36% (\$533,266) from government contracts with the Minnesota Department of Natural Resources.

(Continued)

GREAT RIVER GREENING

NOTES TO FINANCIAL STATEMENTS

For the Years Ended December 31, 2012 and 2011

11. 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.

12. IN - KIND CONTRIBUTIONS

In-kind contributions consist of the following:

	2012	2011
Program		
Office and computer supplies	\$ -	\$ 57
Contract partner services	3,950	-
Restoration materials	2,231	1,470
Field and event supplies	1,505	3,759
Auto and travel	144	375
	7,830	5,661
Management		
Auto and travel	-	5
Office supplies	577	346
Other expense	873	26
	1,450	377
Equipment	17,222	-
Total in-kind contributions	\$ 26,502	\$ 6,038

13. 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.

14. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 27, 2013, the date on which the financial statements were available for issue, and identified no further significant events or transactions to disclose.