

GREAT RIVER GREENING
AUDITED FINANCIAL STATEMENTS
December 31, 2021 and 2020

Mark D. Harrington, CPA
Wayne A. Langer, CPA
Nichole Fairbanks, CPA
Jesse Fraley, CPA
Anna Anderson, CPA



Gregory W. Heck, CPA, CVA
Greg L. Emmerich, CPA
Michael Belknap, CPA
Benjamin J. Roff, CPA, CVA
Steve Schurhamer, CPA

563 PHALEN BOULEVARD • ST. PAUL, MN 55130
phone 651.481.1128 • fax 651.481.0982

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, 2021 and 2020, 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, 2021 and 2020, 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 20, 2022

GREAT RIVER GREENING
STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 401,385	\$ 419,574
Contributions receivable	377,902	567,152
Prepaid expenses	9,858	14,450
TOTAL CURRENT ASSETS	789,145	1,001,176
PROPERTY AND EQUIPMENT, at cost		
Office equipment	115,328	115,328
Field equipment	79,312	79,312
Vehicles	131,313	131,313
	325,953	325,953
Less: accumulated depreciation	(304,632)	(290,236)
TOTAL PROPERTY AND EQUIPMENT, net	21,321	35,717
TOTAL ASSETS	\$ 810,466	\$ 1,036,893
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 23,562	\$ 35,515
Accrued expenses	67,203	60,143
Deferred rent	28,694	27,195
TOTAL CURRENT LIABILITIES	119,459	122,853
NET ASSETS		
Without donor restrictions	582,247	601,663
With donor restrictions	108,760	312,377
TOTAL NET ASSETS	691,007	914,040
TOTAL LIABILITIES AND NET ASSETS	\$ 810,466	\$ 1,036,893

GREAT RIVER GREENING
STATEMENT OF ACTIVITIES
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
SUPPORT AND REVENUE						
Contributions	\$ 408,099	\$ 73,579	\$ 481,678	\$ 566,117	\$ 224,552	\$ 790,669
Government grants & contributions	1,591,488	-	1,591,488	1,395,192	-	1,395,192
Program service fees	293,563	-	293,563	150,915	-	150,915
Special events, net of expenses of \$25,745 and 15,067, respectively	84,960	-	84,960	70,682	-	70,682
Other income	74	-	74	1,046	-	1,046
Net assets released from restrictions	277,196	(277,196)	-	153,619	(153,619)	-
TOTAL SUPPORT AND REVENUE	2,655,380	(203,617)	2,451,763	2,337,571	70,933	2,408,504
EXPENSES						
Program service	2,307,832	-	2,307,832	1,884,333	-	1,884,333
General and administrative	158,234	-	158,234	146,029	-	146,029
Fundraising and development	208,730	-	208,730	253,724	-	253,724
TOTAL EXPENSES	2,674,796	-	2,674,796	2,284,086	-	2,284,086
CHANGE IN NET ASSETS	(19,416)	(203,617)	(223,033)	53,485	70,933	124,418
NET ASSETS, BEGINNING OF YEAR	601,663	312,377	914,040	548,178	241,444	789,622
NET ASSETS, END OF YEAR	\$ 582,247	\$ 108,760	\$ 691,007	\$ 601,663	\$ 312,377	\$ 914,040

See notes to the financial statements

GREAT RIVER GREENING
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (223,033)	\$ 124,418
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	14,397	20,229
Deferred excess straight line rent	1,498	3,205
PPP loan forgiveness	(210,775)	(210,700)
(Increase) decrease in:		
Contributions receivable	189,250	176,767
Prepaid expenses	4,592	12,240
Increase (decrease) in:		
Accounts payable	(11,953)	(200,043)
Accrued expenses	7,060	(29,900)
	<u>(228,964)</u>	<u>(103,784)</u>
NET CASH USED IN OPERATING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Advance on PPP loan	<u>210,775</u>	<u>210,700</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(18,189)	106,916
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>419,574</u>	<u>312,658</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 401,385</u>	<u>\$ 419,574</u>

GREAT RIVER GREENING
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2021 and 2020

	2021				2020			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Salaries	\$ 708,152	\$ 93,795	\$ 136,003	\$ 937,950	\$ 723,973	\$ 95,864	\$ 178,746	\$ 998,583
Payroll taxes	63,702	8,437	12,234	84,373	63,853	8,455	15,765	88,073
Employee benefits	64,303	7,569	12,350	84,222	64,721	8,570	15,979	89,270
Total personnel costs	836,157	109,801	160,587	1,106,545	852,547	112,889	210,490	1,175,926
Contract services	1,163,027	584	279	1,163,890	718,896	2,181	4,033	725,110
Restoration materials	136,588	-	-	136,588	161,091	9	16	161,116
Field supplies	32,805	1,050	1,248	35,103	29,731	2,391	1,438	33,560
Occupancy	43,684	5,767	8,362	57,813	41,950	5,550	10,349	57,849
Depreciation	9,987	1,800	2,610	14,397	13,991	2,158	4,080	20,229
Telephone	6,617	842	1,221	8,680	5,697	754	1,407	7,858
Printing	1,019	92	4,356	5,467	427	57	1,096	1,580
Postage	212	3,316	444	3,972	617	80	448	1,145
Office and computer	14,374	7,590	13,961	35,925	12,891	2,536	8,808	24,235
Professional services	31,353	21,760	10,109	63,222	20,130	12,433	6,245	38,808
Insurance	14,156	1,875	2,719	18,750	12,342	1,563	3,048	16,953
Staff development	176	2,085	725	2,986	733	2,225	181	3,139
Auto and travel	15,484	1,190	1,727	18,401	12,833	1,086	2,026	15,945
Special event expenses	-	-	25,745	25,745	-	-	15,067	15,067
Other	2,193	482	382	3,057	457	117	59	633
Total expenses by function	2,307,832	158,234	234,475	2,700,541	1,884,333	146,029	268,791	2,299,153
Less expenses included with revenues on the statement of activities	-	-	(25,745)	(25,745)	-	-	(15,067)	(15,067)
Total expenses included on the expense section on the statement of activities	\$ 2,307,832	\$ 158,234	\$ 208,730	\$ 2,674,796	\$ 1,884,333	\$ 146,029	\$ 253,724	\$ 2,284,086

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 transactions, 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, 2021 and 2020, the Organization had conditional promises to give of approximately \$4,600,000 and \$2,676,000, respectively, 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 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.

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, 2021 and 2020, management considered all outstanding amounts to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

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.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 20, 2022, the date the financial statements were available to be issued. We noted no subsequent events except as disclosed herein.

NOTE 2. 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, 2021 and 2020, the Organization contributed \$17,030 and \$7,694 to the plan, respectively.

NOTE 3. IN-KIND CONTRIBUTIONS

During the years ended December 31, 2021 and 2020, the Organization received in-kind contributions for special events of \$8,330 and \$2,058, 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 4. NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2021 and 2020, net assets with restrictions consisted of the following:

	2021	2020
Purpose restricted		
Program services	\$ 104,464	\$ 272,377
Cloud based server	4,296	40,000
	\$ 108,760	\$ 312,377

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, 2021 and 2020:

	2021	2020
Satisfaction of purpose restriction		
Program service	\$ 241,492	\$ 153,619
Cloud based server	35,704	-
	\$ 277,196	\$ 153,619

NOTE 5. 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.

GREAT RIVER GREENING
NOTES TO FINANCIAL STATEMENTS

NOTE 5. LEASE COMMITMENTS (continued)

Rent expense under the leases was \$57,813 and \$57,813 for the years ended December 31, 2021 and 2020, respectively.

Future minimum base lease payments for the year ended December 31, 2021 are:

Year ending <u>December 31,</u>	<u>Amount</u>
2022	\$ 58,021
2023	59,727
2024	61,434
2025	63,141
Thereafter	<u>83,192</u>
	<u><u>\$ 325,515</u></u>

NOTE 6. LINE OF CREDIT

The Organization has a \$200,000 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% (effective rate of 4.5% at December 31, 2021). The agreement expires November 10, 2022. There were no outstanding draws at December 31, 2021 and 2020. The line of credit is secured by all business assets.

NOTE 7. PPP FUNDING

For the years ended December 31, 2021 and 2020, the Organization received loan proceeds in the amount of \$210,775 and \$210,700, respectively, 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.

GREAT RIVER GREENING
NOTES TO FINANCIAL STATEMENTS

NOTE 7. PPP FUNDING (continued)

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 years ended December 31, 2021 and 2020, the Organization had used the entire proceeds for purposes consistent with the PPP. Therefore, the Organization has recognized the entire loan amounts as contribution revenue in the accompanying financial statements. The Organization has received confirmation that the loans have been forgiven.

NOTE 8. CONCENTRATIONS

The Organization received \$1,309,760 and \$1,036,937, respectively, in 2021 and 2020 under government grant contracts with the state of Minnesota Department of Natural Resources (DNR). Receivables from the DNR were \$54,792 and \$207,180 on December 31, 2021 and 2020, respectively. Approximately 31% of the contract partner services expenses in 2021 were incurred with one vendors and approximately 42% of the contract partner services expenses in 2020 were incurred with two vendors.

NOTE 9. AVAILABILITY AND LIQUIDITY

The following represents the Organization’s financial assets available for general expenditure within one year of December 31, 2021 and 2020:

	2021	2020
Financial Assets at Year-End		
Cash and cash equivalents	\$ 401,385	\$ 419,574
Accounts receivable	377,902	567,152
Total financial assets	779,287	986,726
Amounts not available to be used within one year		
Less net assets with donor restrictions	(108,760)	(312,377)
Net assets with restrictions to be met in less than one year	108,760	312,377
Financial assets available to meet general expenditures within one year	\$ 779,287	\$ 986,726

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

GREAT RIVER GREENING
NOTES TO FINANCIAL STATEMENTS

NOTE 11. CORRECTION OF ERRORS

The December 31, 2020, statement of financial position and statement of activities has been restated for the correct two errors: 1) to reclass a \$35,000 grant from net assets without donor restrictions to net assets with donor restrictions, 2) to decrease government grants revenue and contributions receivable by \$25,402.

The impact of these modifications and reclassifications on the 2020 net assets are summarized below:

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total Net Assets
Balance, December 31, 2020, as previously stated	\$ 662,065	\$ 277,377	\$ 939,442
Correction of errors	(60,402)	35,000	(25,402)
Balance, December 31, 2020, as restated	\$ 601,663	\$ 312,377	\$ 914,040