PRAIRIE RIVERS NETWORK FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

For the Year Ended December 31, 2010

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BRAY, DRAKE, LILES & RICHARDSON LLP Certified Public Accountants

KARL E. DRAKE, CPA
CURTIS D. LILES, CPA
R. NEIL RICHARDSON, CPA
JAMES P. BRAY, CPA (Retired)

1606 N. Willow View Road, Suite 1E Urbana, Illinois 61802-7446

Phone 217/337-0004 Fax 217/337-5822

February 24, 2011

Board of Directors Prairie Rivers Network Champaign, Illinois 61820

Independent Auditor's Report

We have audited the accompanying financial statements of the Prairie Rivers Network (PRN) (a nonprofit organization) as of December 31, 2010 as listed in the table of contents under "Financial Section". These financial statements are the responsibility of PRN's management. 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 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 audit provides 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 Prairie Rivers Network as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

BRAY, DRAKE, LILES & RICHARDSON LLP

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Champaign, Illinois

Statement of Financial Position

December 31, 2010

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 209,293
Prepaid expenses	2,000
Total current assets	211,293
Property and Equipment:	
Office equipment	65,827
Less: accumulated depreciation	(56,362)
Net property and equipment	9,465
Other Assets:	
Security deposit	2,000
Total assets	\$ 222,758
LIABILITIES AND NET ASSETS	
Current Liabilities:	
Accounts payable	\$ 2,802
Payroll liabilities	97
Total current liabilities	2,899
Total liabilities	2,899
Net Assets:	
Unrestricted:	
Undesignated	140,528
Board designated	8,651
	149,179
Temporarily restricted:	70,680
Total net assets	219,859
Total liabilities and net assets	\$ 222,758

Champaign, Illinois

Statement of Activities

Revenues and Other Support:	Un	nrestricted	emporarily estricted		Total
Grants	\$	104,482	\$ 58,992		163,474
Contributions		142,715	11,725	•	154,440
Investment income		1,506	-		1,506
In-kind donations		5,133	-		5,133
Reimbursements		23,365	-		23,365
Miscellaneous revenue		14,840	-		14,840
Net assets released from restrictions Restrictions satisfied					
by payments or time restrictions		236,423	 (236,423)		
Total revenues and other support		528,464	 (165,706)		362,758
Expenses:					
Program services		407,119	-	4	407,119
Management and general		35,403	-		35,403
Fundraising		61,794	 -		61,794
Total expenses		504,316	 -	!	504,316
Change in net assets		24,148	(165,706)	(141,558)
Net assets, beginning of year		125,031	 236,386	;	361,417
Net assets, end of year	\$	149,179	\$ 70,680	\$:	219,859

Champaign, Illinois

Statement of Functional Expenses

	Program services	Management & general	Fund- raising	Total
Salaries Payroll taxes Employee benefits	\$ 248,265 20,590 18,071	\$ 23,745 1,949 689	\$ 24,823 2,093 429	\$ 296,833 24,632 19,189
Total compensation	286,926	26,383	27,345	340,654
Professional development Board administration Contract labor Insurance Registration fees Service charges & Other Equipment Dues & Subscriptions Postage Printing & Copying Rent Supplies Telephone & Internet fees Travel & Per diem Utilities Annual dinner Member events Membership support Outreach & Recognition Workshops	724 27,224 2,109 2,776 448 1,112 2,040 12,449 18,000 8,814 5,273 17,253 3,179 	254 3,101 1,000 25 236 48 90 57 521 2,160 266 460 48 381	633 450 84 161 101 926 3,840 473 817 85 678 19,885 393 4,567 692	724 254 30,958 3,559 2,801 236 580 1,363 2,198 13,896 24,000 9,553 6,550 17,386 4,238 19,885 393 4,567 782 2,838
River clean-ups Quad City Waterkeeper	3,893 8,862	- - 373	- - 664	3,893 8,862 4,146
Depreciation Total expenses	3,109 \$ 407,119	\$ 35,403	\$ 61,794	\$ 504,316

Champaign, Illinois

Statement of Cash Flows

For the Year Ended December 31, 2010

Cash Flows from Operating Activities:

Change in net assets	\$	(141,558)
Depreciation and amortization expense		4,146
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Increase (decrease) in accounts payable		552
Increase (decrease) in payroll liabilities		97
morodoo (doorodoo) iii payron nabiiitioo		
Net cash provided (used) by operating activities		(136,763)
Cash Flows from Investing Activities:		
Purchase of fixed assets		(1,994)
Net cash provided (used) by investing activities		(1,994)
January Company Compan		
Net increase (decrease) in cash and cash equivalents		(138,757)
		0.40.050
Cash and cash equivalents at beginning of year		348,050
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Cash and cash equivalents at end of year	\$	209,293

Champaign, Illinois

Notes to Financial Statements

December 31, 2010

Note 1 - Significant Accounting Policies:

Prairie Rivers Network (PRN), is a not-for-profit organization incorporated under the General Not-For-Profit Act of the State of Illinois. Its purpose is to protect the rivers and streams of Illinois and to promote the lasting health and beauty of watershed communities. By providing information, sound science and hands-on assistance, PRN helps individuals and community groups become effective river conservation leaders. PRN is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code.

PRN's financial statements are prepared on the accrual basis. Revenues are recognized when earned rather than when received, and expenses are recognized when incurred, rather than when disbursed.

PRN capitalizes all expenditures for property and equipment in excess of \$500. Purchased property and equipment are recorded at cost or, if contributed, at fair market value. Depreciation is computed using the straight-line method over the following estimated useful lives:

Office equipment

3 - 7 years

For purposes of reporting cash flows, PRN considers all cash on hand, checking accounts and any highly liquid investment with an initial maturity of three months or less to be cash equivalents.

PRN has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, PRN is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, based upon the existence or absence of donor imposed restrictions. In addition, PRN is required to present a statement of cash flows.

PRN has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made". In accordance with SFAS No. 116, certain contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. All temporarily restricted funds received and disbursed in the current year are considered unrestricted. Permanently restricted net assets are subject to donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. For the year ended December 31, 2010, PRN has \$70,680 of temporarily restricted net assets and no permanently restricted net assets.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Champaign, Illinois

Notes to Financial Statements

December 31, 2010

Note 1 - Significant Accounting Policies: (continued)

Investments in marketable equity securities are stated at fair value. Equity securities without readily determinable fair values are stated at cost.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. PRN recognized \$4,683 in donated property and equipment in the financial statements.

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by PRN. Volunteers also provided various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under SFAS No. 116 were not met. PRN recognized \$450 in contributed services in the financial statements.

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. Accordingly, certain costs have been allocated between program, administrative and fundraising costs.

Note 2 – Tax-Deferred Annuity Plan:

PRN has established a SIMPLE IRA plan qualified under Section 408(p) of the Internal Revenue Code. The plan covers employees of PRN who received \$5,000 or more of compensation for the previous calendar year. PRN contributes a 3% match for those employees electing to defer contributions to the plan. PRN's SIMPLE IRA Plan contribution expense was \$5,672 for the year ended December 31, 2010.

Note 3 – Restrictions/Limitations on Net Assets:

Unrestricted net assets are available for use by Prairie Rivers Network at the discretion of its Board of Directors. Board designated funds include funds that have been designated by the Board of Directors to be used for rental expense for the lease on office space in future fiscal years in the amount of \$8,651. Temporarily restricted net assets in the amount of \$70.680 are available for subsequent year's activities.

Champaign, Illinois

Notes to Financial Statements

December 31, 2010

Note 4 – Operating Lease Commitments:

PRN entered into a 5 year lease dated October 15, 2007 for office space at \$2,000 per month. PRN has a 3 year option to continue leasing the office space at the end of the first 5 year lease at an increase of \$3,000 per year. Rental expense for this lease was \$24,000 for the year ended December 31, 2010.

Future minimum rentals are as follows:

Year Ending December 31:	<u>Amount</u>
2011	\$ 24,000
2012	24,500
2013	27,000
2014	<u>27,000</u>
Total	\$102,500

Note 5 - Subsequent Events:

Subsequent events were evaluated through February 24, 2011, which is the date the financial statements were available to be issued.

PRAIRIE RIVERS NETWORK FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

For the Year Ended December 31, 2009

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KARL E. DRAKE, CPA CURTIS D. LILES, CPA R. NEIL RICHARDSON, CPA

JAMES P. BRAY, CPA (Retired)

1606 N. Willow View Road, Suite 1E Urbana, Illinois 61802-7446

Phone 217/337-0004 Fax 217/337-5822

March 30, 2010

Board of Directors Prairie Rivers Network Champaign, Illinois 61820

Independent Auditor's Report

We have audited the accompanying financial statements of the Prairie Rivers Network (PRN) (a nonprofit organization) as of December 31, 2009 as listed in the table of contents under "Financial Section". These financial statements are the responsibility of PRN's management. 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 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 audit provides 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 Prairie Rivers Network as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

BRAY, DRAKE, LILES & RICHARDSON LLP

Champaign, Illinois

Statement of Financial Position December 31, 2009

ASSETS

Current Assets:		
Cash and cash equivalents	\$	348,050
Prepaid expenses		2,000
Total current assets		350,050
Property and Equipment:		
Office equipment		63,833
Less: accumulated depreciation		(52,216)
Net property and equipment		11,617
Other Assets:		
Security deposit	-	2,000
Total assets	\$	363,667
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$	2,250
Total current liabilities	-	2,250
Total liabilities	_	2,250
Net Assets:		
Unrestricted:		
Undesignated		111,631
Board designated	_	13,400
		125,031
Temporarily restricted:	1 -4	236,386
Total net assets	1	361,417
Total liabilities and net assets	\$	363,667

Champaign, Illinois

Statement of Activities

	Un	restricted	emporarily Restricted	Total
Revenues and Other Support:				
Grants Contributions Investment income	\$	120,400 100,978 2,417	\$ 240,867 14,950	\$ 361,267 115,928 2,417
In-kind donations Miscellaneous revenue Net assets released from restrictions		8,042 9,675		8,042 9,679
Restrictions satisfied by payments or time restrictions		187,214	(187,214)	
Total revenues and other support	_	428,726	68,603	497,329
Expenses:				
Program services Management and general Fundraising		383,776 34,384 76,293		383,776 34,384 76,293
Total expenses		494,453	<u> </u>	494,45
Change in net assets		(65,727)	68,603	2,870
Net assets, beginning of year	_	190,758	167,783	358,54
Net assets, end of year	\$	125,031	\$ 236,386	\$ 361,41

Champaign, Illinois

Statement of Functional Expenses

	Program services	Management & general	Fund- raising	Total
Salaries Payroll taxes Employee benefits	\$ 230,915 18,198 16,450	\$ 22,791 1,798 649	\$ 41,470 3,271 941	\$ 295,176 23,267 18,040
Total compensation	265,563	25,238	45,682	336,483
Professional fees Travel Printing Rent Telephone Utilities Insurance Supplies Postage Boneyard Creek cleanup Quad Cities Waterkeeper Recognition and outreach Conferences and meetings Repair and maintenance Dues and subscriptions Depreciation expense Other expenses	10,975 15,386 6,447 18,595 4,092 4,218 1,680 6,055 1,217 2,792 16,639 19,891 5,513 374 963 3,236 140	2,100 717 289 1,884 334 427 943 500 34 - - 309 38 409 328 834	540 3,521 542 799 318 23,664 63 - - 409 70 73 612	13,075 16,103 7,276 24,000 4,968 5,444 2,941 30,219 1,314 2,792 16,639 19,891 6,231 482 1,445 4,176 974
Total expenses	\$ 383,776	\$ 34,384	\$ 76,293	\$ 494,453

308,962

348,050

PRAIRIE RIVERS NETWORK

Champaign, Illinois

Statement of Cash Flows For the Year Ended December 31, 2009

Cash Flows from Operating Activities:		
Change in net assets	\$	2,876
Depreciation and amortization expense		4,176
Adjustments to reconcile change in net assets to net cash used by operating activities: (Increase) decrease in accounts receivable (Increase) decrease in prepaid expenses (Increase) decrease in pledges receivable Increase (decrease) in accounts payable		22,598 (2,000) 3,925 (460)
Net cash provided (used) by operating activities	-	31,115
Cash Flows from Investing Activities:		
Purchase of fixed assets		(3,517)
Maturity of certificate of deposits		11,490
Net cash provided (used) by investing activities		7,973
Net increase (decrease) in cash and cash equivalents		39,088

Cash and cash equivalents at beginning of year

Cash and cash equivalents at end of year

Champaign, Illinois

Notes to Financial Statements December 31, 2009

Note 1 - Significant Accounting Policies:

Prairie Rivers Network (PRN), is a not-for-profit organization incorporated under the General Not-For-Profit Act of the State of Illinois. Its purpose is to protect the rivers and streams of Illinois and to promote the lasting health and beauty of watershed communities. By providing information, sound science and hands-on assistance, PRN helps individuals and community groups become effective river conservation leaders. PRN is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code.

PRN's financial statements are prepared on the accrual basis. Revenues are recognized when earned rather than when received, and expenses are recognized when incurred, rather than when disbursed.

PRN capitalizes all expenditures for property and equipment in excess of \$500. Purchased property and equipment are recorded at cost or, if contributed, at fair market value. Depreciation is computed using the straight-line method over the following estimated useful lives:

Office equipment

3 - 7 years

For purposes of reporting cash flows, PRN considers all cash on hand, checking accounts and any highly liquid investment with an initial maturity of three months or less to be cash equivalents.

PRN has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, PRN is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, based upon the existence or absence of donor imposed restrictions. In addition, PRN is required to present a statement of cash flows.

PRN has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made". In accordance with SFAS No. 116, certain contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. All temporarily restricted funds received and disbursed in the current year are considered unrestricted. Permanently restricted net assets are subject to donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. For the year ended December 31, 2009, PRN has \$236,386 of temporarily restricted net assets and no permanently restricted net assets.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Champaign, Illinois

Notes to Financial Statements

December 31, 2009

Note 1 - Significant Accounting Policies: (continued)

Investments in marketable equity securities are stated at fair value. Equity securities without readily determinable fair values are stated at cost.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. PRN recognized \$6,667 in donated property and equipment in the financial statements.

Donated services are recognized as contributions in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by PRN. Volunteers also provided various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under SFAS No. 116 were not met. PRN recognized \$1,375 in contributed services in the financial statements.

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. Accordingly, certain costs have been allocated between program, administrative and fundraising costs.

Note 2 - Tax-Deferred Annuity Plan:

PRN has established a SIMPLE IRA plan qualified under Section 408(p) of the Internal Revenue Code. The plan covers employees of PRN who received \$5,000 or more of compensation for the previous calendar year. PRN contributes a 3% match for those employees electing to defer contributions to the plan. PRN's SIMPLE IRA Plan contribution expense was \$4,655 for the year ended December 31, 2009.

Note 3 - Restrictions/Limitations on Net Assets:

Unrestricted net assets are available for use by Prairie Rivers Network at the discretion of its Board of Directors. Board designated funds include funds that have been designated by the Board of Directors to be used for rental expense for the lease on office space in future fiscal years in the amount of \$13,400. Temporarily restricted net assets in the amount of \$236,386 are available for subsequent year's activities.

Champaign, Illinois

Notes to Financial Statements

December 31, 2009

Note 4 - Operating Lease Commitments:

PRN entered into a 5 year lease dated October 15, 2007 for office space at \$2,000 per month. PRN has a 3 year option to continue leasing the office space at the end of the first 5 year lease at an increase of \$3,000 per year. Rental expense for this lease was \$24,000 for the year ended December 31, 2009.

Future minimum rentals are as follows:

Year Ending December 31:	<u>Amount</u>
2010	\$24,000
2011	24,000
2012	24,500
2013	27,000
2014	27,000
Total	\$ <u>126,500</u>

PRAIRIE RIVERS NETWORK FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

For the Year Ended December 31, 2008

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JAMES P. BRAY, CPA (Retired)

1606 N. Willow View Road, Suite 1E Urbana, Illinois 61802-7446

Phone 217/337-0004 Fax 217/337-5822

May 7, 2009

Board of Directors Prairie Rivers Network Champaign, Illinois 61820

Independent Auditor's Report

We have audited the accompanying financial statements of the Prairie Rivers Network (PRN) (a nonprofit organization) as of December 31, 2008 as listed in the table of contents under "Financial Section". These financial statements are the responsibility of PRN's management. 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 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 audit provides 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 Prairie Rivers Network as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Bray, Drake Lites & Richardson LAP BRAY, DRAKE, LILES & RICHARDSON LLP

Champaign, Illinois

Statement of Financial Position

December 31, 2008

ASSETS

Cash and cash equivalents Certificates of deposit Grants receivable Pledges receivable Total current assets	.	308,962 11,490 22,598
Grants receivable Pledges receivable Total current assets	1771 3	22,598
Pledges receivable Total current assets	1	
Total current assets		$\sim \sim \sim \sim c$
		3,925
		346,975
Property and Equipment:		60.216
Office equipment		60,316
Less: accumulated depreciation -		(48,040)
Net property and equipment		12,276
Other Assets:		2.000
Security deposit -		2,000
Total assets	\$	361,251
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$	2,710
Total current liabilities		2,710
Total liabilities		2,710
Net Assets:		
Unrestricted:		
Undesignated		161,218
Board designated		<u> 29,540</u>
		190,758
Temporarily restricted:		167,783
Total net assets		358,541

Champaign, Illinois

Statement of Activities

Revenues and Other Support:	<u>Un</u>	restricted		mporarily estricted	Total
nevenues una other oupport.					
Grants	\$	94,215	\$	167,783	\$ 261,998
Contributions	-	135,984		-	135,984
Investment income		2,832		-	2,832
In-kind donations		19,030		-	19,030
Miscellaneous revenue		6,742			6,742
Total revenues and other support		258,803		167,783	426,586
, otal rovenies and same same					
Expenses:					
Program services		367,775		-	367,775
Management and general		36,856		-	36,856
Fundraising		49,389		<u></u>	49,389
, and alening				· · · · · · · · · · · · · · · · · · ·	
Total expenses		454,020		-	454,020
Total expenses		101,020			
Change in net assets		(195,217)		167,783	(27,434)
Change in her assers		(100,217)		•	,
Net assets, beginning of year		385,975		_	385,975
rect addets, beginning or year		303,373	-		
Net assets, end of year	\$	190,758	\$	167,783	\$ 358,541

Champaign, Illinois

Statement of Functional Expenses

	Program services	Management & general	Fund- raising	Total
Salaries Payroll taxes Employee benefits	\$ 219,386 17,909 27,680	\$ 9,502 833 1,287	\$ 24,896 2,082 3,219	\$ 253,784 20,824 32,186
Total compensation	264,975	11,622	30,197	306,794
Professional fees Travel Printing Rent Telephone Utilities Insurance Supplies Postage Recognition and outreach Conferences and meetings Repair and maintenance Dues and subscriptions Communications campaign Depreciation expense	4,394 19,360 10,293 17,424 4,318 4,926 2,108 5,723 1,351 6,829 1,235 486 300 20,120 3,478	2,140 733 2,868 6,576 915 1,620 796 3,873 113 - 1,737 184 1,563 - 1,313	- - - - 19,192 - - - -	6,534 20,093 13,161 24,000 5,233 6,546 2,904 28,788 1,464 6,829 2,972 670 1,863 20,120 4,791
Other expenses	455	803		1,258
Total expenses	\$ 367,775	\$ 36,856	\$ 49,389	<u>\$ 454,020</u>

Champaign, Illinois

Statement of Cash Flows

For the Year Ended December 31, 2008

Cash Flows from Operating Activities:

Change in net assets	\$	(27,434)
Depreciation and amortization expense		4,791
Adjustments to reconcile change in net assets		
to net cash used by operating activities: (Increase) decrease in grants receivable		(22,598)
(Increase) decrease in grants receivable		3,275
Increase (decrease) in accounts payable	-	(112)
Net cash provided (used) by operating activities		(42,078)
Cash Flows from Investing Activities:		
Purchase of fixed assets		(2,873)
Disposition of fixed assets		(742)
Capitalization of interest on certificate of deposits		<u>(575</u>)
Net cash provided (used) by investing activities		(4,190)
Net increase (decrease) in cash and cash equivalents		(46,268)
Cash and cash equivalents at beginning of year		355,230
Cash and cash equivalents at end of year	\$	308,962

Champaign, Illinois

Notes to Financial Statements

December 31, 2008

Note 1 - Significant Accounting Policies:

Prairie Rivers Network (PRN), is a not-for-profit organization incorporated under the General Not-For-Profit Act of the State of Illinois. Its purpose is to protect the rivers and streams of Illinois and to promote the lasting health and beauty of watershed communities. By providing information, sound science and hands-on assistance, PRN helps individuals and community groups become effective river conservation leaders. PRN is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code.

PRN's financial statements are prepared on the accrual basis. Revenues are recognized when earned rather than when received, and expenses are recognized when incurred, rather than when disbursed.

PRN capitalizes all expenditures for property and equipment in excess of \$500. Purchased property and equipment are recorded at cost or, if contributed, at fair market value. Depreciation is computed using the straight-line method over the following estimated useful lives:

Office equipment

3 - 7 years

For purposes of reporting cash flows, PRN considers all cash on hand, checking accounts and any highly liquid investment with an initial maturity of three months or less to be cash equivalents.

PRN has adopted Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, PRN is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, based upon the existence or absence of donor imposed restrictions. In addition, PRN is required to present a statement of cash flows.

PRN has also adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made". In accordance with SFAS No. 116, certain contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. All temporarily restricted funds received and disbursed in the current year are considered unrestricted. Permanently restricted net assets are subject to donor-imposed restrictions that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. For the year ended December 31, 2008, PRN has \$167,783 of temporarily restricted net assets and no permanently restricted net assets.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Champaign, Illinois

Notes to Financial Statements

December 31, 2008

Note 1 - Significant Accounting Policies: (continued)

Investments in marketable equity securities are stated at fair value. Equity securities without readily determinable fair values are stated at cost.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. PRN recognized \$19,030 in donated property and equipment in the financial statements.

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by PRN. Volunteers also provided various services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria under SFAS No. 116 were not met. PRN recognized \$0 in contributed services in the financial statements.

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. Accordingly, certain costs have been allocated between program, administrative and fundraising costs.

Note 2 - Tax-Deferred Annuity Plan:

PRN has established a SIMPLE IRA plan qualified under Section 408(p) of the Internal Revenue Code. The plan covers employees of PRN who received \$5,000 or more of compensation for the previous calendar year. PRN contributes a 3% match for those employees electing to defer contributions to the plan. PRN's SIMPLE IRA Plan contribution expense was \$10,299 for the year ended December 31, 2008.

Note 3 – Restrictions/Limitations on Net Assets:

Unrestricted net assets are available for use by Prairie Rivers Network at the discretion of its Board of Directors. Board designated funds include funds that have been designated by the Board of Directors to be used for 1) rental expense for the lease on office space in future fiscal years in the amount of \$18,050 and 2) \$11,490 for funds received from the dissolution of the Central States Resource Center for total of board designated funds of \$29,540. Temporarily restricted net assets in the amount of \$167,783 are available for subsequent year's activities.

Champaign, Illinois

Notes to Financial Statements

December 31, 2008

Note 4 – Operating Lease Commitments:

PRN entered into a 5 year lease dated October 15, 2007 for office space at \$2,000 per month with the first years' lease being donated to PRN. PRN has a 3 year option to continue leasing the office space at the end of the first 5 year lease at an increase of \$3,000 per year. Rental expense for this lease was \$24,000 for the year ended December 31, 2008.

Future minimum rentals are as follows:

Year Ending December 31:	<u>Amount</u>
2009	\$24,000
2010	24,000
2011	24,000
2012	<u>18,000</u>
Total	\$ <u>90,000</u>