

**PRAIRIE RIVERS NETWORK**

**FINANCIAL STATEMENTS**

**For the Year Ended December 31, 2011**

# PRAIRIE RIVERS NETWORK

## FINANCIAL STATEMENTS

For the Year Ended December 31, 2011

### TABLE OF CONTENTS

#### Page No.

Independent Auditor's Report .....	1
<b><u>FINANCIAL SECTION</u></b>	
Exhibit A: <b><u>Statement of Financial Position,</u></b> December 31, 2011 .....	2
Exhibit B: <b><u>Statement of Activities,</u></b> For the Year Ended December 31, 2011 .....	3
Exhibit C: <b><u>Statement of Functional Expenses,</u></b> For the Year Ended December 31, 2011 .....	4
Exhibit D: <b><u>Statement of Cash Flows,</u></b> For the Year Ended December 31, 2011 .....	5
<b><u>Notes to Financial Statements,</u></b> December 31, 2011 .....	6-8

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February 23, 2012

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, 2011 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, 2011, 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*  
**BRAY, DRAKE, LILES & RICHARDSON LLP**

# PRAIRIE RIVERS NETWORK

Champaign, Illinois

## Statement of Financial Position

December 31, 2011

### ASSETS

#### Current Assets:

Cash and cash equivalents	\$ 476,118
Prepaid expenses	2,000
Total current assets	<u>478,118</u>

#### Property and Equipment:

Office equipment	71,208
Less: accumulated depreciation	<u>(60,530)</u>
Net property and equipment	<u>10,678</u>

#### Other Assets:

Security deposit	<u>2,000</u>
Total assets	<u>\$ 490,796</u>

### LIABILITIES AND NET ASSETS

#### Current Liabilities:

Accounts payable	\$ 1,859
Total current liabilities	<u>1,859</u>
Total liabilities	<u>1,859</u>

#### Net Assets:

##### Unrestricted:

Undesignated	152,162
Board designated	<u>3,860</u>
	156,022

##### Temporarily restricted:

	<u>332,915</u>
Total net assets	<u>488,937</u>

Total liabilities and net assets	<u>\$ 490,796</u>
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**PRAIRIE RIVERS NETWORK**

Champaign, Illinois

**Statement of Activities**

For the Year Ended December 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b><u>Revenues and Other Support:</u></b>			
Grants	\$ 286,888	\$ 329,740	\$ 616,628
Contributions	138,629	6,530	145,159
Investment income	821	-	821
In-kind donations	3,932	-	3,932
Reimbursements	24,401	-	24,401
Miscellaneous revenue	12,173	-	12,173
<b>Net assets released from restrictions</b>			
Restrictions satisfied by payments or time restrictions	<u>74,035</u>	<u>(74,035)</u>	<u>-</u>
Total revenues and other support	<u>540,879</u>	<u>262,235</u>	<u>803,114</u>
<b><u>Expenses:</u></b>			
Program services	438,976	-	438,976
Management and general	32,325	-	32,325
Fundraising	<u>62,735</u>	<u>-</u>	<u>62,735</u>
Total expenses	<u>534,036</u>	<u>-</u>	<u>534,036</u>
Change in net assets	6,843	262,235	269,078
<b>Net assets, beginning of year</b>	<u>149,179</u>	<u>70,680</u>	<u>219,859</u>
<b>Net assets, end of year</b>	<u>\$ 156,022</u>	<u>\$ 332,915</u>	<u>\$ 488,937</u>

The notes to financial statements are an integral part of this statement.

**PRAIRIE RIVERS NETWORK**

Champaign, Illinois

**Statement of Functional Expenses**

For the Year Ended December 31, 2011

	<b>Program services</b>	<b>Management &amp; general</b>	<b>Fund- raising</b>	<b>Total</b>
Salaries	\$ 275,325	\$ 22,961	\$ 28,271	\$ 326,557
Payroll taxes	23,217	1,897	2,366	27,480
Employee benefits	14,167	663	570	15,400
Total compensation	<u>312,709</u>	<u>25,521</u>	<u>31,207</u>	<u>369,437</u>
Professional development	190	-	-	190
Board administration	-	83	-	83
Contract labor	32,826	2,683	255	35,764
Insurance	2,474	893	291	3,658
Registration fees	4,043	125	-	4,168
Service charges & Other	-	393	-	393
Equipment	1,410	74	149	1,633
Dues & Subscriptions	1,659	57	113	1,829
Postage	1,116	28	55	1,199
Printing & Copying	9,799	419	837	11,055
Rent	20,698	1,217	2,435	24,350
Supplies	3,083	128	257	3,468
Telephone & Internet fees	6,475	279	558	7,312
Travel & Per diem	31,446	4	7	31,457
Utilities	3,618	213	426	4,257
Annual dinner	-	-	20,254	20,254
Member events	-	-	519	519
Membership support	-	-	3,097	3,097
Outreach & Recognition	63	-	1,858	1,921
Workshops	281	-	-	281
River clean-ups	3,533	-	-	3,533
Run for your Rivers	10	-	-	10
Depreciation	<u>3,543</u>	<u>208</u>	<u>417</u>	<u>4,168</u>
Total expenses	<u>\$ 438,976</u>	<u>\$ 32,325</u>	<u>\$ 62,735</u>	<u>\$ 534,036</u>

The notes to financial statements are an integral part of this statement.

# PRAIRIE RIVERS NETWORK

Champaign, Illinois

## Statement of Cash Flows

For the Year Ended December 31, 2011

### Cash Flows from Operating Activities:

Change in net assets	\$ 269,078
Depreciation and amortization expense	4,168
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Increase (decrease) in accounts payable	(943)
Increase (decrease) in payroll liabilities	<u>(97)</u>
Net cash provided (used) by operating activities	<u>272,206</u>

### Cash Flows from Investing Activities:

Purchase of fixed assets	<u>(5,381)</u>
Net cash provided (used) by investing activities	<u>(5,381)</u>
Net increase (decrease) in cash and cash equivalents	266,825
Cash and cash equivalents at beginning of year	<u>209,293</u>
Cash and cash equivalents at end of year	<u>\$ 476,118</u>

## PRAIRIE RIVERS NETWORK

Champaign, Illinois

### Notes to Financial Statements

December 31, 2011

#### **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
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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, 2011, PRN has \$332,915 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.



## **PRAIRIE RIVERS NETWORK**

Champaign, Illinois

### **Notes to Financial Statements**

December 31, 2011

#### **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 no donated property and equipment in the financial statements.

Donations of supplies are recorded as contributions at their estimated fair value at the date of donation. PRN recognized \$3,932 of donated supplies 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 no 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 \$5,591 for the year ended December 31, 2011.

#### **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 \$3,860. Temporarily restricted net assets in the amount of \$332,915 are available for subsequent year's activities.

# PRAIRIE RIVERS NETWORK

Champaign, Illinois

## Notes to Financial Statements

December 31, 2011

### **Note 4 – Operating Lease Commitments:**

PRN entered into a 5 year lease dated October 15, 2007 for office space at \$2,000 per month. In August 2011, an amendment to the lease increased the Term to 10 years, thus an Expiration Date of October 31, 2017, and extended the \$3,000 per year increase (\$27,000 annually) for Years 6-10. PRN has a 3 year option to continue leasing the office space at the end of the 10 year lease at an increase of \$2,000 per year (\$29,000 annually). Rental expense for this lease was \$24,000 for the year ended December 31, 2011.

Future minimum rentals are as follows:

<u>Year Ending December 31:</u>	<u>Amount</u>
2012	24,500
2013	27,000
2014	27,000
2015	27,000
2016	27,000
2017	<u>22,500</u>
Total	<u>\$155,000</u>

### **Note 5 – Subsequent Events:**

Subsequent events were evaluated through February 23, 2012, which is the date the financial statements were available to be issued.