

PRAIRIE RIVERS NETWORK  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2015

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Prairie Rivers Network  
Champaign, Illinois

We have audited the accompanying financial statements of Prairie Rivers Network (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year 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 Prairie Rivers Network as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Kemper CPA Group LLP*

KEMPER CPA GROUP LLP  
Certified Public Accountants and Consultants  
Champaign, Illinois  
April 22, 2016

PRAIRIE RIVERS NETWORK  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2015

**ASSETS**

Current Assets	
Cash and Cash Equivalents	\$ 412,026
Prepaid Expenses	2,250
Investments	<u>141,804</u>
Total Current Assets	<u>556,080</u>
Property and Equipment, Net	<u>12,067</u>
Other Assets	
Security Deposit	<u>2,000</u>
TOTAL ASSETS	<u><u>\$ 570,147</u></u>

**LIABILITIES AND NET ASSETS**

Current Liabilities	
Accounts Payable	\$ 3,472
Payroll Liabilities	113
Deferred Revenue	<u>179,547</u>
Total Current Liabilities	<u>183,132</u>
Net Assets	
Unrestricted	
Undesignated	218,107
Board Designated	155,828
Temporarily Restricted	3,080
Permanently Restricted	<u>10,000</u>
Total Net Assets	<u>387,015</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 570,147</u></u>

See accompanying notes to financial statements.

PRAIRIE RIVERS NETWORK  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND OTHER SUPPORT				
Grants	\$ 379,401	\$ -	\$ -	\$ 379,401
Contributions	122,923	-	10,000	132,923
Special Events (Net of Direct Costs of \$24,398)	79,817	-	-	79,817
Interest and Dividends	13,381	-	-	13,381
Miscellaneous	14,464	-	-	14,464
In-Kind Donations	4,740	-	-	4,740
Unrealized Gain (Loss) on Investments	(12,183)	-	-	(12,183)
Released from Restriction	3,265	(3,265)	-	-
	<u>605,808</u>	<u>(3,265)</u>	<u>10,000</u>	<u>612,543</u>
Total Revenue and Other Support				
EXPENSES				
Program Services	463,542	-	-	463,542
Management and General	37,326	-	-	37,326
Fund Raising	67,032	-	-	67,032
	<u>567,900</u>	<u>-</u>	<u>-</u>	<u>567,900</u>
Total Expenses				
CHANGE IN NET ASSETS	<u>37,908</u>	<u>(3,265)</u>	<u>10,000</u>	<u>44,643</u>
NET ASSETS, BEGINNING OF YEAR, AS PREVIOUSLY PRESENTED	336,027	133,879	-	469,906
PRIOR PERIOD ADJUSTMENT - NOTE 14	<u>-</u>	<u>(127,534)</u>	<u>-</u>	<u>(127,534)</u>
NET ASSETS, BEGINNING OF YEAR, RESTATED	<u>336,027</u>	<u>6,345</u>	<u>-</u>	<u>342,372</u>
NET ASSETS, END OF YEAR	<u>\$ 373,935</u>	<u>\$ 3,080</u>	<u>\$ 10,000</u>	<u>\$ 387,015</u>

See accompanying notes to financial statements.

PRAIRIE RIVERS NETWORK  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services	Management and General	Fund Raising	Total
<i>Employee Compensation</i>				
Salaries	\$ 291,175	\$ 22,786	\$ 43,034	\$ 356,995
Payroll Taxes	24,219	1,893	3,592	29,704
Employee Benefits	18,481	114	2,572	21,167
Retirement Plan	7,295	610	981	8,886
Total Employee Compensation	<u>341,170</u>	<u>25,403</u>	<u>50,179</u>	<u>416,752</u>
<i>Other Expenses</i>				
Board Administration Expenses	-	741	-	741
Contract Labor	18,414	3,746	2,408	24,568
Insurance	1,030	2,416	149	3,595
Registration Fees	4,583	25	-	4,608
Service Charges and Other Expenses	35	1,985	2,224	4,244
Equipment	1,354	24	59	1,437
Dues and Subscriptions	4,590	19	45	4,654
Postage	2,204	86	207	2,497
Printing and Copying	10,341	613	1,472	12,426
Rent	20,542	1,238	2,970	24,750
Supplies	3,280	158	379	3,817
Telephone and Internet Fees	10,047	392	940	11,379
Travel and Per Diem	24,050	6	14	24,070
Utilities	4,264	257	617	5,138
Membership Support	-	-	4,849	4,849
Outreach and Recognition	7,614	-	-	7,614
River Clean-Ups	1,689	-	-	1,689
In-Kind Expenses	4,740	-	-	4,740
Depreciation	3,595	217	520	4,332
Total Other Expenses	<u>122,372</u>	<u>11,923</u>	<u>16,853</u>	<u>151,148</u>
Total Functional Expenses	<u>\$ 463,542</u>	<u>\$ 37,326</u>	<u>\$ 67,032</u>	<u>\$ 567,900</u>

See accompanying notes to financial statements.

PRAIRIE RIVERS NETWORK  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 44,643
Adjustment Necessary to Reconcile Change in Net Assets to Net Cash Provided By (Used In) Operating Activities:	
Depreciation	4,332
Unrealized (Gain) Loss on Investments	12,183
(Increase) Decrease In:	
Grants Receivable	4,920
Increase (Decrease) In:	
Accounts Payable	1,225
Payroll Liabilities	113
Deferred Revenue	52,013
Net Cash Provided By (Used In)	
Operating Activities	<u>119,429</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Investments	(140,935)
Reinvested Dividends and Interest	(13,052)
Purchase of Property and Equipment	<u>(3,099)</u>
Net Cash Provided By (Used In)	
Investing Activities	<u>(157,086)</u>

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(37,657)
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CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>449,683</u>
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CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 412,026</u></u>
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See accompanying notes to financial statements.



PRAIRIE RIVERS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 1: NATURE OF ACTIVITIES

Nature of Activities

Prairie Rivers Network (PRN) was incorporated under the “General Not for Profit Corporation Act” of Illinois. PRN champions clean, healthy rivers and lakes and safe drinking water to benefit the people and wildlife of Illinois. PRN draws upon sound science and works cooperatively with others, advocating public policies and cultural values that sustain the ecological health and biological diversity of water resources and aquatic ecosystems.

PRN is guided by a vision of healthy “waterways,” a term that includes not only water flows and aquatic life but lands adjacent to or otherwise closely connected with rivers, streams, lakes, and other water bodies. Waterways supply valuable resources for people and essential habitat for other animals and plants. PRN’s vision of healthy waterways and good waterway use comprises the following elements:

*Clean Water* – Rivers, lakes and streams should be clean enough for swimming and boating, to supply drinking water, and for responsible use by farmers and industry.

*Healthy Water Flows* – Rivers and streams should be free from aggressive alterations of natural flows; such alteration can noticeably worsen flooding and droughts, disrupt healthy flora and fauna and deplete drinking water supplies.

*Edible Fish* – Waterways should support a wide range of commercial and sport fish that reproduce naturally and that everyone can safely eat.

*Resilience to Climate Change* – Illinois’ 120,000 miles of rivers should provide a framework of connected natural areas and habitats, allowing plants and wildlife to thrive and adapt to changing climates.

*Protecting the Best* – The state’s cleanest and healthiest streams should enjoy enhanced legal protection to keep them that way.

*Rare Plants and Animals* – Rare plants and animals in and around waterways should receive special protections to aid their survival and recovery.

PRN’s primary revenue sources include grants with foundations and other agencies, and contributions received from donors.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Date of Management’s Review of Subsequent Events

Management has evaluated subsequent events through April 22, 2016, the date which the financial statements were available to be issued.

PRAIRIE RIVERS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

PRN uses the accrual method of accounting for financial statement reporting and accordingly reflect all significant receivables, payables and other liabilities.

Financial Statement Presentation

PRN has adopted FASB ASC 958, *Financial Statements of Not-for-Profit Organizations*. 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. In addition, PRN is required to present a statement of cash flows.

Grant Revenue

Revenues from grants are recognized as the related expenses are incurred or over the period of time the grant receipts are intended to finance operations. Generally, the excess or deficit of grant receipts over program expenses is accounted for as deferred revenue or grants receivable, respectively, until the corresponding expenses are incurred or the grant monies are received.

Any of the funding sources may, at their discretion, request reimbursement for expenses or return of fund, or both, as a result of non-compliance by PRN with the terms of the grants.

Contributions and Net Asset Classifications

Contributions that are restricted as to time or purpose by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. Depending on the nature of restrictions, all other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Contributed Services

Contributed services are reported as contribution revenue and as assets or expenses only if the services create or enhance a non-financial asset (for example property and equipment) or:

- Would typically need to be purchased by PRN if the services had not been provided by contribution
- Require specialized skills

PRAIRIE RIVERS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributed Services (continued)

- Are provided by individuals with those skills (such as accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers, and other professionals and craftsmen).

Contributed services that do not require specialized skills or enhance non-financial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services.

Cash and Cash Equivalents

PRN considers all highly liquid investments with maturities of three months or less, when purchased, to be cash equivalents. As of December 31, 2015, PRN held no investments considered to be cash equivalents.

Investments

Investments consist primarily of assets invested in marketable equity and debt securities and money-market accounts. PRN accounts for investments in accordance with the FASB standard for investments held by not-for-profit organizations (ASC 958-320 and subsections). This standard requires that investments in equity securities with readily determinable fair values and all investment in debt securities be measured at fair value in the statement of financial position. The realized and unrealized gain or loss on investments is reflected in the Statement of Activities.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position.

Property and Equipment

Property and equipment are valued at cost, or if donated, at fair value as of the date recorded as a gift. Property and equipment are being depreciated over the useful lives of the assets using the straight-line method. Generally, property and equipment are capitalized when the cost exceeds \$500. The cost of normal maintenance and repairs that do not add to the value of the asset or increase the functionality of the asset are not capitalized.

PRAIRIE RIVERS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

PRN is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code and is not classified by the Internal Revenue Service to be a private Foundation under section 509(a) of the Internal Revenue Code. PRN is recognized as a charitable organization by the State of Illinois under the Charitable Trust and General Solicitation Act.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, PRN may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of PRN and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the 2015 fiscal year.

PRN files information tax returns in the U.S. Federal and Illinois jurisdictions. PRN is no longer subject to U.S. federal, state, and local income tax examinations by tax authorities for years ending prior to December 31, 2012.

Use of 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 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.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the program and supporting services (Management and General, Fund Raising) benefited.

PRAIRIE RIVERS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 3: SUMMARY OF FAIR VALUE MEASUREMENTS

PRN invests in various mutual funds. Financial Accounting Standards Board (“FASB”) Codification 820, *Fair Value Measurements* clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosures about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

*Fair Value Measurement* defines fair value as the amount that would be received for the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

- Level 1: Quoted prices in active markets for identical securities that PRN has the ability to access.
- Level 2: Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment spreads, credit risk, etc.) and inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Significant unobservable inputs (including PRN’s own assumptions in determining the fair value of investments). The inputs are methodology used for valuing PRN’s financial assets and liabilities, and are not indicators of the risk associated with those assets and liabilities.

The asset’s or liability’s fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015.

Mutual Funds – Valued at the daily closing price as reported by the fund. Mutual funds held by PRN are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV), to transact at that price, and are deemed to be actively traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, while PRN believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

PRAIRIE RIVERS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE 3: SUMMARY OF FAIR VALUE MEASUREMENTS (CONTINUED)**

The following table sets forth by level, within the fair value hierarchy, PRN's assets at fair value as of December 31, 2015:

	<b><u>Level 1</u></b>	<b><u>Level 2</u></b>	<b><u>Level 3</u></b>	<b><u>Total</u></b>
Equity Mutual Funds	\$ 141,804	\$ -	\$ -	\$ 141,804
Total Investments	<u>\$ 141,804</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,804</u>

PRN recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels during the year ended December 31, 2015.

**NOTE 4: PROPERTY AND EQUIPMENT**

As of December 31, 2015, Property and Equipment consists of the following:

Equipment	\$ 87,581
Less: Accumulated Depreciation	<u>(75,514)</u>
Property and Equipment, Net	<u>\$ 12,067</u>

Depreciation expense for the year ended December 31, 2015 was \$4,332.

**NOTE 5: DEFERRED REVENUE**

As of December 31, 2015, Deferred Revenue consists of the following:

Grants:

Grand Victoria Foundation (General Operating)	\$ 21,667
The McKnight Foundation	24,000
The Joyce Foundation	8,334
The Educational Foundation of America (Coal Ash)	37,500
Energy Foundation	37,500
The Lumpkin Family Foundation (Ag Newsletter)	9,500
The Lumpkin Family Foundation (Perinnials)	7,000
The Walton Family Foundation	20,000
Norcross	1,500
National Wildlife Federation (HCA Retreat)	1,200
The Educational Foundation of America (Technical Assistance)	11,346
Total Deferred Revenue	<u>\$ 179,547</u>

PRAIRIE RIVERS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 6: GRANTS REVENUE

The following is a summary of the revenue from grants during the year ended December 31, 2015:

The McKnight Foundation	\$ 144,000
Grand Victoria Foundation (General Operating)	65,000
The Educational Foundation of America (Coal Ash)	45,000
The Joyce Foundation	32,813
Energy Foundation	23,875
The Walton Family Foundation	21,200
Environmental Law & Policy Center (Re-Amp)	19,000
The Educational Foundation of America (Technical Assistance)	12,633
Illinois Clean Energy Community Foundation	10,580
River Network	2,800
The Lumpkin Family Foundation	2,500
Total Grants Revenue	<u>\$ 379,401</u>

NOTE 7: IN-KIND DONATIONS

The following is a summary of other in-kind donations received during the year ended December 31, 2015:

Printing Services	\$ 2,490
Rent (One Month)	2,250
Total In-Kind Donations	<u>\$ 4,740</u>

During the year ended December 31, 2015, donated services with an estimated value of \$81,025 were not recognized in the financial statements because they did not meet the criteria for recognition.

NOTE 8: RELATED PARTY TRANSACTIONS

During the year ended December 31, 2015, PRN received contributions from various members of the Board of Directors totaling \$69,350.

NOTE 9: NET ASSETS – DESIGNATIONS AND RESTRICTIONS

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level the donor of the State Prudent Management of Institutional Funds Act (SPMIFA) requires PRN to retain as permanently restricted. Deficiencies of this nature result from unfavorable market fluctuations and would be included in unrestricted net assets. There were no deficiencies as of December 31, 2015.

PRAIRIE RIVERS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 9: NET ASSETS – DESIGNATIONS AND RESTRICTIONS (CONTINUED)

Board designated net assets are available for the following purposes at December 31, 2015:

Funds subject to a restriction by board designation:

With purpose restrictions: The Charles Goodall Fund	\$ 47,335
With purpose restrictions: The Eric T. Freyfogle Endowment for the Environment	50
With purpose restrictions: General Operations	<u>106,000</u>
Total Funds - Board Designated	<u>153,385</u>
With purpose restrictions: Boneyard Cleanup	1,904
With purpose restrictions: River Defense Fund	<u>539</u>
Total Operating Funds - Board Designated	<u>2,443</u>
Total Board Designated Net Assets	<u><u>\$ 155,828</u></u>

Temporarily restricted net assets are available for the following purposes at December 31, 2015:

Donations subject to a time restriction by explicit donor stipulation:

With purpose restrictions: Healthy Rivers	<u>\$ 3,080</u>
Total Temporarily Restricted Net Assets	<u><u>\$ 3,080</u></u>

Permanently restricted net assets are available for the following purposes at December 31, 2015:

Permanently restricted endowment gifts required to be retained either by explicit donor stipulations or by SPMIFA:

The Eric T. Freyfogle Endowment for the Enviroment	<u>\$ 10,000</u>
Total Permanently Restricted Net Assets	<u><u>\$ 10,000</u></u>



PRAIRIE RIVERS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

**NOTE 10: NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions during 2015 by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors. Net assets released were the following:

Legal Fees	\$ 2,134
Yard Signs - SUTC Outreach	375
Other	756
Total Released From Restrictions	<u>\$ 3,265</u>

**NOTE 11: ENDOWMENT**

PRN has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as the gift date of the donor restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, PRN classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as unrestricted.

PRN's endowment fund consists of contributions with donor stipulations that the original principal of the gifts is to be held and invested by PRN indefinitely. As required by accounting principles generally accepted in the United States, the net assets associated with these contributions are classified as permanently restricted net assets. The income from the endowment is classified as unrestricted as long as the purpose restriction is satisfied during the same fiscal year in which the income is received. The funds are currently being held in a mutual fund account with E\*TRADE Financial with a balance of \$10,000, which represents the corpus.

**NOTE 12: EMPLOYEE BENEFIT PLAN**

PRN has established a SIMPLE IRA plan, qualified under Section 408(p) of the Internal Revenue Code, covering employees who received \$5,000 or more of compensation for the previous calendar year. Participants in the 408(p) plan may elect to make voluntary before-tax contributions based on a percentage of their pay, subject to certain limitations set forth in the Internal Revenue Code of 1986, as amended. PRN's retirement plan contribution expense for the year ended December 31, 2015 was \$8,886.

PRAIRIE RIVERS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015

NOTE 13: LEASE COMMITMENTS

PRN entered into a five (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 ten (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 three (3) year option to continue leasing the office space at the end of the ten (10) year lease at an increase of \$2,000 per year (\$29,000) annually. Rental expense reported for the year ended December 31, 2015 was \$24,750.

Minimum future rental payments under non-cancelable operating leases having terms in excess of one year as of December 31, 2015 are due as follows:

Years Ending December 31,	
2016	\$ 27,000
2017	22,500
	<hr/>
	\$ 49,500
	<hr/>

NOTE 14: PRIOR PERIOD ADJUSTMENT

The December 31, 2015 beginning unrestricted net assets have been restated by \$127,534 to properly reflect deferred revenue with respect to grant funds received but not yet spent as of December 31, 2014.