

PRAIRIE RIVERS NETWORK

Champaign, Illinois

Financial Statements

For the Year Ended December 31, 2020

Feller & Kuester CPAs LLP
Certified Public Accountants
806 Parkland Court
Champaign, IL 61821
217-351-3192

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1 – 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
NOTES TO FINANCIAL STATEMENTS	7 – 19

Feller & Kuester CPAs LLP

Tax - Audit - Bookkeeping
806 Parkland Court - Champaign, Illinois 61821
Phone - (217) 351-3192 Fax - (217) 351-4135 Email - neal@fellerkuester.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Prairie Rivers Network
Champaign, Illinois

We have audited the accompanying financial statements of the Prairie Rivers Network (a non-profit organization), which comprise the statement of financial position as of December 31, 2020, 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 the Prairie Rivers Network as of December 31, 2020, 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.

Feller & Kuester CPAs LLP

Feller & Kuester CPAs LLP
Champaign, Illinois

July 7, 2021

**PRAIRIE RIVERS NETWORK
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020**

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 1,014,167
Prepaid Expenses	14,845
Donated Assets	5,000
Investments	581,009
Total Current Assets	<u>1,615,021</u>
Property & Equipment, Net	<u>28,549</u>
Non-Current Assets	
Investments Restricted for Long-Term Purposes	<u>2,310,000</u>
TOTAL ASSETS	<u><u>\$ 3,953,570</u></u>

LIABILITIES & NET ASSETS

Current Liabilities	
Accounts Payable	\$ 7,501
Payroll Tax Liabilities	11
Accrued Vacation Expense	22,591
Deferred Revenue	542,835
Total Current Liabilities	<u>572,938</u>
Net Assets	
Without Donor Restrictions	
Undesignated	548,923
Designated by the Board for Endowment	396,838
Total Without Donor Restrictions	<u>945,761</u>
With Donor Restrictions	2,434,871
Total Net Assets	<u>3,380,632</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,953,570</u></u>

See accompanying notes.

**PRAIRIE RIVERS NETWORK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Grant Revenue	\$ 684,583	\$ -	\$ 684,583
Contributions	187,731	11,000	198,731
Payroll Protection Program Loan Forgiveness	125,700	-	125,700
Gross Special Events Revenue	87,415	-	87,415
Less Cost of Direct Benefits to Donors	(14,934)	-	(14,934)
Net Special Events Revenue	72,481	-	72,481
Designated Funds	64,722	55,103	119,825
In-Kind Donations	10,979	-	10,979
Interest Income	2,292	-	2,292
Investment Income (Loss)	33,913	4,283	38,196
Net Assets Released from Restrictions	2,743	(2,743)	-
Total Support and Revenue	1,185,144	67,643	1,252,787
Expenses			
Program Services	784,373	-	784,373
Supporting Services:			
Management and General	67,247	-	67,247
Fundraising	109,647	-	109,647
Total Supporting Services	176,894	-	176,894
Total Expenses	961,267	-	961,267
Increase (Decrease) in Net Assets	223,877	67,643	291,520
Net Assets, Beginning of Year	721,884	2,367,228	3,089,112
Net Assets, End of Year	<u>\$ 945,761</u>	<u>\$ 2,434,871</u>	<u>\$ 3,380,632</u>

See accompanying notes.

**PRAIRIE RIVERS NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Support Services				Totals
	Program Services	Management and General	Fundraising	Total Support Services	
<i>Employee Compensation</i>					
Salaries and Wages	\$ 479,464	\$ 43,319	\$ 66,889	\$ 110,208	\$ 589,672
Payroll Taxes	36,965	3,288	5,095	8,383	45,348
Employee Benefits	63,166	2,729	10,700	13,429	76,595
Total Employee Compensation	<u>579,595</u>	<u>49,336</u>	<u>82,684</u>	<u>132,020</u>	<u>711,615</u>
<i>Other Expenses</i>					
Professional Development	9,925	-	-	-	9,925
Board Administration Expenses	-	3,474	-	3,474	3,474
Contract Labor	14,772	7,436	4,574	12,010	26,782
Insurance	3,364	2,031	481	2,512	5,876
Registration Fees	3,749	25	-	25	3,774
Services Charges and Other Expenses	-	1,837	2,586	4,423	4,423
Dues and Subscriptions	8,973	82	245	327	9,300
Postage	3,027	130	391	521	3,548
Printing and Copying	12,217	574	1,721	2,295	14,512
Rent	35,140	1,673	5,020	6,693	41,833
Supplies	4,070	78	232	310	4,380
Telephone and Internet Fees	18,278	149	448	597	18,875
Travel and Per Diem	3,276	-	1	1	3,277
Utilities	588	28	84	112	700
Membership Support	-	-	9,999	9,999	9,999
Outreach and Recognition	9,186	-	-	-	9,186
River Clean-Ups	233	-	-	-	233
Provided to Sub-Recipients	65,050	-	-	-	65,050
In-Kind Expenses	4,359	-	-	-	4,359
Workshops	305	-	-	-	305
Depreciation	8,266	394	1,181	1,575	9,841
Total Other Expenses	<u>204,778</u>	<u>17,911</u>	<u>26,963</u>	<u>44,874</u>	<u>249,652</u>
Total Functional Expenses	<u>\$ 784,373</u>	<u>\$ 67,247</u>	<u>\$ 109,647</u>	<u>\$ 176,894</u>	<u>\$ 961,267</u>

See accompanying notes.

**PRAIRIE RIVERS NETWORK
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 291,520
Adjustments to Reconcile Change In Net Assets to Net Cash Provided by (Used in) Operating Activities	
Depreciation Expense	9,841
Unrealized (Gain) Loss on Investments	(24,258)
(Increase) Decrease in Operating Assets	
Prepaid Expenses	(1,625)
Donated Assets	(5,000)
Increase (Decrease) in Operating Liabilities	
Accounts Payable	2,293
Payroll Tax Liabilities	11
Accrued Vacation Expense	8,749
Deferred Revenue	322,449
	603,980

CASH FLOWS FROM INVESTMENT ACTIVITIES

Reinvested Dividends	(13,938)
Purchase of Investments	(466,674)
Sales of Investments	408,015
Purchase of Property and Equipment	(6,697)
	(79,294)

CASH FLOWS FROM FINANCING ACTIVITIES

None	-
	-
Net Cash Provided by (Used in) Financing Activities	
Net Increase (Decrease) in Cash and Cash Equivalents	524,686
Beginning Cash and Cash Equivalents	489,481
Ending Cash and Cash Equivalents	\$ 1,014,167

See accompanying notes.

PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Prairie Rivers Network (the Organization) was incorporated under the “General Not for Profit Corporation Act” of Illinois. At the Organization, they protect water, heal land, and inspire change. Using the creative power of science, law, and collective action, they protect and restore our rivers, return healthy soils and diverse wildlife to our lands, and transform how we care for the earth and for each other.

Protect Water

Water is life—connecting, sustaining, and inspiring us all. At the Organization, they protect water from the ravages of pollution and restore the beauty and power of naturally flowing rivers. They hold polluters accountable, advance policies to allow river ecosystems to thrive, and promote practices that keep our waters clean.

Heal Land

Land and water form a system on which the entire community of life depends; to care for land is to care for water. Too often, human activity degrades land and water and imperils this community. At the Organization, they advance practices and policies that return health to our soils and increase biodiversity. They work with people to restore the lands along and between our rivers, repair the earth that provides our food, and ensure that animals have the habitat needed to thrive in a rapidly changing world.

Inspire Change

The Organization is part of an interconnected whole. Our community includes all parts of the Earth: soil, water, people, plants, and animals. At the Organization, they elevate and uphold the cultural values and understandings needed for all life to flourish. They use the images and voices of people to tell compelling stories of resistance and renewal. They educate and empower people to act. And they lead collective efforts to create new ways of restoring our rivers, healing our lands, and caring for their neighbors.

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

Subsequent Events

Subsequent events have been evaluated through July 7, 2021, which is the date the financial statements were available to be issued.

Accrual Basis of Reporting

The Organization has chosen to report on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when incurred in conformity with accounting principles generally accepted in the United States of America (GAAP). The financial

PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”).

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include all cash and highly liquid investments acquired with an original maturity date of three months or less.

Prepaid Expenses

Prepaid expenses such as for insurance or service contracts are deferred and expensed over the term when the services are received.

Donated Assets

Donated assets such as collectibles are recorded as an asset until sold for cash.

Investments

Investments consist primary of farmland and assets invested in marketable equity and debt securities. The Organization 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 these investments 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. Investment return is presented net of investment fees.

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 those amounts reported in the statement of financial position.

Property and Equipment

Property and equipment are capitalized at cost. Donated property and equipment are capitalized at estimated cost or fair market value at the time of donation. Property and equipment are capitalized when the costs exceed \$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. Depreciation of the assets is computed using the straight-line method over their estimated useful lives. The range of estimated useful lives by type of asset is as follows: Equipment - 3-7 years.

PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Net Assets

Net assets of the Organization and changes therein are classified and reported as follows:

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. The Organization's Board may designate assets without restrictions for specific operational purposes from time to time.

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.

Grants and Contracts Revenue

The Organization recognizes grants and contracts revenue (up to the associated grant or contract ceiling) either on a pro-rata basis over the service period of the grant or contract or to the extent of expenses incurred. The excess of monies received over expenses incurred or pro-rata service period is accounted for as deferred revenue. The excess of expenses incurred or pro-rata service period over monies received is accounted for as grants and contracts receivable to the extent that additional revenue has been awarded and will be paid.

Grant and contract funds received with only general restrictions and public donations are considered to be available for unrestricted use unless specifically restricted by the donor. When such restrictions exist, the revenue is recorded with temporarily restricted revenue until the restrictions are met. Revenue received with temporary restrictions that are met in the same reporting period is reported as unrestricted support and increase net assets without donor restrictions.

Contributed Services

Contributed services are reported as in-kind donations 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 the Organization if the services had not been provided by contribution.
- Require specialized skills.
- Are provided by individuals with those skills (such as accounting, financial, construction, educational, electrical, legal, medical, and other services provided by accountants, investments advisers, contractors, teachers, electricians, lawyers, doctors, and other professional and craftspeople).

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.

PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Contributed Supplies and Goods

Donated supplies and goods are reported as in-kind donations revenue and assets or expenses at estimated cost or fair market value.

Promises to Give

Unconditional promises to give are recognized as contributions receivable and contribution revenue in the period the promise is made. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and promises become unconditional. Unconditional promises to give are recorded at their net realizable balance. The Organization does not record an allowance promises to give. Instead, the Organization will evaluate promises to give at the end of each year to determine if the promises are collectible. Promises that are considered uncollectible will be written off. There were no uncollectible promises to give written off during the year ended December 31, 2020.

Special Events

Special events generate revenue for the Organization as well as raise awareness about the Organization's mission. Some events are annual and some are incidental to the Organization's central activities and do not happen regularly. Incidental events are recorded net in the accompanying Statement of Activities.

Income Tax Status

The Organization is a non-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service has determined that the Organization is not a private foundation as defined in Section 509(a)(2) of the Code. The Organization 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, the Organization 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 position. Examples of tax positions include the tax-exempt status of the Organization and various position 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 as of December 31, 2020.

The Organization files information tax returns in the U.S. federal jurisdiction and the state of Illinois. Its federal and Illinois information tax returns prior to the year ended December 31, 2017 are closed. The Organization does not have any tax returns currently under examination by

PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

either the Internal Revenue Service (IRS) or any U.S. state jurisdiction.

Advertising

The Organization expenses advertising costs as they are incurred. The Organization did not have any advertising expense during the year ended December 31, 2020.

Use of Estimates in Preparing Financial Statements

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. Accordingly, 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 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.

Expenses which are easily and directly associated with a particular program or supporting service are charged directly to that functional area. Employee compensation and various occupancy costs have been allocated on the basis of estimates of time and effort.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to credit risk consist principally of checking accounts and certificate of deposits at financial institutions. At December 31, 2020, the Organization had a total book and bank balance which includes cash and cash equivalents of \$994,215 and \$988,351, respectively. These funds were held at three financial institutions. The balances as of December 31, 2020 were insured at each financial institution by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2020, \$9,747 of the bank balance as of December 31, 2020 was not insured by FDIC. In addition, the Organization had undeposited funds of \$19,952 at December 31, 2020. Since these funds were not yet deposited with a financial institution it was covered by FDIC.

NOTE 3 – INVESTMENTS

FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarch gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to

PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 – Inputs to the valuation methodology are based on unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's and 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, 2020.

Brokered CDs: Valued by discounting the related cash flows based on current yields of similar instruments with comparable characteristics.

Mutual Funds: Valued at the net asset value (NAV) of shares held by the Organization at year-end based on readily determinable fair values, which are published daily and are the basis for current transactions.

Farmland: Management estimates the fair value using methods similar to those used by independent appraisers such as a sales comparison approach and a cost approach which factors in current market conditions in the local geographic area.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization 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 different fair value measurements at the reporting date.

PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

The following table sets forth by level, within the fair value hierarchy, Organization's assets at fair value as of December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<i>Brokered CDs</i>	\$ -	\$ 250,168	\$ -	\$ 250,168
<i>Mutual Funds - U.S. Equity</i>				
U.S. Small-Cap ETF	44,882	-	-	44,882
U.S. Large-Cap Core	109,862	-	-	109,862
Global Impact ETF	67,489	-	-	67,489
U.S. Aggregate Bond EFT	108,608	-	-	108,608
<i>Farmland</i>	-	-	2,310,000	2,310,000
TOTAL	<u>\$ 330,841</u>	<u>\$ 250,168</u>	<u>\$ 2,310,000</u>	<u>\$ 2,891,009</u>

The Organization 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, 2020.

Investment income on the statement of activities consists of the following for the year ended December 31, 2020:

Dividends	\$ 13,938
Net Unrealized Gains (Losses) on Investments	24,258
Total Investment Income (Loss)	<u>\$ 38,196</u>

This investment income, including unrealized gains and losses, are being reported on the statements of activities as investment income (loss).

The following table presents activity on investments measured at fair value during the year ended December 31, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Balance at January 1, 2020	\$ 484,154	\$ -	\$ 2,310,000
Investment Income (Loss)	38,028	168	-
Purchases of Investments	216,674	250,000	-
Sales of Investments	(408,015)	-	-
Balance at December 31, 2020	<u>\$ 330,841</u>	<u>\$ 250,168</u>	<u>\$ 2,310,000</u>

NOTE 4 – PROPERTY AND EQUIPMENT

At December 31, 2020, Property and Equipment consisted of the following:

Equipment	\$ 84,386
Less: Accumulated Depreciation	(55,837)
Property and Equipment, Net	<u>\$ 28,549</u>

PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

During the year ended December 31, 2020, the Organization had depreciation expense of \$9,841.

NOTE 5 – DEFERRED REVENUE

As of December 31, 2020, deferred revenue consists of the following:

The McNight Foundation	\$ 240,000
Grand Victoria Foundation (General Operating)	27,500
The Walton Family Foundation	72,556
The Lumpkin Family Foundation (ReGenerate IL)	27,917
The Lumpkin Family Foundation (General Operating)	11,667
The Energy Foundation	43,750
The Energy Foundation (Surge Funding)	22,223
JustFund (Amalgamated Foundation)	97,222
Total Deferred Revenue	\$ 542,835

NOTE 6 – PAYROLL PROTECTION PROGRAM LOAN

The Organization received a loan under the Paycheck Protection Program (PPP) for an amount of \$125,700, which was established under the Cares Act and administered by the Small Business Administration (SBA). The application for the PPP loan requires the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operation of the Organization. This certification further requires the Organization to take into account current activity and their ability to access other sources of liquidity sufficient to support the ongoing operations in a manner that is not significantly detrimental to the organization. The receipt of the funds from the PPP loan and the forgiveness of the PPP loan is dependent on the Organization having initially qualified for the PPP loan and qualifying for the forgiveness of such PPP loan based on funds being used for certain expenditures such as payroll costs and rent, as required by the terms of the PPP loan. On November 2, 2020, the PPP loan, plus accrued interest was fully forgiven by the SBA. During the year ended December 31, 2020, the Organization recorded Payroll Protection Program Loan Forgiveness of \$125,700.

NOTE 7 – IN-KIND DONATIONS

The following is a summary of in-kind donations received during the year ended December 31, 2020:

<u>Type</u>	<u>Asset / Expense Classification</u>	<u>Value</u>
Silent Auction Items for Annual Dinner	Direct Cost of Special Event	\$ 1,620
Printing Services	In-Kind Expenses	4,359
Stamp Collection	Donated Assets	5,000
	Total In-Kind Donations	\$ 10,979

PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 8 – GRANT REVENUE

The following is a summary of revenue from grants and contracts during the year ended December 31, 2020:

The McNight Foundation	\$ 128,333
Grand Victoria Foundation (General Operating)	110,000
Grand Victoria Foundation (Habitat)	7,750
The Walton Family Foundation	106,444
The Lumpkin Family Foundation (ReGenerate IL)	33,500
The Lumpkin Family Foundation (General Operating)	29,583
Delta Institute (Kinship)	6,578
The Energy Foundation	75,000
The Energy Foundation (Surge Funding)	27,778
The Education Foundation of America (Technical Assistance)	1,386
Illinois Environmental Council (Just Transition)	45,000
Illinois Environmental Council (ReAmp)	1,500
National Wildlife Federation (Ed Technical Assistance)	16,000
National Wildlife Federation (Dicamba)	20,000
National Wildlife Federation (Asian Carp)	7,500
National Wildlife Federation (Other Grants)	1,500
Elevate Energy	15,400
North Central Region - SARE (Field Salad)	5,953
North Central Region - SARE (Cover Crops)	1,255
North Central Region - SARE (Rye)	1,845
Patagonia (Herbicide)	2,500
Metropolitan Planning Council	10,000
JustFund (Amalgamated Foundation)	27,778
Green Lands Blue Waters	2,000
Total Grant Revenue	<u>\$ 684,583</u>

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 the Organization to retain as permanently restricted. Deficiencies of this nature result from unfavorable market fluctuations and would be included in net assets without donor restrictions. There were no deficiencies as of December 31, 2020.

Net Assets without Donor Restrictions - Designated by the Board for Endowment

Board designated endowment net assets are available for the following purposes at December 31, 2020:

PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Funds subject to a restriction by board designation:

The Charles Goodall Fund	\$ 59,435
The Clark Bullard Advocacy Fund	55,070
General Operations	282,333
Total Board Designated Endowment Net Assets	<u>\$ 396,838</u>

Funds designated by the Board of Directors to function as an endowment are voluntary and may be reversed by the Board of Directors at any time. Accordingly, they are reported as part of the net assets without donor restrictions. The Organization’s Board designated endowment net assets exist as a permanent investment pool to enhance and sustain the operations of the Organization so that it can continue working to promote the lasting health of Illinois lakes, rivers, streams, and surrounding lands and, in so doing, nurture and enhance the enduring welfare of the people and wildlife of the state.

Assets in the Organization’s Board designated endowment net assets are invested by the Board of Directors with the aim of long-term growth and generation of income to use in support of its purposes. All investments shall be chosen with prudence and consistent with all laws and generally accepted standards of institutional funds management.

Further, investments shall be limited to assets that are easily liquidated and consistent with the charitable purposes and aims of the Organization. Assets shall be invested so that approximately 50% to 90% of the investments are in equity investments and the remaining assets held in investments chiefly intended to yield current income. Assets may be held as cash or cash equivalents in preparation for anticipated expenditures or when deemed prudent in response to ongoing or anticipated fluctuations in market values.

All expenditures of principal of Board designated endowment net assets must be approved by a minimum of 75% of the Board of Directors. In no instance shall the Board authorize any expenditure of principal or income that is inconsistent with the charitable status of the Organization under federal and state laws or otherwise inconsistent with the specific purposes of the Organization.

Net Assets with Donor Restrictions - Temporarily Restricted

Temporarily restricted net assets are available for the following purposes at December 31, 2020:

Donations subject to a time restriction by explicit donor stipulation:

With purpose restrictions: Healthy Rivers	\$ 2,070
With purpose restrictions: Boneyard Clean-Up	13,933
With purpose restrictions: River Defense	539
With purpose restrictions: Subgrantees	56,092
Total Temporarily Restricted Net Assets	<u>\$ 72,634</u>

PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

Net Assets with Donor Restrictions - Permanently Restricted

Permanently restricted net assets are available for the following purposes at December 31, 2020:

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

The Eric T. Freyfogle Endowment for the Environment	\$ 27,550
The Charles Goodall Memorial Fund	16,750
General Operations	7,937
Total Carol Goodall Wock Endowment	<u>2,310,000</u>
Total Permanently Restricted Net Assets	<u><u>\$ 2,362,237</u></u>

NOTE 10 – ENDOWMENT

The Organization’s endowment consists of two funds held with an institutional investment company. The endowment includes both donor-restricted endowment funds which are classified and reported based on the existence or absence of donor-imposed restrictions and funds designated by the Board of Trustees to function as endowment.

The Organization is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The Board of Directors has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to the endowment fund, unless a donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

Additionally, in accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purpose of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation or deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization.

PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

The Organization has an endowment fund consisting of contributions with donor stipulations that the original principal of the gifts is to be held and invested by the Organization indefinitely. As required by accounting principles generally accepted in the United States, the net assets associated with these contributions are classified as net assets with donor restrictions. 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 brokerage account with E*TRADE Financial with a balance of \$52,237.

During the year ended December 31, 2016, the Organization received a gift of approximately 220 acres of farmland near Sidell, Illinois. The donor signed an Endowment Fund Agreement which stipulates that the land may not be sold but will provide income for the Organization's efforts to promote farming without harming. Under the terms of the agreement, the donor executed a deed to the Organization conveying a portion of the farmland (approximately 108 acres) to the Endowment as a permanent, donor-restricted endowment and reserving a life estate in it. The remaining approximately 112 acres was conveyed to the Organization during the year ended December 31, 2019. These 220 acres, valued at \$2,310,000, has been recognized in the Organization's financial statements as investment restricted for long-term purposes.

The Endowment Fund Agreement further stipulates that upon the donor's death, assets remaining in an investment account managed by Capital Financial Planning, if any, will be paid directly to the Organization under the terms of a transfer-on-death provision.

The composition of endowment net assets and the changes in endowment net assets as of December 31, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets, December 31, 2019	\$ 357,077	\$ 2,349,697	\$ 2,706,774
Donations	500	11,000	11,500
Funds Designated by Board	-	-	-
Investment Income	39,261	4,283	43,544
Released from Endowment	-	(2,743)	(2,743)
Endowment Net Assets, December 31, 2020	<u>\$ 396,838</u>	<u>\$ 2,362,237</u>	<u>\$ 2,759,075</u>

NOTE 11 – EMPLOYEE BENEFIT PLAN

The Organization 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. The Organization's retirement plan contribution expense for the year ended December 31, 2020 was \$17,279.

PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 12 – LEASE COMMITMENTS

The Organization entered into a seven (7) year lease dated November 27, 2017 for office space for a period commencing January 1, 2018. Monthly rent is \$2,852.25 during 2018, \$3,169.16 during 2019, \$3,486.08 during 2020, \$3,803.00 during 2021 and 2022, and \$4,119.91 during 2023 and 2024. The Organization has an option to renew one 5-year option at a rent to be negotiated. Total rental expense reported for the year ended December 31, 2020 was \$41,833. The minimum rental commitment as of December 31, 2020 under this lease agreement is as follows:

Year Ended December 31,		
2021	\$	45,636
2022		45,636
2023		49,439
2024		49,439
Total	<u>\$</u>	<u>190,150</u>

NOTE 13 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year.

	<u>December 31,</u> <u>2020</u>
Fiscal Assets at Year-End	
Cash and Cash Equivalents	\$ 1,014,167
Investments	581,009
Less Contractual or Donor-Imposed Restrictions	
Designated by the Board for Endowment	(396,838)
Donor Restrictions for Specific Purposes	<u>(124,871)</u>
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u>\$ 1,073,467</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Excess cash is generally held in investments and checking accounts until it is required for operational use.