

**PRAIRIE RIVERS NETWORK  
FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2021**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Prairie Rivers Network  
Champaign, Illinois

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Prairie Rivers Network (the Organization) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2021, 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.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

**Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



**CliftonLarsonAllen LLP**

Champaign, Illinois  
June 8, 2022

**PRAIRIE RIVERS NETWORK  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2021**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 1,243,230
Prepaid Expenses	20,910
Donated Assets	5,000
Investments	<u>535,373</u>
Total Current Assets	<u>1,804,513</u>

**PROPERTY AND EQUIPMENT, NET**

25,808

**NONCURRENT ASSETS**

Investment - Farm Land	<u>2,310,000</u>
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Total Assets

\$ 4,140,321

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 9,101
Accrued Liabilities	14,822
Deferred Revenue	<u>439,890</u>
Total Current Liabilities	463,813

**NET ASSETS**

Without Donor Restrictions:	
Undesignated	841,026
Designated by the Board for Endowment	<u>430,943</u>
Total Without Donor Restrictions	1,271,969
With Donor Restrictions	<u>2,404,539</u>
Total Net Assets	<u>3,676,508</u>

Total Liabilities and Net Assets

\$ 4,140,321

See accompanying Notes to Financial Statements.

**PRAIRIE RIVERS NETWORK  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>			
Grant Revenue	\$ 754,006	\$ -	\$ 754,006
Contributions	377,002	15,415	392,417
Gross Special Events Revenue	57,656	-	57,656
Less: Cost of Direct Benefits to Donors	(8,233)	-	(8,233)
Special Events Revenue, Net	49,423	-	49,423
Designated Funds	-	28,046	28,046
In-Kind Donations	5,524	-	5,524
Interest Income	4,078	-	4,078
Unrealized Gains on Investments	30,968	3,634	34,602
Miscellaneous	2,822	-	2,822
Net Assets Released from Restrictions	77,427	(77,427)	-
Total Support and Revenue	1,301,250	(30,332)	1,270,918
<b>EXPENSES</b>			
Program Services	803,292	-	803,292
Supporting Services:			
Management and General	68,098	-	68,098
Fundraising	103,652	-	103,652
Total Supporting Services	171,750	-	171,750
Total Expenses	975,042	-	975,042
<b>CHANGE IN NET ASSETS</b>	326,208	(30,332)	295,876
Net Assets - Beginning of Year	945,761	2,434,871	3,380,632
<b>NET ASSETS - END OF YEAR</b>	\$ 1,271,969	\$ 2,404,539	\$ 3,676,508

See accompanying Notes to Financial Statements.

**PRAIRIE RIVERS NETWORK  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021**

	Program	Supporting Services			Total
	Services	Management	Fundraising	Total	
	Environmental	and General		Support	
	Protection			Services	Total
<b>EMPLOYEE COMPENSATION</b>					
Salaries and Wages	\$ 493,643	\$ 44,087	\$ 59,195	\$ 103,282	\$ 596,925
Payroll Taxes	38,550	3,436	4,641	8,077	46,627
Employee Benefits	61,364	2,793	10,543	13,336	74,700
Total Employee Compensation	593,557	50,316	74,379	124,695	718,252
<b>OTHER EXPENSES</b>					
Professional Development	6,663	-	-	-	6,663
Board Administration Expenses	-	3,297	-	3,297	3,297
Contract Labor	10,798	7,447	3,021	10,468	21,266
Insurance	2,102	180	304	484	2,586
Registration Fees	805	36	-	36	841
Service Charges and Other Expenses	1,498	2,438	2,725	5,163	6,661
Dues and Subscriptions	11,680	69	166	235	11,915
Postage	2,870	132	316	448	3,318
Printing and Copying	18,657	1,096	2,630	3,726	22,383
Rent	37,878	2,282	5,476	7,758	45,636
Supplies	2,548	72	173	245	2,793
Telephone and Internet Fees	18,830	202	486	688	19,518
Travel and Per Diem	2,322	1	2	3	2,325
Utilities	1,018	61	147	208	1,226
Membership Support	-	-	12,702	12,702	12,702
Outreach and Recognition	11,303	-	-	-	11,303
River Clean-Ups	64	-	-	-	64
Disbursements to Subgrantees	72,718	-	-	-	72,718
Workshops	200	-	-	-	200
Depreciation	7,781	469	1,125	1,594	9,375
Total Other Expenses	209,735	17,782	29,273	47,055	256,790
Total Functional Expenses	\$ 803,292	\$ 68,098	\$ 103,652	\$ 171,750	\$ 975,042

See accompanying Notes to Financial Statements.

**PRAIRIE RIVERS NETWORK  
STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 295,876
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation	9,375
Unrealized Gains on Investments	(34,602)
Effects of Changes in Operating Assets and Liabilities:	
Prepaid Expenses	(6,065)
Accounts Payable	1,600
Payroll Tax Liabilities	(11)
Accrued Liabilities	(7,769)
Deferred Revenue	(102,945)
Net Cash Provided by Operating Activities	155,459

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Investments	(169,929)
Sales of Investments	250,168
Purchases of Equipment	(6,635)
Net Cash Provided by Investing Activities	73,604

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

229,063

Cash and Cash Equivalents - Beginning of Year

1,014,167

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 1,243,230

*See accompanying Notes to Financial Statements.*



**PRAIRIE RIVERS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF 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.

**Basis of Accounting**

The Organization uses the accrual method of accounting as required in accordance with accounting principles generally accepted in the United States of America. This method recognizes revenue when earned and expenses when incurred.

**Cash and Cash Equivalents**

The Organization considers all liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**PRAIRIE RIVERS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 at estimated fair market value.

**Investments**

Net realized and unrealized gains or losses on sales of securities are based on specific identification of investments. Realized and unrealized gains and losses are presented separately in the statement of activities. Investments are composed of mutual funds, exchange-traded funds, and farmland held for investment.

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that, such changes, could materially affect the amounts reported in the statements of financial position.

**Property and Equipment**

Property and equipment is stated at cost less accumulated depreciation. Equipment is depreciated using straight-line methods over their estimated useful lives, which range from 3 to 7 years. The Organization uses a capitalization policy of \$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.

**Impairment of Long-Lived Assets**

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

**Net Assets**

Net assets are classified into one of two classes of net assets based on the existence or absence of donor-imposed restrictions. The following is a description of each class:

*Without Donor Restrictions* – This net asset class includes all assets that are not subjected to donor-imposed restrictions.

**PRAIRIE RIVERS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Net Assets (Continued)**

*With Donor Restrictions* – This net asset class includes net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**Contributions and Grants Revenue**

Contributions are recognized as revenues in the period that they are received. Contributions received with donor-imposed restrictions and related gains and income that are met in the same year as received are reported as without donor restrictions revenues. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets restricted by purpose or time are reclassified to net assets without donor restrictions. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met.

Grant revenues are deferred until earned. Grant revenues are considered to be earned when the related expenses have been incurred and all other requirements of the grant have been met.

Donated materials, property and equipment, and investments are recorded at fair value when received.

**Contributed Services**

Contributed services are reported as in-kind donations revenue and as assets or expenses only if the services create or enhance a nonfinancial 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 nonfinancial assets are not recorded in the accompanying financial statements because no objective basis is available to measure the value of such services.

**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.

**PRAIRIE RIVERS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**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 Taxes**

The Organization is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). However, the Organization is required to pay federal taxes on any unrelated business income. The Organization files income tax returns in the U.S. federal jurisdiction and one state.

**Advertising**

The Organization expenses advertising costs as they are incurred.

**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.

**Subsequent Events**

Management evaluated subsequent events through June 8, 2022, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2021, but prior to June 8, 2022, that provided additional evidence about conditions that existed at December 31, 2021 have been recognized in the financial statements for the year ended December 31, 2021. Events or transactions that provided evidence about conditions that did not exist at December 31, 2021 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended December 31, 2021.

**PRAIRIE RIVERS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 2 LIQUIDITY**

The Organization has \$1,778,603 of financial assets available within one year of the statement of financial position date consisting of cash and cash equivalents of \$1,243,230 and investments of \$535,373. \$2,404,539 the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

**NOTE 3 CONCENTRATION OF CREDIT RISK**

The Organization maintains all of its cash in banks located in Champaign, Illinois. Balances on deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. Balances in excess of FDIC limits are uninsured. Total cash held by the banks in excess of these specified limits at December 31, 2021 was \$19,685.

**NOTE 4 FAIR VALUE MEASUREMENTS**

In determining fair value, the Organization uses various valuation approaches within the fair value measurement framework. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

The fair value measurement framework establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. The fair value measurement framework defines levels within the hierarchy based on the reliability of inputs as follows:

*Level 1* – Valuations based on unadjusted quoted prices for identical assets or liabilities in active markets;

*Level 2* – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets; and

*Level 3* – Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models, and similar techniques not based on market, exchange, dealer or broker-traded transactions.

Following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy.

Mutual funds and exchange-traded funds listed on a national market or exchange are valued at the last sales price. Such securities are classified within Level 1 of the valuation hierarchy.

**PRAIRIE RIVERS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)**

Farmland is valued based on the original certified general real estate appraisal completed in April 2016 using the market approach. The value has been continued to be carried at \$2,310,000, using the index numbers of Illinois farmland values provided by the University of Illinois Farm Business Management resources as a guide.

The preceding method 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 a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, Organization's assets at fair value as of December 31, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds:				
U.S. Large-Cap Core	\$ 140,126	\$ -	\$ -	\$ 140,126
Exchange-Traded Funds:				
U.S. Small-Cap ETF	53,535	-	-	53,535
Global Impact ETF	66,713	-	-	66,713
U.S. Aggregate Bond EFT	107,197	-	-	107,197
Short-Term Bond ETF	167,802	-	-	167,802
Farmland	-	-	2,310,000	2,310,000
Total	<u>\$ 535,373</u>	<u>\$ -</u>	<u>\$ 2,310,000</u>	<u>\$ 2,845,373</u>

There were no transfers between levels during the year ended December 31, 2021.

**PRAIRIE RIVERS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at December 31, 2021:

Equipment	\$ 91,020
Less: Accumulated Depreciation	(65,212)
Property and Equipment, Net	\$ 25,808

During the year end, the Organization had depreciation expense of \$9,375.

**NOTE 6 DEFERRED REVENUE**

Deferred revenue consists of the following at December 31, 2021:

The McNight Foundation	\$ 120,000
Grand Victoria Foundation (General Operating)	27,500
The Walton Family Foundation	84,750
The Lumpkin Family Foundation (ReGenerate IL)	27,500
The Lumpkin Family Foundation (General Operating)	11,667
The Lumpkin Family Foundation (Pesticide/Climate Change)	16,667
The Energy Foundation	96,250
JustFund (Amalgamated Foundation)	55,556
Total Deferred Revenue	\$ 439,890

**NOTE 7 IN-KIND DONATIONS**

The following is a summary of in-kind donations received during the year ended December 31, 2021:

Type	Asset / Expense Classification	Value
Silent Auction Items for Annual Dinner	Direct Cost of Special Event	\$ 1,051
Printing Services	Printing	4,473
	Total In-Kind Donations	\$ 5,524

**PRAIRIE RIVERS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

**NOTE 8 GRANT REVENUE**

The following is a summary of revenue from grants and contracts during the year ended December 31, 2021:

The McNight Foundation	\$ 120,000
Grand Victoria Foundation (General Operating)	110,000
The Annenberg Foundation	50,000
The Walton Family Foundation	100,806
The Lumpkin Family Foundation (ReGenerate IL)	39,667
The Lumpkin Family Foundation (General Operating)	35,000
The Lumpkin Family Foundation (Pesticide/Climate Change)	3,333
The Energy Foundation	112,500
The Energy Foundation (Surge Funding)	22,222
The Education Foundation of America (Technical Assistance)	5,000
Illinois Environmental Council (Just Transition)	45,000
Illinois Environmental Council (ICJC Negotiating Team)	10,000
National Wildlife Federation (Build Back Better)	20,000
Elevate Energy	21,927
North Central Region - SARE (Field Salad)	5,990
North Central Region - SARE (Living Cover)	894
Patagonia (General Operating)	10,000
JustFund (Amalgamated Foundation)	41,667
Total Grant Revenue	<u><u>\$ 754,006</u></u>

**NOTE 9 NET ASSETS – DESIGNATIONS AND RESTRICTIONS**

The Organization has net assets without donor restrictions that are specifically designated by the Board of Directors. The Organization also has net assets with donor restrictions that are restricted for specific purposes as well as restricted in perpetuity. Each type of net asset designation is described below.

**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, 2021:

The Charles Goodall Fund	\$ 59,435
The Clark Bullard Advocacy Fund	56,070
General Operations	<u>315,438</u>
Total Board Designated Endowment Net Assets	<u><u>\$ 430,943</u></u>



**PRAIRIE RIVERS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

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 – Restricted for Purpose**

Net assets with donor restrictions which are restricted for a specific purpose were the following at December 31, 2021:

Donations Subject to a Purpose Restriction by Explicit	
Donor Stipulation:	
With Purpose Restrictions: Healthy Rivers	\$ 2,070
With Purpose Restrictions: Boneyard Clean-Up	13,875
With Purpose Restrictions: River Defense	539
With Purpose Restrictions: Subgrantees	<u>11,599</u>
Total Net Assets with Donor Restrictions, Purpose Restriction	<u><u>\$ 28,083</u></u>

**PRAIRIE RIVERS NETWORK  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021**

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

**Net Assets With Donor Restrictions – Restricted in Perpetuity**

Net assets with donor restrictions which are restricted in perpetuity were the following at December 31, 2021:

Restricted in Perpetuity Endowment Gifts Required to be Retained by Explicit Donor Stipulations:	
The Eric T. Freyfogle Endowment for the Environment	\$ 41,715
The Charles Goodall Memorial Fund	18,000
General Operations	6,741
Total Carol Goodall Wock Endowment	<u>2,310,000</u>
Total Net Assets with Donor Restrictions, Restricted in Perpetuity	<u>\$ 2,376,456</u>
Total Net Assets with Donor Restrictions	<u><u>\$ 2,404,539</u></u>

**NOTE 10 ENDOWMENT**

The Organization is subject to the enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) and is required to make disclosures about endowment funds, both donor-restricted endowment funds and board-designated endowment funds.

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.

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 have 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.

**PRAIRIE RIVERS NETWORK  
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**NOTE 10 ENDOWMENT (CONTINUED)**

**Interpretation of Relevant Law**

The board of directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts donated to the endowment and (b) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time of the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, 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 purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and 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

The composition of endowment net assets and the changes in endowment net assets as of December 31, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - December 31, 2020	\$ 396,838	\$ 2,362,237	\$ 2,759,075
Donations	1,000	15,415	16,415
Investment Income	33,105	162,336	195,441
Released from Endowment	-	(4,830)	(4,830)
Endowment Net Assets - December 31, 2021	<u>\$ 430,943</u>	<u>\$ 2,535,158</u>	<u>\$ 2,966,101</u>

**Fund Deficiencies**

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). We have interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2021, \$-0- was reported in net assets with donor restrictions.

**PRAIRIE RIVERS NETWORK  
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**NOTE 10 ENDOWMENT (CONTINUED)**

**Return Objectives and Risk Parameters**

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets may include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results of the S&P 500 index, with a 60/40 allocation, while assuming a moderate level of investment risk. The Organization expects its endowment fund, over time, to provide an average rate of return. Actual returns in any given year may vary from this amount.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places an emphasis on equity-based and fixed income investments to achieve its long-term return objectives with prudent constraints.

**Spending Policy and How the Investment Objectives Related to Spending Policy**

The Organization has a policy for the appropriation of endowment assets for expenditure, which allows for the payment of endowment fund management fees from the endowment investment income.

**NOTE 11 RETIREMENT PLAN**

The Organization has a SIMPLE IRA plan, qualified under Section 408(p) of the IRC, 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 IRC of 1986, as amended. The Organization's retirement plan contribution expense for the year ended December 31, 2021 was \$17,908.

On January 1, 2022, the SIMPLE IRA plan was rolled into a 403(b) plan and therefore, ceased existence as a SIMPLE IRA plan as of January 1, 2022.

**PRAIRIE RIVERS NETWORK  
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**NOTE 12 LEASE COMMITMENTS**

The Organization entered into a seven year lease dated November 27, 2017 for office space for a period commencing January 1, 2018. Monthly rent was \$3,803 during 2021. Monthly rent is \$3,803 for fiscal year 2022, and \$4,120 for fiscal years 2023 and 2024. The Organization has an option to renew one 5-year option at a rent to be negotiated. Total rent expense reported for the year ended December 31, 2021 was \$45,636.

The minimum lease payments under the lease are as follows for the fiscal years ended December 31:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 45,636
2023	49,439
2024	49,439
Total	<u>\$ 144,514</u>

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