

**PRAIRIE RIVERS NETWORK
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022**



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**PRAIRIE RIVERS NETWORK
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YEAR ENDED DECEMBER 31, 2022**

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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, 2022, 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, 2022, 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.

Emphasis of Matter

As described in Note 1 to the financial statements, in 2022 the Organization adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

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
May 16, 2023

**PRAIRIE RIVERS NETWORK
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 475,190
Prepaid Expenses	14,183
Donated Assets	5,000
Investments	1,315,643
Total Current Assets	1,810,016

PROPERTY AND EQUIPMENT, NET

21,802

OPERATING ROU ASSET

94,834

RESTRICTED INVESTMENT - FARMLAND

2,310,000

Total Assets

\$ 4,236,652

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 3,641
Accrued Liabilities	14,781
Deferred Revenue	353,723
Current Lease Liability - Operating	48,292
Total Current Liabilities	420,437

NONCURRENT LIABILITIES

Long-Term Lease Liability - Operating (Less Current Maturities)	49,076
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Total Liabilities

469,513

NET ASSETS

Without Donor Restrictions:

Undesignated	986,992
Designated by the Board for Endowment	380,869
Total Without Donor Restrictions	1,367,861

With Donor Restrictions

Total Net Assets	3,767,139
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Total Liabilities and Net Assets

\$ 4,236,652

See accompanying Notes to Financial Statements.

**PRAIRIE RIVERS NETWORK
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grant Revenue	\$ 718,692	\$ -	\$ 718,692
Contributions	218,715	12,220	230,935
Gross Special Events Revenue	119,958	-	119,958
Less: Cost of Direct Benefits to Donors	(16,975)	-	(16,975)
Special Events Revenue, Net	102,983	-	102,983
Designated Funds	-	7,300	7,300
In-Kind Donations	6,557	-	6,557
Interest Income	2,557	-	2,557
Unrealized Loss on Investments	(62,819)	(2,245)	(65,064)
Miscellaneous	15,645	-	15,645
Net Assets Released from Restrictions	22,536	(22,536)	-
Total Support and Revenue	1,024,866	(5,261)	1,019,605
 EXPENSES			
Program Services	712,766	-	712,766
Supporting Services:			
Management and General	99,336	-	99,336
Fundraising	116,872	-	116,872
Total Supporting Services	216,208	-	216,208
Total Expenses	928,974	-	928,974
 CHANGE IN NET ASSETS			
	95,892	(5,261)	90,631
Net Assets - Beginning of Year	1,271,969	2,404,539	3,676,508
 NET ASSETS - END OF YEAR			
	\$ 1,367,861	\$ 2,399,278	\$ 3,767,139

See accompanying Notes to Financial Statements.

**PRAIRIE RIVERS NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	Program	Supporting Services			Total
	Services	Management	Fundraising	Total	
	Environmental	and General		Support	
	Protection			Services	Total
EMPLOYEE COMPENSATION					
Salaries and Wages	\$ 454,808	\$ 52,833	\$ 53,995	\$ 106,828	\$ 561,636
Payroll Taxes	35,646	4,118	4,235	8,353	43,999
Employee Benefits	64,429	3,899	10,472	14,371	78,800
Total Employee Compensation	<u>554,883</u>	<u>60,850</u>	<u>68,702</u>	<u>129,552</u>	<u>684,435</u>
OTHER EXPENSES					
Professional Development	719	-	-	-	719
Board Administration Expenses	-	3,474	-	3,474	3,474
Contract Labor	7,899	13,447	21,302	34,750	42,649
Insurance	2,856	6,509	447	6,956	9,812
Registration Fees	3,851	886	-	886	4,737
Service Charges and Other Expenses	729	10,742	2,405	13,147	13,876
Dues and Subscriptions	7,281	54	175	229	7,510
Postage	2,946	148	479	627	3,573
Printing and Copying	19,018	680	2,210	2,890	21,908
Rent	39,981	1,927	6,262	8,189	48,170
Supplies	3,183	72	235	308	3,491
Telephone and Internet Fees	16,321	157	510	667	16,988
Travel and Per Diem	5,316	-	4	2	5,318
Utilities	1,452	70	227	297	1,749
Membership Support	-	-	12,873	12,873	12,873
Outreach and Recognition	8,558	-	-	-	8,558
River Clean-Ups	2,524	-	-	-	2,524
Disbursements to Subgrantees	15,516	-	-	-	15,516
Workshops	13,086	-	-	-	13,086
Depreciation	6,647	320	1,041	1,362	8,009
Total Other Expenses	<u>157,883</u>	<u>38,486</u>	<u>48,170</u>	<u>86,656</u>	<u>244,539</u>
Total Functional Expenses	<u>\$ 712,766</u>	<u>\$ 99,336</u>	<u>\$ 116,872</u>	<u>\$ 216,208</u>	<u>\$ 928,974</u>

See accompanying Notes to Financial Statements.

**PRAIRIE RIVERS NETWORK
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 90,631
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Depreciation	8,009
Unrealized Loss on Investments	65,064
Amortization on ROU Asset	46,282
Noncash Operating Lease Expense	(141,116)
Effects of Changes in Operating Assets and Liabilities:	
Prepaid Expenses	6,727
Accounts Payable	(5,460)
Operating Lease Liability	97,368
Accrued Liabilities	(41)
Deferred Revenue	(86,167)
Net Cash Provided by Operating Activities	<u>81,297</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Investments	(1,099,479)
Sales of Investments	254,145
Purchases of Equipment	(4,003)
Net Cash Used by Investing Activities	<u>(849,337)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(768,040)
Cash and Cash Equivalents - Beginning of Year	<u>1,243,230</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 475,190</u></u>

See accompanying Notes to Financial Statements.

**PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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 (GAAP). 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, 2022**

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 certificates of deposit, mutual funds, fixed income 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 statement 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 three to seven 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, 2022**

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, 2022**

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.

Leases

The Organization leases building space. The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use (ROU) assets – operating and lease liability – operating, and finance leases are included in right-of-use (ROU) assets – financing and lease liability – financing in the statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

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 GAAP 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 statement 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.

**PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses (Continued)

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.

Adoption of New Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standards is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective January 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available.

Subsequent Events

Management evaluated subsequent events through May 16, 2023, the date the financial statements were available to be issued. Events or transactions occurring after December 31, 2022, but prior to May 16, 2023, that provided additional evidence about conditions that existed at December 31, 2022 have been recognized in the financial statements for the year ended December 31, 2022. Events or transactions that provided evidence about conditions that did not exist at December 31, 2022 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, 2022.

NOTE 2 LIQUIDITY

The Organization has \$1,790,833 of financial assets available within one year of the statement of financial position date consisting of cash and cash equivalents of \$475,190 and investments of \$1,315,643. However, \$97,056 of the financial assets available within one year 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.

**PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, 2022 was \$130,477.

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.

Certificates of deposit are carried at cost plus interest earned which approximates fair value. Certificates of deposits are classified as Level 2 of 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.

Fixed income funds are generally valued at benchmark yields, reported trades, broker/dealer quotes and other items. Fixed income funds are classified within Level 2 of the valuation hierarchy.

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.

**PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2022:

	Level 1	Level 2	Level 3	Total
Certificate of Deposit	\$ -	\$ 245,535	\$ -	\$ 245,535
Mutual Funds	84,915	-	-	\$ 84,915
Fixed Income Funds	-	629,616	-	629,616
Exchange-Traded Funds	355,577	-	-	355,577
Farmland	-	-	2,310,000	2,310,000
Total	<u>\$ 440,492</u>	<u>\$ 875,151</u>	<u>\$ 2,310,000</u>	<u>\$ 3,625,643</u>

There were no transfers between levels during the year ended December 31, 2022.

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2022:

Equipment	\$ 95,023
Less: Accumulated Depreciation	<u>(73,221)</u>
Property and Equipment, Net	<u>\$ 21,802</u>

During the year-end, the Organization had depreciation expense of \$8,009.

NOTE 6 DEFERRED REVENUE

Deferred revenue consists of the following at December 31, 2022:

Illinois Environmental Council (Just Transition)	\$ 83,333
Grand Victoria Foundation (General Operating)	27,500
The Walton Family Foundation	87,750
The Lumpkin Family Foundation (ReGenerate IL)	16,667
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)	13,889
Total Deferred Revenue	<u>\$ 353,723</u>

**PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 7 IN-KIND DONATIONS

The following is a summary of in-kind donations received during the year ended December 31, 2022:

Type of Item	Purpose of In-Kind Donation	Revenue Recognized
Silent Auction Items for Annual Dinner	Support for General Operations of the Organization	\$ 1,992
Printing Services	General Printing for the Organization	4,565
	Total In-Kind Donations	<u>\$ 6,557</u>

The Organization estimated the fair value on the basis of estimates of wholesale values that would be received for selling similar products in the United States.

NOTE 8 GRANT REVENUE

The following is a summary of revenue from grants and contracts during the year ended December 31, 2022:

The McNight Foundation	\$ 120,000
Grand Victoria Foundation (General Operating)	110,000
The Walton Family Foundation	114,000
The Lumpkin Family Foundation (ReGenerate IL)	30,833
The Lumpkin Family Foundation (General Operating)	35,000
The Lumpkin Family Foundation (Pesticide/Climate Change)	20,000
The Energy Foundation	165,000
Illinois Department of Natural Resources	9,600
Illinois Environmental Council (Just Transition)	36,667
National Wildlife Federation (Duckworth Town Hall)	952
National Wildlife Federation (Mississippi River Restoration and Resilience Initiative)	5,000
Elevate Energy	25,291
North Central Region - SARE (Field Salad)	4,572
North Central Region - SARE (Rye)	110
JustFund (Amalgamated Foundation)	41,667
Total Grant Revenue	<u>\$ 718,692</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.

**PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9 NET ASSETS – DESIGNATIONS AND RESTRICTIONS (CONTINUED)

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, 2022:

The Charles Goodall Fund	\$ 59,435
The Clark Bullard Advocacy Fund	56,070
General Operations	<u>265,364</u>
Total Board Designated Endowment Net Assets	<u><u>\$ 380,869</u></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.

**PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9 NET ASSETS – DESIGNATIONS AND RESTRICTIONS (CONTINUED)

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, 2022:

Donations Subject to a Purpose Restriction by Explicit Donor Stipulation:	
With Purpose Restrictions: Healthy Rivers	\$ 2,070
With Purpose Restrictions: Boneyard Clean-Up	13,151
With Purpose Restrictions: River Defense	539
With Purpose Restrictions: Subgrantees	<u>1,583</u>
Total Net Assets with Donor Restrictions, Purpose Restriction	<u><u>\$ 17,343</u></u>

Net Assets With Donor Restrictions – Restricted in Perpetuity

Net assets with donor restrictions which are restricted in perpetuity were the following at December 31, 2022:

Restricted in Perpetuity Endowment Gifts Required to be Retained by Explicit Donor Stipulations:	
The Eric T. Freyfogle Endowment for the Environment	\$ 42,215
The Charles Goodall Memorial Fund	29,720
Total Carol Goodall Wock Endowment	<u>2,310,000</u>
Total Net Assets with Donor Restrictions, Restricted in Perpetuity	<u><u>\$ 2,381,935</u></u>
Total Net Assets with Donor Restrictions	<u><u>\$ 2,399,278</u></u>

Note Lease Commitments

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 GAAP, 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.

**PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 10 ENDOWMENT (CONTINUED)

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.

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, 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets - December 31, 2021	\$ 430,943	\$ 2,376,456	\$ 2,807,399
Donations	-	12,220	12,220
Investment Loss	(48,628)	(5,404)	(54,032)
Released from Endowment	-	(2,783)	(2,783)
Endowment Net Assets - December 31, 2022	<u>\$ 382,315</u>	<u>\$ 2,380,489</u>	<u>\$ 2,762,804</u>

**PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 10 ENDOWMENT (CONTINUED)

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, 2022, \$-0- was reported in net assets with donor restrictions.

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 sponsors a defined contribution and a tax deferred annuity plan qualified under Section 403(b) of the IRC. Employees with the Organization for three months are eligible for the plan. The participant is immediately and fully vested arising from their contributions made under this plan. The Organization's retirement plan contribution expense for the year ended December 31, 2022 was \$27,567.

**PRAIRIE RIVERS NETWORK
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 LEASE

The Organization leases office space under a noncancelable operating lease which commenced in November 2017. The required monthly rent under this agreement was \$3,803 during 2022. Monthly rent is \$4,120 for fiscal years 2023 and 2024. The Organization has an option to renew one five-year option at a rent to be negotiated.

The following table provides quantitative information concerning the Organization's lease:

Operating Lease Costs	\$ 48,170
Other Information:	
Weighted-Average Remaining Lease Term - Operating Lease	2 years
Weighted-Average Discount Rate - Operating Lease	1.61%

The Organization classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of December 31, 2022 is as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 49,439
2024	49,439
Total Lease Payments	98,878
Less: Interest	(1,510)
Present Value of Operating Lease Liability	\$ 97,368



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