WORKING TO PROTECT THE MISSISSIPPI RIVER
AND ITS WATERSHED IN THE TWIN CITIES AREA

FRIENDS OF THE MISSISSIPPI RIVER
(A MINNESOTA NOT-FOR-PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

JUNE 30, 2023

C O N T E N T S

boyum barenscheer
CPAs AND BUSINESS ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Friends of the Mississippi River
St. Paul, Minnesota

Opinion

We have audited the accompanying financial statements of Friends of the Mississippi River (a Minnesota Not-For-Profit Organization), which comprise the statement of financial position as of June 30, 2023 and the related statement 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 Friends of the Mississippi River as of June 30, 2023, and 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Friends of the Mississippi River 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 Friends of the Mississippi River's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Friends of the Mississippi River'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 Friends of the Mississippi River'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.

Boyum & Barenscheer PLLP

Boyum & Barenscheer PLLP
Minneapolis, Minnesota

November 27, 2023

FRIENDS OF THE MISSISSIPPI RIVER

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023		
ASSETS		
Cash and cash equivalents	$	510,136
Certificates of deposit		698,251
Pledges and grants receivable, net		2,484,591
Bequest receivable		50,000
Prepaid expenses		88,381
Property and equipment, net		28,325
Total assets	**$**	**3,859,684**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	$	144,205
Accrued payroll and related benefits		169,982
Deferred revenue		108,550
Collaborative Pathway Fund		24,600
Total liabilities		**447,337**
NET ASSETS		
Without donor restrictions		440,680
With donor restrictions		2,971,667
Total net assets		**3,412,347**
Total liabilities and net assets	**$**	**3,859,684**

The Notes to the Financial Statements are an integral part of these statements.

FRIENDS OF THE MISSISSIPPI RIVER

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND OTHER REVENUES			
Government	$ 915,147	$ -	$ 915,147
Foundations	347,000	384,000	731,000
Corporation	439,104	180,350	619,454
Individuals	644,650	4,600	649,250
In-kind	17,551	-	17,551
Special campaign contributions	526,624	869,542	1,396,166
Investment loss	(2,371)	(11,121)	(13,492)
Net assets released from donor restrictions	570,513	(570,513)	-
Total support and other revenues	**3,458,218**	**856,858**	**4,315,076**
EXPENSES			
Land conservation	1,208,506	-	1,208,506
Land use & planning	371,938	-	371,938
Stewardship, volunteering, education	557,717	-	557,717
Water	545,521	-	545,521
Total program	2,683,682	-	2,683,682
Management and general	239,701	-	239,701
Fundraising	506,287	-	506,287
Total expenses	**3,429,670**	**-**	**3,429,670**
Change in net assets	**28,548**	**856,858**	**885,406**
Net assets, beginning of year	412,132	2,114,809	2,526,941
Net assets, end of year	**$ 440,680**	**$ 2,971,667**	**$ 3,412,347**

The Notes to the Financial Statements are an integral part of these statements.

FRIENDS OF THE MISSISSIPPI RIVER

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	Program Services					Supporting Services		
	Land Conservation	Land Use & Planning	Stewardship, Volunteering, Education	Water	**Total Program**	Management and General	Fundraising	**Total 2023**
Salaries, taxes and benefits	$ 367,916	$ 287,596	$ 374,041	$ 343,264	**$ 1,372,817**	$ 203,090	$ 270,795	**$ 1,846,702**
Consultants and subcontractors	716,394	18,258	88,403	135,075	**958,130**	7,429	85,902	**1,051,461**
Project supplies	48,980	942	12,255	238	**62,415**	119	300	**62,834**
Occupancy	19,029	19,029	20,076	19,029	**77,163**	9,515	9,515	**96,193**
Advertising	1,056	1,389	3,028	1,056	**6,529**	528	854	**7,911**
Education and training	909	560	1,672	1,185	**4,326**	265	2,585	**7,176**
Equipment lease	1,053	2,203	1,203	1,053	**5,512**	527	631	**6,670**
Meals and entertainment	1,459	3,128	6,957	2,303	**13,847**	644	37,478	**51,969**
Insurance	1,478	1,478	1,478	1,478	**5,912**	739	739	**7,390**
Computers, software, internet and phone	18,014	10,542	11,456	11,874	**51,886**	4,290	10,878	**67,054**
Postage and mail house	536	714	999	545	**2,794**	272	36,268	**39,334**
Office supplies	1,481	1,292	1,667	1,113	**5,553**	571	3,182	**9,306**
Printing	1,550	1,550	1,550	1,550	**6,200**	775	13,894	**20,869**
Staff and board travel	6,778	1,634	11,059	3,807	**23,278**	130	1,639	**25,047**
Depreciation	18,016	18,016	18,016	18,016	**72,064**	9,008	9,008	**90,080**
Affiliate Organization dues	1,400	1,400	1,400	1,728	**5,928**	700	700	**7,328**
In-kind	250	-	250	-	**500**	-	17,051	**17,551**
Miscellaneous	2,207	2,207	2,207	2,207	**8,828**	1,099	4,868	**14,795**
Total expenses	**$ 1,208,506**	**$ 371,938**	**$ 557,717**	**$ 545,521**	**$ 2,683,682**	**$ 239,701**	**$ 506,287**	**$ 3,429,670**
Percent of total expenses	35%	11%	16%	16%	78%	7%	15%	100%

The Notes to the Financial Statements are an integral part of these statements.

FRIENDS OF THE MISSISSIPPI RIVER

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023		
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	885,406
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation		90,080
Net realized and unrealized losses on investments		24,611
Change in discount on pledges receivable		109,649
Donation of stock		(162,162)
Net change in operating assets and liabilities:		
Pledges and grants receivable		(1,345,300)
Prepaid expenses		(26,361)
Accounts payable		(73,375)
Accrued expenses		32,021
Deferred revenue		23,431
Other liabilities		(19,400)
Net cash used by operating activities		**(461,400)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment		(3,080)
Proceeds from sale of stock		159,293
Purchases of certificates of deposit		(650,648)
Proceeds from sale of certificates of deposit		320,893
Net cash used by investing activities		**(173,542)**
Net decrease in cash		**(634,942)**
Cash and cash equivalents - beginning of period		1,145,078
Cash and cash equivalents - end of period	**$**	**510,136**

The Notes to the Financial Statements are an integral part of these statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

Friends of the Mississippi River (the Organization) engages citizens to protect, restore and enhance the Mississippi River and its watershed in the Twin Cities region. The Organization is a leading citizen organization working to protect and enhance the Mississippi River in the Twin Cities metropolitan area. The Organization believes the tremendous ecological, cultural, scenic, and recreational values of the river must be carefully tended to ensure that they continue to be shared equally by all citizens and that they endure for future generations. We accomplish these goals through the following programmatic activities:

Land Conservation:

The Organization works with public and private landowners, local governments and concerned citizens to protect and restore critical lands by providing technical assistance, planning, land management and hands-on natural resources restoration services.

Land Use & Planning:

The Organization works within river communities to provide the leadership, technical assistance and expertise in grassroots advocacy required to respect the values of public access, scenic views, equity, and environmental quality.

Stewardship, Volunteering and Education:

The Organization works with individuals and communities to harness and inspire an ethic of river stewardship and conservation, engaging thousands annually in hands-on educational and volunteer activities that protect, enhance, and celebrate our metro Mississippi.

Water:

The Organization works with citizens and representatives to influence public policy to improve the health of the metro Mississippi's water, which currently fails to meet federal water quality standards. We aim to make the Twin Cities a model for watershed planning and decision making that improves and protects water quality.

The Organization has elected to change their fiscal year end to June 30 beginning January 1, 2022.

Basis of accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

NOTE 1. (CONTINUED)

Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. The significant estimates include the estimated useful lives of property, valuation of the discount on pledges receivables and the functional allocation of expenses. Actual results could differ from those estimates and it's possible that these estimates may change in the near term.

Basis of presentation:

Net assets and revenues, support and expenses are classified based on the existence or absence of donor-imposed restrictions. Net assets of the Organization and changes therein are classified into the following two categories:

<u>Net Assets Without Donor Restrictions</u>– Resources over which the board of directors has discretionary control.

<u>Net Assets With Donor Restrictions</u> – Those resources subject to donor-imposed restrictions that will be satisfied by actions of the Organization or passage of time and those resources subject to a donor imposed restriction that they be maintained permanently by the Organization. The donors of these resources permit the Organization to use all, or part of the income earned, including capital appreciation, or related investments for net assets with or without donor restrictions purposes.

The Organization has elected to present contributions with donor restrictions, which are fulfilled in the same period, within the net assets without donor restrictions class.

Cash and cash equivalents:

The Organization considers all bank and similar time deposits, demand accounts, and money market funds (without restrictions) with an original maturity of three months or less to be cash and cash equivalents. For cash flow statement reporting purposes, the Organization does not consider money market and short-term investments that are included within investments to be cash equivalents as they are not normally used to finance current operations. The Organization maintains its cash balance at one financial institution, which may at times exceed the insurance level provided by the Federal Deposit Insurance Corporation. The uninsured balance totaled approximately $225,000 on June 30, 2023. The Organization maintains its cash with a high-quality financial institution which the Organization believes limits these risks.

Certificates of deposit:

The certificates of deposit are traded in financial markets and are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions.

NOTE 1. (CONTINUED)

Investments:

Investments are recorded at fair market value. Investment income is recorded as revenue without donor restriction unless a donor has stipulated how the income is to be used.

Revenue from contracts with customers:

The Organization previously adopted Accounting Standards Update (ASU) 2014-09 *Revenue from Contracts with Customers (Topic 606)* and all subsequently issued clarifying ASU's which replaced most existing revenue recognition guidance in generally accepted accounting principles in the United States of America (GAAP). The guidance requires the Organization to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those good or services. The guidance also requires expanded disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

For the year ended June 30, 2023, revenue recognized under Topic 606 includes grant and contract funded program activities which are normally billed as work progresses and revenues are over time recognized as billings are made. The total revenue recognized under Topic 606 for the year ended June 30, 2023, was $144,865, which is included in corporate revenue on the statement of activities. All other revenue, other than the investment loss, are recognized under *Topic 958*.

Deferred revenue:

Deferred revenue results from the Organization recognizing revenue in the period in which it is earned. On June 30, 2023, deferred revenue consisted of revenue received for services to be performed in 2024.

Revenue recognition for contributions received and contributions made:

The Organization previously adopted Accounting Standards Update (ASU) No. 2018-08 *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958),* which is intended to improve the usefulness and understandability of the Organization's financial reporting. The ASU provides guidance on determining whether a transaction should be accounted for as a contribution or as an exchange transaction. A primary aspect of this guidance is the determination on whether two parties receive and sacrifice commensurate value to distinguish which guidance should be applied. FASB 958-605, *Not-for-Profit Entities – Revenue Recognition* should be followed for contributions while FASB 606, *Revenue from Contracts with Customers* should be followed for exchange transactions. Revenue recognized under Topic 958-605 includes contributions, program revenue – grants and in-kind revenue.

NOTE 1. (CONTINUED)

Contribution revenue:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give, if any, are recognized once they become unconditional. The contributions considered to be conditional are discussed below in the program revenue – grants section. Contributions with donor restriction, for which the donor has stipulated a time or purpose requirement to be met, are reported as increase in net assets without restriction if the restrictions expire in the year in which the contributions are recognized. All other contributions with donor restrictions are reported as increases in net assets with donor restrictions. Net assets for which a time or purpose restriction expires during the year are reclassified as net assets without donor restrictions.

Revenue recognition for contributions received and contributions made (continued):

Program revenues – grants:

Program revenue is derived from cost-reimbursable contracts and grants, which are conditioned upon performance requirements and/or the incurrence of allowable qualifying expenses and are therefore considered conditional contributions under the *Topic 958*. Amounts received are recognized as donor restricted revenue once the conditions are met, which is when the Organization has incurred expenditures in compliance with specific contract or grant provisions. These restrictions are simultaneously released from restriction as the revenue is recognized and are reported as increases in net assets without donor restrictions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position; there were no refundable advances at June 30, 2023. The Organization has been awarded cost-reimbursable grants of $1,009,049 that have not been recognized at June 30, 2023, because qualifying expenditures have not yet been incurred.

Gifts in-kind:

Non-cash donations of facilities, merchandise and supplies are recorded as contributions at their estimated fair market value at the date of donation. The Organization reports the donations in the net assets without donor restrictions category, unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets must be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported in the net assets with donor restrictions category. Per Financial Accounting Standards Board (FASB) ASU 2016-14 and absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the year received.

In addition, individuals volunteer their time, performing a variety of tasks that assist the Organization with its program, administration, and fundraising. During the period ended June 30, 2023, 1,799 volunteers donated 6,199 hours. This volunteer time does not meet the definition of donated services for recognition under United States Generally Accepted Accounting Principles.

NOTE 1. (CONTINUED)

Receivables:

Accounts receivable and pledges and grants receivable are each reported at the amount management expects to collect from outstanding balances. Differences between the amount due and the amount management expects to collect are reported in the results of operations of the year in which those differences are determined, with offsetting entries to valuation allowances for receivables. The allowance is based on prior years' experience and management's analysis of specific promises made. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Management determined there was no need for an allowance at June 30, 2023**.**

Property and equipment:

Property and equipment are recorded at acquisition cost or fair market value at date of receipt for donated assets. If donors stipulate how long the assets must be used, the contributions are recorded as support with donor restriction. In the absence of such stipulations, contributions of property and equipment are recorded as without donor restriction. Improvements and betterments exceeding $2,500 are capitalized, while repairs and maintenance expenditures are expensed in the statements of activities.

Depreciation is calculated by the straight-line method. Furniture and equipment are depreciated over three to seven years while leasehold improvements are depreciated over the lesser of the economic useful life of the improvement or the lease term. During the year ended June 30, 2023, the Organization accelerated the amortization related to the leasehold improvements since the useful life changed due to the change in lease terms for the office lease (Note 8).

Leases

The Organization has adopted FASB ASC 842, *Leases*, with a date of initial application of July 1, 2022. For leases with a lease term greater than one year, the Organization recognizes a lease asset for its right to use the underlying leased asset and a lease liability for the corresponding lease obligation. The Organization determines whether an arrangement is or contains a lease at contract inception. Operating leases with a duration greater than one year are included in operating lease right-of-use assets and operating lease liabilities in the Organization's statement of financial position on June 30, 2023. Operating lease right-of-use assets and operating lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. In determining the present value of lease payments, the Organization uses a risk-free rate of a period comparable with that of the lease term. The Organization considers the lease term to be the noncancelable period that it has the right to use the underlying asset, including all periods covered by an option to (1) extend the lease if the Organization is reasonably certain to exercise the option, (2) terminate the lease if the Organization is reasonably certain not to exercise that option, and (3) extend, or not to terminate, the lease in which exercise of the option is controlled by the lessor. On June 30, 2023, the Organization did not have lease agreements with a remaining term of greater than a year or considered material to the financial statements.

NOTE 1. (CONTINUED)

Fair value of financial instruments:

The Organization follows ASC 820 ("Fair Value Measurement"), which 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 hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 – Inputs to the valuation methodology are 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 assets or liability;
- 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 or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the valuation methodologies used at June 30, 2023.

Certificates of deposit: The certificates of deposit are traded on financial markets and are valued by the custodians of the securities using pricing models based on credit quality, time of maturity, stated interest rates and market-rate assumptions.

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 a different fair value measurement at the reporting date.

NOTE 1. (CONTINUED)

Functional allocation of expenses:

The costs of program and supporting services activities have been summarized on a functional basis in the statement 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.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that are consistently applied. The expenses that are allocated include salaries and wages, payroll taxes and benefits, which are allocated based on individual job functions. Indirect costs are allocated based on management's estimates, considering the nature of the expense and how it relates to the functional area. Management and general costs include those expenses that are not directly related to a specific function but provide for the overall support and direction of the organization.

Income taxes:

Friends of the Mississippi River is exempt from federal and Minnesota taxation pursuant to the provisions of Section 501(c) (3) of the Internal Revenue Code and Section 290.05 of the Minnesota Statutes and is only subject to federal and state income taxes on net unrelated business income. The Organization did not have any unrelated business income for 2023.

The Organization has not been recently audited; and accordingly, the information tax returns for the past three years are open to examination. Management has evaluated its tax positions and has concluded that they do not result in anything that would require either recording or disclosure in the financial statements based on the criteria set forth in ASC 740.

Fiscal sponsor – Collaborative Pathways:

Since the fall of 2019, leaders from primarily white-led mainstream environmental organizations (MEOs) based in or working in Minnesota and/or leaders from other sectors engaged in environmental work have been regularly convening to share resources, learn and strategize opportunities to advance their individual and collective equity aims. The MEOs have a shared interest in advancing environmental career pathways for BIPOC youth to serve more young people, be more strategic in their development efforts, share and learn from a richer array of expertise and resources, and create enhanced experiences for early career professionals and current staff. The MEOs have selected to work with Equity Strategies to provide early-stage program development services related to their Collaborative Pathways objectives. In 2022, The Organization entered into an agreement to serve as the fiscal sponsor for the program development process. Accordingly, the Organization will hold the funds raised to advance this work, maintain, and manage the contract with Equity Strategies, and retain a 10% fiscal sponsorship fee. Any unspent funds donated to the program development process will be applied as seed funding for program implementation. As of June 30, 2023, there were $24,600 of unspent funds and $4,150 of fiscal sponsorship fees recognized.

Subsequent events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through November 27, 2023, the date the financial statements were available to be issued.

NOTE 2. PLEDGES AND GRANTS RECEIVABLE

Pledges and grants receivable consist of the following:

JUNE 30, 2023		
Special Campaign	$	1,725,100
25th anniversary campaign		35,496
Operating support		401,500
Program grants		514,004
Total pledges and grants receivable	**$**	**2,676,100**
Receivable in less than one year	$	1,392,000
Receivable in one to five years		1,284,100
Total pledges and grants receivable		**2,676,100**
Less discounts to net present value		(191,509)
Pledges and grants receivable, net	**$**	**2,484,591**

Pledges and grants receivable due in more than one year are recognized at their net realizable value, which approximates fair market value. As of June 30, 2023, a discount rate of 9.00% was applied for future cash flows on pledges and grants receivable.

NOTE 3. BEQUEST RECEIVABLE

The Organization is named as a beneficiary in an individuals will. The amount receivable at June 30, 2023 is $50,000. The Organization anticipates receipt of the funds during the year ended June 30, 2024.

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following amounts:

JUNE 30, 2023		
Furniture and equipment	$	151,622
Leasehold improvements		211,435
		363,057
Less accumulated depreciation		(334,732)
Property and equipment, net	**$**	**28,325**

Depreciation expense of $90,080 was recorded for the year ended June 30, 2023.

NOTE 5. FAIR VALUE MEASUREMENTS

The following table sets forth the Organization's assets that are measured and recognized at fair value on a recurring basis as of June 30, 2023, under the appropriate level of the fair value hierarchy.

Assets at Fair Value as of June 30, 2023

	Level 1	Level 2	Level 3	Total
Certificates of deposit	$ -	$ 698,251	$ -	$ 698,251
Total assets at fair value	**$ -**	**$ 698,251**	**$ -**	**$ 698,251**

NOTE 6. LINE OF CREDIT

The Organization has a bank line of credit with Bremer Bank for an aggregate maximum of $100,000 available, which expires October 16, 2024. The line of credit is due on demand and carries an interest rate at 1% above prime (prime was 8.25% at June 30, 2023) with a minimum required rate of not less than 4.00%. Borrowings are secured by substantially all the Organization's assets. There were no outstanding balances on the line of credit at June 30, 2023.

NOTE 7. NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restrictions consist of the following amounts:

JUNE 30, 2023		
Purpose restricted:		
Land Protection Fund	$	435,095
Stewardship and Education Program		37,500
Time restricted:		
Fall Fundraiser		600
Operating Support, for subsequent periods		566,345
Other		50,000
Time and purpose restricted:		
Special Campaign		1,882,127
Total	**$**	**2,971,667**

NOTE 8. OPERATING LEASES

The Organization has entered into the following lease arrangements:

Operating leases

The Organization entered an operating lease for the current office space which expired August 31, 2023. The agreement requires annual base rent payments at the rate of $1.43 per rentable square foot through August 31, 2023. For this office space the Organization is also required to pay their portion of the operating costs which include utilities, janitorial service, CAM, real estate taxes and property management fees.

NOTE 8. (CONTINUED)

During the year, the Organization signed a new 123-month lease for office space and storage space which will commence on October 1, 2023, or actual delivery date with the Landlord's work being substantially complete. The Organization did not officially take possession of the space until September 29, 2023, therefore there is no right of use asset or liability on the statement of financial position related to this lease as of June 30, 2023.

Short-term leases

The Organization leased certain office equipment on a short-term basis. The Organization elected the practical expedient for this short-term lease as the lease terms are less than 12 months. The lease entered in July 2016, for a copier machine requires monthly payments of $109 which expired July 2021and is automatically renewed annually until there is a 30-day notice of cancellation. The lease expense related to this lease for the year ended June 30, 2023, was $6,670.

Rent expense charged to operations under office and storage space leases amounted to $94,815 for the year ended June 30, 2023 of which $77,164 is included in program expense.

All leases

The Organization has no material related-party leases. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

NOTE 9. CONCENTRATIONS IN REVENUE AND SUPPORT

During the year ended June 30, 2023, the Organization received approximately 22% of its revenues from two donors. Receivables due from the donors on June 30, 2023 amounted to $672,608.

NOTE 10. IN-KIND CONTRIBUTIONS

In-kind contributions consist of the following:

YEAR ENDED JUNE 30, 2023		
Auction items	$	15,251
Supplies		1,800
Apparel		500
Total	**$**	**17,551**

The Organization received various auction items for their Annual Fall Fundraiser at no cost, based on market rates, the Organization would have paid $15,251 for the year ended June 30, 2023.

The Organization received stamps to give away at their Annual Fall Fundraiser at no cost, based on market rates, the Organization would have paid $1,800 for the year ended June 30, 2023.

The Organization received $500 for branded apparel.

All gifts in-kind received by the Organization for the year ended June 30, 2023 were considered without donor restrictions and were all used by the Organization for the fundraising activities and program activities.

NOTE 11. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to annual audit and adjustment by grantor agencies. Any disallowed claims including amounts already collected may constitute a liability of the applicable funds. At June 30, 2023, the Organization has complied with all resources with donor restrictions and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.

NOTE 12. EMPLOYEE RETIREMENT PLAN

The Organization has a 403(b) savings plan for all qualifying employees. The Organization amended the plan for matching contributions based on the employees' elective deferrals. The Organization will match up to 3% of the employee's contributions to the plan. For the year ended June 30, 2023, the Organization matched $40,456.

NOTE 13. LIQUIDITY

The Organization receives its revenue from a variety of funding sources, including government agencies, foundations, corporations and individuals. Government and corporate contracts are generally reimbursable and for a specific purpose and timeframe. Foundation grants are often, but not always, restricted to individual programs. Donations from corporations and individuals are generally without restrictions, other than pledges receivable which are time restricted. The Organization considers general operating pledges receivable that are expected to be received within one year to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization generally seeks to maintain current financial assets less current liabilities sufficient for effective operations. To achieve these targets, the entity forecasts its future cash flows and monitors its liquidity quarterly, and monitors its reserves annually. During the period ended June 30, 2023, the level of liquidity and reserves was managed as stated above.

AS OF JUNE 30, 2023		
Financial assets *	$	3,742,978
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor for programs and other purpose restrictions		(435,095)
Restricted by donor for programs and other purpose and time restrictions		(1,282,126)
Financial assets available to meet cash needs for general expenditures within one year	$	2,025,757

* Total assets, less nonfinancial assets (property and equipment, prepaids)