

DuPage River Salt Creek Workgroup

Independent Auditor's Report and Financial Statements - Modified Cash Basis

February 28, 2015

DuPage River Salt Creek Workgroup
February 28, 2015 and 2014

Contents

Independent Auditor’s Report..... 1

Financial Statements

Statements of Assets, Liability and Net Assets - Modified Cash Basis 3
Statements of Revenues and Expenses - Modified Cash Basis 4
Statements of Cash Flows - Modified Cash Basis..... 5
Notes to Financial Statements - Modified Cash Basis..... 6

Independent Auditor's Report

Board of Directors
DuPage River Salt Creek Workgroup
Naperville, Illinois

We have audited the accompanying financial statements of DuPage River Salt Creek Workgroup (a nonprofit organization), which comprise the statement of assets, liability and net assets - modified cash basis as of February 28, 2015, and the related statements of revenues and expenses - modified cash basis and cash flows - modified cash basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liability and net assets of DuPage River Salt Creek Workgroup as of February 28, 2015, and its revenues and expenses and cash flows for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Prior Year Audited by Other Auditors

The 2014 financial statements were audited by other auditors and their report thereon, dated June 12, 2014, expressed an unmodified opinion.

BKD, LLP

Oakbrook Terrace, Illinois
August 13, 2015

DuPage River Salt Creek Workgroup
Statements of Assets, Liability and Net Assets - Modified Cash Basis
February 28, 2015 and 2014

Assets

	2015	2014
Current Assets		
Cash	\$ 137,269	\$ 103,223
Certificates of deposit	304,403	409,713
Total current assets	441,672	512,936
 Property and Equipment, Net of Accumulated Depreciation of \$106,030 and \$97,193 for 2015 and 2014, Respectively	 50,076	 -
Total assets	\$ 491,748	\$ 512,936

Liability and Net Assets

Current Liability		
Bank overdraft	\$ -	\$ 11,275
 Net Assets, Unrestricted	 491,748	 501,661
Total liability and net assets	\$ 491,748	\$ 512,936

DuPage River Salt Creek Workgroup
Statements of Revenues and Expenses - Modified Cash Basis
Years Ended February 28, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Unrestricted Revenues		
Contributions and grants	\$ 64,361	\$ 46,106
Membership dues	324,553	312,333
Interest income	3,804	4,140
Miscellaneous income	<u>6,370</u>	<u>5,151</u>
Total unrestricted revenues	<u>399,088</u>	<u>367,730</u>
Expenses		
Accounting fees	8,000	8,975
Legal fees	336	336
Supplies	53	9
Telephone	958	958
Occupancy, rent, utilities and maintenance	10,857	10,857
Equipment repairs and maintenance	11,313	19,076
Printing, publications, postage and shipping	221	633
Travel	1,928	2,125
Conferences, conventions and meetings	314	507
Depreciation	8,837	290
Website fee	371	526
Software	1,987	13,536
Miscellaneous	2	-
Professional services	295,174	389,456
Laboratory sampling and testing	66,779	73,417
Insurance	<u>1,871</u>	<u>2,071</u>
Total expenses	<u>409,001</u>	<u>522,772</u>
Decrease in Unrestricted Net Assets	(9,913)	(155,042)
Unrestricted Net Assets, Beginning of Year	<u>501,661</u>	<u>656,703</u>
Unrestricted Net Assets, End of Year	<u><u>\$ 491,748</u></u>	<u><u>\$ 501,661</u></u>

DuPage River Salt Creek Workgroup
Statements of Cash Flows - Modified Cash Basis
Years Ended February 28, 2015 and 2014

	2015	2014
Operating Activities		
Decrease in unrestricted net assets	\$ (9,913)	\$ (155,042)
Items not requiring cash		
Depreciation	8,837	290
Net cash used in operating activities	(1,076)	(154,752)
Investing Activities		
Maturities of certificates of deposit	409,713	404,801
Purchases of certificates of deposit	(304,403)	(409,713)
Purchase of property and equipment	(58,913)	-
Net cash provided by (used in) investing activities	46,397	(4,912)
Financing Activities		
Increase (decrease) in liability	(11,275)	11,275
Net Increase (Decrease) in Cash	34,046	(148,389)
Cash, Beginning of Year	103,223	251,612
Cash, End of Year	\$ 137,269	\$ 103,223

DuPage River Salt Creek Workgroup
Notes to Financial Statements – Modified Cash Basis
February 28, 2015 And 2014

Note 1: Nature of Activities

DuPage River Salt Creek Workgroup (DRSCW) was formed November 12, 2005. DRSCW is a not-for-profit organization that aspires to bring together a diverse coalition of stakeholders to work together to preserve and enhance water quality. DRSCW fulfills its mission by serving communities along the East Branch DuPage River, West Branch DuPage River, Salt Creek and their tributaries.

Note 2: Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of DRSCW have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The modified cash basis records revenue when received and expenses when paid. Consequently, DRSCW has not recognized dues receivable from members, accounts payable to vendors, or their related effects on the change in net assets in the accompanying financial statements which may be material. Accounting principles generally accepted in the United States of America require recognition of revenue when earned and expenses when incurred.

Basis of Presentation

The financial statement presentation follows generally accepted accounting principles for not-for-profit organizations whereby DRSCW reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets are contributions or other inflows which have no restriction placed on the funds by the donor.

Temporarily restricted net assets result from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations.

Permanently restricted net assets result from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of DRSCW.

DRSCW had no temporarily or permanently restricted net assets at February 28, 2015 and 2014.

DuPage River Salt Creek Workgroup
Notes to Financial Statements – Modified Cash Basis
February 28, 2015 And 2014

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

DRSCW is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code. DRSCW remains liable for income taxes on unrelated business income, if any. DRSCW recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. DRSCW is no longer subject to state and local income tax examinations by tax authorities for the years before the tax year ended February 28, 2012.

Equipment

Equipment is depreciated over the estimated useful life of five years using the straight-line method. Expenditures for equipment in excess of \$750 are capitalized.

Contributions

Contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are reported as unrestricted support.

Note 3: Related Party

The Conservation Foundation (Foundation) is an independent 501(c)(3) organization whose mission is to preserve and restore natural areas and open space, protect rivers and watersheds, and promote stewardship of our environment. The Foundation provides a 1.6 full-time equivalent in staffing to DRSCW and DRSCW reimburses all related expenses to the Foundation. The total reimbursement was \$127,790 and \$124,393 for the years ended February 28, 2015 and 2014, respectively. In addition to staffing, one member of the Foundation's staff also sits on the Board of DRSCW.

Note 4: Subsequent Events

Management of DRSCW has evaluated subsequent events through August 13, 2015, the date on which the financial statements were available to be issued.