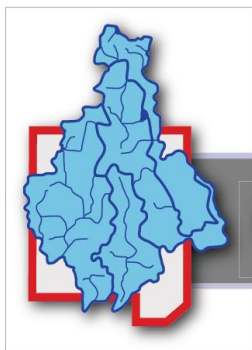


# DUPAGE RIVER SALT CREEK WORKGROUP, ILLINOIS

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## ANNUAL FINANCIAL REPORT



**DuPage River Salt Creek Workgroup**

**FOR THE FISCAL YEAR ENDED  
FEBRUARY 29, 2020**

**DUPAGE RIVER SALT CREEK WORKGROUP, ILLINOIS**

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## **FINANCIAL SECTION**

## **INDEPENDENT AUDITORS' REPORT**



## **INDEPENDENT AUDITORS' REPORT**

May 28, 2020

Members of the Board of Directors  
DuPage River Salt Creek Workgroup  
Naperville, Illinois

We have audited the accompanying modified cash basis financial statements of the DuPage River Salt Creek Workgroup (a nonprofit organization), which comprise the statement of financial position as of February 29, 2020, and the related statements of activities and cash flows, and functional expenses for the year 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 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 opinions 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 of 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 DuPage River Salt Creek Workgroup'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 DuPage River Salt Creek Workgroup'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 opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the modified cash basis financial position of the DuPage River Salt Creek Workgroup, as of February 29, 2020, and the changes in its modified cash basis net assets and its cash flow for the year then ended in accordance with modified cash basis 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.

*Lauterbach & Amen, LLP*  
LAUTERBACH & AMEN, LLP

## **FINANCIAL STATEMENTS**

## DUPAGE RIVER SALT CREEK WORKGROUP, ILLINOIS

### Statement of Financial Position - Modified Cash Basis February 29, 2020 and February 28, 2019

	2020	2019
<b>ASSETS</b>		
Current Assets		
Cash and Investments	\$ 3,127,136	1,377,591
Noncurrent Assets		
Capital Assets		
Depreciable	193,625	193,625
Accumulated Depreciation	(167,362)	(156,914)
Total Noncurrent Assets	26,263	36,711
Total Assets	3,153,399	1,414,302
<b>NET ASSETS</b>		
Without Donor Restrictions	3,153,399	1,414,302

The notes to the financial statements are an integral part of this statement.



## DUPAGE RIVER SALT CREEK WORKGROUP, ILLINOIS

### Statement of Activities - Modified Cash Basis

For the Fiscal Years Ended February 29, 2020 and February 28, 2019

	2020	2019
Without Donor Restrictions - Revenues		
Project Assessments	\$ 1,830,778	1,082,549
Membership Dues	472,122	367,588
Interest	43,494	5,646
Miscellaneous	91,463	37,588
Total Revenues	<u>2,437,857</u>	<u>1,493,371</u>
Expenses		
Program Services		
Special Condition Projects/Studies	229,930	354,356
Laboratory Sampling and Testing	207,332	65,267
Staff Salaries	216,498	216,099
Supporting Services		
Management and General		
Accounting Fees	7,310	7,130
Supplies	105	2,424
Telephone	1,845	1,674
Occupancy, Rent, Utilities and Maintenance	11,762	11,624
Printing, Publications, Postage and Shipping	206	259
Travel	4,892	2,733
Conferences, Conventions and Meetings	2,835	619
Depreciation	10,448	15,535
Website Fee	136	443
Software	297	433
Miscellaneous	11	29
Professional Services	3,397	1,734
Insurance	1,756	1,609
Fundraising	-	-
Total Expenses	<u>698,760</u>	<u>681,968</u>
Change in Net Assets	1,739,097	811,403
Net Assets - Beginning	<u>1,414,302</u>	<u>602,899</u>
Net Assets - Ending	<u><u>3,153,399</u></u>	<u><u>1,414,302</u></u>

The notes to the financial statements are an integral part of this statement.

## DUPAGE RIVER SALT CREEK WORKGROUP, ILLINOIS

### Statement of Cash Flows - Modified Cash Basis

For the Fiscal Years Ended February 29, 2020 and February 28, 2019

	2020	2019
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ 1,739,097	811,403
Cash Flows from Capital and Related Financing Activities		
Purchase of Capital Assets	-	(37,519)
Adjustments to Reconcile Changes in Unrestricted Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	10,448	15,535
Net Cash Provided by Operating Activities	1,749,545	789,419
Cash and Cash Equivalents		
Beginning	1,377,591	588,172
Ending	3,127,136	1,377,591

The notes to the financial statements are an integral part of this statement.

## **DUPAGE RIVER SALT CREEK WORKGROUP, ILLINOIS**

### **Notes to the Financial Statements February 29, 2020**

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#### **NOTE 1 – NATURE OF ORGANIZATION**

The 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, deferred revenue associated with project assessments 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. Additionally, property and equipment are recorded when paid for and depreciated as the asset is used. All other costs are recognized as expenses when paid rather than when incurred.

##### **Net Assets**

The DRSCW's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Net assets of DRSCW and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the DRSCW's management and the board of directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the DRSCW or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Activities.

DRSCW had no net assets with donor restrictions at February 29, 2020 and February 28, 2019.

## **DUPAGE RIVER SALT CREEK WORKGROUP, ILLINOIS**

### **Notes to the Financial Statements February 29, 2020**

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#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **Cash and Investments**

For the purpose of the Statement of Financial Position and Statement of Cash Flows, the DRSCW's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of purchase.

Investments are generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the DRSCW categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

##### **Investment Income**

The DRSCW records investment income earned on net assets with donor restrictions and without donor restrictions as without donor restrictions revenue.

##### **Equipment**

Equipment is depreciated over the estimated useful life of five years using the straight-line method.

##### **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 at the date of the financial statements and the reported amounts of revenues and expenses during the report period. Actual results could differ from those estimates.

##### **Functional Allocation of Expenses**

The costs of providing the various programs and supporting services have been summarized on a functional basis in the schedules of functional expenses. Functional expenses which are not directly attributable to one function are allocated between program, management and general, and fundraising services based on the number of employees involved, the amount of time spent, the percentage of their salary associated with the time and on estimated made by the DRSCW's management.

## **DUPAGE RIVER SALT CREEK WORKGROUP, ILLINOIS**

### **Notes to the Financial Statements February 29, 2020**

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#### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **Income Taxes**

The DRSCW is exempt from income tax under IRC section 501(c)(4), and similarly, is exempt from State of Illinois taxes under the Illinois Tax Act Section 205(a), though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The DRSCW has processes presently in place to ensure the maintenance of its tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which it has nexus; and to identify and evaluate other matters that may be considered tax positions. The DRSCW has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. There was no unrelated business income for the year ended February 29, 2020.

The DRSCW's Forms 990, *Return of Organization Exempt from Income Tax*, are subject to examination by the IRS, generally, for three years after they were filed. Annual filings with the State of Illinois are, similarly, subject to examination.

#### **NOTE 3 – CONTRIBUTIONS**

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

#### **NOTE 4 – 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 2.6 full-time equivalent in staffing to DRSCW and DRSCW reimburses all related expenses to the Foundation. The total reimbursement was \$228,260 and \$227,723 for the years ended February 29, 2020 and February 28, 2019, respectively. In addition to staffing, one member of the Foundation's staff also sits on the Board of DRSCW.

#### **NOTE 5 – CASH AND INVESTMENTS**

*Deposits.* At year-end the carrying amount of the DRSCW's cash deposits totaled \$1,005,086 and the bank balances totaled \$1,030,688. The entire balance of deposits was fully insured by federal deposit insurance.

## DUPAGE RIVER SALT CREEK WORKGROUP, ILLINOIS

### Notes to the Financial Statements February 29, 2020

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#### NOTE 5 – CASH AND INVESTMENTS – Continued

*Investments.* The DRSCW has the following investment fair values and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years) Less Than 1</u>
Certificate of Deposits	\$ 2,122,050	2,122,050

The DRSCW has the following recurring fair value measurements as of February 29, 2020:

- Certificate of Deposits of \$2,122,050 are valued using a matrix pricing model (Level 2 inputs)

Debt Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

#### NOTE 6 – AVAILABILITY AND LIQUIDITY

The following represents DRSCW's financial assets at February 29, 2020:

Financial Assets at Year End:	
Cash and Investments	\$ 3,127,136
Less Amounts not Available to be used within one year:	
Net Assets with Donor Restrictions	<u>-</u>
Financial Assets Available to Meet General Expenditures over the Next Twelve Months	<u>3,127,136</u>

The DRSCW's goal is generally to maintain financial assets to meet 90 days of operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

## DUPAGE RIVER SALT CREEK WORKGROUP, ILLINOIS

### Notes to the Financial Statements February 29, 2020

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#### NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Depreciable Capital Assets				
Equipment	\$ 193,625	-	-	193,625
Less Accumulated Depreciation				
Equipment	156,914	10,448	-	167,362
Total Net Capital Assets	36,711	(10,448)	-	26,263

#### NOTE 8 – SIGNIFICANT CONCENTRATIONS

Two agency members accounted for approximately 15% and 26% of revenues for the years ended February 29, 2020 and February 28, 2019, respectively.

#### NOTE 9 – INTERGOVERNMENTAL AGREEMENT

In May 2019, DRSCW entered into an intergovernmental agreement with the Metropolitan Water Reclamation District of Greater Chicago (MWRDGC). Per the agreement, MWRDGC will pay assessments for projects related to the following projects to DRSCW: Fawell Dam Modifications, Spring Brook Restoration, Fullersburg Woods Dam Modifications and Stream Restoration, and West Branch Stream Enhancement. At the end of the fiscal year and as of the opinion date, MWRDGC had not paid the assessments for projects in the amount of \$1,000,000, since DRSCW has not started any of the above listed projects. MWRDG is still obligated under the agreement to pay the project assessments authorized through 2023. DRSCW has not recorded a receivable for this allotment due to the accounting being on a cash basis.

#### NOTE 10 – SUBSEQUENT EVENT

Subsequent to the date of the financial statements and prior to the audit opinion date, the World Health Organization declared the COVID-19 virus a public health emergency. As of the date of this report, the extent of the impact of COVID-19 on the DRSCW's operations and financial position cannot be determined.