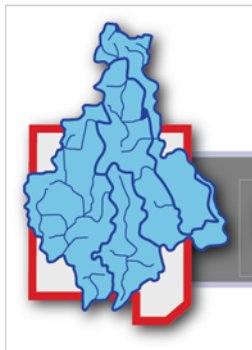


# DUPAGE RIVER SALT CREEK WORKGROUP, ILLINOIS

---

## ANNUAL FINANCIAL REPORT



DuPage River Salt Creek Workgroup

FOR THE FISCAL YEAR ENDED  
FEBRUARY 29, 2024

10S404 Knoch Knolls Road  
Naperville, IL 60565  
Phone: 630.768.7427  
[www.drscw.org](http://www.drscw.org)

**DUPAGE RIVER SALT CREEK WORKGROUP, ILLINOIS**

**TABLE OF CONTENTS**

---

---

**PAGE**

**FINANCIAL SECTION**

**INDEPENDENT AUDITORS' REPORT**

1

**CONSOLIDATED FINANCIAL STATEMENTS**

Statements of Financial Position - Cash Basis

4

Statements of Activities - Cash Basis

5

Statements of Cash Flows - Cash Basis

6

Statement of Functional Expenses - Cash Basis - February 29, 2024

7

Statement of Functional Expenses - Cash Basis - February 28, 2023

8

Notes to the Financial Statements

9

## **FINANCIAL SECTION**

## **INDEPENDENT AUDITORS' REPORT**



## **INDEPENDENT AUDITORS' REPORT**

June 14, 2024

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

### **Opinion**

We have audited the accompanying cash basis financial statements of the DuPage River Salt Creek Workgroup (DRSCW) (nonprofit organization), which comprise the statement of financial position as of February 29, 2024 and February 28, 2023, and the related cash basis statements of activities cash flows, and functional expenses 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 DuPage River Salt Creek Workgroup, as of February 29, 2024 and February 28, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with the cash basis of accounting as described in Note 2.

### **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 DRSCW 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.

### **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the 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.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 1, and for determining that the 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 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, including omissions, 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 DRSCW'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 DRSCW'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.

*Lauterbach & Amen, LLP*

LAUTERBACH & AMEN, LLP

## **FINANCIAL STATEMENTS**

**DUPAGE RIVER SALT CREEK WORKGROUP, ILLINOIS**

**Statement of Financial Position - Cash Basis  
February 29, 2024 and February 28, 2023**

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Current Assets		
Cash and Investments	\$ 8,160,367	7,852,360
Noncurrent Assets		
Capital Assets		
Depreciable	289,719	289,719
Accumulated Depreciation	(212,845)	(189,874)
Total Noncurrent Assets	<u>76,874</u>	<u>99,845</u>
Total Assets	<u><u>8,237,241</u></u>	<u><u>7,952,205</u></u>
<b>NET ASSETS</b>		
Without Donor Restrictions	<u>8,237,241</u>	<u>7,952,205</u>
Total Net Assets	<u><u>8,237,241</u></u>	<u><u>7,952,205</u></u>

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

## DUPAGE RIVER SALT CREEK WORKGROUP, ILLINOIS

### Statement of Activities - Cash Basis

For the Fiscal Years Ended February 29, 2024 and February 28, 2023

	2024	2023
Without Donor Restrictions - Revenues		
Project Assessments	\$ 1,361,610	2,024,114
Membership Dues	529,763	413,385
IEPA Grant Payment	40,547	79,317
Interest	273,203	49,061
Miscellaneous	26,733	5,000
Total Revenues	<u>2,231,856</u>	<u>2,570,877</u>
Expenses		
Program Services	1,883,427	757,993
Supporting Services		
Management and General	63,393	44,188
Fundraising	-	-
Total Expenses	<u>1,946,820</u>	<u>802,181</u>
Change in Net Assets	285,036	1,768,696
Net Assets - Beginning	<u>7,952,205</u>	<u>6,183,509</u>
Net Assets - Ending	<u>8,237,241</u>	<u>7,952,205</u>

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

**DUPAGE RIVER SALT CREEK WORKGROUP, ILLINOIS**

**Statement of Cash Flows - Cash Basis**

**For the Fiscal Years Ended February 29, 2024 and February 28, 2023**

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities		
Increase (Decrease) in Net Assets	\$ 285,036	1,768,696
Adjustments to Reconcile Changes in Unrestricted Net Assets to Net Cash Provided by Operating Activities:		
Depreciation Expense	<u>22,971</u>	<u>7,504</u>
Net Cash Provided by Operating Activities	308,007	1,776,200
Cash and Cash Equivalents		
Beginning	<u>7,852,360</u>	<u>6,076,160</u>
Ending	<u><u>8,160,367</u></u>	<u><u>7,852,360</u></u>

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

## DUPAGE RIVER SALT CREEK WORKGROUP, ILLINOIS

### Statement of Functional Expenses - Cash Basis For the Fiscal Years Ended February 29, 2024

	Program Services	Management and General	Fundraising	Totals
Special Condition Projects/Studies	\$ 1,395,118	-	-	1,395,118
Laboratory Sampling and Testing	219,561	-	-	219,561
Staff Salaries	268,748	-	-	268,748
Accounting Fees	-	7,490	-	7,490
Supplies	-	2,251	-	2,251
Telephone	-	2,163	-	2,163
Occupancy, Rent, Utilities and Maintenance	-	16,728	-	16,728
Printing, Publications, Postage and Shipping	-	277	-	277
Travel	-	6,380	-	6,380
Conferences, Conventions and Meetings	-	1,363	-	1,363
Depreciation	-	22,971	-	22,971
Website Fee	-	402	-	402
Software	-	663	-	663
Miscellaneous	-	40	-	40
Professional Services	-	684	-	684
Insurance	-	1,981	-	1,981
	<u>1,883,427</u>	<u>63,393</u>	<u>-</u>	<u>1,946,820</u>

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

## DUPAGE RIVER SALT CREEK WORKGROUP, ILLINOIS

### Statement of Functional Expenses - Cash Basis For the Fiscal Years Ended February 28, 2023

	Program Services	Management and General	Fundraising	Totals
Special Condition Projects/Studies	\$ 362,155	-	-	362,155
Laboratory Sampling and Testing	141,988	-	-	141,988
Staff Salaries	253,850	-	-	253,850
Accounting Fees	-	7,310	-	7,310
Supplies	-	615	-	615
Telephone	-	2,350	-	2,350
Occupancy, Rent, Utilities and Maintenance	-	16,033	-	16,033
Printing, Publications, Postage and Shipping	-	269	-	269
Travel	-	5,958	-	5,958
Conferences, Conventions and Meetings	-	872	-	872
Depreciation	-	7,504	-	7,504
Website Fee	-	404	-	404
Software	-	372	-	372
Miscellaneous	-	67	-	67
Professional Services	-	524	-	524
Insurance	-	1,910	-	1,910
	<u>757,993</u>	<u>44,188</u>	<u>-</u>	<u>802,181</u>

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, 2024**

---

#### **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 cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The 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**

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 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 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, 2024 and February 28, 2023.

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

### **Notes to the Financial Statements February 29, 2024**

---

#### **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, 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.

##### **Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of a given measurement date. Fair value measurements are based on three-level hierarchy based on the reliability of observable and unobservable inputs as follows:

Level 1 - Valuations are based on quoted prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 - Valuations are based on quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations whose significant inputs are observable.

Level 3 - Valuations are based on unobservable inputs for the assets or liability that reflect the reporting entity's own data and assumptions that market participants would use in pricing the asset or liability.

##### **Investment Income**

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.

## DUPAGE RIVER SALT CREEK WORKGROUP, ILLINOIS

### Notes to the Financial Statements February 29, 2024

---

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

##### Functional Allocation of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement 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 estimates made by DRSCW's management.

##### Income Taxes

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. 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. 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, 2024 and February 28, 2023.

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 were 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 \$268,748 and \$253,850 for the years ended February 29, 2024 and February 28, 2023, respectively. In addition to staffing, one member of the Foundation's staff also sits on the Board of DRSCW.

**DUPAGE RIVER SALT CREEK WORKGROUP, ILLINOIS**

**Notes to the Financial Statements  
February 29, 2024**

**NOTE 5 – CASH AND INVESTMENTS**

*Deposits.* At year-end the carrying amount of DRSCW’s cash deposits totaled \$1,160,367 and the bank balances totaled \$1,206,248. At year-end \$13,125 of the bank balance of the deposits was not covered by federal depository.

At February 28, 2023 the carrying amount of DRSCW’s cash deposits totaled \$902,360 and the bank balances totaled \$856,556. The entire balance of deposits was fully insured by federal deposit insurance.

*Investments.* DRSCW has the following investment fair values and maturities as of February 29, 2024:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 to 5
Certificate of Deposits	\$ 7,000,000	7,000,000	-

DRSCW has the following recurring fair value measurements as of February 29, 2024:

- Certificate of Deposits of \$7,000,000 are valued using a matrix pricing model (Level 2 inputs)

DRSCW has the following investment fair values and maturities as of February 28, 2023:

Investment Type	Fair Value	Investment Maturities (in Years)	
		Less Than 1	1 to 5
Certificate of Deposits	\$ 6,950,000	6,950,000	-

DRSCW has the following recurring fair value measurements as of February 28, 2023:

- Certificate of Deposits of \$6,950,000 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.

## DUPAGE RIVER SALT CREEK WORKGROUP, ILLINOIS

### Notes to the Financial Statements February 29, 2024

---

---

#### NOTE 6 – AVAILABILITY AND LIQUIDITY

The following represents DRSCW’s financial assets at February 29, 2024 and February 28, 2023:

	2024	2023
Financial Assets at Year End:		
Cash and Investments	\$ 8,160,367	7,852,360
Less Amounts not Available to be used within one year:		
Net Assets with Donor Restrictions	-	-
Financial Assets Available to Meet General Expenses over the Next Twelve Months	<u>8,160,367</u>	<u>7,852,360</u>

DRSCW’s goal is generally to maintain financial assets to meet 90 days of operating expenses; however, a large cash and investment balance does develop as member organizations remit funds annually in order to, over time, build up the necessary fund balance to pay the multi-million dollars cost of large-scale dam removal and stream restoration projects. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit, if needed.

#### NOTE 7 – CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Depreciable Capital Assets				
Equipment	\$ 289,719	-	-	289,719
Less Accumulated Depreciation				
Equipment	189,874	22,971	-	212,845
Total Net Capital Assets	<u>99,845</u>	<u>(22,971)</u>	<u>-</u>	<u>76,874</u>

Depreciation expense was \$22,971 and \$7,504 for the years ended February 29, 2024 and February 28, 2023, respectively.

#### NOTE 8 – SIGNIFICANT CONCENTRATIONS

Two agency members accounted for approximately 33% and 43% of revenues for the years ended February 29, 2024 and February 28, 2023, respectively.

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

### **Notes to the Financial Statements February 29, 2024**

---

#### **NOTE 9 – INTERGOVERNMENTAL AGREEMENT**

In May 2019, DRSCW entered into an agreement with the Metropolitan Water Reclamation District of Greater Chicago (MWRDGC). This agreement was amended on October 8, 2021 and again on September 28, 2023. Per the agreement, MWRDGC will pay assessments to the DRSCW for one or more of the following projects: Fawell Dam Modifications, Spring Brook Restoration, Fullersburg Woods Dam Modification and Stream Restoration, and West Branch Stream Enhancement. At the end of the fiscal year and as of the opinion date, MWRDGC has paid down the assessments in the amount of \$1,587,220 for the Fullersburg Woods Dam Modification and Stream Restoration project by paying the contractors directly for the work for which MWRDGC is the project manager. MWRDGC is obligated under the agreement to pay project assessments totaling \$6,010,012 authorized through 2032. DRSCW has not recorded a receivable for this allotment due to the accounting being on a cash basis.