

# **RIVER NETWORK**

Financial Statements and Independent Auditor's Report  
September 30, 2021 and 2020

## RIVER NETWORK

### TABLE OF CONTENTS

---

	<b>Page</b>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS AS OF SEPTEMBER 30, 2021 AND 2020 AND FOR THE YEARS THEN ENDED:	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes to Financial Statements	7-14



To the Board of Directors of  
River Network  
Boulder, Colorado

## INDEPENDENT AUDITOR'S REPORT

### Report on the Financial Statements

We have audited the accompanying financial statements of River Network (a nonprofit organization), which comprise the statements of financial position as of September 30, 2021 and 2020 and the related statements of activities, functional expenses, and cash flows for the years 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 River Network as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years 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 River Network 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.

### Management's Responsibility 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 River Network's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Artesian CPA, LLC

1624 Market Street, Suite 202 | Denver, CO 80202  
p: 877.968.3330 f: 720.634.0905  
info@ArtesianCPA.com | www.ArtesianCPA.com

## **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 River Network'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 River Network'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.



**Artesian CPA, LLC**  
Denver, Colorado  
January 10, 2022

### **Artesian CPA, LLC**

1624 Market Street, Suite 202 | Denver, CO 80202  
p: 877.968.3330 f: 720.634.0905  
info@ArtesianCPA.com | www.ArtesianCPA.com

**RIVER NETWORK**  
**STATEMENTS OF FINANCIAL POSITION**  
**As of September 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current Assets:		
Cash and equivalents-unrestricted	\$ 1,305,095	\$ 1,434,649
Cash and equivalents-restricted	1,096,451	1,156,518
Accounts receivable	200,077	68,787
Grants and contributions receivable	282,750	266,000
Prepaid expense	23,259	4,426
Security deposit	2,367	3,131
Total Current Assets	<u>2,909,999</u>	<u>2,933,511</u>
Property and Equipment:		
Property and equipment, net	<u>47,093</u>	<u>60,711</u>
Total Property and Equipment	<u>47,093</u>	<u>60,711</u>
 TOTAL ASSETS	 <u><u>\$ 2,957,092</u></u>	 <u><u>\$ 2,994,222</u></u>
 <b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 87,926	\$ 87,796
Grants payable	61,382	46,400
Accrued payroll	29,895	132,072
Accrued vacation	64,191	56,343
Total Liabilities	<u>243,394</u>	<u>322,611</u>
Net Assets:		
Without donor restrictions	1,322,247	1,246,593
With donor restrictions	1,391,451	1,425,018
Total Net Assets	<u>2,713,698</u>	<u>2,671,611</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 2,957,092</u></u>	 <u><u>\$ 2,994,222</u></u>

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

**RIVER NETWORK**  
**STATEMENTS OF ACTIVITIES**  
**For the years ended September 30, 2021 and 2020**

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating Activities:				
Foundation grants and contributions	\$ 114,000	\$ 1,175,000	\$ 1,289,000	\$ 875,000
Government grants and contributions	569,727	-	569,727	784,829
Individual and small business contributions	163,110	275,000	438,110	304,175
Corporate grants and contributions	84,000	350,000	434,000	532,000
Membership dues	33,790	-	33,790	38,500
Annual River Rally registration fees and sales, net of scholarships of \$38,824 and \$58,028, as of September 30 2021 and 2020, respectively.	30,286	-	30,286	52,290
Fees for services	25,638	-	25,638	11,170
Interest income	954	-	954	1,610
Other income	-	-	-	1,622
Net assets released from restrictions	1,833,567	(1,833,567)	-	-
Total Revenues and Support	2,855,072	(33,567)	2,821,505	2,601,196
Expenses:				
Program services	2,168,904	-	2,168,904	2,074,064
Supporting services:				
Management and general	374,497	-	374,497	399,174
Fundraising	236,017	-	236,017	311,062
Total Expenses	2,779,418	-	2,779,418	2,784,300
Change in net assets	75,654	(33,567)	42,087	(183,104)
Net assets at beginning of year	1,246,593	1,425,018	2,671,611	2,854,715
Net assets at end of year	\$ 1,322,247	\$ 1,391,451	\$ 2,713,698	\$ 2,671,611

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

**RIVER NETWORK**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**For the years ended September 30, 2021 and 2020**

	2021				2020
	Program Services	Supporting Services			Total Expenses
	River Program	Management and General		Fundraising	
Salaries and wages	\$ 986,859	\$ 167,847	\$ 188,063	\$ 1,342,769	\$ 1,415,434
Other professional fees	450,328	4,476	7,671	462,475	342,802
Grant expenses	457,429	-	-	457,429	505,927
Accounting fees	5,482	112,222	625	118,329	66,584
Payroll taxes	83,804	16,730	14,147	114,681	95,439
Pension plan contributions	35,918	9,903	6,700	52,521	48,629
Program materials	44,780	3,937	150	48,867	13,544
Computer and software services	26,841	2,718	2,122	31,681	36,156
Occupancy	16,971	3,487	2,790	23,248	44,562
Employee benefits	9,132	11,064	-	20,196	22,560
Travel	13,351	498	1,587	15,436	57,784
Depreciation	-	13,618	-	13,618	20,688
Telephone	7,582	4,693	1,219	13,494	14,521
Dues and subscriptions	7,458	3,576	2,128	13,162	6,364
Advertising and promotion	2,642	9,649	350	12,641	12,007
Insurance	-	7,665	-	7,665	
Meetings and events	6,941	-	110	7,051	43,345
Staff training	5,697	879	331	6,907	7,721
Office expenses	4,157	805	1,201	6,163	3,887
Bank charges	3,517	550	2,022	6,089	6,333
Taxes and licenses	15	180	4,801	4,996	5,063
Equipment rental	-	-	-	-	11,905
Bad debt	-	-	-	-	3,045
	<u>\$ 2,168,904</u>	<u>\$ 374,497</u>	<u>\$ 236,017</u>	<u>\$2,779,418</u>	<u>\$ 2,784,300</u>

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.

**RIVER NETWORK**  
**STATEMENTS OF CASH FLOWS**  
For the years ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 42,087	\$ (183,104)
Adjustments to reconcile changes in net assets to net cash provided by/(used in) operating activities:		
Depreciation	13,618	20,688
Change in operating assets and liabilities:		
Change in grants and contributions receivable	(16,750)	662,950
Change in accounts receivable	(131,290)	27,501
Change in prepaid expense	(18,833)	8,121
Change in security deposit	764	-
Change in accounts payable	129	38,206
Change in grants payable	14,982	32,240
Change in accrued payroll	(102,177)	112,380
Change in accrued vacation	7,849	11,293
Net cash provided by/(used in) operating activities	<u>(189,621)</u>	<u>730,275</u>
Net increase/(decrease) in cash and cash equivalents	(189,621)	730,275
Cash and cash equivalents at beginning of year	<u>2,591,167</u>	<u>1,860,892</u>
Cash and cash equivalents at end of year	<u>\$ 2,401,546</u>	<u>\$2,591,167</u>
Cash reported on Statement of Financial Position:		
Cash and equivalents-unrestricted	\$ 1,305,095	\$1,434,649
Cash and equivalents-restricted	<u>1,096,451</u>	<u>1,156,518</u>
Total Cash and Cash Equivalents	<u>\$ 2,401,546</u>	<u>\$2,591,167</u>

See Independent Auditor's Report and accompanying notes, which are an integral part of these financial statements.



# RIVER NETWORK

## NOTES TO FINANCIAL STATEMENTS

As of September 30, 2021 and 2020 and for the years then ended

---

### NOTE 1: NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

River Network (the “Organization”) is an Oregon not-for-profit organization founded in March 1988. The Organization envisions a future of clean and ample water for people and nature, where local caretakers are well-equipped, effective and courageous champions for our rivers. The Organization’s mission is to empower and unite people and communities to protect and restore rivers and other waters that sustain all life.

The Organization maintains an office in Boulder, Colorado, with staff in field locations including Oregon, Illinois, North Carolina, Maryland, Michigan, Pennsylvania, California and Delaware. River Network has invested in the systems necessary to support such a decentralized team, including online workspaces, virtual conferencing and tight alignment between its strategic plan, annual work plan, and personal objectives for each staff person.

Over the past 33 years, the Organization has accomplished its mission by investing in local efforts and helping advance impact at more significant scales (system, state, regional, national). The Organization has worked with groups and individuals in every state and region of the U.S. and beyond. It provides one-on-one mentoring and consulting, virtual training, and conferences to strengthen local efforts; convenes groups for greater impact; and increases the transfer of practical water management solutions. Over 8,500 community groups, nonprofit organizations, governmental entities and tribes are part of its community.

Fiscal Year 2021’s efforts were focused on four key issues identified within its current strategic plan (2018-2022) in addition to leadership development and data to action:

Clean, Safe, Affordable Drinking Water: Some 13.8 million U.S. households (almost 12%) face unaffordable water bills while water utilities struggle to fund maintenance or replacement of aging pipes. We will expand understanding of the causes and circumstances of today’s crisis, develop and disseminate new tools, and help identify a common rural and urban agenda that unifies and focuses our collective actions.

Resilient Cities and Communities: Over 12% of the U.S. population is exposed to flood risk, including nearly 170 coastal communities reaching or exceeding the threshold for chronic inundation from rising seas by 2035. Drought is no less of a threat. River Network will provide knowledge, tools, and engagement opportunities to local champions building resilient communities that anticipate risk, limit impact, and recover quickly from disaster.

Healthy Rivers in Agricultural Landscapes: Farmers and ranchers are essential partners in building a thriving agricultural sector that also supports clean water and healthy rivers. Farms, ranches, and rangeland occupy roughly 44% of U.S. land, consume approximately 80% of our water, and are a leading cause of water pollution and water security when improperly managed. Over the next five years, River Network will advance novel partnerships, opportunities to build trust, and identify aligned interests for forward progress.

## **RIVER NETWORK**

### **NOTES TO FINANCIAL STATEMENTS**

**As of September 30, 2021 and 2020 and for the years then ended**

---

Robust and Effective Water Laws and Policies: When well-crafted, enforced, and fully funded, water laws and policies at the local, state, and federal level safeguard the health of our rivers and the security of our drinking water. With existing laws and policies under threat, River Network will leverage our network and our influence to defend protections vital to our nation, our children, and our environment.

The priorities noted above and their integration and intersection with equity, diversity, and inclusion, provide a focus for River Network's production and delivery of tools, training, mentoring, and financial assistance to help leaders, organizations, and coalitions expand their impact as well as sharpen what River Network shares via their website, monthly e-newsletter River Voices, the annual River Rally conference (virtual in 2021), webinars, workshops, and peer exchanges, and one-on-one mentoring, consulting and engagement.

These priorities are also supported by and are integrated across the structure of functions at River Network: River Programs, Community Engagement, Finance and Operations, Fundraising and Communications, and Executive. Staff work together and within and across these functions to fulfill grant and donor obligation and expanded into new mission-driven areas of opportunity. This alignment and cooperation help the Organization to be a highly effective and strategically focused organization.

#### Financial Statement Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified 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. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

#### 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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

#### 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

**RIVER NETWORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**As of September 30, 2021 and 2020 and for the years then ended**

---

certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less, except those designated for long-term purposes, to be cash equivalents. The Organization's cash and cash equivalents in bank deposit accounts, at times, may exceed federally insured limits. As of September 30, 2021 and 2020, the Organization's cash balances exceeded FDIC insured limits by \$2,136,485 and \$2,318,562, respectively.

Accounts and Grants and Contributions Receivable

Accounts and grants and contributions receivable, represent amounts due from customers and donors, are stated at amounts estimated by management to be the net realizable value. The Organization periodically evaluates the collectability of accounts and grants and contributions receivable and establishes a reserve for uncollectible accounts based on an evaluation of the specific unpaid account balances. Accounts receivable totaled \$200,077 and \$68,787 and no allowances against such as of September 30, 2021 and 2020, respectively. Grants and contributions receivable totaled \$282,750 and \$266,000 and no allowances against such as of September 30, 2021 and 2020, respectively. Bad debt expense totaled \$0 and \$3,045 for the years ended September 30, 2021 and 2020, respectively.

Property and Equipment

Acquisitions of assets in excess of \$5,000 are capitalized at cost. Property and equipment are depreciated using the straight-line method over the assets estimated useful lives which range from 5-7 years. The Company assesses its property and equipment for indications of impairment annually and adjusts the carrying balances if impairments are determined. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation.

Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restrictions upon acquisition of the assets and the assets are placed in service.

Accrued Compensated Absences

The Organization provides vacation leave to its full-time employees. These are earned based on years of service. Employees can only accrue a maximum number of hours based on their years of service. The maximum amount is 200 hours. If an employee reaches their maximum, they cannot accrue more time until paid time off is used. Upon separation from service, employees are paid for unused vacation leave. Accrued compensated absences as of September 30, 2021 and 2020 were \$64,191 and \$56,343, respectively.

Grant and Contract Revenue

For all grants and contracts which are considered to be exchange transactions, revenue is recognized as allowable reimbursable expenses are incurred. Cash received in excess of allowable expenses is recorded as deferred revenue, and allowable expenses incurred in excess of cash received are recorded as receivables.

See accompanying Independent Auditor's Report

## **RIVER NETWORK**

### **NOTES TO FINANCIAL STATEMENTS**

**As of September 30, 2021 and 2020 and for the years then ended**

---

#### Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

#### Contributed Services and Other In-Kind Contributions

Contributed services are recorded if they (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A number of volunteers have contributed significant amounts of their time in the Organization's program services but are not recognized as contributions in the financial statements because they do not meet the aforementioned criteria. For the year ended September 30, 2021 there were no in-kind contributions.

#### Measure of Operation

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, contributions, leasing and other activities considered to be of a more unusual or nonrecurring nature.

#### New Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. The ASU is effective for annual and interim periods beginning after December 15, 2021, including interim periods within those fiscal years. Early adoption is permitted. We are continuing to evaluate the impact of this new standard on our financial reporting and disclosures.

#### Functional Allocation of Expenses

The financial statements report certain expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The shared expenses allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort. Other shared expenses are allocated on a percentage of Staff FTEs (full-time equivalents) across the functional areas.

#### Reclassification

Certain comparative figures have been reclassified to conform to the current year presentation.

# RIVER NETWORK

## NOTES TO FINANCIAL STATEMENTS

As of September 30, 2021 and 2020 and for the years then ended

---

### Income Tax

No provision has been made for income taxes, since the Organization is exempt from Federal income tax pursuant to Internal Revenue Code Section 501(c)(3). There was no unrelated business taxable income during the year. The Organization has not recognized any cumulative adjustment relating to the adoption of FASB ASC Income Tax Topic, nor are there any unrecognized tax benefits to be disclosed as of September 30, 2021. Uncertainty in income taxes for a not-for-profit organization would include the status of its exemption from taxes, status of filings in local jurisdictions, and unrelated business income, if any. The Organization's information return filings for the years 2019 to 2021 remain subject to examination by the Internal Revenue Service.

### **NOTE 2: FAIR VALUE MEASUREMENTS**

Financial Accounting Standards Board ("FASB") guidance specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions. 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 measurement). The three levels of the fair value hierarchy are as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 primarily consists of financial instruments whose value is based on quoted market prices such as exchange-traded instruments and listed equities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly (e.g., quoted prices of similar assets or liabilities in active markets, or quoted prices for identical or similar assets or liabilities in markets that are not active).

Level 3 – Unobservable inputs for the asset or liability. Financial instruments are considered Level 3 when their fair values are determined using pricing models, discounted cash flows or similar techniques and at least one significant model assumption or input is unobservable.

The carrying amount reported in the statements of financial position approximate their fair value.

### **NOTE 3: PROPERTY AND EQUIPMENT**

Property and equipment as of September 30, 2021 and 2020 are summarized as follows:

	<b>2021</b>	<b>2020</b>
Land	\$ 5,900	\$ 5,900
Website	35,351	35,351
Software	97,790	97,790
	<u>139,041</u>	<u>139,041</u>
Accumulated depreciation	(91,948)	(78,330)
Net Property and Equipment	<u>\$ 47,093</u>	<u>\$ 60,711</u>

See accompanying Independent Auditor's Report

**RIVER NETWORK**  
**NOTES TO FINANCIAL STATEMENTS**  
**As of September 30, 2021 and 2020 and for the years then ended**

---

Depreciation expense for both the years ended September 30, 2021 and 2020 totaled \$13,618 and \$20,688, respectively.

**NOTE 4: LINE OF CREDIT**

In June 2018, the Organization secured a \$250,000 line of credit collateralized by all business assets, bearing interest at 1.5% over the prime rate, which was 5%. No balance was outstanding under this agreement as of September 30, 2021 and 2020.

**NOTE 5: DONOR RESTRICTED NET ASSETS**

The following schedule summarizes the balance related to donor restricted net assets:

	<u>2021</u>	<u>2020</u>
River Programs	\$ 1,391,451	\$ 1,425,018
	<u>\$ 1,391,451</u>	<u>\$ 1,425,018</u>

**NOTE 6: LEASE AGREEMENTS**

On December 6, 2020, the Organization entered into a 3-month lease with an opportunity for renewal with an unrelated party for office space in Boulder, Colorado, with monthly rent payments of \$1,600. At the request of the Organization, the terms of this lease are valid through December 2023.

Total lease expense for the years ended September 30, 2021 and 2020 was \$23,248 and \$44,562, respectively.

**NOTE 7: EMPLOYEE RETIREMENT PLAN**

The Organization has a salary reduction contribution plan pursuant to Section 403(b) of the Internal Revenue Code covering substantially all employees. Under the plan, employees contribute a specified percentage of salary, or a fixed dollar amount, to the plan. The Organization may agree to make a discretionary and “nonelective” contribution to their employees’ 403(b) plans. The Organization contributed \$52,521 and \$48,629 to the retirement plan for the years ended September 30, 2021 and 2020, respectively. All contributions are immediately vested to the employee.

**NOTE 8: COMMITMENTS AND CONTINGENCIES**

The Organization has received grants from various sources for specific purposes that are subject to review and audit by grantor agencies. Such audits may result in grantor agencies requiring a reimbursement from the Organization for expenditures disallowed by the grant terms.

**NOTE 9: CONCENTRATIONS**

The Organization has several sources of revenue, of which, the following were over 10% of total revenues for the years ended September 30, 2021 and 2020, representing a concentration risk:

See accompanying Independent Auditor’s Report

## RIVER NETWORK

### NOTES TO FINANCIAL STATEMENTS

As of September 30, 2021 and 2020 and for the years then ended

---

Mott Foundation: During the year ended September 30, 2021, Mott Foundation revenue amounted to \$400,000 or 14% of total revenues. As of September 30, 2021, there were \$100,000 receivables from this donor, representing a concentration of credit risk of the receivables, where this receivable represents 21% of receivables.

Penn Foundation: During the year ended September 30, 2021, Penn Foundation revenue amounted to \$300,000 or 11% of total revenues. As of September 30, 2021, there were \$150,000 receivables from this donor, representing a concentration of credit risk of the receivables, where this receivable represents 21% of receivables.

Anheuser Busch: During the year ended September 30, 2021, Anheuser Busch revenue amounted to \$285,000 or 10% of total revenues. During the year ended September 30, 2020, Anheuser Busch revenue amounted to \$300,000 or 12% of total revenues.

Spring Point: During the year ended September 30, 2020, Spring Point revenue amounted to \$410,000 or 16% of total revenues. As of September 30, 2020, there were \$206,000 receivables from this donor, representing a concentration of credit risk of the receivables, where this receivable represents 62% of receivables.

#### NOTE 10: COVID-19

On May 13, 2021, the Organization received a \$123,250 Employee Retention Credit from the Internal Revenue Service under the Infrastructure Investment Jobs Act. The credit was recorded as a reduction to salaries and wages in the statement of functional expenses.

On April 30, 2020, the Organization received a loan of \$244,532 from the SBA made available under the Paycheck Protection Program implemented under the CARES Act. The Organization met all conditions of the loan and it was forgiven. During the year ended September 30, 2020, the loan was recognized as a government grant based on meeting forgiveness criteria.

#### NOTE 11: LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following where financial assets consist of the Organization's cash and receivables:

Financial Assets at Year End	\$2,884,373
Less: Funds unavailable for general expenditures due to contractual or donor - imposed restrictions (time or purpose)	
Restricted by donor with time or purpose restriction	(1,391,451)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$1,492,922</u>

The Organization's liquidity management plan includes maintaining at least 180 days of budgeted general operating expenses in unrestricted cash. The Organization also has a bank line of credit in place to fund an additional ninety days of general expenditures.

See accompanying Independent Auditor's Report

## **RIVER NETWORK**

### **NOTES TO FINANCIAL STATEMENTS**

**As of September 30, 2021 and 2020 and for the years then ended**

---

#### **NOTE 12: SUBSEQUENT EVENTS**

Management of the Organization has evaluated events and transactions that occurred after the balance sheet date through January 10, 2022, the date the financial statements were available to be issued and has determined that no subsequent events occurred that require recognition or disclosure in these financial statements.