

LOWER DES PLAINES WATERSHED GROUP,
ILLINOIS

ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
FEBRUARY 28, 2021

LOWER DES PLAINES WATERSHED GROUP, ILLINOIS

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

This section includes the opinion of the LDWG's independent auditing firm.



INDEPENDENT AUDITORS' REPORT

July 30, 2021

Members of the Board of Directors
Lower Des Plaines Watershed Group
Naperville, Illinois

We have audited the accompanying modified cash basis financial statements of Lower Des Plaines Watershed Group (LDWG), which comprise the statement of financial position as of February 28, 2021, and the related statements of activities and cash flows, 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 1; 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 LDWG'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 LDWG'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 Lower Des Plaines Watershed Group, as of February 28, 2021, and the changes in 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

LOWER DES PLAINES WATERSHED GROUP, ILLINOIS

Statement of Financial Position - Modified Cash Basis

February 28, 2021

ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 341,443
LIABILITIES	
Current Liabilities	<u>—</u>
NET ASSETS	
With Donor Restrictions	—
Without Donor Restrictions	<u>341,443</u>
Total Net Assets	<u><u>341,443</u></u>

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

LOWER DES PLAINES WATERSHED GROUP, ILLINOIS

**Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended February 28, 2021**

	Without Donor Restrictions	With Donor Restrictions	Totals
Revenues and Other Support			
Program Income	398,775	—	398,775
Groundwater Study Income	116,387	—	116,387
Interest Income	80	—	80
Net Assets Released from Restrictions	—	—	—
Total Revenues and Other Support	<u>515,242</u>	<u>—</u>	<u>515,242</u>
Expenses			
Programs Services			
Monitoring	230,870	—	230,870
Staff Salaries	113,424	—	113,424
Education and Outreach	2,856	—	2,856
Groundwater Study	111,517	—	111,517
Management and General			
Audit and Tax Return	5,600	—	5,600
Telephone	565	—	565
Computer Software	370	—	370
Mileage	324	—	324
Office Supplies	18	—	18
Website	40	—	40
Fundraising	—	—	—
Total Expenses	<u>465,584</u>	<u>—</u>	<u>465,584</u>
Change in Net Assets	49,658	—	49,658
Net Assets - Beginning	<u>291,785</u>	<u>—</u>	<u>291,785</u>
Net Assets - Ending	<u><u>341,443</u></u>	<u><u>—</u></u>	<u><u>341,443</u></u>

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

LOWER DES PLAINES WATERSHED GROUP, ILLINOIS

**Statement of Cash Flows - Modified Cash Basis
For the Fiscal Year Ended February 28, 2021**

Cash Flows from Operating Activities	
Increase (Decrease) in Net Assets	<u>\$ 49,658</u>
Net Cash Provided by Operating Activities	49,658
Cash and Cash Equivalents - Beginning	<u>291,785</u>
Cash and Cash Equivalents - Ending	<u><u>341,443</u></u>

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

LOWER DES PLAINES WATERSHED GROUP, ILLINOIS

Notes to the Financial Statements

February 28, 2021

NOTE 1 – NATURE OF ORGANIZATION

The Lower Des Plaines Watershed Group (LDWG) was formed on March 17, 2017. LDWG is a not-for-profit organization that aspires to bring together a diverse coalition of stakeholders to work together to preserve and enhance water and stream resource quality. LDWG fulfills its mission by serving communities and industries along the Lower Des Plaines River and its tributaries.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of LDWG 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, the LDWG 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

LDWG's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. Net assets of LDWG 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 LDWG'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 LDWG 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.

LDWG had no net assets with donor restrictions at February 28, 2021.

LOWER DES PLAINES WATERSHED GROUP, ILLINOIS

Notes to the Financial Statements

February 28, 2021

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, LDWG'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, LDWG 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. There are no investments at the end of the fiscal year.

Income Taxes

LDWG is exempt from income tax under IRC section 501(c)(3), 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. LDWG 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. LDWG 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 28, 2021.

LDWG'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.

Use of Estimates

The preparation of financial statements in accordance 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported 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 statement of activities. 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 LDWG's management.

LOWER DES PLAINES WATERSHED GROUP, ILLINOIS

Notes to the Financial Statements

February 28, 2021

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Contributed Revenue

Contributions that are restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are satisfied or expire in the reporting period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or 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.

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 1.425 full-time equivalent in staffing to LDWG and LDWG reimburses all related expenses to the Foundation. The total reimbursement was \$113,424 for the years ended February 28, 2021.

NOTE 4– CASH

At year-end the carrying amount of LDWG’s cash deposits totaled \$341,443 and the bank balances totaled \$353,234. The entire balance of deposits was fully insured by federal deposit insurance.

NOTE 5 – AVAILABILITY AND LIQUIDITY

The following represents LDWG’s financial assets at February 28, 2021:

Financial Assets at Year End:	
Cash and Cash Equivalents	\$ 341,443
Less Amounts not Available to be used within one year:	
Net Assets with Donor Rstrictions	<u> —</u>
Financial Assets Available to Meet General Expenses over the Next Twelve Months	<u><u>341,443</u></u>

LDWG’s goal is generally to maintain financial assets to meet 90 days of operating expenses.

NOTE 6 – SIGNIFICANT CONCENTRATIONS

Two agency members accounted for approximately 43% of revenues for the year ended February 28, 2021.

LOWER DES PLAINES WATERSHED GROUP, ILLINOIS

Notes to the Financial Statements

February 28, 2021

NOTE 7 – CONTINGENT LIABILITIES

Financial Impact from COVID-19

In March 2020, 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 LDWG's operations and financial position cannot be determined.