

***GREAT RIVERS ENVIRONMENTAL
LAW CENTER***

***FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2022***

GREAT RIVERS ENVIRONMENTAL LAW CENTER

ST. LOUIS, MISSOURI

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS:	
Statement Of Financial Position	3
Statement Of Activities	4
Statement Of Functional Expenses	5
Statement Of Cash Flows	6
Notes To Financial Statements	8

INDEPENDENT AUDITORS' REPORT



To the Board of Directors of
Great Rivers Environmental Law Center

Opinion

We have audited the accompanying financial statements of Great Rivers Environmental Law Center (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows 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 Great Rivers Environmental Law Center as of December 31, 2022, and the changes in their net assets and cash flows for the year 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 Great Rivers Environmental Law Center 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance 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 Great Rivers Environmental Law Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

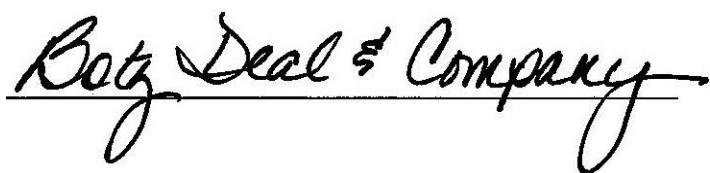
Auditors' Responsibility for the Audit of the Financial Statements

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 Great Rivers Environmental Law Center'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 Great Rivers Environmental Law Center'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.

A handwritten signature in black ink that reads "Botz, Deal & Company". The signature is fluid and cursive, with "Botz" and "Deal" on the first line and "& Company" on the second line.

St. Charles, Missouri
October 30, 2023

GREAT RIVERS ENVIRONMENTAL LAW CENTER
 STATEMENT OF FINANCIAL POSITION
 DECEMBER 31, 2022

ASSETS

CURRENT ASSETS

Cash	\$ 498,222
Investments	364,752
Accounts receivable	44,725
Pledges receivable	139,159
Prepaid expenses	5,849
TOTAL CURRENT ASSETS	<u>1,052,707</u>

FIXED ASSETS

Equipment	3,850
Less: accumulated depreciation	3,850
NET FIXED ASSETS	<u>-</u>

OTHER ASSETS

Right-of-Use Asset	<u>39,048</u>
TOTAL ASSETS	<u>\$ 1,091,755</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 8,514
Accrued expenses:	
Retirement plan	12,696
Vacations	17,880
Wages	1,567
Lease liability-operating	26,561
TOTAL CURRENT LIABILITIES	<u>67,218</u>

NONCURRENT LIABILITIES

Lease liability-operating	<u>13,460</u>
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NET ASSETS

Without donor restrictions:	
Undesignated	544,085
Board designated - operating reserves	270,000
With donor restrictions	196,992
TOTAL NET ASSETS	<u>1,011,077</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,091,755</u>

The accompanying notes are an integral part of these financial statements.

GREAT RIVERS ENVIRONMENTAL LAW CENTER
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2022

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUES, GAINS AND SUPPORT			
Grant revenue	\$ 50,000	\$ 40,000	\$ 90,000
Contributions	289,800	-	289,800
Foundations	54,933	-	54,933
Special events	65,982	-	65,982
Less: direct benefits to donors	(15,049)	-	(15,049)
Fees from clients	13,384	-	13,384
Fellowships	33,408	-	33,408
Employee retention credit	39,451	-	39,451
Miscellaneous income	55	-	55
Interest and dividends	6,650	-	6,650
Loss on sale of investments	(59,869)	-	(59,869)
Unrealized gain on investments	2,010	-	2,010
Net assets released from restriction:			
Purpose restriction	<u>261,419</u>	<u>(261,419)</u>	<u>-</u>
TOTAL REVENUES, GAINS AND SUPPORT	<u>742,174</u>	<u>(221,419)</u>	<u>520,755</u>
EXPENSES			
Program	387,779	-	387,779
Management and general	28,091	-	28,091
Fundraising	95,571	-	95,571
TOTAL EXPENSES	<u>511,441</u>	<u>-</u>	<u>511,441</u>
CHANGE IN NET ASSETS	230,733	(221,419)	9,314
NET ASSETS - BEGINNING OF YEAR	<u>583,352</u>	<u>418,411</u>	<u>1,001,763</u>
NET ASSETS - END OF YEAR	<u>\$ 814,085</u>	<u>\$ 196,992</u>	<u>\$ 1,011,077</u>

The accompanying notes are an integral part of these financial statements.

GREAT RIVERS ENVIRONMENTAL LAW CENTER

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND- RAISING</u>	<u>TOTAL</u>
Salaries	\$ 280,661	\$ 10,690	\$ 47,925	\$ 339,276
Payroll taxes	21,412	774	3,612	25,798
Accounting	-	1,913	-	1,913
Bank and credit card fees	129	5	658	792
Case-related costs	2,274	-	-	2,274
Dues and memberships	3,966	-	-	3,966
Equipment rental/maintenance	647	23	109	779
Information technology	13,592	411	5,259	19,262
Insurance:				
Directors and officers liability	-	822	-	822
Professional liability	1,911	-	-	1,911
Property and liability	960	35	162	1,157
Workers compensation	930	34	157	1,121
Meetings	548	57	436	1,041
Miscellaneous	1,587	52	1,615	3,254
Office supplies	2,355	73	338	2,766
Payroll processing	1,135	41	192	1,368
Postage	122	4	1,391	1,517
Printing and copying	867	31	5,851	6,749
Professional fees	6,987	11,250	5,625	23,862
Rent	26,760	965	4,511	32,236
Retirement plan contributions	8,027	851	3,819	12,697
Special events	-	-	13,633	13,633
Subscriptions	9,261	-	-	9,261
Telephone	1,649	60	278	1,987
Travel	1,999	-	-	1,999
TOTAL	<u>\$ 387,779</u>	<u>\$ 28,091</u>	<u>\$ 95,571</u>	<u>\$ 511,441</u>

The accompanying notes are an integral part of these financial statements.

GREAT RIVERS ENVIRONMENTAL LAW CENTER
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Public support and donations received	\$ 486,725
Cash received from services provided	3,359
Cash paid to suppliers	(505,520)
Employee retention credit	39,451
Miscellaneous income	55
Interest received	<u>6,650</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>30,720</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(294,378)
Proceeds from sale of investments	<u>345,999</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>51,621</u>

NET INCREASE IN CASH 82,341

CASH - BEGINNING OF YEAR 415,881

CASH - END OF YEAR \$ 498,222

The accompanying notes are an integral part of these financial statements.

**RECONCILIATION OF CHANGE IN NET ASSETS TO NET
CASH USED BY OPERATING ACTIVITIES**

CHANGE IN NET ASSETS	\$ <u>9,314</u>
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**ADJUSTMENTS TO RECONCILE CHANGE
IN NET ASSETS TO NET CASH PROVIDED (USED) BY
OPERATING ACTIVITIES:**

Stock donations	(102,288)
Unrealized (gain)loss on investments	(2,010)
Loss on sales of investments	59,869
Right of use office space	1,080
(Increase) decrease in assets:	
Accounts receivable	(43,427)
Pledges receivable	103,341
Prepaid expenses	(509)
Increase (decrease) in liabilities:	
Accounts payable	3,159
Accrued retirement plan	3,719
Accrued vacations	7,349
Accrued wages	(469)
Refundable advance	(8,408)
TOTAL ADJUSTMENTS	<u>21,406</u>

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ <u>30,720</u>
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The accompanying notes are an integral part of these financial statements.

GREAT RIVERS ENVIRONMENTAL LAW CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

1. DESCRIPTION OF OPERATIONS

Great Rivers Environmental Law Center (the Organization) is a 501(c)(3) not-for-profit law firm whose mission is to provide free and reduced-fee public interest legal services to those who seek to protect the environment and have nowhere else to turn for support and guidance. It exists to help individuals, organizations and community groups protect the public health and promote a sustainable use of natural resources. Efforts are led by a dedicated staff of attorneys with extensive experience in environmental law and litigation. It is supported by a 18-member board of directors with considerable expertise in environmental issues.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of FASB Accounting Standards Not-For-Profit Entities.

Net Assets - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition - Revenue is recognized when earned. Program service fees received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest in received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and In-Kind Contributions - Volunteers contribute time to our program services and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Concentration of Revenue - For the year ended December 31, 2022, the Organization received approximately 38% of its revenue from two donors.

Pledges Receivable - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

Concentration of Cash - The Organization maintains its cash in accounts at two commercial banks and one brokerage firm. A portion of the cash balance is insured by the FDIC and SIPC.

A summary of the total insured and uninsured amounts as of December 31, 2022 follows:

Total cash held at bank	\$ 444,181
Portion secured by FDIC and SIPC	<u>(425,962)</u>
Uninsured cash balance	\$ <u>18,219</u>

Investments - The Organization carries investments in marketable securities with readily determinable fair values at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Fixed Assets - Fixed assets are recorded at cost or fair market value at time of donation and depreciated over estimated useful lives as follows:

Major Group	Method	Life
Equipment	Straight-line	3 - 7 years

Acquisitions of property and equipment costing \$1,500 or more and a useful life of more than one year are capitalized. There was no depreciation expense for the year ended December 31, 2022.

Statement of Cash Flows - For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Income Taxes - The United States Treasury Department has advised that the Organization constitutes a qualified non-profit organization and is, therefore, exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is not a private foundation.

Leases - The Organization is a lessee of a noncancelable lease for office space. The Organization recognizes a lease payable and a right-to-use asset in the financial statements.

The Organization initially measures the lease payable at the present value of payments expect to be paid during the lease period, in accordance with ASU 2016-02 Leases. Subsequently, the lease payable is reduced by the principal portion of the lease payments made. The right-to-use asset is initially measured as the initial amount of the lease payable, adjusted for the lease payments at or before the lease commencement date. Subsequently, the right-to-use asset is amortized over the life of the lease term.

Key estimates and judgments include how the Center determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The Organization uses its estimated incremental borrowing rate as the discount rate for leases. This rate is reduced if the incremental borrowing rate is more than the implied rate in the lease. The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease payable is composed of fixed payments from the lease.

The Organization monitors changes in circumstances that would require a measurement of its lease, and will remeasure the lease payable and right-to-use asset if certain changes occur that are expected to significantly affect the amounts of the lease payable.

Functional Allocation of Expenses - The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of activities. Accordingly, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, salaries, benefits, payroll taxes, professional services, office expenses, information technology, insurance, and other, which are allocated on the basis of estimates of time and effort. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

3. LIQUIDITY AND AVAILABILITY

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:

Financial assets:	
Cash and investments	\$ 862,974
Accounts and pledges receivable	183,884
Financial assets at year-end	<u>1,046,858</u>
Less those unavailable for general expenditures within one year due to donor-imposed restrictions	
Purpose	(60,742)
Time	(101,250)
Operating reserve	(35,000)
Less: board designations	
Operating reserve	<u>(270,000)</u>
Financial assets available to meet cash needs for general Expenditures within one year	\$ <u>579,866</u>

Management has a goal to maintain financial assets of cash on hand to meet nine months of normal operating expenses and liabilities, which are, on average, approximately \$370,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Board designated operating reserve of \$270,000 and the donor-imposed operating reserve of \$35,000 could be made available if necessary.

4. INVESTMENTS

The Organization has a policy to sell donated stock as soon as possible. The donated securities held at December 31, 2022 totaled \$50,693.

Investments are designated for future growth and development of the Organization's activities. The cost and fair value of investments consist of the following:

	2022		
	Cost	Fair Value	Unrealized Gain (Loss)
Publicly-traded securities	\$ <u>363,664</u>	\$ <u>364,752</u>	\$ <u>1,088</u>

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

4. INVESTMENTS - continued

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs and values are generally provided by dealer quotations and incorporate the bid price, ask price, or the price spread between the two.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair values for investments are determined by reference to quoted market prices and other relevant information generated by market transactions (Level 1).

The following schedule summarizes the investment return and its classification in the Statement of Activities for the year ended December 31, 2022:

	<u>2022</u>
Interest and dividend income	\$ 6,519
Realized investment gains (losses)	(59,869)
Unrealized investment gains (losses)	<u>2,010</u>
TOTAL RETURN	<u>\$ (51,340)</u>

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following as of December 31, 2022:

Donor specified case expenses	\$ 60,742
Time restrictions	101,250
Operating reserves	<u>35,000</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 196,992</u>

6. GOVERNING BOARD DESIGNATIONS

The Organization's governing board has designated \$270,000 for operating reserves from total net assets without donor restrictions of \$814,085 as of December 31, 2022.

7. RETIREMENT PLAN

The Organization has a retirement plan that provides for an employer contribution of 8% of an eligible employee's compensation. Retirement plan expense for the year ended December 31, 2022 was \$12,697.

8. INCOME TAX

FASB Accounting Standards Codification Topic 740, Income Taxes, provides for the recognition of tax benefits related to uncertain tax positions. For the year ended December 31, 2022, management believes there are no uncertain tax positions. The Organization files form 990 Return of Organization Exempt From Income Tax. Returns prior to 2019 are closed.

9. OPERATING LEASE

The Organization has a multi-year office lease that expires June 30, 2024, with monthly payments increasing over the lease period. Total rent costs paid were \$27,271 for the fiscal year ended December 31, 2022.

The Organization implemented ASU 2016-02, *Leases* as of January 1, 2022. As a result, a lease liability and a right-to-use asset was recorded for \$65,573. As of December 31, 2022, value of the lease liability was \$40,021. The value of the right-to-use asset at June 30, 2023 is \$39,048. The future payments for the years ended December 31, are as follows:

2023	\$ 27,060
2024	13,530
Total payments	<hr/> 40,590
Imputed interest	(569)
TOTAL	\$ <hr/> <u>40,021</u>

10. SUBSEQUENT EVENTS

In preparing these financial statements, management has evaluated events and transactions for potential recognition or disclosure through the date of the Independent Auditors' Report, the date the financial statements were available to be issued.