

LOWER DES PLAINES WATERSHED GROUP,  
ILLINOIS

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ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED  
FEBRUARY 28, 2022

**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.



June 23, 2022

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, 2022, and the related statements of activities and cash flows, for the year 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 modified cash basis financial position of the Lower Des Plaines Watershed Group, Illinois, as of February 28, 2022, and the changes in modified cash basis net assets and its cash flow for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

### **Basis for Opinions**

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 the LDWG, 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 opinions.

### **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.

### **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 2, 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.

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 the LDWG's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter..

### **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 opinions. 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 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 the LDWG'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 the LDWG'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**

**LOWER DES PLAINES WATERSHED GROUP, ILLINOIS**

**Statement of Financial Position - Modified Cash Basis**

**February 28, 2022**

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<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 405,249
<b>LIABILITIES</b>	
Current Liabilities	<u>—</u>
<b>NET ASSETS</b>	
With Donor Restrictions	—
Without Donor Restrictions	<u>405,249</u>
Total Net Assets	<u><u>405,249</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, 2022**

	Without Donor Restrictions	With Donor Restrictions	Totals
<b>Revenues and Other Support</b>			
Program Income	434,780	—	434,780
Groundwater Study Income	115,430	—	115,430
Interest Income	115	—	115
Total Revenues and Other Support	<u>550,325</u>	<u>—</u>	<u>550,325</u>
<b>Expenses</b>			
<b>Programs Services</b>			
Monitoring	224,199	—	224,199
Staff Salaries	114,706	—	114,706
Groundwater Study	138,811	—	138,811
<b>Management and General</b>			
Audit and Tax Return	5,780	—	5,780
Telephone	86	—	86
Computer Software	57	—	57
Mileage	1,050	—	1,050
Office Supplies	10	—	10
Website	5	—	5
Bank Service Charges	22	—	22
General Liability	400	—	400
Crime	618	—	618
D & O Insurance	775	—	775
Total Expenses	<u>486,519</u>	<u>—</u>	<u>486,519</u>
Change in Net Assets	63,806	—	63,806
Net Assets - Beginning	<u>341,443</u>	<u>—</u>	<u>341,443</u>
Net Assets - Ending	<u><u>405,249</u></u>	<u><u>—</u></u>	<u><u>405,249</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, 2022**

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Cash Flows from Operating Activities	
Increase in Net Assets	<u>\$    63,806</u>
Net Cash Provided by Operating Activities	63,806
Cash and Cash Equivalents - Beginning	<u>341,443</u>
Cash and Cash Equivalents - Ending	<u><u>405,249</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, 2022

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### 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, 2022.

## LOWER DES PLAINES WATERSHED GROUP, ILLINOIS

### Notes to the Financial Statements

February 28, 2022

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

##### Cash and Investments

For the purpose of the Statement of Financial Position and Statement of Cash Flows, 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, 2022.

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, 2022**

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**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 \$114,706 for the years ended February 28, 2022.

**NOTE 4 - CASH**

At year-end the carrying amount of LDWG's cash deposits totaled \$405,249 and the bank balances totaled \$417,966. 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, 2022:

Financial Assets at Year End:	
Cash and Cash Equivalents	\$ 405,249
Less Amounts not Available to be used within one year:	
Net Assets with Donor Restrictions	<u>          —</u>
Financial Assets Available to Meet General Expenses over the Next Twelve Months	<u><u>405,249</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 40% of revenues for the year ended February 28, 2022.

**LOWER DES PLAINES WATERSHED GROUP, ILLINOIS**

**Notes to the Financial Statements**

**February 28, 2022**

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**NOTE 7 - CONTINGENT LIABILITIES**

**Financial Impact from COVID-1**

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.