

RIVERKEEPER, INC.

**Financial Statements
for year ended
June 30, 2020**

Independent Auditor's Report

To the Board of Directors
Riverkeeper, Inc.

We have audited the accompanying financial statements of Riverkeeper, Inc. ("Riverkeeper") which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, functional expenses and cash flows for the year then 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 accounting principles generally accepted in the United States of America; this includes 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 an opinion 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 from 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 the entity'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 the entity'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 opinion.

Opinion

In our opinion, the financial statements referred to in the first paragraph on the previous page present fairly, in all material respects, the financial position of Riverkeeper as of June 30, 2020 and the results of its activities and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Riverkeeper's fiscal 2019 financial statements and our report dated October 3, 2019 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cordwain O'Meara, McIntyre & Donnelly LLP

RIVERKEEPER, INC.
Statement of Financial Position

Assets

	June 30	
	2020	2019
Current assets		
Cash	\$ 1,728,404	\$ 682,953
Current portion of contributions and pledges receivable	1,157,737	1,012,023
Prepaid expenses	<u>5,919</u>	<u>12,340</u>
Total current assets	<u>2,892,060</u>	<u>1,707,316</u>
Contributions and pledges receivable, net of current portion	<u>232,016</u>	<u>651,710</u>
Property and equipment, at cost		
Land	7,500	7,500
Office equipment	220,005	204,391
Boat equipment and improvements	243,621	243,621
Leasehold improvements	<u>66,565</u>	<u>66,565</u>
Total property and equipment	537,691	522,077
Less: accumulated depreciation and amortization	<u>481,957</u>	<u>461,827</u>
Net property and equipment	<u>55,734</u>	<u>60,250</u>
Security deposits	<u>10,600</u>	<u>10,600</u>
Total assets	<u>\$ 3,190,410</u>	<u>\$ 2,429,876</u>

Liabilities and Net Assets

Current liabilities		
Accounts and grants payable and accrued expenses	\$ 95,607	\$ 75,247
Loan payable	<u>549,280</u>	<u>-</u>
Total liabilities	<u>644,887</u>	<u>75,247</u>
Net assets		
Without donor restrictions (deficit)	30,911	(472,664)
With donor restrictions	<u>2,514,612</u>	<u>2,827,293</u>
Total net assets	<u>2,545,523</u>	<u>2,354,629</u>
Total liabilities and net assets	<u>\$ 3,190,410</u>	<u>\$ 2,429,876</u>

See notes to financial statements.

RIVERKEEPER, INC.

Statement of Activities

	Year Ended June 30			
	2020		2019	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Total	Total	Total	Total	
Support and revenue				
Contributions	\$ 2,842,678	\$ 883,182	\$ 3,725,860	\$ 1,489,230
Special events, net of direct cost of donor benefits of \$90,622 and \$112,643 in 2020 and 2019, respectively				\$ 1,836,087
In-kind services	590,607	-	590,607	896,493
Investment return	790,053	-	790,053	868,306
Other	846	-	846	55
Legal settlements and cost reimbursements	2,312	-	2,312	3,069
Net assets released from restrictions	30,652	-	30,652	27,658
Total support and revenue	<u>1,195,863</u>	<u>(1,195,863)</u>	<u>-</u>	<u>1,591,587</u>
	<u>5,453,011</u>	<u>(312,681)</u>	<u>5,140,330</u>	<u>4,876,398</u>
				<u>244,500</u>
				<u>5,120,898</u>
Expenses				
Program services	4,488,481	-	4,488,481	4,337,526
Supporting activities				-
Management and general	115,851	-	115,851	123,603
Fund-raising	345,104	-	345,104	376,489
Total supporting activities	<u>460,955</u>	<u>-</u>	<u>460,955</u>	<u>500,092</u>
Total expenses	<u>4,949,436</u>	<u>-</u>	<u>4,949,436</u>	<u>4,837,618</u>
Increase (decrease) in net assets	503,575	(312,681)	190,894	38,780
Net assets (deficit), beginning of year	(472,664)	2,827,293	2,354,629	(511,444)
Net assets (deficit), end of year	\$ 30,911	\$ 2,514,612	\$ 2,545,523	\$ (472,664)
				\$ 2,827,293
				\$ 2,354,629

See notes to financial statements.

RIVERKEPER, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2020
(with Summarized Comparative Information for the Year Ended June 30, 2019)

	2020				2019		
	Legal	Boats	Water Quality	Program Services	Supporting Activities Management and General	Fund-raising	Total
Salaries	\$1,140,580	\$ 527,084	\$ 629,927	\$2,297,591	\$ 35,729	\$ 210,659	\$2,399,134
Payroll taxes and employee benefits	209,639	115,214	145,834	470,687	10,495	43,312	494,928
Professional fees and consulting	118,176	193,874	183,841	495,891	16,223	37,536	560,146
Insurance	9,541	8,928	8,928	27,397	5,357	3,571	41,962
In-kind services	790,053	-	-	790,053	-	-	868,306
Conferences and meetings	588	522	1,019	2,129	134	338	1,984
Dues and subscriptions	14,095	3,049	3,958	21,102	551	1,570	26,044
Equipment rental and maintenance	2,619	46,524	4,269	53,412	2,666	1,007	64,853
Special events	3,406	4,723	2,849	10,978	1,245	1,114	12,343
Occupancy and utilities	27,030	38,584	26,780	92,394	28,928	5,713	131,635
Postage and shipping	3,362	3,277	4,408	11,047	192	1,800	13,418
Printing and publications	6,426	5,638	7,012	19,076	93	1,611	32,744
Public relations and program outreach	110	110	110	330	-	95	506
Supplies	5,375	12,075	24,473	41,923	1,756	4,573	48,308
Telephone	1,533	3,799	1,533	6,865	1,312	529	7,250
Travel	4,466	9,587	8,553	22,606	393	1,549	32,737
Depreciation and amortization	4,608	4,608	4,608	13,824	4,937	1,369	21,638
Uncollectible accounts	-	-	-	-	-	19,000	25,137
Direct mail	11,542	11,542	11,542	34,626	-	6,111	36,275
Outside services	17,194	9,629	34,389	61,212	4,126	3,439	68,777
Other	3,713	1,864	9,761	15,338	1,714	208	18,270
Total	\$2,374,056	\$1,000,631	\$1,113,794	\$4,488,481	\$ 115,851	\$ 345,104	\$4,837,618

See notes to financial statements.

RIVERKEEPER, INC.

Statement of Cash Flows

	Year Ended	
	June 30	
	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Increase in net assets	\$ 190,894	\$ 283,280
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	20,130	21,638
Donated stock	(147,340)	(182,123)
Proceeds from sale of donated stock	147,340	182,123
(Increase) decrease in assets		
Contributions and pledges receivable	273,980	(28,139)
Prepaid expenses	6,421	18
Increase in accounts and grants payable and accrued expenses	<u>20,360</u>	<u>1,142</u>
Net cash provided by operating activities	511,785	277,939
Cash flows (used in) investing activities		
Purchases of property and equipment	(15,614)	(7,471)
Cash flows from financing activities		
Proceeds from loan payable	<u>549,280</u>	<u>-</u>
Net increase in cash	1,045,451	270,468
Cash, beginning of year	<u>682,953</u>	<u>412,485</u>
Cash, end of year	<u>\$1,728,404</u>	<u>\$ 682,953</u>

See notes to financial statements.

RIVERKEEPER, INC.

**Notes to Financial Statements
June 30, 2020**

Note 1 – Nature of organization

Riverkeeper, Inc (“Riverkeeper”) is a not-for-profit organization whose mission is to safeguard the ecological integrity of the Hudson River watershed by tracking down and stopping polluters who abuse the Hudson River, its tributaries and the New York City watershed. Riverkeeper is currently focused on the following programs: Hudson River stewardship; New York City reservoir protection; prevention of fish kills by electric power plants; Hudson River access improvement; and the cultivation of similar Riverkeeper programs throughout the nation.

Note 2 – Summary of significant accounting policies

Financial reporting

Riverkeeper maintains its net assets in the two following categories:

- Without donor restrictions

Net assets without donor restriction are used to account for the general operations of Riverkeeper.

- With donor restrictions

Temporary donor restrictions

Net assets with temporary donor restrictions represent contributions and pledges that are restricted by the donor for a specific purpose or relate to future periods.

Net assets with temporary donor restrictions for the year ended June 30, 2020 were as follows:

	Balance June 30, 2019	Additions	Net Assets Released from Restrictions	Balance June 30, 2020
Purpose	\$ 1,199,444	\$ 661,561	\$ (844,174)	\$1,016,831
Timing	<u>543,007</u>	<u>221,621</u>	<u>(351,689)</u>	<u>412,939</u>
Total	<u>\$ 1,742,451</u>	<u>\$ 883,182</u>	<u>\$(1,195,863)</u>	<u>\$1,429,770</u>

RIVERKEEPER, INC.

Notes to Financial Statements (continued)
June 30, 2020Note 2 – Summary of significant accounting policies (continued)• With donor restrictionsPerpetual donor restrictions

Net assets with perpetual donor restrictions consist of contributions that are restricted by the donors in that the principal must remain in perpetuity, investment return earned on such funds may be spent in accordance with the donor terms. Net assets with perpetual donor restrictions for both years ended June 30, 2020 and 2019 totaled \$1,084,842.

Cash equivalents

Riverkeeper considers any highly liquid assets with original maturities of 90 days or less to be cash equivalents. At June 30, 2020 and 2019, Riverkeeper did not have any cash equivalents.

Property and equipment

Property and equipment above a nominal amount with an estimated life of one year or longer are recorded at cost. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 15 years. Leasehold improvements are amortized over the life of the lease or the estimated useful life of the improvement, which ever is shorter.

Contributions and pledges receivable

As of June 30, 2020 and 2019, contributions and pledges receivable, include unconditional promises to give, are due to be collected as follows:

	<u>2020</u>	<u>2019</u>
Less than one year	\$ 1,157,737	\$ 1,012,023
One to five years	<u>232,016</u>	<u>651,710</u>
Net contribution receivable	<u>\$ 1,389,753</u>	<u>\$ 1,663,733</u>

Contributions, pledges and net assets released from restrictions

Riverkeeper reports contributions as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor stipulation expires, that is, when a stipulated time restriction ends or the purpose for the 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. Riverkeeper's policy is to record contributions as without donor restrictions, if donor restrictions are satisfied in the same fiscal year that the contribution was received.

RIVERKEEPER, INC.**Notes to Financial Statements (continued)
June 30, 2020****Note 2 – Summary of significant accounting policies (continued)**Functional expenses

The costs of providing the various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated between program and supporting services. Expenses attributable to more than one functional area are allocated based on time and effort.

Allowance for doubtful accounts

As of June 30, 2020 and 2019, Riverkeeper did not have an allowance for doubtful accounts. The allowance is based on management's experience, the aging of the contributions and pledges receivable, subsequent receipts and current economic conditions.

Legal settlement and cost reimbursements

In connection with cases decided and settled in Riverkeeper's favor, legal settlements and cost reimbursements may be received. Due to the uncertainty as to the amount, until it is verified, revenue is not recognized.

Concentrations of credit risk

Riverkeeper's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash and contributions and pledges receivable. Riverkeeper places its cash with what it believes to be quality financial institutions and Riverkeeper has not incurred any loss on such accounts to date. Receivables consist of amounts due from donors, which are monitored by management as to collections. Accordingly, Riverkeeper believes no significant concentrations of credit risk exist with respect to its cash and contributions and pledges receivable.

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 amounts reported in the financial statements. Actual results could differ from these estimates.

Comparative financial information

The financial statements include certain prior-year summarized comparative information in total but not by functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Riverkeeper's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

RIVERKEEPER, INC.

Notes to Financial Statements (continued)
June 30, 2020**Note 2 – Summary of significant accounting policies (continued)**Subsequent events

Riverkeeper has evaluated events and transactions for potential recognition or disclosure through October 19, 2020, which is the date the financial statements were available to be issued.

Risks and uncertainties

On March 13, 2020, President Trump declared a national emergency due to extraordinary circumstances resulting from the coronavirus. The economic impact of the coronavirus on Riverkeeper's future financial operations is not readily determinable.

Note 3 – Liquidity and availability of financial assets

Riverkeeper regularly monitors the availability of resources required to meet its operating needs and other commitments while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Riverkeeper considers all expenditures related to its ongoing activities to be general expenditures.

The following is a summary of Riverkeeper's financial assets as of June 30, 2020 and 2019 that are available for general use within one year of the statement of financial position date:

	<u>2020</u>	<u>2019</u>
Financial assets		
Cash	\$ 1,728,404	\$ 682,953
Contributions and pledges receivable	<u>1,157,737</u>	<u>1,012,023</u>
Sub-total	2,886,141	1,694,976
Less: Net assets with perpetual donor restrictions	<u>1,084,842</u>	<u>1,084,842</u>
Total	<u>\$ 1,801,299</u>	<u>\$ 610,134</u>

In addition, Riverkeeper has a \$250,000 line of credit (see note 5) that can be utilized during the fiscal year if necessary.

RIVERKEEPER, INC.**Notes to Financial Statements (continued)
June 30, 2020****Note 4 – In-kind services**

Riverkeeper receives certain legal services without charge or on a reduced fee basis, to support its programs and to enforce environmental laws. During the years ended June 30, 2020 and 2019, Riverkeeper recorded in-kind legal services of \$766,389 and \$839,316, respectively. In addition, during the 2020 and 2019 fiscal years, Riverkeeper received professional services from citizen scientists for water testing with an estimated fair market value of \$23,664 and \$28,990, respectively. These amounts have been included as both revenue and corresponding program expenses in the accompanying financial statements.

In addition, Riverkeeper relies extensively upon the utilization of volunteers to carry out its programs and supporting services. Management estimates that volunteers contributed approximately 250 hours and 9,700 hours, respectively, during the 2020 and 2019 fiscal years. Since these services received do not require specialized skills, the value of such services is not reflected in the financial statements, although they constituted a significant factor in the operations of Riverkeeper.

Note 5 – Line-of-credit

Riverkeeper has a \$250,000 line of credit, which renews annually. Amounts borrowed under this line are due on demand and bear interest at the bank's prime rate less 0.25%. At June 30, 2020, Riverkeeper did not have any outstanding borrowings on the line of credit.

Note 6 – Paycheck Protection Program Loan payable

During April 2020, Riverkeeper obtained a \$549,280 loan under the Paycheck Protection Program ("PPP") from the Small Business Administration, which is a business loan program established under the Coronavirus Aid, Relief and Economic Security Act. Riverkeeper has elected to record the proceeds as a liability until the loan is, in part or wholly, forgiven and Riverkeeper is legally released from having to repay the loan. Riverkeeper believes it has spent all of the proceeds in accordance with the terms of PPP loan program and expects to have the loan forgiven in its entirety during the 2021 fiscal year. Any amounts not forgiven are subject to interest at a fixed rate of .98% for a twenty-four month period.

Note 7 – Lease agreement

Riverkeeper has a ten-year lease agreement for office space expiring July 2020 with an option to extend the lease for two additional five year periods. Annual rental payments in the first year of the agreement were \$62,000 increasing to \$80,000 in the final year of the agreement. Rent expense is recognized on a straight-line basis, including future rent escalation, over the life of the lease rather than in accordance with the actual lease payments. The deferred lease liability, which is included in liabilities, represents the adjustment to future year's rents as a result of using the straight-line method. In connection with the agreement, Riverkeeper has deposited \$10,000 as security with the landlord.

For the fiscal years ended June 30, 2020 and 2019, office rent expense totaled \$70,000 and \$67,800 respectively for the fiscal years and is part of occupancy and utilities on the statement of functional expenses. As of June 30, 2020 Riverkeeper has one remaining lease payment.

RIVERKEEPER, INC.**Notes to Financial Statements (continued)****June 30, 2020****Note 8 – Tax status**

Riverkeeper is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, Riverkeeper has been determined by the Internal Revenue Service to be a publicly supported organization as described in Section 509(a)(1) and 170(b)(1)(A)(vi) of the Code and not a private foundation. Riverkeeper qualifies for the maximum charitable contribution deduction for donors.