

RIVERKEEPER, INC.

**Financial Statements
for year ended
June 30, 2021**

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, 2021 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, 2021 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 2020 financial statements and our report dated October 19, 2020 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Condon O'Meara McBinty + Donnelly LLP

RIVERKEEPER, INC.
Statement of Financial Position

Assets

	June 30	
	2021	2020
Current assets		
Cash	\$ 2,177,276	\$ 1,728,404
Current portion of contributions and pledges receivable	1,163,903	1,157,737
Prepaid expenses	13,186	5,919
Total current assets	<u>3,354,365</u>	<u>2,892,060</u>
Contributions and pledges receivable, net of current portion	<u>625,354</u>	<u>232,016</u>
Property and equipment, at cost		
Land	7,500	7,500
Office equipment	232,366	220,005
Boat equipment and improvements	243,621	243,621
Leasehold improvements	66,565	66,565
Total property and equipment	550,052	537,691
Less: accumulated depreciation and amortization	499,296	481,957
Net property and equipment	<u>50,756</u>	<u>55,734</u>
Security deposits	<u>10,600</u>	<u>10,600</u>
Total assets	<u>\$ 4,041,075</u>	<u>\$ 3,190,410</u>

Liabilities and Net Assets

Current liabilities		
Accounts and grants payable and accrued expenses	\$ 97,791	\$ 95,607
Loan payable	473,385	549,280
Total liabilities	<u>571,176</u>	<u>644,887</u>
Net assets		
Without donor restrictions	45,085	30,911
With donor restrictions	3,424,814	2,514,612
Total net assets	<u>3,469,899</u>	<u>2,545,523</u>
Total liabilities and net assets	<u>\$ 4,041,075</u>	<u>\$ 3,190,410</u>

See notes to financial statements.

RIVERKEEPEP, INC.

Statement of Activities

	Year Ended June 30			
	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Support and revenue				
Contributions	\$ 1,430,797	\$ 2,498,237	\$ 3,929,034	\$ 2,842,678
Government grant – PPP	549,280	-	549,280	-
Special events, net of direct cost of donor benefits of \$41,694 and \$90,622 in 2021 and 2020, respectively	951,662	-	951,662	-
In-kind legal and professional fees	896,552	-	896,552	-
Investment return	443	-	443	-
Other	10,165	-	10,165	-
Legal settlements and cost reimbursements	3,448	-	3,448	-
Net assets released from restrictions	1,588,035	(1,588,035)	-	(1,195,863)
Total support and revenue	<u>5,430,382</u>	<u>910,202</u>	<u>6,340,584</u>	<u>5,453,011</u>
				<u>5,140,330</u>
Expenses				
Program services	4,866,774	-	4,866,774	-
Supporting activities				
Management and general	125,150	-	125,150	-
Fund-raising	424,284	-	424,284	-
Total supporting activities	549,434	-	549,434	-
Total expenses	<u>5,416,208</u>	<u>-</u>	<u>5,416,208</u>	<u>4,949,436</u>
Increase (decrease) in net assets	14,174	910,202	924,376	503,575
				(312,681)
Net assets (deficit), beginning of year	<u>30,911</u>	<u>2,514,612</u>	<u>2,545,523</u>	<u>(472,664)</u>
Net assets, end of year	<u>\$ 45,085</u>	<u>\$ 3,424,814</u>	<u>\$ 3,469,899</u>	<u>\$ 30,911</u>
				<u>\$ 2,514,612</u>
				<u>\$ 2,545,523</u>

See notes to financial statements.

RIVERKEPER, INC.

**Statement of Functional Expenses
For the Year Ended June 30, 2021
(with Summarized Comparative Information for the Year Ended June 30, 2020)**

	2021					2020	
	Legal	Boats	Water Quality	Program Services	Management and General	Fund- raising	Total
Salaries	\$1,100,700	\$ 602,227	\$ 658,880	\$2,361,807	\$ 42,492	\$ 242,331	\$2,543,979
Payroll taxes and employee benefits	217,692	127,635	153,713	499,040	10,627	49,119	524,494
Professional fees and consulting	168,768	280,834	182,604	632,206	20,412	89,316	549,650
Insurance	11,526	20,604	11,526	43,656	4,259	-	36,325
In-kind legal and professional fees	896,552	-	-	896,552	-	-	790,053
Conferences and meetings	828	688	1,369	2,885	261	364	2,601
Dues and subscriptions	15,318	4,218	3,548	23,084	464	2,099	23,223
Equipment rental and maintenance	2,264	40,283	3,834	46,381	2,427	485	57,085
Other events	446	3,095	434	3,975	209	194	13,337
Occupancy and utilities	26,166	44,868	26,166	97,200	28,036	5,607	127,035
Postage and shipping	4,078	4,063	8,218	16,359	411	2,206	13,039
Printing and publications	8,023	7,803	7,803	23,629	74	5,099	20,780
Public relations and program outreach	866	866	866	2,598	-	176	425
Supplies	12,321	19,101	49,414	80,836	3,653	5,449	48,252
Telephone	1,567	3,699	1,567	6,833	1,317	548	8,706
Travel	919	6,405	3,070	10,394	38	178	24,548
Depreciation and amortization	3,902	3,902	3,902	11,706	4,797	836	20,130
Uncollectible accounts	4,500	4,500	4,500	13,500	-	6,500	19,000
Direct mail	10,317	10,317	10,317	30,951	-	5,460	40,737
Outside services	14,713	14,733	33,736	63,182	5,673	8,317	68,777
Other	-	-	-	-	-	-	17,260
Special events	-	-	-	-	-	41,694	41,694
Total expenses by function	2,501,466	1,199,841	1,165,467	4,866,774	125,150	465,978	5,457,902
Less: direct expenses of special events net with revenue on the statement of activities	-	-	-	-	-	41,694	41,694
Total expenses	\$2,501,466	\$1,199,841	\$1,165,467	\$4,866,774	\$ 125,150	\$ 424,284	\$5,416,208
							\$4,949,436

See notes to financial statements.

RIVERKEEPER, INC.**Statement of Cash Flows**

	Year Ended	
	June 30	
	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Increase in net assets	\$ 924,376	\$ 190,894
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	17,339	20,130
Donated stock	(128,769)	(147,340)
Proceeds from sale of donated stock	128,769	147,340
Forgiveness of loan payable	(549,280)	-
(Increase) decrease in assets		
Contributions and pledges receivable	(399,504)	273,980
Prepaid expenses	(7,267)	6,421
Increase in accounts and grants payable and accrued expenses	<u>2,184</u>	<u>20,360</u>
Net cash provided by (used in) operating activities	(12,152)	511,785
Cash flows (used in) investing activities		
Purchases of property and equipment	(12,361)	(15,614)
Cash flows from financing activities		
Proceeds from loan payable	<u>473,385</u>	<u>549,280</u>
Net increase in cash	448,872	1,045,451
Cash, beginning of year	<u>1,728,404</u>	<u>682,953</u>
Cash, end of year	<u>\$2,177,276</u>	<u>\$1,728,404</u>

See notes to financial statements.

RIVERKEEPER, INC.

Notes to Financial Statements June 30, 2021

Note 1 – Nature of organization

Riverkeeper, Inc (“Riverkeeper”) is a not-for-profit organization whose mission is to protect and restore the Hudson River from source to sea and safeguards drinking water supplies, through advocacy rooted in community partnerships, science and law. Riverkeeper is currently focused on the following goals: improve water quality of the Hudson River and its tributaries and protect drinking water supplies; restore wildlife and habitats in the Hudson River and its tributaries, support communities seeking to envision and enact positive change in their relationships with the Hudson River, its tributaries, and drinking water supplies, and address climate change’s impacts on the Hudson River, its tributaries, shoreline communities and drinking water supplies.

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 restrictions 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, 2021 were as follows:

	<u>Balance</u> <u>June 30,</u> <u>2020</u>	<u>Additions</u>	<u>Net Assets</u> <u>Released</u> <u>from</u> <u>Restrictions</u>	<u>Balance</u> <u>June 30,</u> <u>2021</u>
Purpose	\$ 1,016,831	\$ 1,844,109	\$(1,008,235)	\$ 1,852,705
Timing	412,939	654,128	(579,800)	487,267
Total	<u>\$ 1,429,770</u>	<u>\$ 2,498,237</u>	<u>\$(1,588,035)</u>	<u>\$ 2,339,972</u>

RIVERKEEPER, INC.

Notes to Financial Statements (continued)
June 30, 2021Note 2 – Summary of significant accounting policies (continued)

- With donor restrictions (continued)

Perpetual 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, 2021 and June 30, 2020 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, 2021 and June 30, 2020, 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, 2021 and June 30, 2020, contributions and pledges receivable, include unconditional promises to give, are due to be collected as follows:

	<u>2021</u>	<u>2020</u>
Less than one year	\$ 1,163,903	\$ 1,157,737
One to five years	<u>625,354</u>	<u>232,016</u>
Net contribution receivable	<u>\$ 1,789,257</u>	<u>\$ 1,389,753</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, 2021****Note 2 – Summary of significant accounting policies (continued)**Functional expenses

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

Allowance for doubtful accounts

As of June 30, 2021 and June 30, 2020, 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 receivables. 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 receivables.

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, 2020, from which the summarized information was derived.

RIVERKEEPER, INC.

Notes to Financial Statements (continued)
June 30, 2021**Note 2 – Summary of significant accounting policies (continued)**Risks and uncertainties

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

Subsequent events

Riverkeeper has evaluated events and transactions for potential recognition or disclosure through October 21, 2021, which is the date the financial statements were available to be issued.

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, 2021 and June 30, 2020 that are available for general use within one year of the statement of financial position date:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash	\$ 2,177,276	\$ 1,728,404
Contributions and pledges receivable	<u>1,163,903</u>	<u>1,157,737</u>
Sub-total	3,341,179	2,886,141
Less: Net assets with perpetual donor restrictions	<u>1,084,842</u>	<u>1,084,842</u>
Total	<u>\$ 2,256,337</u>	<u>\$ 1,801,299</u>

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

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, 2021 and June 30, 2020, Riverkeeper recorded in-kind legal services of \$876,902 and \$766,389, respectively. In addition, during the 2021 and 2020 fiscal years, Riverkeeper received professional services from citizen scientists for water testing with an estimated fair market value of \$19,650 and \$23,664, respectively. These amounts have been included as both revenue and corresponding expenses in the accompanying financial statements.

RIVERKEEPER, INC.**Notes to Financial Statements (continued)****June 30, 2021****Note 4 – In-kind services (continued)**

In addition, Riverkeeper relies extensively upon the utilization of volunteers to carry out its programs and supporting services. Management estimates that volunteers contributed approximately 15,200 hours and 250 hours, respectively, during the 2021 and 2020 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, 2021, Riverkeeper did not have any outstanding borrowings on the line of credit.

Note 6 – Paycheck Protection Program Loan payable

During the 2020 fiscal year, Riverkeeper obtained a \$549,280 loan under the Paycheck Protection Program ("PPP") from the Small Business Administration ("SBA"), which is a business loan program established under the Coronavirus Aid, Relief and Economic Security Act. During April 2021, Riverkeeper applied for and received notification that the loan met the eligibility for forgiveness.

During January 2021, Riverkeeper obtained an additional \$473,385 loan under the PPP from the SBA. 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 the PPP and expects to have the loan forgiven in its entirety during the 2022 fiscal year. Any amounts not forgiven are subject to an annual interest at a fixed rate of 1% for a sixty month period.

Note 7 – Lease agreement

Riverkeeper had a ten-year lease agreement for office space which expired 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. Due to the ongoing pandemic, Riverkeeper did not exercise its option and is currently paying rent on a month to month basis. In connection with the agreement, Riverkeeper has deposited \$10,000 as security with the landlord.

For both the fiscal years ended June 30, 2021 and June 30, 2020, office rent expense totaled \$70,000 and is part of occupancy and utilities on the statement of functional expenses.

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.