

RIVERKEEPER, INC.

**Financial Statements
for year ended
June 30, 2022**

Independent Auditor's Report

To the Board of Directors
Riverkeeper, Inc.

Opinion

We have audited the accompanying financial statements of Riverkeeper, Inc. ("Riverkeeper"), which comprise the statement of financial position as of June 30, 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 Riverkeeper as of June 30, 2022, 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.

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 Riverkeeper 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 the financial statements in accordance with 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 Riverkeeper's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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 Riverkeeper'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 Riverkeeper'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.

Report on Summarized Comparative Information

We have previously audited Riverkeeper's 2021 financial statements, and our report dated October 21, 2021, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Condon O'Meara McGinty + Donnelly LLP

October 4, 2022

RIVERKEEPER, INC.

Statement of Financial Position

Assets

	June 30	
	<u>2022</u>	<u>2021</u>
Current assets		
Cash	\$ 2,022,244	\$ 2,177,276
Current portion of contributions and pledges receivable	1,155,135	1,163,903
Prepaid expenses	<u>13,162</u>	<u>13,186</u>
Total current assets	<u>3,190,541</u>	<u>3,354,365</u>
Contributions and pledges receivable, net of current portion	<u>320,200</u>	<u>625,354</u>
Property and equipment, at cost		
Land	7,500	7,500
Office equipment	234,346	232,366
Boat equipment and improvements	243,621	243,621
Leasehold improvements	<u>66,565</u>	<u>66,565</u>
Total property and equipment	552,032	550,052
Less: accumulated depreciation and amortization	<u>518,076</u>	<u>499,296</u>
Net property and equipment	<u>33,956</u>	<u>50,756</u>
Security deposits	<u>10,600</u>	<u>10,600</u>
Total assets	<u>\$ 3,555,297</u>	<u>\$ 4,041,075</u>

Liabilities and Net Assets

Current liabilities		
Accounts and grants payable and accrued expenses	\$ 122,725	\$ 97,791
Loan payable	<u>-</u>	<u>473,385</u>
Total liabilities	<u>122,725</u>	<u>571,176</u>
Net assets		
Without donor restrictions	191,914	45,085
With donor restrictions	<u>3,240,658</u>	<u>3,424,814</u>
Total net assets	<u>3,432,572</u>	<u>3,469,899</u>
Total liabilities and net assets	<u>\$ 3,555,297</u>	<u>\$ 4,041,075</u>

See notes to financial statements.

RIVERKEEPER, INC.

Statement of Activities

	Year Ended June 30			
	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Support and revenue				
Contributions and pledges	\$ 2,088,323	\$ 1,135,461	\$ 3,223,784	\$ 2,498,237
Government grant – PPP	473,385	-	473,385	-
Special events, net of direct cost of donor benefits of \$65,176 and \$41,694 in 2022 and 2021, respectively	709,250	-	709,250	-
Contributions of nonfinancial assets	651,362	-	651,362	-
Investment return	2,104	-	2,104	-
Other	5,866	-	5,866	-
Legal settlements and cost reimbursements	43	-	43	-
Net assets released from restrictions	1,319,617	(1,319,617)	-	(1,588,035)
Total support and revenue	<u>5,249,950</u>	<u>(184,156)</u>	<u>5,065,794</u>	<u>910,202</u>
Expenses				
Program services	4,516,714	-	4,516,714	-
Supporting activities				
Management and general	141,720	-	141,720	-
Fund-raising	444,687	-	444,687	-
Total supporting activities	586,407	-	586,407	-
Total expenses	<u>5,103,121</u>	<u>-</u>	<u>5,103,121</u>	<u>-</u>
Increase (decrease) in net assets	146,829	(184,156)	(37,327)	910,202
Net assets, beginning of year	45,085	3,424,814	3,469,899	2,514,612
Net assets, end of year	\$ 191,914	\$ 3,240,658	\$ 3,432,572	\$ 3,424,814

See notes to financial statements.

RIVERKEEPER, INC.

**Statement of Functional Expenses
For the Year Ended June 30, 2022
(with Summarized Comparative Information for the Year Ended June 30, 2021)**

	2022				2021		
	Legal	Boats	Water Quality	Program Services	Management and General	Fund- raising	Total
Salaries	\$1,170,999	\$ 635,711	\$ 603,840	\$2,410,550	\$ 56,478	\$ 241,571	\$2,708,599
Payroll taxes and employee benefits	234,331	148,220	159,419	541,970	10,000	47,442	599,412
Professional fees and consulting	98,720	80,090	185,547	364,357	14,405	59,319	438,081
Insurance	11,703	13,525	11,703	36,931	7,022	4,681	48,634
Contributions of nonfinancial assets	651,362	-	-	651,362	-	-	651,362
Conferences and meetings	1,232	804	1,473	3,509	359	679	4,547
Dues and subscriptions	15,487	4,430	4,083	24,000	826	2,042	26,868
Equipment rental and maintenance	10,183	47,916	10,183	68,282	2,912	12,641	83,835
Other events	1,964	4,053	1,985	8,002	870	902	9,774
Occupancy and utilities	29,492	43,556	29,492	102,540	28,812	9,962	141,314
Postage and shipping	3,764	3,665	6,139	13,568	215	2,441	16,224
Printing and publications	7,973	7,686	7,611	23,270	13	3,375	26,658
Public relations and program outreach	555	555	555	1,665	-	1,110	2,775
Supplies	16,107	33,161	47,330	96,598	5,262	12,488	114,348
Telephone	1,370	3,400	1,370	6,140	1,246	373	7,759
Travel	1,663	9,158	2,661	13,482	89	477	14,048
Depreciation and amortization	4,382	4,382	4,382	13,146	4,695	939	18,780
Uncollectible accounts	24,000	9,000	9,000	42,000	-	33,000	75,000
Direct mail	11,340	11,340	11,340	34,020	-	6,004	40,024
Outside services	13,251	13,817	34,254	61,322	8,516	5,241	75,079
Special events	-	-	-	-	-	65,176	65,176
Total expenses by function	2,309,878	1,074,469	1,132,367	4,516,714	141,720	509,863	5,168,297
Less: direct expenses of special events net with revenue on the statement of activities	-	-	-	-	-	65,176	65,176
Total expenses	\$2,309,878	\$1,074,469	\$1,132,367	\$4,516,714	\$ 141,720	\$ 444,687	\$5,416,208

See notes to financial statements.

RIVERKEEPER, INC.
Statement of Cash Flows

	Year Ended	
	June 30	
	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (37,327)	\$ 924,376
Adjustments to reconcile increase (decrease) in net assets to net cash (used in) operating activities		
Depreciation and amortization	18,780	17,339
Donated stock	(362,692)	(128,769)
Proceeds from sale of donated stock	362,692	128,769
Forgiveness of loan payable	(473,385)	(549,280)
(Increase) decrease in assets		
Contributions and pledges receivable	313,922	(399,504)
Prepaid expenses	24	(7,267)
Increase in accounts and grants payable and accrued expenses	<u>24,934</u>	<u>2,184</u>
Net cash (used in) operating activities	(153,052)	(12,152)
Cash flows (used in) investing activities		
Purchases of property and equipment	(1,980)	(12,361)
Cash flows from financing activities		
Proceeds from loan payable	<u>-</u>	<u>473,385</u>
Net increase (decrease) in cash	(155,032)	448,872
Cash, beginning of year	<u>2,177,276</u>	<u>1,728,404</u>
Cash, end of year	<u>\$2,022,244</u>	<u>\$2,177,276</u>

See notes to financial statements.

RIVERKEEPER, INC.

**Notes to Financial Statements
June 30, 2022**

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, 2022 was as follows:

	Balance June 30, 2021	Additions	Net Assets Released from Restrictions	Balance June 30, 2022
Purpose	\$ 1,852,705	\$ 977,527	\$(1,041,837)	\$ 1,788,395
Timing	<u>487,267</u>	<u>157,934</u>	<u>(277,780)</u>	<u>367,421</u>
Total	<u>\$ 2,339,972</u>	<u>\$ 1,135,461</u>	<u>\$(1,319,617)</u>	<u>\$ 2,155,816</u>

RIVERKEEPER, INC.

Notes to Financial Statements (continued)

June 30, 2022

Note 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, 2022 and June 30, 2021 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, 2022 and June 30, 2021, 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, 2022 and June 30, 2021, contributions and pledges receivable, include unconditional promises to give, are due to be collected as follows:

	<u>2022</u>	<u>2021</u>
Less than one year	\$ 1,155,135	\$ 1,163,903
One to five years	<u>320,200</u>	<u>625,354</u>
Net contribution receivable	<u>\$ 1,475,335</u>	<u>\$ 1,789,257</u>

Contributions, pledges and net assets released from restrictions

Riverkeeper reports contributions and pledges 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 and pledges 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, 2022****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 the 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, 2022 and June 30, 2021, 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, 2021, from which the summarized information was derived.

RIVERKEEPER, INC.

Notes to Financial Statements (continued)

June 30, 2022

Note 2 – Summary of significant accounting policies (continued)

Subsequent events

Riverkeeper has evaluated events and transactions for potential recognition or disclosure through October 4, 2022, 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, 2022 and June 30, 2021 that are available for general use within one year of the statement of financial position date:

	<u>2022</u>	<u>2021</u>
Financial assets		
Cash	\$ 2,022,244	\$ 2,177,276
Contributions and pledges receivable	<u>1,155,135</u>	<u>1,163,903</u>
Sub-total	3,177,379	3,341,179
Less: Net assets with perpetual donor restrictions	<u>1,084,842</u>	<u>1,084,842</u>
Total	<u>\$ 2,092,537</u>	<u>\$ 2,256,337</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 – Contributed nonfinancial assets

Riverkeeper recognizes contributed nonfinancial assets within public support and revenue. Unless otherwise noted, the contributed nonfinancial assets do not have donor-imposed restrictions.

Riverkeeper receives certain legal services and water testing from citizen scientists without charge or on a reduced fee basis, to support its programs and to enforce environmental laws. During the years ended June 30, 2022 and June 30, 2021, Riverkeeper recorded contributed nonfinancial assets of \$651,362 and \$896,552, 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, 2022

Note 4 – Contributed nonfinancial assets (continued)

For the years ended June 30, 2022 and June 30, 2021, contributed nonfinancial assets recognized in the statement of activities included the following:

<u>Description</u>	<u>2022</u>	<u>2021</u>
Legal and professional fees	\$ 628,226	\$ 876,902
Citizen scientist	<u>23,136</u>	<u>19,650</u>
Total	<u>\$ 651,362</u>	<u>\$ 896,552</u>

In addition, Riverkeeper relies extensively upon the utilization of volunteers to carry out its programs and supporting services. Management estimates that volunteers contributed approximately 5,600 hours and 15,200 hours, respectively, during the 2022 and 2021 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, 2022, 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. During April 2022, Riverkeeper applied for and received notification that the loan met eligibility for forgiveness.

The forgiveness of the loans is recorded as a government grant in the statement of activities for the 2022 and 2021 fiscal years.

RIVERKEEPER, INC.**Notes to Financial Statements (continued)****June 30, 2022****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, 2022 and June 30, 2021, 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.