

Ohio River Foundation

Financial Statements

December 31, 2021



FLAGEL HUBER FLAGEL
Certified Public Accountants | Business Advisors

Ohio River Foundation

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Independent Auditor's Report

To the Board of Directors of
Ohio River Foundation

Opinion

We have audited the accompanying financial statements of Ohio River Foundation (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets (modified cash basis) as of December 31, 2021, and the related statement of support, revenue, and expenses (modified cash basis) 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 assets, liabilities, and net assets of Ohio River Foundation as of December 31, 2021, and its support, revenue, and expenses for the year then ended in accordance with the cash basis of accounting as described in Note 2.

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 Ohio River Foundation 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.

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 this 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 modified cash basis of accounting described in Note 2, and for determining that the modified 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.

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 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 Ohio River Foundation'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 Ohio River Foundation'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.



Certified Public Accountants

Cincinnati, Ohio

November 3, 2022

Ohio River Foundation

Statement of Assets, Liabilities, and Net Assets (Modified Cash Basis)

December 31, 2021

Assets

Cash and cash equivalents	\$	5,468
Restricted cash		120,344
Investments		97
Total Assets	\$	125,909

Net Assets

Without donor restrictions	\$	5,565
With donor restrictions		120,344
Total Net Assets	\$	125,909

The accompanying notes are an integral part of these statements.

Ohio River Foundation**Statement of Support, Revenue, and Expenses (Modified Cash Basis)****For the Year Ended December 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grant income	\$ 0	\$ 193,000	\$ 193,000
Government income	22,392	0	22,392
Contributions	24,560	0	24,560
Membership dues	24,597	0	24,597
Fundraising income	45,716	0	45,716
Program fees	11,665	0	11,665
	<u>128,930</u>	<u>193,000</u>	<u>321,930</u>
Net assets released from restrictions	112,601	(112,601)	0
Total Support and Revenue	<u>241,531</u>	<u>80,399</u>	<u>321,930</u>
Expenses			
Program services	176,504	0	176,504
Management and general	16,173	0	16,173
Fundraising	53,672	0	53,672
Total Expenses	<u>246,349</u>	<u>0</u>	<u>246,349</u>
Change in Net Assets	(4,818)	80,399	75,581
Net Assets - beginning of year	<u>10,383</u>	<u>39,945</u>	<u>50,328</u>
Net Assets - end of year	<u>\$ 5,565</u>	<u>\$ 120,344</u>	<u>\$ 125,909</u>

The accompanying notes are an integral part of these statements.

Ohio River Foundation
Statement of Functional Expenses (Modified Cash Basis)
For the Year Ended December 31, 2021

	Program Services	Management & General	Fundraising	Total
Salaries	\$ 111,223	\$ 5,103	\$ 17,357	\$ 133,683
Payroll taxes and benefits	20,912	960	3,263	25,135
Legal	0	3,951	0	3,951
Payroll processing fees	3,950	0	0	3,950
Advertising and promotion	112	0	1,104	1,216
Office expenses	9,839	0	3,541	13,380
Information technology	2,469	0	160	2,629
Mileage and travel reimbursements	9,570	0	2,110	11,680
Insurance	0	5,171	0	5,171
Professional fees	375	0	15,000	15,375
Supplies	12,476	0	11,137	23,613
Equipment rental	3,669	0	0	3,669
Professional development	1,824	0	0	1,824
Miscellaneous	85	988	0	1,073
Total Expenses	<u>\$ 176,504</u>	<u>\$ 16,173</u>	<u>\$ 53,672</u>	<u>\$ 246,349</u>

The accompanying notes are an integral part of these statements.

Ohio River Foundation
Statement of Cash Flows (Modified Cash Basis)
For the Year Ended December 31, 2021

Cash Flows Provided by Operating Activities:	
Change in net assets	\$ 75,581
Change in Cash, Cash Equivalents, and Restricted Cash	75,581
Cash, Cash Equivalents, and Restricted Cash – Beginning of Year	<u>50,231</u>
Cash, Cash Equivalents, and Restricted Cash – End of Year	<u><u>\$ 125,812</u></u>

The accompanying notes are an integral part of these statements.

Ohio River Foundation

Notes to Financial Statements

December 31, 2021

1. Nature of Activities

Ohio River Foundation (the “Organization”) is a not-for-profit organization which is dedicated to protecting and improving the water quality and ecology of the Ohio River and all waters in its eleven-state watershed. The Organization works towards these goals through environmental education and conservation activities that serve to inspire environmental stewardship. The Organization is a regional organization that works in the 200,000 square mile Ohio River watershed to educate-build an informed citizenry; advocate-advance pollution reduction and encourage enforcement of environmental laws and regulations; and remove small dams and invasive species, and restore native habitats to create climate resilient habitats. The Organization is supported by more than 1,500 members, donors, and volunteers.

2. Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies followed in the preparation of the financial statements.

Basis of Accounting

The accompanying financial statements have been prepared on the modified cash basis of accounting for not-for-profit organizations, in which revenue and support are recorded when received rather than when earned and expenses are recorded when paid rather than when incurred.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of each class as it pertains to the Organization is as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor-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. 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.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash, Cash Equivalents, and Restricted Cash

For financial statement purposes, the Organization considers all checking accounts to be cash.

The Organization may maintain a portion of this cash in commercial bank accounts which, at times, could exceed federally insured limits. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on cash.

Ohio River Foundation

Notes to Financial Statements

December 31, 2021

2. Summary of Significant Accounting Policies (Continued)

Cash, Cash Equivalents, and Restricted Cash (Continued)

Cash, cash equivalents, and restricted cash as of December 31, 2021 consist of the following:

Cash - without donor restrictions	\$ 5,468
Cash - with donor restrictions	<u>120,344</u>
Total cash, cash equivalents and restricted cash shown in the statement of cash flows	<u>\$ 125,812</u>

Tax Status

The financial statements include no provision for income taxes as the Organization is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. However, any income from certain activities not directly related to the Organization's tax-exempt purpose may be subject to taxation as unrelated business income.

The Organization determines the recognition of uncertain tax positions, if applicable, that may subject the Organization to unrelated business income tax necessary by applying a more-likely-than-not recognition threshold and determines the measurement of uncertain tax positions considering the amounts and probabilities of the outcomes that could be realized upon ultimate settlement with tax authorities. Management does not believe the Organization has any material uncertain tax positions, including any positions that would place the Organization's exempt status in jeopardy at December 31, 2021.

Revenue Recognition

The Organization accounts for program service revenue in accordance with *Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606)*. Under this guidance, revenues from contracts are measured based on the amount of consideration specified in a contract with a customer and are recognized when performance obligations (i.e., obligations to transfer goods and / or services) are satisfied, which generally occurs with the transfer of control of the goods or services to the customer. The Organization recognizes program service fee revenue at a point in time following completion of the services provided to its clients.

The Organization records revenue from grant funds received from government agencies under *Accounting Standards Update No. 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. These reimbursement type grants are classified as conditional contributions rather than program service revenue.

Contributions and Support

Contributions received are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (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 support, revenue, and expenses (modified cash basis) as net assets released from restrictions.

Conditional contributions are recognized when the conditions on which they depend are substantially met.

Ohio River Foundation

Notes to Financial Statements

December 31, 2021

2. Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of providing various programs and related supporting services have been summarized on a functional basis in the statement of functional expenses (modified cash basis). Accordingly, certain costs have been allocated to the appropriate programs and supporting services.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries, payroll tax and benefits, advertising and promotion, office expenses, information technology, mileage and travel reimbursements, professional fees, supplies and miscellaneous expenses which are allocated based on a time utilization schedule.

3. Liquidity and Availability

The following reflects the Organization's financial assets as of December 31, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year. Amounts not available include amounts designated for major repairs, maintenance, and capital replacements or additions that could be drawn upon if the governing Board approves that action.

Cash and cash equivalents	\$	125,812
Investments		97
Financial assets at December 31, 2021		<u>125,909</u>
Less those unavailable for general expenditures due to:		
Donor-imposed restrictions:		
Restricted by donor with purpose restrictions		<u>(120,344)</u>
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>5,565</u>

The Organization is substantially supported by contributions, which may contain donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

4. Contingencies

Financial awards from governmental entities in the form of grants are subject to compliance audits. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits as the Organization does not believe it is at risk of such loss.

Ohio River Foundation

Notes to Financial Statements

December 31, 2021

5. Net Assets

Net assets with donor restrictions are restricted for the following purposes or periods at December 31, 2021:

Subject to expenditure for specified purpose:		
Aveda	\$	1,000
Coors Seltzer		7,873
Dater		642
Duke Nature		2,876
Gardner Foundation		4,038
Harrison		16,948
Honda		8,632
IP		1,929
Nippert		25,000
PNC Russel		16,000
Schott		20,099
SULE		3,423
Toyota		6,884
Valvoline		5,000
Total net assets with donor restrictions	\$	<u>120,344</u>

Net assets were released from restrictions during 2021, by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by donors as follows:

Purpose restrictions accomplished:		
Aveda	\$	108
Coors Seltzer		37,272
Dater		24,358
Duke Nature		2,052
Gardner Foundation		10,962
Harrison		10,532
Honda		4,611
IP		1,071
LTS		5,000
NLT		6,121
Schott		1,360
Scripps		2,000
SULE		6,842
Toyota		312
	\$	<u>112,601</u>

Ohio River Foundation

Notes to Financial Statements

December 31, 2021

6. COVID-19 Outbreak

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak” or “COVID”) and the health risks to the international community. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

Given the continuing evolution of the COVID-19 outbreak, the Organization is not able to fully estimate the effects of COVID-19 on its results of operations, financial condition, or liquidity for fiscal year 2022. Management believes that adaptive changes in operations, in addition to receiving funds during 2021 from the CARES Act PPP forgivable loan, have been sufficient to protect the Organization from the near-term negative impact related to the COVID-19 outbreak through the date of this report.

7. Payroll Protection Program Loan

In April 2021, the Organization received approval and funding for a loan under the Paycheck Protection Program (PPP) as provided for by the CARES Act. The loan was issued through PNC Bank in connection with the Small Business Administration (SBA) in the amount of \$26,367. The PPP program allows for a portion of the loan (up to the full amount) to be forgiven based on qualifying expenses. Any unforgiven amount of the PPP loan will be required to be repaid over a two-year term with interest at 1%.

The Organization is accounting for the PPP loan and Advance Grant as a conditional contribution in accordance with FASB ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. As of December 31, 2021, the Organization had incurred sufficient qualifying expenses and had applied to the SBA for full forgiveness. Accordingly, the \$26,367 received has been recorded as support and included with government and agencies grant revenue on the statement of activities for the year ended December 31, 2021.

8. Subsequent Events

Management evaluated the activity of the Organization through November 3, 2022 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.



In this ever-changing business environment, Flagel Huber Flagel goes beyond numbers and deadlines, returning the trust and confidence our clients place in us, with a caring partner relationship. We are committed to a collaborative search for ideas and solutions that help business organizations thrive and families build and preserve wealth. Our commitment is simple; financial and operational *insight*, service *integrity*, and problem solving *innovation*.

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