

**DuPage River Salt Creek
Workgroup**

**Financial Statements
and
Independent Auditor's Report
For the Year Ended
February 28, 2014**

Wolf & Company LLP
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
DuPage River Salt Creek Workgroup
Naperville, Illinois

We have audited the accompanying financial statements of DUPAGE RIVER SALT CREEK WORKGROUP (DRSCW) (a nonprofit organization), which comprise the statements of assets, liability and net assets - modified cash basis as of February 28, 2014 and 2013, and the related statements of revenues and expenses - modified cash basis and cash flows - modified cash basis for the years 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 the modified cash basis of accounting as described in Note 2; this includes 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 above present fairly, in all material respects, the assets, liability, and net assets of DRSCW as of February 28, 2014 and 2013, and its revenues and expenses and cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note 2.

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.

Oakbrook Terrace, Illinois
June 12, 2014

Wolfe & Company LLP

DUPAGE RIVER SALT CREEK WORKGROUP
STATEMENTS OF ASSETS, LIABILITY, AND NET ASSETS - MODIFIED CASH BASIS

ASSETS

	February 28,	
	2014	2013
Current assets:		
Cash	\$ 103,223	\$ 251,612
Certificates of deposit	409,713	404,801
Total current assets	512,936	656,413
Property and equipment, net of accumulated depreciation of \$97,193 and \$96,903 for 2014 and 2013, respectively	-	290
Total assets	\$ 512,936	\$ 656,703

LIABILITY AND NET ASSETS

Current liability:		
Bank over-draft	\$ 11,275	\$ -
Net assets, unrestricted	501,661	656,703
	\$ 512,936	\$ 656,703

See accompanying notes to financial statements and independent auditor's report.

DUPAGE RIVER SALT CREEK WORKGROUP
STATEMENTS OF REVENUES AND EXPENSES - MODIFIED CASH BASIS

	For the Year Ended February 28,	
	2014	2013
Unrestricted revenues:		
Contributions and grants	\$ 46,106	\$ 95,602
Membership dues	312,333	301,228
Interest income	4,140	4,346
Miscellaneous income	5,151	5,610
Total unrestricted revenues	367,730	406,786
Expenses:		
Accounting fees	8,975	8,681
Legal fees	336	436
Supplies	9	355
Telephone	958	899
Occupancy, rent, utilities and maintenance	10,857	10,857
Equipment repairs and maintenance	19,076	17,818
Printing, publications, postage and shipping	633	534
Travel	2,125	1,924
Conferences, conventions, and meetings	507	370
Depreciation	290	290
Website fee	526	251
Software	13,536	17,297
Office expenses	-	91
Professional services	389,456	280,453
Laboratory sampling and testing	73,417	61,487
Insurance	2,071	2,071
Total expenses	522,772	403,814
Increase (decrease) in unrestricted net assets	(155,042)	2,972
Unrestricted net assets at beginning of year	656,703	653,731
Unrestricted net assets at end of year	\$ 501,661	\$ 656,703

See accompanying notes to financial statements and independent auditor's report.

DUPAGE RIVER SALT CREEK WORKGROUP
STATEMENTS OF CASH FLOWS - MODIFIED CASH BASIS

	For the Year Ended February 28,	
	2014	2013
Cash flows from operating activities:		
Increase (decrease) in unrestricted net assets	\$ (155,042)	\$ 2,972
Adjustments to reconcile increase (decrease) in unrestricted net assets to net cash provided by (used in) operating activities:		
Depreciation	290	290
Increase in liability	11,275	-
Net cash provided by (used in) operating activities	(143,477)	3,262
Cash used in investing activities:		
Purchases/maturities of certificates of deposit, net	(4,912)	(200,380)
Net decrease in cash	(148,389)	(197,118)
Cash at beginning of year	251,612	448,730
Cash at end of year	\$ 103,223	\$ 251,612

See accompanying notes to financial statements and independent auditor's report.

DUPAGE RIVER SALT CREEK WORKGROUP
NOTES TO FINANCIAL STATEMENTS

1. Nature of Activities

DuPage River Salt Creek Workgroup (DRSCW) was formed November 12, 2005. DRSCW is a not-for-profit organization that aspires to bring together a diverse coalition of stakeholders to work together to preserve and enhance water quality. DRSCW fulfills its mission by serving communities along the East Branch DuPage River, West Branch DuPage River, Salt Creek and their tributaries.

2. Summary of Significant Accounting Policies

Basis of Accounting - The financial statements of DRSCW 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, DRSCW has not recognized dues receivable from members, accounts payable to vendors, or their related effects on the change in net assets in the accompanying financial statements. Generally accepted accounting principles require recognition of revenue when earned and expenses when incurred.

Basis of Presentation - The financial statement presentation follows generally accepted accounting principles for not-for-profit organizations whereby DRSCW reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted net assets are contributions or other inflows which have no restriction placed on the funds by the donor.

Temporarily restricted net assets result from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations.

Permanently restricted net assets result from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of DRSCW.

DRSCW had no temporarily or permanently restricted net assets at February 28, 2014 and 2013.

Use of Estimates - The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes - DRSCW is exempt from federal income taxes under Section 501(c)(4) of the Internal Revenue Code. DRSCW remains liable for income taxes on unrelated business income, if any. DRSCW recognizes the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. DRSCW is no longer subject to state and local income tax examinations by tax authorities for the years before the tax year ended February 28, 2011.

DUPAGE RIVER SALT CREEK WORKGROUP
NOTES TO FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies (Cont.)

Equipment - Equipment is depreciated over the estimated useful life of five years using the straight-line method. Expenditures for equipment in excess of \$750 are capitalized.

Contributions - Contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are reported as unrestricted support.

3. Related Party

The Conservation Foundation (the 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 1.6 full-time equivalent in staffing to DRSCW and DRSCW reimburses all related expenses to the Foundation. The total reimbursement was \$124,393 and \$121,086 for the years ended February 28, 2014 and 2013, respectively. In addition to staffing, one member of the Foundation's staff also sits on the Board of DRSCW.

4. Subsequent Events

Management of DRSCW has evaluated subsequent events through June 12, 2014, the date on which the financial statements were available to be issued.