

**DuPage River Salt Creek
Workgroup**

**Financial Statements
and
Independent Auditor's Report
For the Year Ended
February 28, 2013**

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

We have audited the accompanying financial statements of DUPAGE RIVER SALT CREEK WORKGROUP (DRSCW) (a nonprofit organization), which comprise the statements of assets and net assets - modified cash basis as of February 28, 2013 and February 29, 2012, 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 and net assets of DRSCW as of February 28, 2013 and February 29, 2012, and its revenues and expenses 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.

Wolf + Company LLP

Oakbrook Terrace, Illinois
June 4, 2013



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

ASSETS

	<u>February 28, 2013</u>	<u>February 29, 2012</u>
Current assets:		
Cash	\$ 251,612	\$ 448,730
Certificates of deposit	<u>404,801</u>	<u>204,421</u>
Total current assets	656,413	653,151
Property and equipment, net of accumulated depreciation of \$96,903 and \$96,613 for 2013 and 2012, respectively	<u>290</u>	<u>580</u>
Total assets	<u>\$ 656,703</u>	<u>\$ 653,731</u>

NET ASSETS

Unrestricted	<u>\$ 656,703</u>	<u>\$ 653,731</u>
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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, 2013	February 29, 2012
Unrestricted revenues:		
Contributions and grants	\$ 95,602	\$ 86,324
Membership dues	301,228	298,554
Interest income	4,346	8,891
Miscellaneous income	5,610	3,980
	<u>406,786</u>	<u>397,749</u>
Expenses:		
Accounting fees	8,681	8,461
Legal fees	436	647
Supplies	355	202
Telephone	899	817
Occupancy, rent, utilities and maintenance	10,857	10,857
Equipment repairs and maintenance	17,818	11,345
Printing, publications, postage and shipping	534	163
Travel	1,924	1,606
Conferences, conventions, and meetings	370	185
Depreciation	290	5,620
Website fee	251	230
Software	17,297	-
Office expenses	91	495
Professional services	280,453	286,590
Laboratory sampling and testing	61,487	56,588
Insurance	2,071	2,071
	<u>403,814</u>	<u>385,877</u>
Total expenses		
	2,972	11,872
Unrestricted net assets at beginning of year	<u>653,731</u>	<u>641,859</u>
Unrestricted net assets at end of year	<u>\$ 656,703</u>	<u>\$ 653,731</u>

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, 2013	February 29, 2012
Cash flows from operating activities:		
Increase in unrestricted net assets	\$ 2,972	\$ 11,872
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:		
Depreciation	290	5,620
Net cash provided by operating activities	3,262	17,492
Cash flows provided by (used in) investing activities:		
Maturities (purchases) of certificates of deposit, net	(200,380)	196,329
Net increase (decrease) in cash	(197,118)	213,821
Cash at beginning of year	448,730	234,909
Cash at end of year	\$ 251,612	\$ 448,730

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. 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, 2013 and February 29, 2012.

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, 2010.

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. Subsequent Events

Management of DRSCW has evaluated subsequent events through June 4, 2013, the date on which the financial statements were available to be issued.