

PARTNERS FOR CLEAN STREAMS
FINANCIAL STATEMENTS
Years Ended December 31, 2019 and 2018

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6-8



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Partners for Clean Streams

Report on the Financial Statements

We have audited the accompanying financial statements of Partners for Clean Streams (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows 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 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 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 financial position of Partners for Clean Streams as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

DeMarco & Associates CPAs, LLC

April 20, 2021

PARTNERS FOR CLEAN STREAMS
STATEMENTS OF FINANCIAL POSITION
December 31, 2019 and 2018

ASSETS	2019	2018
Current assets		
Cash	\$ 88,103	\$ 56,809
Receivables:		
Grants	10,390	29,545
Contributions	250	5,000
Total assets	\$ 98,743	\$ 91,354
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 2,368	\$ 16,000
Accrued wages	2,360	2,231
Total current liabilities	4,728	18,231
Net assets		
Without donor restrictions	41,655	65,301
With donor restrictions	52,360	7,822
Total net assets	94,015	73,123
Total liabilities and net assets	\$ 98,743	\$ 91,354

The accompanying notes are an integral part of these financial statements.

PARTNERS FOR CLEAN STREAMS
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2019 and 2018

	Without Donor Restrictions	With Donor Restrictions	2019 Total
Support and revenue			
Grants	\$ 10,242	\$ 155,773	\$ 166,015
Donations	20,965	20,427	41,392
Net assets released from restrictions	131,662	(131,662)	-
Total support and revenue	162,869	44,538	207,407
Functional expenses			
Program services	156,442	-	156,442
Supporting services			
Management and general	18,299	-	18,299
Fundraising	11,778	-	11,778
Total operating expenses	186,519	-	186,519
Change in operating net assets	(23,650)	44,538	20,888
Other income			
Interest income	4	-	4
Change in net assets	(23,646)	44,538	20,892
Net assets beginning of year	65,301	7,822	73,123
Net assets end of year	\$ 41,655	\$ 52,360	\$ 94,015

	Without Donor Restrictions	With Donor Restrictions	2018 Totals
Support and revenue			
Grants	\$ 18,348	\$ 108,851	\$ 127,199
Donations	9,878	18,850	28,728
Net assets released from restrictions	126,227	(126,227)	-
Total support and revenue	<u>154,453</u>	<u>1,474</u>	<u>155,927</u>
Operating expenses			
Program services	158,519	-	158,519
Supporting services			
Management and general	19,186	-	19,186
Fundraising	12,872	-	12,872
Total operating expenses	<u>190,577</u>	<u>-</u>	<u>190,577</u>
Change in operating net assets	(36,124)	1,474	(34,650)
Other income			
Interest income	<u>4</u>	<u>-</u>	<u>4</u>
Change in net assets	(36,120)	1,474	(34,646)
Net assets beginning of year	<u>101,421</u>	<u>6,348</u>	<u>107,769</u>
Net assets end of year	<u>\$ 65,301</u>	<u>\$ 7,822</u>	<u>\$ 73,123</u>

The accompanying notes are an integral part of these financial statements.

PARTNERS FOR CLEAN STREAMS
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2019 and 2018

	Supporting Services			2019
	Program Expenses	Management & General	Fundraising	
Outside contract services	\$ 42,098	\$ -	\$ -	\$ 42,098
Salaries and wages	69,338	11,985	9,697	91,020
Payroll taxes	6,364	1,070	866	8,300
Professional fees	8,351	1,349	-	9,700
Rent	5,981	1,005	814	7,800
Supplies	2,949	496	401	3,846
Clean Your Streams expense	6,099	-	-	6,099
Liability insurance	3,777	610	-	4,387
Telephone and telecommunications	2,747	444	-	3,191
Conferences, conventions and meetings	1,546	248	-	1,794
Printing and copying	5,011	809	-	5,820
Postage and mailing service	184	30	-	214
Travel and meetings	994	160	-	1,154
Miscellaneous	737	-	-	737
Books, subscriptions and reference	266	43	-	309
Business registration fees	-	50	-	50
Total functional expenses	\$ 156,442	\$ 18,299	\$ 11,778	\$ 186,519

	<u>Supporting Services</u>			<u>2018</u>
	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>	
Outside contract services	\$ 39,402	\$ -	\$ -	\$ 39,402
Salaries and wages	77,415	13,381	10,827	101,623
Payroll taxes	6,763	1,137	920	8,820
Professional fees	8,627	1,393	-	10,020
Rent	6,549	1,100	891	8,540
Supplies	1,717	289	234	2,240
Clean Your Streams expense	6,316	-	-	6,316
Liability insurance	4,416	713	-	5,129
Telephone and telecommunications	2,168	350	-	2,518
Conferences, conventions and meetings	1,864	300	-	2,164
Printing and copying	1,848	298	-	2,146
Postage and mailing service	225	36	-	261
Travel and meetings	231	37	-	268
Miscellaneous	652	-	-	652
Books, subscriptions and reference	326	52	-	378
Business registration fees	-	100	-	100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total functional expenses	<u>\$ 158,519</u>	<u>\$ 19,186</u>	<u>\$ 12,872</u>	<u>\$ 190,577</u>

The accompanying notes are an integral part of these financial statements.

PARTNERS FOR CLEAN STREAMS
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 20,892	\$ (34,646)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
(Increase) Decrease in:		
Grants receivable	19,155	(7,719)
Contributions receivable	4,750	-
(Decrease) Increase in:		
Accounts payable	(13,632)	14,852
Accrued wages	129	335
Net cash provided by (used in) operating activities	31,294	(27,178)
Net change in cash	31,294	(27,178)
Cash at beginning of year	56,809	83,987
Cash at end of year	\$ 88,103	\$ 56,809

The accompanying notes are an integral part of these financial statements.

PARTNERS FOR CLEAN STREAMS
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Note A - Significant accounting policies

Nature of operations

Partners for Clean Streams (the “Organization”) strives for abundant open space and a high quality natural environment, adequate food water storage capacities and flourishing wildlife, stakeholders who take local ownership in their resources, and rivers, streams and lakes that are clean, clear and safe.

Basis of presentation

The Organization’s financial statements have been prepared on the accrual basis of accounting. Under this method of accounting, revenues and expenses are identified with a specific period of time and are recorded as incurred without regard to the date of receipt or the payment of cash.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include currency on hand, demand deposits with banks, and investment instruments with initial maturities of three months or less. Cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2019 and 2018, the Organization did not have any uninsured cash balances.

Net asset categories

A description of the Organization’s net asset categories is as follows:

Net assets without donor restrictions – net assets without donor restrictions are those that are not subject to donor restrictions as to use or timing.

Net assets with donor restrictions – net assets with donor restrictions are subject to stipulations imposed by donors or grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of changes in net assets.

Income and other taxes

The Internal Revenue Service has determined that the Organization is qualified as a charity exempt under Section 501(c)(3) of the Internal Revenue Code and has also determined that the Organization is publicly supported. As a result, no provision for federal or state income taxes has been made.

FASB ASC 740, *Income Taxes*, requires entities to disclose in their financial statements the nature of any uncertainties in their tax position. Tax years including the year ended December 31, 2016 and later are subject to examination by tax authorities. Areas that IRS and state tax authorities consider when examining tax returns of a charity include, but may not be limited to, tax-exempt statutes and the existence and amount of unrelated business income. The Organization does not believe that it has any uncertain tax positions with respect to these or other matters and has not recorded any unrecognized tax benefits or liability for penalties or interest.

PARTNERS FOR CLEAN STREAMS
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Note A - Significant accounting policies (continued)

Adoption of new accounting pronouncements

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency and type of information provided about expenses and investment return. The changes required by the update have been applied to all periods presented. Key changes required by ASU 2016-14 include a new expense analysis that shows expenses broken down by nature and function and additional disclosures that show how the Organization manages its access to cash over the next twelve months and retain liquidity. The Organization adopted this new pronouncement in its December 31, 2018 financial statements, applying it retrospectively to all periods presented. The impact of applying the new guidance was a change in presentation from temporarily restricted net assets to donor restricted net assets; therefore, no adjustment to beginning net assets was necessary.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This pronouncement intends to clarify and improve current accounting guidance to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. The ASU is effective for the Organization for annual reporting periods beginning after December 15, 2018, with early adoption permitted. The Organization adopted this new pronouncement in its December 31, 2019 financial statements, applying it retrospectively to all periods presented. The impact of applying the new guidance was determined to be immaterial. Accordingly, no adjustment to beginning net assets was necessary.

New accounting pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This update requires that a lessee recognize assets and liabilities on the balance sheet for all leases with a lease term of more than twelve months, with the result being the recognition of a right to use asset and a lease liability. Recognition and presentation of expenses will depend on the classification of the lease as either finance or operating. For lessors, the guidance requires the separation of lease and non-lease components for certain contracts and redefines the scope of non-lease components to include maintenance services. When separated, non-lease components will be accounted for in accordance with revenue recognition guidance (ASC 606). ASU 2016-02 will also require quantitative and qualitative disclosures to supplement the amounts recorded in the financial statements to enable a better understanding of the Company's leasing activities. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019 and is to be applied retrospectively. As a result of the global pandemic, In May 2020, the FASB voted to defer the effective date for this ASU for private companies and non-profit organizations. The guidance will now be effective for fiscal years beginning after December 15, 2021. The Company is still evaluating the impact this update will have on its financial position and results of operations and related disclosures.

Functional allocation of expenses

The Organization allocates its expenses on a functional basis amongst its various programs and other activities. All of the Organization's allocated expenditures have been summarized on a functional basis in the statements of changes in net assets and in the statement of functional expenses. Directly identifiable expenses related to the mission of the Organization are charged to program expenses. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization and include those costs related to the internal management and accounting for program services.

PARTNERS FOR CLEAN STREAMS
NOTES TO FINANCIAL STATEMENTS
December 31, 2019 and 2018

Note A - Significant accounting policies (continued)

Subsequent events

Subsequent events were evaluated through April 20, 2021, the date the financial statements were issued.

Note B – Liquidity and availability of resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the Statement of Financial Position, comprise the following:

	2019	2018
Cash and cash equivalents	\$ 88,103	\$ 56,809
Grants receivable	10,390	29,545
Accounts receivable	250	5,000
	<u>\$ 98,743</u>	<u>\$ 91,354</u>

As part of the Organization’s liquidity management, if operating cash shortfalls occur, funds can be withdrawn from the savings account. The Organization does not have an available line of credit for such instances. Due to the nature of the Organization’s cash flows, generally, reimbursements follow the cash outlay by the Organization, not leaving surplus funds.

Note C - Grants receivable

The grants receivable balances at December 31, 2019 and 2018 represent funds receivable from Ohio Environmental Protection Agency and the National Oceanic and Atmospheric Administration.

Note D – Lease commitments

The Organization rents its premises in Perrysburg, Ohio from an unrelated party under an operating lease agreement that expired in February 2018 and was renewed on a month-to-month basis. Rent expense is \$650 per month. Rent expense under this operating lease for fiscal years ended December 31, 2019 and 2018 was \$7,800 in both years.

Note E – Net assets with donor restrictions

Net assets with donor restrictions at December 31, 2019 and 2018 consisted of the following:

	2019	2018
Clean Your Streams	\$ 9,959	\$ 7,822
The Nature Conservancy	7,401	-
Stranahan Foundation	35,000	-
Total	<u>\$ 52,360</u>	<u>\$ 7,822</u>

Note F – Concentrations

During the years ending December 31, 2019 and 2018, one agency accounted for approximately 86% and 33% of revenues, respectively.