TENNESSEE CLEAN WATER NETWORK

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Tennessee Clean Water Network
Knoxville, Tennessee

I have audited the accompanying financial statements of Tennessee Clean Water Network (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Managements 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tennessee Clean Water Network as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

J. RICHARD NORRIS, JR
Certified Public Accountant

Knoxville, Tennessee

July 29, 2016

TENNESSEE CLEAN WATER NETWORK
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015

ASSETS		
CURRENT ASSETS		
Petty Cash	$ 270	
Cash in Banks	112,865	
Grants Receivable	216,925	
Total Current Assets		$ 330,060
FIXED ASSETS	$ 55,614	
Less Accumulated Depreciation	(53,562)	
Net Fixed Assets		2,052
TOTAL ASSETS		$ 332,112
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	$ 12,220	
Accrued Vacation Pay	6,416	
Accrued Payroll Taxes	3,862	
Total Current Liabilities		$ 22,498
NET ASSETS		
Unrestricted Net Assets		
Operating	$ 31,340	
Fixed Assets	2,052	
Total Unrestricted Net Assets	$ 33,392	
Temporarily Restricted Net Assets	276,222	
Total Net Assets		309,614
TOTAL LIABILITIES AND NET ASSETS		$ 332,112

See Accompanying Notes to Financial Statements.

TENNESSEE CLEAN WATER NETWORK
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2015

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
SUPPORT			
Grants	$ 25,000	$ 458,253	$ 483,253
Government Income	0	241,793	241,793
Drinking Fountain Project	0	10,055	10,055
Settlement Income	0	74,717	74,717
Reimbursement Income	0	19,392	19,392
Membership	16,204	0	16,204
Fundraising	25,907	0	25,907
Contributions	45,921	2,022	47,943
Interest Earned	8	0	8
Total	$ 113,040	$ 806,232	$ 919,272
NET ASSETS RELEASED FROM RESTRICTIONS	541,073	(541,073)	0
TOTAL SUPPORT AND OTHER REVENUE AFTER SATISFACTION OF USAGE REQUIREMENTS	$ 654,113	$ 265,159	$ 919,272
EXPENSES	720,765	0	720,765
SUPPORT GREATER (LESS) THAN EXPENSES	$ (66,652)	$ 265,159	$ 198,507
NET ASSETS BEGINNING OF YEAR	100,044	11,063	111,107
NET ASSETS END OF YEAR	$ 33,392	$ 276,222	$ 309,614

See Accompanying Notes to Financial Statements.

TENNESSEE CLEAN WATER NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

EXPENSE DESCRIPTION	CLEAN WATER POLICY	MISSISSIPPI RIVER COLLABORATION	CLEAN WATER LEGAL DEFENSE FUND	LAND CONSERVATION PROGRAMS	STATE FOOD POLICY COUNCIL	STATE ENV. HEALTH PROGRAM	TOTAL PROGRAM EXPENSES
Salaries and Payroll Taxes	$84,309	$43,273	$65,444	$8,198	$5,786	$138,396	$345,406
Employee Benefits	10,686	4,722	4,697	0	0	7,174	27,279
Professional Fees	7,018	3,513	3,235	1,107	0	11,622	26,495
Legal Fees	400	0	29,401	0	0	0	29,801
MRC Meetings	0	25,168	0	0	0	0	25,168
Event Expenses	0	0	0	53	0	2,365	2,418
Fountain Installations	0	0	0	0	0	70,819	70,819
Communication/ Telephone	1,310	1,637	1,010	0	749	1,135	5,841
Travel	4,620	0	937	0	571	6,917	13,045
Services & Licensing	86	0	4,754	0	0	0	4,840
Administrative Exp.	575	235	235	8	0	235	1,288
Office Overhead	2,263	2,263	2,263	0	0	2,323	9,112
Contract Labor	0	0	0	2,950	0	1,000	3,950
Software and Computer Exp.	0	0	0	0	0	524	524
Art Installations	0	0	0	0	0	4,054	4,054
Land Trail Tools & Supplies	0	0	0	4,100	0	0	4,100
Office Supplies	0	0	96	0	38	1,967	2,101
Miscellaneous	2	0	246	151	126	3,660	4,185
Meetings, Conferences, & Training	0	0	0	0	75	2,181	2,256
Postage	323	0	237	0	0	500	1,060
Printing	0	0	172	0	0	640	812
Dues & Subscriptions	50	0	201	0	192	0	443
Memberships	500	0	0	0	0	0	500
Fundraising	0	0	0	0	0	0	0
Depreciation Exp.	662	477	667	98	44	1,508	3,456
	$112,804	$81,288	$113,595	$16,665	$7,581	$257,020	$588,953

See Accompanying Notes to Financial Statements

TENNESSEE CLEAN WATER NETWORK
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2015

EXPENSE DESCRIPTION	FUND-RAISING	ADMINIS-TRATIVE	TOTAL FUNDRAISING AND ADMINISTRATIVE	TOTAL FUNCTIONAL EXPENSES
Salaries and Payroll Taxes	$30,210	$24,646	$54,856	$400,262
Employee Benefits	0	394	394	27,673
Professional Fees	7,888	4,027	11,915	38,410
Legal Fees	552	450	1,002	30,803
MRC Meetings	0	0	0	25,168
Event Expenses	31,083	378	31,461	33,879
Fountain Installations	0	0	0	70,819
Communications/ Telephone	0	5,152	5,152	10,993
Travel	882	840	1,722	14,767
Services & Licensing	2,231	1,164	3,395	8,235
Administrative Exp.	867	6,120	6,987	8,275
Office Overhead	0	43	43	9,155
Contract Labor	375	3,938	4,313	8,263
Software and Computer Exp.	0	3,175	3,175	3,699
Art Installations	0	0	0	4,054
Land Trail Tools & Supplies	0	0	0	4,100
Office Supplies	136	898	1,034	3,135
Miscellaneous	611	1,340	1,951	6,136
Meetings, Conferences, & Training	0	0	0	2,256
Postage	308	124	432	1,492
Printing	31	1,779	1,810	2,622
Dues & Subscriptions	0	0	0	443
Memberships	0	0	0	500
Fundraising	1,396	0	1,396	1,396
Depreciation Exp.	452	322	774	4,230
	$77,022	$54,790	$131,812	$720,765

See Accompanying Notes to Financial Statements.

TENNESSEE CLEAN WATER NETWORK
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015

CASH FLOWS PROVIDED (USED) FOR OPERATING ACTIVITIES		
Support Greater (Less) than Expenses	$ 198,507	
Adjustments to Reconcile Change in Net Assets to Net Cash Used for Operating Activities:		
Depreciation Expense	4,230	
Increase in Grant Receivable	(140,641)	
Decrease in Accounts Payable	(42,579)	
Decrease in Accrued Vacation Pay	(3,914)	
Decrease in Accrued Payroll Taxes	(467)	
Decrease in Pass-Through Grants	(2,600)	
Net Cash Provided by Operating Activities		$ 12,536
NET INCREASE IN CASH		$ 12,536
CASH BEGINNING OF YEAR		100,599
CASH END OF YEAR		$ 113,135

See Accompanying Notes to Financial Statements.

TENNESSEE CLEAN WATER NETWORK
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND NATURE OF ACTIVITIES

Tennessee Clean Water Network is a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code whose purpose is to protect, restore, and enhance the waters of Tennessee and communities that depend on them.

METHOD OF ACCOUNTING

The accrual method of accounting is used.

PUBLIC SUPPORT AND REVENUE

Contributions are generally available for unrestricted use unless specifically restricted by the donor. Pledges to give are recorded as received. Grants and other contributions of cash are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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.

FIXED ASSETS

Office equipment and furniture are recorded at cost and are being depreciated using the straight-line method over five years, and leaseholds are being depreciated using the straight-line method over ten years.

NOTE 2: RENT

Tennessee Clean Water Network leases its office space on a month to month basis for $750.

NOTE 3: FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing program and support services have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated to the program and support services benefited.

NOTE 4: STATE GRANTS

The organization entered into two grants to be paid on a reimbursement of expense basis. At year end reimbursements totaling $29,925 were due from the State of Tennessee on completed work. The balance remaining on the two grants for services not yet performed was $249,300. both contracts end June 30, 2016.

NOTE 5: EVALUATION OF SUBSEQUENT EVENTS

The organization has evaluated subsequent events through July 29, 2016, the date which the financial statements were available to be issued.

NOTE 6: CONSERVATION EASEMENTS

The organization holds conservation easements over properties that were donated to the City of Knoxville in 2014. These properties are known as the Williams Creek Watershed. The goal of these easements are to protect the water quality in this area. No values have been placed on these easements, which are not presented in the organization's statement of financial position.