

CLINTON RIVER WATERSHED COUNCIL

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021**

CLINTON RIVER WATERSHED COUNCIL
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Clinton River Watershed Council

Qualified Opinion

We have audited the accompanying financial statements of Clinton River Watershed Council (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of Clinton River Watershed Council as of December 31, 2022 and 2021, 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.

Basis for Qualified Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibility 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 Clinton River Watershed Council and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Matter Giving Rise to the Qualified Opinion on the Financial Statements

Accounting principles generally accepted in the United States of America requires the recognition of right-of-use lease assets and lease liabilities on the balance sheet of lessees for operating leases, along with the disclosure of key information about leasing arrangements. The Organization has informed us that they have not included these amounts on their balance sheet. The amount by which this departure would affect the assets and liabilities has not been determined.

Responsibilities of Management's 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; and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Clinton River Watershed Council's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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, including omissions, 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.

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 Clinton River Watershed Council'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 Clinton River Watershed Council'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.

Mattina, Kent & Gibbons, P.C.
Certified Public Accountants
Rochester, Michigan

October 30, 2023

**CLINTON RIVER WATERSHED COUNCIL
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

	<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Current Assets			
Cash and cash equivalents		\$ 289,187	\$ 304,063
Grant receivable		14,187	101,234
Prepaid expenses		<u>7,101</u>	<u>7,858</u>
Total Current Assets		310,475	413,155
Property and Equipment (Net)		37,038	27,803
Other Assets			
Beneficial interest in endowment fund held by others		<u>27,486</u>	<u>31,156</u>
TOTAL ASSETS		<u><u>\$ 374,999</u></u>	<u><u>\$ 472,114</u></u>
 <u>LIABILITIES AND NET ASSETS</u> 			
Current Liabilities			
Accounts payable		\$ 17,013	\$ 177,941
Accrued liabilities		11,705	16,081
Deferred revenue		<u>130,984</u>	<u>113,594</u>
Total Current Liabilities		159,702	307,616
Net Assets			
Net assets without donor restrictions		123,222	63,019
Net assets with donor restrictions		<u>92,075</u>	<u>101,479</u>
Total Net Assets		<u>215,297</u>	<u>164,498</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 374,999</u></u>	<u><u>\$ 472,114</u></u>

See Independent Auditor's Report and Accompanying Notes

**CLINTON RIVER WATERSHED COUNCIL
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021**

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>2022</u>	<u>2021</u>
Revenues, gains and other support		
Grants	\$ 528,452	\$ 334,235
Contributions and memberships	195,494	217,196
Interest income	1,522	959
Other support	-	155,488
Changes in beneficial interest in assets held by others	(3,670)	3,270
Net assets released from restrictions	283,605	214,037
Special events (net of direct benefit to donors of \$11,680 in 2022 and \$0 in 2021)	<u>53,691</u>	<u>10,113</u>
Total unrestricted revenues, gains and other support	1,059,094	935,298
Expenses and losses		
Program services	617,445	745,487
Management and general	96,826	53,721
Fund-raising	<u>102,494</u>	<u>86,066</u>
Total unrestricted expenses	<u>816,765</u>	<u>885,274</u>
Increase (Decrease) in Net Assets Without Donor Restrictions	242,329	50,024
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Revenues, gains and other support		
Grants	92,075	101,479
Net assets released from restrictions	<u>(283,605)</u>	<u>(214,037)</u>
Total donor restricted revenues, gains and other support	<u>(191,530)</u>	<u>(112,558)</u>
Increase (Decrease) in Net Assets With Donor Restrictions	<u>(191,530)</u>	<u>(112,558)</u>
Increase (Decrease) in Net Assets	50,799	(62,534)
Net Assets at Beginning of Year	<u>164,498</u>	<u>227,032</u>
Net Assets at End of Year	<u><u>\$ 215,297</u></u>	<u><u>\$ 164,498</u></u>

See Independent Auditor's Report and Accompanying Notes

**CLINTON RIVER WATERSHED COUNCIL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	\$ 50,799	\$ (62,534)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization	5,716	10,976
Change in beneficial interest in endowment fund held by others	3,670	(3,270)
Decrease (increase) in operating assets:		
Grant receivable	87,047	(101,234)
Prepaid expenses	758	1,157
Increase (Decrease) in operating liabilities:		
Accounts payable	(160,928)	159,039
Accrued liabilities	(4,377)	2,484
Deferred revenue	17,390	(5,488)
Net Cash Provided By (Used For) Operating Activities	75	1,130
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property & equipment	(14,951)	(12,743)
Net Cash Used For Investing Activities	(14,951)	(12,743)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Notes payable borrowings	-	73,235
Notes payable repayments	-	(154,935)
Net Cash Provided By (Used For) Financing Activities	-	(81,700)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(14,876)	(93,313)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	304,063	397,376
 CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 289,187	\$ 304,063

See Independent Auditor's Report and Accompanying Notes

**CLINTON RIVER WATERSHED COUNCIL
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of certain accounting policies followed in the preparation of these financial statements. The policies conform to generally accepted accounting principles and have been consistently applied in the preparation of these statements.

Nature of Activities

Clinton River Watershed Council (the Council), a non-profit corporation, was incorporated in the State of Michigan on September 13, 1993. The Council was formed for the purpose of protection, preservation and improvement of the health of the Clinton River and its watershed for the benefit of individuals, businesses and government. The Council is supported primarily through donor contributions, memberships, grants and program services.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles (GAAP) for not-for-profit organizations.

Basis of Presentation

The financial statements are presented in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Council to report information regarding its financial position and activities in following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Council's management and the board of directors. The governing board has designated, from net assets without restrictions, net assets for operating reserve and board-designated endowment.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Council or by passage of time. Other donor restrictions are perpetual in nature, where by 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 statement of activities.

**CLINTON RIVER WATERSHED COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. 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 statements of activities as net assets released from restrictions.

Memberships

Membership dues are recognized as revenue in the period in which they are received.

Agreement for Services

The Council has entered into agreements with various communities to provide assistance with public education services relevant to stormwater and the Clinton River Watershed. Revenues relating to these agreements are recognized when the corresponding liabilities and expenses are incurred, with any excess revenue reported as deferred revenue on the balance sheet.

Promises to Give

Unconditional promises to give are recognized as revenue when the donor makes the promise. Promises to give are recorded at net realizable value if collection is expected in one year or less and at fair value if they are expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. At December 31, 2022 and 2021 there were no uncollected pledges.

Donated Services

The value of contributed time by unpaid volunteers is not reflected on these statements because the services received do not meet the criteria for recognition as contributed services.

There were no donated services for 2022 and 2021.

**CLINTON RIVER WATERSHED COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Functional Expenses

All expenditures have been allocated between program services, management and general, and fundraising on various bases and estimates. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires the management to use estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For financial statement presentation, the Council considers all highly liquid investments with a maturity date of nine months or less to be cash equivalents.

Advertising

The Council expenses advertising expenses as they are incurred. The advertising expenses for the years ended December 31, 2022 and 2021 was \$244 and \$639, respectively.

Evaluation of Subsequent Events

Management has evaluated subsequent events through October 30, 2023, the date the financial statements were available to be issued.

Income Tax Status

The Council is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. The Council has been classified as other than a private foundation. In accordance with professional standards, The Council considers this exemption from income taxes to be a significant tax position. As such, management evaluates uncertainties in connection with this position and has determined that no adjustment or additional disclosure of this matter is required. The Council's Form 990, Return of Organization Exempt from Income Tax, for the years 2022, 2021, and 2020 are subject to examination by the IRS, generally for three years after they were filed.

**CLINTON RIVER WATERSHED COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**NOTE 1 - NATURE OF ACTIVITIES SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Revenue Recognition

Contract revenue recognized by the Organization is comprised of contracts committed from various funding agencies for use in the Organization's activities. All funding sources are providing revenue streams to the Organization for the benefit of the public. Contract revenue is recognized as revenue upon receipt and meeting all conditional requirements of the funding arrangement. Any funds received in advance for which conditions of the agreement have not been met are recognized as refundable advances and then subsequently recognized as revenue upon meeting the conditions of the agreement.

The Organization recognizes revenue from ticket sales at the time of admission.

Contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-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 activities as net assets released from restrictions.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions of land, buildings, equipment, and other long-lived assets are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

Unconditional contributions expected to be collected within one year are reported at their net realizable value. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.

CLINTON RIVER WATERSHED COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - NATURE OF ACTIVITIES SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Revenue Recognition (Continued)

The following schedule shows the Organization’s revenues disaggregated according to the timing of transfer of goods or services for the year ended December 31:

	<u>2022</u>	<u>2021</u>
Contract Revenue Recognized at a Point in Time		
Special Events, Net	\$ 53,691	\$ 10,113
Total Contract Revenue Recognized at a Point in Time	<u>53,691</u>	<u>10,113</u>
 Contract Revenue Recognized Over Time		
Total Contract Revenue Recognized Over Time	<u>-</u>	<u>-</u>
 Contribution Revenue	195,494	217,196
Grant Revenue	528,452	489,723
Interest Income	1,522	959
Changes in beneficial interest held by others	(3,670)	3,270
Net Assets Released from Restrictions	283,605	214,037
Total Revenue	<u>\$ 1,059,094</u>	<u>\$ 935,298</u>

Adoption of New Accounting Pronouncements

During the year ended December 31, 2021, two new accounting pronouncements were adopted by The Organization: Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers (Topic 606) (“ASU 2014-09”) and 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 (“ASU 2018-08”).

In May 2014, the FASB issued ASU No. 2014-09, “*Revenue from Contracts with Customers*,” which it and all subsequent amendments to the ASU No. 2014-09, replaced most existing revenue recognition guidance in U.S. GAAP. The Organization adopted the provisions of this guidance on January 1, 2019 using the retrospective approach. The Organization has performed an assessment of its revenue contracts as well as worked with industry participants on matters of interpretation and application and has not identified any material changes to the timing or amount of its revenue recognition under ASU 2014-09.

The Organization’s accounting policies did not change materially as a result of applying the principles of revenue recognition from ASU 2014-09 and are largely consistent with existing guidance and current practices applied by the Organization.

ASU 2018-08 clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. This change is preferable in that it clarifies whether to account for transactions as contributions or as exchange transactions. In addition, it clarifies whether a contribution is conditional. As a result, it enhances comparability of financial information among not-for-profit entities.

The change in accounting principle resulting from ASU 2018-08 was adopted on a modified prospective basis during the year ended December 31, 2021. There was no resulting cumulative-effect adjustment to opening net assets without donor restrictions or opening net assets with donor restrictions as of December 31, 2021.

**CLINTON RIVER WATERSHED COUNCIL
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

NOTE 2 – SPECIAL EVENTS

The Organization has various fundraising activities to help fund current operations. The revenue and related costs from such activities for the year ending December 31, 2022 are as follows:

<u>Activities</u>	<u>Revenue</u>	<u>Cost of Direct Benefits to Attendees</u>	<u>Other Event Costs</u>	<u>Net Revenue (Loss)</u>
Annual Meeting	\$ 6,815	\$ 4,080	\$ 5,143	\$ (2,408)
Zoo Walk-a-thon	18,343	2,380	5,545	10,418
Crafts On The Clinton	23,661	5,220	13,412	5,029
Other	16,552	-	2,820	13,732
Total fundraising activities	<u>\$ 65,371</u>	<u>\$ 11,680</u>	<u>\$ 26,920</u>	<u>\$ 26,771</u>

NOTE 3 – PAYCHECK PROTECTION PROGRAM LOAN

On April 29, 2020 the Organization received loan proceeds in the amount of \$81,700 under the Paycheck Protection Program (“PPP”). The Organization received forgiveness on July 28, 2021 in the amount of \$81,700. The Organization has treated the PPP loan proceeds as a government grant, therefore recognizing the revenue and expenses are incurred.

The Company received a second PPP loan (“PPP 2”) on April 5, 2021 in the amount of \$73,235. The Organization received full forgiveness on December 30, 2021 in the amount of \$73,235.

**CLINTON RIVER WATERSHED COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

NOTE 4 - FIXED ASSETS

Furniture, equipment, and leasehold improvements are stated at cost, or when applicable, fair value at date of donation. Depreciation is computed over their estimated useful lives using the straight-line method. When assets are disposed of, the related costs and accumulated depreciation are removed from the respective accounts and any profit or loss on disposition is recognized currently. Maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed as incurred. Depreciation expense for the years ended December 31, 2022 and 2021 was \$5,716 and \$10,976, respectively. A summary of depreciable assets at December 31, 2022 and 2021 is as follows:

		2022		
		<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Computer equipment	\$	60,249	\$ 40,497	\$ 19,752
Office furniture and equipment		40,668	26,277	14,391
Leasehold improvements		12,228	9,333	2,895
		\$ 113,145	\$ 76,107	\$ 37,038

		2021		
		<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
Computer equipment	\$	52,801	\$ 37,216	\$ 15,585
Office furniture and equipment		33,165	24,657	8,508
Leasehold improvements		12,228	8,518	3,710
		\$ 98,194	\$ 70,391	\$ 27,803

NOTE 5 - CONCENTRATIONS OF CREDIT RISKS

Financial instruments which potentially subject the Council to concentrations of credit risk include bank deposits in excess of Federal Deposit Insurance Corporation limits. There were no amount in excess of the insured limits at December 31, 2022 and 2021. The Council experienced no losses on these bank accounts.

NOTE 6 - LEASES

The Organization leases its office facility under an operating lease which expires in June 2021, with monthly payments of \$1,400. A new operating lease agreement will commence in July 2021, with monthly installments of \$1,500 through June 2022, \$1,750 through June 2024, and \$2,000 expiring June 2026. Office equipment is also leased under an agreement ending in December 2025, with monthly payments of \$361. Future lease payments, reflecting the lease agreements, are as follows:

2023	\$ 25,329
2024	26,829
Thereafter	39,969
Total	\$ 92,127

**CLINTON RIVER WATERSHED COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

NOTE 7 - BENEFICIAL INTEREST IN ENDOWMENT FUND

In 2007, the Council transferred \$25,000 to establish a component Endowment Fund held by the Community Foundation of Southeast Michigan (the Foundation). Variance power was granted to the Foundation. The terms of the variance power include that the Foundation has the duty and power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to any specified organization if, in the judgment of the Foundation's Board of Trustees, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable need of the community the Foundation services.

Amounts will be distributed to the Council by the Foundation from this Endowment Fund as the Foundation deems appropriate, in accordance with investment and distribution policies adopted by the Foundation. Accordingly unrestricted revenue is not recognized by the Council until distributions are received.

In accordance with authoritative guidance (Transfers of Assets to a Not-For-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others), the fair market value of these funds are recorded as an asset by the Council.

Certain funds donated by outside donors for the benefit of the Council are also held and managed by the Community Foundation of Southeastern Michigan in the Component Endowment Fund. The Foundation maintains variance power, which, as a result, requires that these assets held by the Foundation not be recorded as assets of the Council.

The Foundation has calculated the market value of the two components of the Endowment Fund for financial statement purposes as of December 31, 2022 and 2021 as follows:

Market value of the reciprocal transfer portion of the Fund (contributions plus net earnings) included in Beneficial Interest in Assets Held by Others on the balance sheet: \$27,486 for 2022 and \$31,156 for 2021.

Market value of the contributed portion of the fund (contributions from third party donors plus net earnings): \$9,060 for 2022 and \$10,269 for 2021.

**CLINTON RIVER WATERSHED COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

NOTE 8 - FAIR VALUE MEASUREMENTS

The Council applies GAAP for fair value measurements of financial assets that are recognized at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The three levels of fair value hierarchy are as follows:

- * Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities accessed at the measurement date.
- * Level 2 inputs are other than quoted prices included in level one that are observable for the assets or liabilities, either directly or indirectly.
- * Level 3 inputs are unobservable inputs for the assets or liabilities.

Financial assets measured at fair value on a recurring basis, as calculated by the Foundation (see Note 5), at December 31, 2022 and 2021 are:

	Level 1	
	<u>2022</u>	<u>2021</u>
Endowment Fund	\$ 27,486	\$ 31,156
Beginning balance at December 31	\$ 31,156	\$ 27,886
Investment return, net	(3,670)	3,270
Ending balance at December 31	\$ 27,486	\$ 31,156

The recorded values of the Organization's financial instruments of cash and cash equivalents, and accounts payable approximate their fair values based on their short-term nature.

**CLINTON RIVER WATERSHED COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

NOTE 9 - NET ASSETS

At December 31, 2022, net assets were restricted by donors or designated by the Council as follows:

Without donor-restrictions:

Board-designated for operating reserve	\$	158,820
Foundation-designated Quasi-endowment		27,486
Un-designated		(63,084)
Total net assets without donor-restrictions		123,222

With donor-restrictions:

Grants		92,075
Total net assets with donor-restrictions		92,075

Total net assets	\$	215,297
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NOTE 10 - RETIREMENT PLAN

The Council sponsors a Simple IRA Plan for all eligible employees. A matching contribution of \$6,599 was made in the year ended December 31, 2022 and \$9,513 was made in the year ended December 31, 2021.

NOTE 11 - AVAILABILITY AND LIQUIDITY

At December 31, 2022, the Council has a working capital surplus of \$150,773.

Financial assets at year end:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 289,187	\$ 304,063
Endowments	27,486	31,156
Total financial assets	316,673	335,219

Less amounts not available to be used within one year

Net assets with donor restrictions	(92,075)	(101,479)
Endowment established by the others	(27,486)	(31,156)
	(119,561)	(132,635)

Financial assets available to meet general operating over the next twelve months

	\$ 197,112	\$ 202,584
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NOTE 12 - PREPAID EXPENSES

Prepaid expenses consist of certain expenses paid that cover more than the current fiscal period. As of December 31, 2022 and 2021, prepaid expenses consisted of \$7,101 and \$7,858, respectively and consist of insurance, event tickets and software licenses.

CLINTON RIVER WATERSHED COUNCIL
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 13 - FUNCTIONAL EXPENSES

	2022				2021			
	Program Services	Management & General	Fund- Raising	Total	Program Services	Management & General	Fund- Raising	Total
Advertising and printing	\$ 11,257	\$ -	\$ 4,039	\$ 15,296	\$ 20,299	\$ 611	\$ 4,991	\$ 25,901
Bank/finance charges	633	776	1,156	2,565	353	187	826	1,366
Conferences	215	-	-	215	-	-	-	-
Depreciation	4,422	647	647	5,716	5,488	2,744	2,744	10,976
Dues and subscriptions	567	2,074	1,004	3,645	3,518	1,444	-	4,962
Employee benefits	21,670	14,402	6,046	42,118	47,015	4,259	6,645	57,919
Equipment rental/maintenance	2,365	1,154	1,154	4,673	1,903	1,406	1,408	4,717
Insurance	5,894	1,263	1,263	8,420	2,220	2,220	2,220	6,660
Legal and accounting	2,015	2,020	2,030	6,065	1,951	1,920	1,900	5,771
Miscellaneous	-	-	-	-	-	196	-	196
Office expense	24,832	5,102	7,268	37,202	21,543	2,724	2,418	26,685
Outside contractor	254,254	-	200	254,454	296,522	-	-	296,522
Professional development	650	-	-	650	278	128	-	406
Postage	1,884	1,041	4,602	7,527	103	634	10,000	10,737
Rent	13,650	2,925	2,925	19,500	8,700	4,350	4,350	17,400
Salaries and payroll taxes	238,122	63,709	43,467	345,298	312,679	28,324	44,190	385,193
Supplies	20,753	389	25,145	46,287	14,440	196	1,929	16,565
Telephone	3,033	647	647	4,327	2,753	1,377	1,377	5,507
Travel	8,071	-	224	8,295	3,786	34	100	3,920
Utilities	3,158	677	677	4,512	1,936	967	968	3,871
Total Functional Expenses	\$ 617,445	\$ 96,826	\$ 102,494	\$ 816,765	\$ 745,487	\$ 53,721	\$ 86,066	\$ 885,274