Friends of the Rouge
Financial Statements
December 31, 2022

With Comparative Summarized Totals
For the Year Ended December 31, 2021

Friends of the Rouge
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Financial Statements

CND Cole, Newton & Duran
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Friends of the Rouge
Plymouth, Michigan

Opinion

We have audited the accompanying financial statements of Friends of the Rouge (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Friends of the Rouge as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Friends of the Rouge'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 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.

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- 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 Friends of the Rouge'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 Friends of the Rouge'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.

Report on Summarized Comparative Information

We have previously audited Friends of the Rouge’s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 18, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cole, Newton & Duran

Cole, Newton & Duran CPAs
Livonia, Michigan
September 7, 2023

Friends of the Rouge
Statement of Financial Position
December 31, 2022
With Comparative Totals for December 31, 2021

ASSETS

	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	$ 1,179,226	$ 253,742
Investments	353,334	383,333
Grants receivable	1,489,851	609,116
Other receivables	23,751	1,808
Prepaid expenses	13,642	10,622
Total current assets	3,059,804	1,258,621
PROPERTY AND EQUIPMENT		
Furniture, fixtures, and equipment	334,948	261,824
Less accumulated depreciation	(143,336)	(109,169)
Net property and equipment	191,612	152,655
OTHER ASSETS		
Operating lease right-of-use assets	32,692	-
Grants receivable, long term	776,225	-
Quasi-endowment fund	103,416	122,689
Total other assets	912,333	122,689
TOTAL ASSETS	$ 4,163,749	$ 1,533,965

Friends of the Rouge
Statement of Financial Position
December 31, 2022
With Comparative Totals for December 31, 2021

LIABILITIES AND NET ASSETS

	2022	2021
CURRENT LIABILITIES		
Accounts payable	$ 15,369	$ 17,133
Accrued expenses	19,297	35,665
Operating lease liability, current portion	10,167	-
Finance lease liability, current portion	8,797	19,636
Total current liabilities	53,630	72,434
OTHER LIABILITIES		
Operating lease liability, long-term portion	25,482	-
Finance lease liability, long-term portion	-	9,834
Total other liabilities	25,482	9,834
Total liabilities	79,112	82,268
NET ASSETS		
Without donor restrictions		
Undesignated	365,941	418,206
Board designated	103,416	122,689
With donor restrictions	3,615,280	910,802
Total net assets	4,084,637	1,451,697
TOTAL LIABILITIES AND NET ASSETS	$ 4,163,749	$ 1,533,965

Friends of the Rouge
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2022
With Comparative Totals for the Year Ended December 31, 2021

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Total
SUPPORT AND REVENUE				
Grants	$ 358,636	$ 3,404,849	$ 3,763,485	$ 928,150
Contributions	187,764	-	187,764	98,129
Special events and appeals	165,091	-	165,091	132,260
(Loss) income from endowment	(14,430)	-	(14,430)	13,092
Membership dues	41,968	-	41,968	40,027
Miscellaneous income	9,847	-	9,847	21,155
Product sales	12,156	-	12,156	46,103
Investment (loss) income	(29,908)	-	(29,908)	50,709
Subtotal	731,124	3,404,849	4,135,973	1,329,625
Net assets released from restrictions	700,371	(700,371)	-	-
Total support and revenue	1,431,495	2,704,478	4,135,973	1,329,625
FUNCTIONAL EXPENSES				
Program services	1,018,799	-	1,018,799	905,506
Management and general	292,275	-	292,275	208,820
Fundraising	191,959	-	191,959	138,338
Total functional expenses	1,503,033	-	1,503,033	1,252,664
INCREASE (DECREASE) IN NET ASSETS	(71,538)	2,704,478	2,632,940	76,961
NET ASSETS AT BEGINNING OF YEAR	540,895	910,802	1,451,697	1,374,736
NET ASSETS AT END OF YEAR	$ 469,357	$ 3,615,280	$ 4,084,637	$ 1,451,697

Friends of the Rouge
Statement of Functional Expenses
For the Year Ended December 31, 2022
With Comparative Totals for the Year Ended December 31, 2021

	2022				2021
	Program Services	Management and General	Fundraising	Total Expenses	Summarized Total
Advertising and promotion	$ -	$ -	$ -	$ -	$ 6,243
Annual meeting expense	-	-	3,061	3,061	2,357
Auto maintenance	4,560	-	-	4,560	928
Bank and credit card fees	-	-	442	442	42
Board functions	-	2,700	-	2,700	234
Contract and professional fees	21,496	6,962	3,536	31,994	16,446
Depreciation	22,956	7,435	3,776	34,167	25,817
Fundraising events	-	-	68,413	68,413	49,319
Interest expense	-	1,476	-	1,476	3,334
Liability insurance	7,372	2,388	1,212	10,972	7,369
Outside printing and copier	5,187	1,680	854	7,721	5,262
Postage and shipping	1,621	525	267	2,413	1,906
Project expenses	358,122	-	-	358,122	367,415
Rent	17,657	5,723	2,904	26,284	37,494
Salaries, wages, and benefits	562,992	231,491	97,752	892,235	694,616
Supplies	4,231	1,370	696	6,297	5,429
Technology and database	6,154	1,993	6,127	14,274	8,553
Telephone	3,998	1,295	657	5,950	5,961
Training and professional development	2,453	6,201	2,262	10,916	3,341
Travel and business expense	-	21,036	-	21,036	10,598
Total expenses	$ 1,018,799	$ 292,275	$ 191,959	$ 1,503,033	$ 1,252,664

Friends of the Rouge
Statement of Cash Flows
For the Year Ended December 31, 2022
With Comparative Totals for the Year Ended December 31, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 2,632,940	$ 76,961
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	34,167	25,817
(Gain) loss on investments	42,674	(26,091)
(Gain) loss on endowment fund	13,891	(13,598)
(Increase) decrease in assets:		
Grants receivable	(1,656,960)	279,934
Other receivables	(21,943)	12,559
Prepaid expenses	(3,020)	(820)
Increase (decrease) in liabilities:		
Accounts payable	(1,764)	(319,745)
Accrued expenses	(867)	4,333
Deferred rent	(12,544)	26
Net cash provided by operating activities	1,026,574	39,376
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(73,124)	(50,133)
Purchase of investments	(39,798)	(70,191)
Proceeds from sales of investments	32,505	46,083
Net cash used in investing activities	(80,417)	(74,241)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease payable	(20,673)	(17,778)
Net cash used in financing activities	(20,673)	(17,778)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	925,484	(52,643)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	253,742	306,385
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,179,226	$ 253,742
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	$ 1,476	$ 3,334
Cash paid for income taxes	$ -	$ -

See Notes to the Financial Statements

NOTE 1 – Nature of Activities

Friends of the Rouge (the Organization) was incorporated to restore, protect, and enhance the Rouge River watershed through stewardship, education, and collaboration. The Organization's principal services include Monitoring, Education, Restoration, and Recreation. The Organization's principal revenue sources include grants as well as contributions from metropolitan Detroit companies, communities, other corporations, and individuals.

NOTE 2 – Summary of Significant Accounting Policies

Basis of accounting
The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and, accordingly, reflect all significant receivables, payables, and other liabilities.

Comparative financial information
The financial information presented for comparative purposes for the year ended December 31, 2021 is not intended to be a complete financial statement presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the 2021 financial statements of the Organization from which the summarized information was derived.

Basis of presentation
Financial statement presentation follows requirements of the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Organization is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Without donor restrictions – consist of resources that are not restricted by any donor-imposed stipulations.

With donor restrictions – consist of resources of which the use by the Organization is limited by donor-imposed stipulations.

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 disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair value of financial instruments
FASB guidance on fair value measurement defines fair value, establishes a framework for measuring fair value, and expands disclosure of fair value measurements. The guidance applies to all assets and liabilities that are measured and reported on a fair value basis. The carrying amounts of financial instruments, including cash, cash equivalents, receivables, prepaids, accounts payable, and accrued liabilities, approximate fair value due to the short-term maturity of these instruments.

NOTE 2 – Summary of Significant Accounting Policies (continued)

Cash equivalents
The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents. Money market funds that are managed by an investment broker are considered investments.

Receivables
Receivables consist primarily of grants and unconditional promises to give and are recorded at estimated fair value. Management considers the amounts to be fully collectible, accordingly, no allowance for doubtful accounts has been provided. Uncollectible accounts are written off in the year they are deemed uncollectible.

Investments
Investments are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the changes in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

Property and equipment
The Organization capitalizes all expenditures for property and equipment in excess of $1,000. Property and equipment are recorded at cost. Donated assets are recorded at fair market value at the time of donation. Depreciation is recognized using the straight-line method over the estimated life of the asset. Major repairs and improvements are capitalized and depreciated while minor repairs and replacements are charged to expenditures as incurred. Gains and losses on dispositions are reflected in current operations. Depreciation expense for the years ended December 31, 2022 and 2021, was $34,167 and $25,817, respectively.

Compensated absences
The Organization accrues a liability for paid time off based on the amount unused as of the end of the year. Employees are entitled to paid time off depending upon the length of service. Unused paid time off accumulates, and certain amounts can roll over to the following year. Upon termination, employees may be entitled to payout of certain balances of unused paid time off. The related liability has been included in accrued expenses on the statement of financial position.

Contributions and grants
Contributions are recognized as revenue in the year received or unconditionally promised by the donor. Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are reported as support without donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are classified as net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

In-kind contributions
Use of workshop facilities and donated goods and materials are recorded at the estimated fair value as revenue and expense. The Organization received no donations of goods or materials for the years ended December 31, 2022 or 2021. Donated services are recognized to the extent that the services require specialized skills that would typically have to be purchased by the Organization if they had not been donated. Although a substantial number of volunteers have contributed their time to support the Organization, the value of the contributed services is not reflected in these financial statements as they do not meet the criteria for recognition as contributed services.

NOTE 2 – Summary of Significant Accounting Policies (continued)

Allocation of functional expenses
The cost of providing program and support services have been reported on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program are charged directly to that program. Expenses that cannot be identified with a specific program require allocation on a reasonable basis that is consistently applied. Expenses that are allocated are done so based on time sheets and the ratio of program salaries to total salaries. Management and general expenses include those costs that are not identifiable with any program, but which provide for the overall support and direction of the Organization. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Advertising and promotion
Advertising and promotion expenditures are charged to expense as incurred. Advertising and promotion expenses for the years ended December 31, 2022 and 2021, were $0 and $6,243, respectively.

Tax status
The Organization is exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation. The Organization is no longer subject to Internal Revenue Service examinations for years prior to 2019. Management has evaluated FASB ASC 740, *Income Taxes*, and has concluded it has no uncertain positions.

Subsequent events
Management has evaluated events and transactions for potential recognition or disclosure through the date of the auditor's report, which is the date the financial statements were available to be issued.

New accounting pronouncements
In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the balance sheet.

The Organization elected to adopt these ASUs effective January 1, 2022 and utilized all of the available practical expedients. The adoption had a material impact on the Organization's balance sheet but did not have a material impact on the income statement. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. Adoption of the standard required the Organization to restate amounts as of January 1, 2022, resulting in an increase in operating lease ROU assets of approximately $72,500, and an increase in operating lease liabilities of approximately $72,500.

NOTE 3 – Concentration of Credit Risk

Cash
The Organization maintains its cash balances at financial institutions located in southeastern Michigan. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 in any one bank. At times during the year, balances on deposit in any one bank may exceed the insured amount. Uninsured balances as of December 31, 2022 and 2021, were $970,054 and $20,991, respectively. The Organization has not experienced any losses with respect to uninsured cash balances.

Investments
Funds held in brokerage accounts are not covered by the FDIC but are covered by the Securities Investor Protection Corporation (SIPC), which insures certain claims up to $500,000, including a $250,000 limit for cash. Uninsured balances in brokerage accounts at the years ended December 31, 2022 and 2021, were $0. The Organization has not experienced any losses with respect to uninsured deposits.

Receivables
Concentrations of grants receivable include grants from three sources, which made up approximately 94% of grants receivable at December 31, 2022. Concentrations at December 31, 2021, include grants from three sources, which made up approximately 85% of the total grants receivable at year end.

Revenue
Concentrations of revenue include grants from three sources totaling $3,254,000, which made up approximately 86% of the total grant revenue for the year ended December 31, 2022. Concentration for the year ended December 31, 2021, includes grants from three sources totaling $519,623, which made up approximately 56% of grant revenue.

NOTE 4 – Contingencies

The final determination of revenue is subject to the acceptance of program costs by the contracting agency. To the extent that costs are disallowed by the contracting agency, Organization monies would be required to reimburse the applicable agency. The Organization does not believe that any potential disallowed costs would be material to the financial statements.

NOTE 5 – Leases

The Organization has operating and financing leases of office space for certain equipment and furniture. The Organization assesses whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term.

Office space – The Organization entered into a lease agreement for office space covering a 64-month period, beginning May 1, 2018, and ending September 30, 2023. Monthly payments at the inception of the lease amounted to $3,060, with payments beginning September 1, 2018, subject to rent escalations as detailed in the leasing agreement.

NOTE 5 – Leases (continued)

Office equipment – In April 2016, the Organization entered into an operating lease agreement for office equipment requiring payments of $326 a month, plus usage effective through July 2021. In July 2021, the Organization entered into an operating lease agreement for office equipment requiring payments of $232 a month, plus usage effective through September 2026.

Furniture – The Organization leases office furniture under a financing lease expiring in June 2023. The assets and liabilities under the capital lease are recorded at the present value of the minimum lease payments for the fair value of the asset. The assets are depreciated over their estimated productive lives.

The following summarizes the line items in the statement of financial position which include amounts for operating and financing leases as of December 31:

	2022	2021
Operating leases:		
Operating lease right of use asset	$ 32,692	$ -
Operating lease liability, current portion	$ 10,167	$ -
Operating lease liability, long-term portion	25,482	-
Total operating lease liabilities	$ 35,649	$ -

	2022	2021
Finance leases:		
Equipment	$ 89,693	$ 89,693
Accumulated amortization	(40,362)	(31,392)
Equipment, net	$ 49,331	$ 58,301
Finance lease liability, current portion	$ 8,797	$ 19,636
Finance lease liability, long-term portion	-	9,834
Total finance lease liabilities	$ 8,797	$ 29,470

The following summarizes the weighted average remaining lease term and discount rate as of December 31:

	2022	2021
Weighted average remaining lease term		
Operating leases	1.28 years	N/A
Finance leases	0.50 years	1.50 years
Weighted average discount rate		
Operating leases	4.40%	N/A
Finance leases	7.34%	7.34%

NOTE 5 – Leases (continued)

The maturities of lease liabilities as of December 31, 2022 were as follows:

Year Ending December 31:	Operating	Finance
2023	$ 29,540	$ 10,556
2024	2,788	-
2025	2,788	-
2026	2,321	-
Total lease liability payments	37,437	10,556
Less: Interest	(1,788)	(1,759)
Present value of lease liabilities	$ 35,649	$ 8,797

The following summarizes the line items in the statements of activities which include the components of lease expense for the year ended December 31:

	2022	2021
Operating lease costs:		
Expense included in program services expenses	$ 20,895	$ 28,468
Expense included in management and general expenses	6,771	8,414
Expense included in fundraising expenses	3,437	4,598
	$ 31,103	$ 41,480

Finance lease costs:	2022	2021
Amortization of lease assets:		
Expense included in program services expenses	$ 6,009	$ 6,189
Expense included in management and general expenses	1,973	1,794
Expense included in fundraising expenses	987	987
Interest on lease liabilities:		
Expense included in management and general expenses	1,476	3,334
	$ 10,445	$ 12,304

The following summarizes cash flow information related to leases for the year ended December 31:

Cash paid for amounts included in the measurement of lease liabilities:	2022	2021
Operating cash flows from operating leases	$ 43,647	$ 41,454
Operating cash flows from finance leases	1,476	3,334
Financing cash flows from finance leases	20,673	17,778

Subsequent to December 31, 2022, the Organization entered into an additional operating lease that has not yet commenced of approximately $219,000. This operating lease will commence in September 2023 with a lease term of 5 years.

NOTE 6 – Investments

Investments consisted of the following as of December 31, 2022 and 2021:

	2022	2021
Cash and money market funds	$ 9,653	$ 10,632
Equities	232,259	247,352
Fixed income	111,422	125,349
Total	$ 353,334	$ 383,333

Investment (loss) income for the years ended December 31, 2022 and 2021, are as follows:

	2022	2021
Interest and dividends	$ 10,331	$ 10,920
Realized gains (losses)	6,747	13,698
Unrealized gains (losses)	(42,674)	26,091
Investment fees	(4,312)	-
	$ (29,908)	$ 50,709

Investment risks

Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in the values in the near term could materially affect the amounts reported in the accompanying financial statements.

NOTE 7 – Fair Value Measurements

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. U.S. GAAP requires the Organization to disclose the fair value of each of its assets and liabilities based on the level of observable inputs. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that a reporting entity has the ability to access at the measurement date or published net asset value for alternative investments with characteristics similar to a mutual fund.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement falls, in its entirety, is based on the lowest level input that is significant to the fair value measurement. As of December 31, 2022 and 2021, all investments were classified as Level 1. During the years ended December 31, 2022 and 2021, there were no transfers between levels.

NOTE 8 – Retirement Plan

A 401k plan is available to all eligible employees. Under the plan, the Organization contributes 2% of each eligible employee's compensation to the plan. Employees may elect to contribute any amount up to the maximum amount allowed by law. The expense incurred by the Organization for the years ended December 31, 2022 and 2021, was $12,946 and $10,190, respectively.

NOTE 9 – Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet date. Amounts not available include amounts set aside for long-term investing in the quasi-endowment that could be drawn upon if the governing board approves that action.

	2022	2021
Financial assets at year-end	$ 4,163,749	$ 1,533,965
Less those unavailable for general expenditure within one year:		
Property and equipment, net of depreciation	(191,612)	(152,655)
Restricted by donors with time or purpose restrictions	(3,615,280)	(910,802)
Board designated quasi-endowment	(103,416)	(122,689)
Financial assets at year-end for general use within one year	$ 253,441	$ 347,819

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically equities and mutual funds.

NOTE 10 – Restrictions on Net Assets

Donor restricted
As of December 31, 2022 and 2021, donor restricted net assets were restricted as follows:

Program	2022	2021
Rain Gardens to the Rescue	$ 15,160	$ 202,630
Gateway Trail	2,630,444	17,560
B-Wet Grant	51,192	80,000
General Operating	195,877	-
Water Trail	7,000	68,768
Fort Street Bridge	235,424	-
Other programs and projects	480,183	541,844
	$ 3,615,280	$ 910,802

NOTE 10 – Restrictions on Net Assets (continued)

Donor restricted net assets released during the years ended December 31, 2022 and 2021, were as follows:

Program	2022	2021
Rain Gardens to the Rescue	$ 202,630	$ 95,318
Gateway Trail	62,091	308,065
General Fund	28,808	40,000
B Wet Grant	100,000	80,000
Water Trail	68,768	11,355
Fort Street Bridge	14,576	-
Other programs and projects	223,498	83,064
	$ 700,371	$ 617,802

Board designated
In July 2017, the Board of Directors elected to designate a portion of the Organization's net assets without donor restrictions into an endowment fund held with the Community Foundation of Southeast Michigan (Foundation). The Foundation has been granted variance power by the Organization. Endowment funds changed during the years ended December 31, 2022 and 2021, as follows:

	2022	2021
Endowment fund net assets at beginning of year	$ 122,689	$ 113,686
Contributions	-	460
Unrealized gains (loss)	(13,891)	13,598
Investment fees	(538)	(506)
Amount appropriated for expenditure	(4,844)	(4,549)
Endowment fund net assets at end of year	$ 103,416	$ 122,689

Investment policy
The Investment Committee of the Organization is authorized to invest the Organization's funds with the following goals:

1. Safety and preservation of capital
2. Moderate growth
3. Availability of funds as needed for day-to-day operations and major purchases.

With respect to endowment funds, investments with stated maturities will have laddered maturities to minimize interest rate risk. Earnings will be reinvested or withdrawn in accordance with the Board of Directors' endowment fund guidelines.

Spending policy
The Organization has designated the earnings from the endowment funds as unrestricted earnings to be spent for general operations, program services, or fundraising efforts.

NOTE 11 – Grants Receivable

Unconditional promises to give are recorded as pledges receivable and revenue when received. The Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. Pledges are recorded after being discounted to the anticipated net present value of the future cash flows using a discount rate of 4.30% and 0.00% as of December 31, 2022.

As of December 31, pledges receivable are expected to be realized in the following periods:

	2022	2021
In one year or less	$ 1,489,851	$ 609,116
Between one year and five years	809,603	-
Unconditional pledges receivable before unamortized discount	2,299,454	609,116
Less unamortized discount	(33,378)	-
Net pledges receivable	$ 2,266,076	$ 609,116