Friends of the Rouge
Financial Statements
December 31, 2023

Friends of the Rouge
Table of Contents
December 31, 2023

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, 2023, 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, 2023, 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.

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.

Emphasis of Matter

As discussed in Note 13 to the financial statements, the 2022 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

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.
- 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.

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- 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.

Cole, Newton & Duran

Cole, Newton & Duran CPAs
Livonia, Michigan
October 8, 2024

Friends of the Rouge
Statement of Financial Position
December 31, 2023

ASSETS

		2023
CURRENT ASSETS		
Cash and cash equivalents	$	369,377
Investments		376,363
Grants receivable		1,327,133
Other receivables		23,026
Prepaid expenses		11,095
Total current assets		2,106,994
PROPERTY AND EQUIPMENT		
Furniture, fixtures, and equipment		370,856
Less accumulated depreciation		(187,215)
Net property and equipment		183,641
OTHER ASSETS		
Operating lease right-of-use assets		184,387
Grants receivable, long term		668,211
Quasi-endowment fund		119,774
Total other assets		972,372
TOTAL ASSETS	$	3,263,007

Friends of the Rouge
Statement of Financial Position
December 31, 2023

LIABILITIES AND NET ASSETS

		2023
CURRENT LIABILITIES		
Accounts payable	$	70,723
Accrued expenses		23,032
Operating lease liability, current portion		35,459
Total current liabilities		129,214
OTHER LIABILITIES		
Operating lease liability, long-term portion		149,778
Total other liabilities		149,778
Total liabilities		278,992
NET ASSETS		
Without donor restrictions		
Undesignated		(147,230)
Board designated		119,774
With donor restrictions		3,011,471
Total net assets		2,984,015
TOTAL LIABILITIES AND NET ASSETS	$	3,263,007

See Notes to the Financial Statements

Friends of the Rouge
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2023

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Grants	$ 477,885	$ 388,128	$ 866,013
Contributions	186,389	-	186,389
Special events and appeals	142,462	-	142,462
Income (loss) from endowment	12,339	-	12,339
Membership dues	40,142	-	40,142
Miscellaneous income	9,120	-	9,120
Product sales	30,922	-	30,922
Investment income (loss)	23,148	-	23,148
Subtotal	922,407	388,128	1,310,535
Net assets released from restrictions	570,788	(570,788)	-
Total support and revenue	1,493,195	(182,660)	1,310,535
FUNCTIONAL EXPENSES			
Program services	1,438,238	-	1,438,238
Management and general	351,154	-	351,154
Fundraising	200,616	-	200,616
Total functional expenses	1,990,008	-	1,990,008
INCREASE (DECREASE) IN NET ASSETS	(496,813)	(182,660)	(679,473)
NET ASSETS AT BEGINNING OF YEAR	469,357	3,194,131	3,663,488
NET ASSETS AT END OF YEAR	$ (27,456)	$ 3,011,471	$ 2,984,015

Friends of the Rouge
Statement of Functional Expenses
For the Year Ended December 31, 2023

	2023			
	Program Services	Management and General	Fundraising	Total Expenses
Annual meeting expense	$ -	$ -	$ 3,948	$ 3,948
Auto maintenance	1,336	-	-	1,336
Bank and credit card fees	-	-	103	103
Board functions	-	485	-	485
Contract and professional fees	13,943	54,638	2,086	70,667
Depreciation	30,305	9,040	4,534	43,879
Fundraising events	-	-	52,332	52,332
Interest expense	-	186	-	186
Liability insurance	13,037	3,889	1,951	18,877
Outside printing and copier	5,674	3,846	849	10,369
Postage and shipping	-	2,874	-	2,874
Project expenses	501,983	-	-	501,983
Rent	26,605	7,936	3,980	38,521
Salaries, wages, and benefits	818,143	239,452	120,390	1,177,985
Supplies	6,193	1,847	926	8,966
Technology and database	16,869	5,032	8,182	30,083
Telephone	4,074	1,215	609	5,898
Training and professional development	76	1,949	726	2,751
Travel and business expense	-	18,765	-	18,765
Total expenses	$ 1,438,238	$ 351,154	$ 200,616	$ 1,990,008

Friends of the Rouge
Statement of Cash Flows
For the Year Ended December 31, 2023

		2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	(679,473)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation		43,879
(Gain) loss on investments		(12,772)
(Gain) loss on endowment fund		(12,883)
(Increase) decrease in assets:		
Grants receivable		(150,417)
Other receivables		725
Prepaid expenses		2,547
Increase (decrease) in liabilities:		
Accounts payable		55,354
Accrued expenses		3,735
Deferred rent		(2,107)
Net cash (used in) provided by operating activities		(751,412)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets		(35,908)
Purchase of investments		214,386
Proceeds from sales of investments		(228,118)
Net cash (used in) provided by investing activities		(49,640)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease payable		(8,797)
Net cash (used in) provided by financing activities		(8,797)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(809,849)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,179,226
CASH AND CASH EQUIVALENTS AT END OF YEAR	$	369,377
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	$	186
Cash paid for income taxes	$	-

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.

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.

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.

NOTE 2 – Summary of Significant Accounting Policies (continued)

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 year ended December 31, 2023 was $43,879.

Leases
The Organization leases office space and office equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract 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.

Operating leases are included in operating lease right-of-use ("ROU") assets, current operating lease liability, and operating lease liability long term on the statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent obligations to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization has elected to use the practical expedient related to the discount rate and uses the risk-free interest rate based on the three-month U.S. Treasury bill at lease commencement. Operating lease ROU assets also includes any lease payments made and excludes any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that they will exercise the option.

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.

Revenue recognition
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.

NOTE 2 – Summary of Significant Accounting Policies (continued)

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 year ended December 31, 2023. 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.

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 year ended December 31, 2023 was $0.

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 2020. 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.

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, 2023 was $93,553. 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 often covered by the Securities Investor Protection Corporation (SIPC), which insures certain claims up to $500,000, including a $250,000 limit for cash. Annuities are issued by insurance companies which do not fall under the SIPC. Uninsured balances in investment accounts as of December 31, 2023 was $234,977. The Organization has not experienced any losses with respect to uninsured deposits.

NOTE 3 – Concentration of Credit Risk (continued)

Receivables
Concentrations of grants receivable include grants and promises to give from two sources, which made up approximately 95% of grants receivable at December 31, 2023.

Revenue
Concentrations of revenue include grants from three sources totaling $561,998, which made up approximately 65% of the total grant revenue for the year ended December 31, 2023.

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 and 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 August 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. The Organization renewed the lease agreement for office space covering a 60-month period, beginning September 1, 2023, and ending August 30, 2028. Monthly payments at the inception of the lease amounted to $3,444, subject to rent escalations as detailed in the leasing agreement.

Office equipment – 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.

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

Operating lease right of use asset	$ 184,387
Operating lease liability, current portion	$ 35,459
Operating lease liability, long-term portion	149,778
Total operating lease liabilities	$ 185,237

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

Weighted average remaining lease term	4.88 years
Weighted average discount rate	4.57%

NOTE 5 – Leases (continued)

The maturities of lease liabilities as of December 31, 2023 were as follows:

Year Ending December 31:	
2024	$ 44,528
2025	45,776
2026	44,276
2027	45,608
Thereafter	31,008
Total lease liability payments	211,196
Less: Interest	(25,959)
Present value of lease liabilities	$ 185,237

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

Operating lease costs:	
Expense included in program services expenses	$ 28,800
Expense included in management and general expenses	9,424
Expense included in fundraising expenses	4,308
	$ 42,532

The following summarizes cash flow information related to leases for the year ended December 31, 2023:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 44,639
Lease assets obtained in exchange for operating lease obligations	$ 191,022

NOTE 6 – Investments

Investments consisted of the following as of December 31, 2023:

Cash and money market funds	$ 19,732
Equities	121,654
Annuities	234,977
Total	$ 376,363

Investment (loss) income for the year ended December 31, 2023 is as follows:

Interest and dividends	$ 4,463
Realized gains (losses)	33,583
Unrealized gains (losses)	(12,772)
Investment fees	(2,126)
	$ 23,148

NOTE 6 – Investments (continued)

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. During the year ended December 31, 2023, there were no transfers between levels.

Disclosures concerning assets and liabilities measured at fair value on a recurring basis are as follows as of December 31, 2023:

	Total	Level 1	Level 2	Level 3
Cash and money market funds	$ 19,732	$ 19,732	$ -	$ -
Equities	121,654	121,654	-	-
Annuities	234,977	-	234,977	-
Total	$ 376,363	$ 141,386	$ 234,977	$ -

The Organization measures its investment in cash and money market and equities at fair value on a recurring basis. The fair values of these investments are based primarily on Level 1 inputs, as described above. The Organization measures its investment in annuities at fair value when that information is available from the financial institution; otherwise, the asset is stated at face value.

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 year ended December 31, 2023 was $14,791.

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.

Financial assets at year-end	$ 3,263,007
Less those unavailable for general expenditure within one year:	
Property and equipment, net of depreciation	(183,641)
Restricted by donors with time or purpose restrictions	(3,011,471)
Board designated quasi-endowment	(119,774)
Financial assets at year-end for general use within one year	$ (51,879)

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, 2023, donor restricted net assets were restricted as follows:

Program	
Fort Street Bridge	$ 200,000
Gateway Trail	2,511,221
General Operating	160,000
Other programs and projects	112,250
Restoration	28,000
	$ 3,011,471

Donor restricted net assets released during the year ended December 31, 2023 were as follows:

Program	
Fort Street Bridge	$ 35,424
Gateway Trail	148,248
General Operating	100,000
Other programs and projects	264,956
Rain Gardens to the Rescue	15,160
Water Trail	7,000
	$ 570,788

NOTE 10 – Restrictions on Net Assets (continued)

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 year ended December 31, 2023, as follows:

Endowment fund net assets at beginning of year	$ 103,416
Contributions	4,020
Unrealized gains (loss)	12,883
Investment fees	(545)
Endowment fund net assets at end of year	$ 119,774

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 5.356% as of December 31, 2023.

As of December 31, 2023, pledges receivable are expected to be realized in the following periods:

In one year or less	$ 1,327,133
Between one year and five years	704,000
Unconditional pledges receivable before unamortized discount	2,031,133
Less unamortized discount	(35,789)
Net pledges receivable	$ 1,995,344

NOTE 12 – Conditional Grants Receivable

As of December 31, 2023, the Organization has been awarded approximately $1,160,000 of grants, payable over the next two years. As the awards are conditional, based on grant performance, allowable cash expenditure, and approval in future years, the Organization has determined to recognize revenue as the conditions are met.

NOTE 13 – Prior Period Adjustment

The Organization receives conditional grants in relation to their programs. Historically, the Organization considered these as unconditional grants and recorded them as revenue when awarded. During the fiscal year ended December 31, 2023, it was determined that these were actually conditional grants which should be recorded as revenue when the applicable expenditures have been made. Accordingly, the Organization has restated its financial statements for the year ended December 31, 2022.

The effects on the change in net assets, net assets with donor restrictions, and total assets for 2022 resulting from this change are as follows:

	Before Restatement	Adjustment	Restated
Total assets	$ 4,163,749	$ (421,149)	$ 3,742,600
Net assets with donor restrictions	$ 4,084,637	$ (421,149)	$ 3,663,488
Increase (decrease) in net assets	$ 2,632,940	$ (421,149)	$ 2,211,791