

FINANCIAL STATEMENTS
FRIENDS OF THE ST. CLAIR RIVER
DECEMBER 31, 2023

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Friends of the St. Clair River
Port Huron, Michigan

We have reviewed the accompanying financial statements of Friends of the St. Clair River (a nonprofit organization) which comprise the statements of financial position as of December 31, 2023 and December 31, 2022 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Friends of St. Clair River and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Austin, Niester, Schwehofer & Finnegan, P.C.

Certified Public Accountants

July 16, 2024
Port Huron, Michigan

FRIENDS OF THE ST. CLAIR RIVER
STATEMENTS OF FINANCIAL POSITION

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 258,459	\$ 242,738
Contract assets	26,326	-
Unrestricted promises to give	25,000	-
TOTAL CURRENT ASSETS	<u>309,785</u>	<u>242,738</u>
RIGHT-OF-USE ASSETS - OPERATING LEASE		
Operating lease right of use asset, net	67,905	51,896
Less accumulated amortization	27,303	13,762
TOTAL LEASE ASSETS	<u>40,602</u>	<u>38,134</u>
OTHER ASSETS		
Security deposit	1,000	1,000
TOTAL OTHER ASSETS	<u>1,000</u>	<u>1,000</u>
TOTAL ASSETS	<u>\$ 351,387</u>	<u>\$ 281,872</u>
CURRENT LIABILITIES		
Accounts payable	\$ 2,810	\$ -
Payroll liabilities	3,895	-
Accrued expenses	4,519	-
Contract obligations	50,000	50,000
Current portion of operating lease liability	13,800	13,800
TOTAL CURRENT LIABILITIES	<u>75,024</u>	<u>63,800</u>
LONG TERM LIABILITIES		
Operating lease liabilities, less current portion	28,602	25,646
TOTAL LONG TERM LIABILITIES	<u>28,602</u>	<u>25,646</u>
TOTAL LIABILITIES	<u>103,626</u>	<u>89,446</u>
NET ASSETS		
Without donor restrictions	247,761	192,426
TOTAL NET ASSETS	<u>247,761</u>	<u>192,426</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 351,387</u>	<u>\$ 281,872</u>

See Independent Accountant's Review Report and Notes To Financial Statements.

FRIENDS OF THE ST. CLAIR RIVER

STATEMENTS OF ACTIVITIES

Years Ending December 31, 2023 and 2022

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES, GAINS, AND OTHER SUPPORT				
Contributions	\$ 152,902	\$ -	\$ 152,902	\$ 71,977
Program Services	134,014	-	134,014	136,101
Interest	44	-	44	32
Fundraising	33,188	-	33,188	24,923
TOTAL REVENUES, GAINS, AND OTHER SUPPORT	320,148	-	320,148	233,033
EXPENSES				
Program services	86,809	-	86,809	76,936
Management and general	161,595	-	161,595	138,394
Fundraising	16,409	-	16,409	6,647
TOTAL EXPENSES	264,813	-	264,813	221,977
INCREASE IN NET ASSETS	55,335	-	55,335	11,056
NET ASSETS AT BEGINNING OF YEAR	192,426	-	192,426	181,370
NET ASSETS AT END OF YEAR \$	<u>247,761</u>	<u>\$ -</u>	<u>\$ 247,761</u>	<u>\$ 192,426</u>

See Independent Accountant's Review Report and Notes To Financial Statements.

FRIENDS OF THE ST. CLAIR RIVER

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ending December 31, 2023 and 2022

	<u>Program Services</u>			<u>Supporting Services</u>		<u>2023</u>	<u>2022</u>
	<u>PAC</u>	<u>BWTGI</u>	<u>CISMA</u>	<u>Administrative</u>	<u>Fundraising</u>	<u>Total</u>	<u>Total</u>
Advertising	\$ 2,217	\$ 16,286	\$ -	\$ 1,744	\$ -	\$ 20,247	\$ 3,178
Contract labor	9,998	12,463	10,300	70,471	-	103,232	109,827
Consulting	-	26,905	-	17,717	-	44,622	30,193
Field	510	19	-	2,546	-	3,075	-
Printing	1,300	933	-	-	1,610	3,843	13,027
General & administrative	-	-	-	-	-	-	12,907
Professional fees	-	-	-	9,290	-	9,290	11,100
Swag & merchandise	-	-	-	-	-	-	1,605
Website	1,814	-	-	145	-	1,959	-
Education	848	-	-	2,143	-	2,991	1,360
Insurance	-	-	-	2,777	-	2,777	2,694
Operating lease costs	-	-	-	14,288	-	14,288	13,200
Training	-	1,354	290	3,761	-	5,405	1,583
Registration & membership fee	35	-	-	2,136	-	2,171	1,031
Wages	36	76	50	13,980	-	14,142	-
Payroll taxes	-	-	-	1,326	-	1,326	-
Office expense	-	-	-	3,189	-	3,189	1,477
Miscellaneous	-	-	-	1,832	-	1,832	-
Postage	-	-	-	3,694	-	3,694	-
Fund raising expense	1,065	-	-	-	14,799	15,864	2,106
Travel	44	257	-	1,642	-	1,943	1,934
Meeting	-	-	9	1,299	-	1,308	873
Facilities	-	-	-	814	-	814	8,382
Events	-	-	-	3,047	-	3,047	-
Bank fees	-	-	-	490	-	490	388
Computer costs	-	-	-	3,264	-	3,264	5,112
	<u>\$ 17,867</u>	<u>\$ 58,293</u>	<u>\$ 10,649</u>	<u>\$ 161,595</u>	<u>\$ 16,409</u>	<u>\$ 264,813</u>	<u>\$ 221,977</u>

See Independent Accountant's Review Report and Notes To Financial Statements.

FRIENDS OF THE ST. CLAIR RIVER

STATEMENTS OF CASH FLOWS

Years Ending December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 55,335	\$ 11,056
(Increase) decrease in assets		
Contract assets	(26,326)	12,710
Unrestricted promises to give	(25,000)	-
Operating lease right-of-use asset, net	(2,468)	-
Increase (decrease) in liability		
Accounts payable	2,810	-
Payroll liabilities	3,895	-
Accrued expenses	4,519	-
Contract obligations	-	50,000
Operating lease liability	2,956	(11,510)
	<u>15,721</u>	<u>62,256</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	15,721	62,256
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>242,738</u>	<u>180,482</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 258,459</u>	<u>\$ 242,738</u>

See Independent Accountant's Review Report and Notes To Financial Statements.

FRIENDS OF THE ST. CLAIR RIVER

NOTES TO FINANCIAL STATEMENTS

Years Ending December 31, 2023 and 2022

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Friends of the St. Clair River (the Organization) assists the community by using citizen action through stewardship, monitoring and education to restore, protect and enhance the St. Clair River and its watersheds. They receive grant funds and do annual fundraising to support their efforts to preserve and improve the St. Clair River and its watersheds.

Basis of Presentation

The financial statements are prepared in accordance with generally accepted accounting principles in the United States of America, and report information regarding financial position and activities according to two classes of net assets: those subject to restriction by donors; and those which are unrestricted as to their usage.

Net assets of the Organization are classified as without donor restrictions, or with donor restriction depending on the characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets. Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in a classification as "Net assets with donor restrictions". Earnings, gains and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor. There were no net assets subject to donor restrictions as of December 31, 2023 and 2022.

Revenue Recognition

Revenue is recorded when: (i) a contract has been identified, (ii) the performance obligation(s) in the contract have been identified, (iii) the transaction price has been determined, (iv) the transaction price has been allocated to each performance obligation in the contract, (v) the Organization has satisfied the applicable performance obligation. Expenses directly related to such transactions are recorded as incurred and presented within expenses.

Primary Revenue Streams

Revenue consists primarily of fundraising revenue, contract revenue, and grant revenue. Fundraising revenues are recorded on the date of the event. Contract revenues are recorded once invoices are submitted to the third party and cash is received. Grant revenues are recorded on the date of the agreement between the third party and Friends of the St. Clair River. Friends of the St. Clair River management has determined that this method provides a faithful depiction of the transfer to services.

FRIENDS OF THE ST. CLAIR RIVER

NOTES TO FINANCIAL STATEMENTS

Years Ending December 31, 2023 and 2022

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization. These services do not meet the criteria for recognition as contributed services. The organization received 1,168 volunteer hours from over 501 volunteers in 2023 at a value of \$39,116 and received 1,831 hours from over 761 volunteers in 2022 at a value of \$59,561.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without restrictions depending on the existence or nature of any donor restrictions.

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Management is required to recognize the impact of significant uncertain tax positions in the Organization's financial statements for all open tax years. Previous tax years open to Federal examination include 2020, 2021, and 2022. As of December 31, 2023, management has concluded there were no significant uncertain income tax positions requiring recognition in the financial statements.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

FRIENDS OF THE ST. CLAIR RIVER

NOTES TO FINANCIAL STATEMENTS

Years Ending December 31, 2023 and 2022

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising

Advertising primarily consists of promoting their fundraising events and to inform the public on the current accomplishments of the Organization. The total advertising and outreach costs of \$20,247 and \$3,178 were incurred and expensed as of December 31, 2023 and 2022, respectively.

Contract Balances

The timing of revenue recognition, billings, and cash collections results in contract assets and contract obligations. Contract assets would exist when the Organization has a contract with a customer for which revenue has been recognized but customer payment is contingent on a future event. The Organization records receivables when the right to consideration become unconditional and are presented separately in the statements of financial positions. Contract obligations may include advances and unearned revenue when the Organization receives payments from members/customers before the revenue is recognized and are presented separately in the statements of financial position. Contract assets amounted to \$26,326 and \$0 as of December 31, 2023 and 2022, respectively. Contract obligations amounted to \$50,000 as of December 31, 2023 and 2022. Accounts receivable were \$0 at December 31, 2023 and 2022.

Functional Expense Allocation

The cost of providing program services and supporting (management and general) services have been reported on a functional basis in the statement of functional expenses. Accordingly, certain indirect costs have been allocated between program and supporting services using appropriate bases.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on management's analysis of specific promises made. Management has determined no allowance is necessary.

FRIENDS OF THE ST. CLAIR RIVER

NOTES TO FINANCIAL STATEMENTS

Years Ending December 31, 2023 and 2022

NOTE A - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to Give

The unrestricted promise to give reported within the statement of financial position is considered current and due within one year. The unrestricted promise to give is recognized at fair value and will be used for general operations.

NOTE B - CASH AND CASH EQUIVALENTS

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the statement of financial position that sum to the amounts shown in the statement of cash flows:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ <u>258,459</u>	\$ <u>242,738</u>

NOTE C - CONCENTRATIONS OF CREDIT RISK

The Organization maintains cash and cash equivalent accounts at several financial institutions. The balances are insured by the Federal Deposit Insurance Company up to \$250,000. At December 31, 2023 the Organization's uninsured cash and cash equivalent balance was \$2,966. At December 31, 2022 the Organization's uninsured cash and cash equivalent balance was \$0.

NOTE D - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

There were no donor restricted amounts reported on the trial balance at December 31, 2023 and 2022, see Note B of the financial statements. Financial assets available to meet cash needs for the general expenditure within one year was \$258,459. As part of the Organization's liquidity management, all financial assets are held as cash.

NOTE E - LEASES

The Organization leases its space under an operating lease. The lease was renewed during 2023 to extend the lease terms for an additional 3 years. A lease renewal option has not been discussed as of December 31, 2023, therefore, no renewal option has been included within the calculation of lease assets and liabilities.

FRIENDS OF THE ST. CLAIR RIVER
NOTES TO FINANCIAL STATEMENTS

Years Ending December 31, 2023 and 2022

NOTE E - LEASES (continued)

The following summarizes the line items in the financial position statement which include amounts for operating leases as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating lease right-of-use asset	\$ 67,905	\$ 51,896
Current portion of operating lease liability	13,800	13,800
Operating lease liability, less current portion	<u>28,602</u>	<u>25,646</u>
Total operating lease liability	\$ <u>42,402</u>	\$ <u>39,446</u>

The components of operating lease expenses that are included in the Statement of Functional Expenses for the years ended December 31, 2023 and 2022 were as follows:

	<u>2023</u>	<u>2022</u>
Operating lease costs	\$ 14,288	\$ 13,200

The following summarizes the cash flow information related to the operating lease for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Operating cash flows for operating leases	\$ 488	\$ 1,200

Weighted average lease term and discount rate of as December 31, 2023 were as follows:

Weighted average remaining lease term	3.0 years
Weighted average discount rate	1.26%

FRIENDS OF THE ST. CLAIR RIVER

NOTES TO FINANCIAL STATEMENTS

Years Ending December 31, 2023 and 2022

NOTE E - LEASES (continued)

The maturity of the operating lease liability as of December 31, 2023, were as follows:

Year ended December 31,	2024	\$	13,800
	2025		14,400
	2026		15,000
	2027		-
	2028		-
			<hr/>
	Total lease payment		43,200
	Less: Interest		(798)
			<hr/>
	Present value of lease liability	\$	42,402

NOTE F - EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 16, 2024 the date which the financial statements were available to be issued.

During April 2024, the Organization entered into an Agency Designated Fund and contributed \$25,000 to start the fund. The fund is a non-endowed fund which allows the organization to distribute funds as needed and gives the Organization the option to invest funds. These funds can be endowed at a later date, should the board choose to do so.