

Stewardship Network

Financial Statements

For the Year Ended
December 31, 2011

Stewardship Network

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To The Board of Directors
Stewardship Network
Ann Arbor, Michigan

We have reviewed the accompanying statement of financial position of Stewardship Network (a nonprofit corporation) as of December 31, 2011, and the related statement of activities and net assets, and statement of cash flows for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization 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 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 designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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 conformity with accounting principles generally accepted in the United States of America.

Our review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The information included in the accompanying schedule of functional expenses is presented only for purposes of additional analysis and has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

McEachin & Associates, CPA, P.C.

McEachin & Associates, CPA, P.C.
Certified Public Accountants

May 22, 2012

Stewardship Network
Statement of Financial Position
December 31, 2011

ASSETS

CURRENT ASSETS	
Cash	\$ 13,237
Accounts receivable	6,152
Grants receivable	20,012
Prepaid expenses	<u>4,572</u>
Total Current Assets	<u>43,973</u>
PROPERTY AND EQUIPMENT	
Furniture and equipment	1,000
Computer equipment	2,233
Computer software	2,750
Organizational costs	2,500
Web development	10,404
Accumulated depreciation	(4,275)
Accumulated amortization	<u>(11,548)</u>
Net Property and Equipment	<u>3,064</u>
TOTAL ASSETS	<u>\$ 47,037</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 3,873
Credit card payable - current portion	9,598
Accrued wages	1,699
Deferred revenue	<u>17,925</u>
Total Current Liabilities	<u>33,095</u>
LONG-TERM LIABILITIES	
Credit card payable - long-term portion	<u>9,598</u>
Total long-term Liabilities	<u>9,598</u>
TOTAL LIABILITIES	<u>42,693</u>
NET ASSETS	
Unrestricted net assets	<u>4,343</u>
Total Net Assets	<u>4,343</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 47,037</u>

See Independent Accountants' Review Report and Notes to the Financial Statements.

Stewardship Network
Statement of Activities
For the Year Ended December 31, 2011

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
REVENUE, GAINS, AND OTHER SUPPORT			
Contributions	\$ 22,733	\$ 3,850	\$ 26,583
Contributions - noncash	24,985		24,985
Grants		18,166	18,166
Grants - government		48,933	48,933
Membership dues	36,905		36,905
Program service fees	57,709		57,709
Interest income	7		7
Net assets released from restrictions			
Restrictions satisfied by payments	<u>80,949</u>	<u>(80,949)</u>	
Total Revenue, Gains, and Other Support	<u>223,289</u>	<u>(10,000)</u>	<u>213,289</u>
Expenses			
Program services	189,992		189,992
Management and general	13,628		13,628
Development	<u>3,467</u>		<u>3,467</u>
Total Expenses	<u>207,087</u>		<u>207,087</u>
Increase (decrease) in net assets	16,202	(10,000)	6,202
NET ASSETS - Beginning of Year	<u>(11,859)</u>	<u>10,000</u>	<u>(1,859)</u>
NET ASSETS - End of Year	<u>\$ 4,343</u>	<u>\$</u>	<u>\$ 4,343</u>

See Independent Accountants' Review Report and Notes to the Financial Statements.

Stewardship Network
Statement of Cash Flows
For the Year Ended December 31, 2011

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (decrease) in net assets	\$	6,202
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities		
Depreciation expense		143
Amortization expense		1,083
Accounts receivable		29,995
Prepaid expenses		(1,572)
Accounts payable		(42,821)
Credit card payable		(2,795)
Accrued wages		(1,926)
Deferred revenue		<u>12,095</u>
Net cash provided (used) by operating activities		403

CASH FLOWS FROM INVESTING ACTIVITIES

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS 403

CASH AND CASH EQUIVALENTS - Beginning of year 12,834

CASH AND CASH EQUIVALENTS - End of year \$ 13,237

Interest paid \$ 5,927

See Independent Accountants' Review Report and Notes to the Financial Statements.

Stewardship Network

Notes to the Financial Statements

For The Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Stewardship Network have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Nature of Activity

The primary goal of Stewardship Network is to increase capacity to protect, restore, and manage natural lands and waters. Stewardship Network builds the capacity of organizations, individuals, and businesses to preserve, restore, and manage natural lands and waters. Since its inception, the Organization has collaborated with nonprofits large and small, governmental agencies and units, private business, and dedicated individuals to achieve that goal.

Income Taxes

Stewardship Network was organized under the laws of the State of Michigan on July 19, 2004. It is a nonprofit corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Contributions to the Organization qualify for the charitable contributions deduction to the extent provided by section 170 of the Internal Revenue Code. None of Stewardship Network's present or anticipated future activities are subject to taxation as unrelated business income; therefore, no provision for income taxes has been made in the accompanying financial statements.

The Organization's federal Return of Organization Exempt From Income Tax Returns (Form 990) for 2009, 2010, and 2011 are subject to examination by the IRS, generally for three years after they were filed.

Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

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

The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Stewardship Network believes it is not exposed to any significant credit risk on cash and cash equivalents.

Stewardship Network

Notes to the Financial Statements

For The Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable consists of membership and program service income. Accounts receivables are recorded at the amount the Organization expects to collect and no allowances were considered necessary at December 31, 2011.

Grants Receivable

Grants receivable are reported at fair value in the period the grant is awarded and/or earned based on the grantor contract. Grants receivable are carried at their estimated collectable amounts therefore no allowance was considered necessary at December 31, 2011.

Depreciation and Amortization

Furniture and equipment are carried at cost. Depreciation is recognized over the estimated useful lives of the respective assets on a straight-line basis. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized as income for the period. The cost of maintenance and repairs are charged to operations as incurred; significant renewals and betterments are capitalized.

Website, database, and management system development costs including certain graphic design services have been capitalized and amortized on a straight-line basis over 3 years. The cost of maintenance is charged to operations as incurred.

Organizational costs are carried at cost and amortized on a straight-line basis over 15 years.

Accounts Payable

Accounts payable represent amounts incurred and billed for materials, supplies, and services purchased by the Organization. Vendors are usually paid within 30-45 days of invoice date.

Deferred Revenue

Workshop registration income received in 2011 for Conference 2012 is deferred and recognized in the year to which the income relates.

Income Recognition

Contributions are recorded as revenue in the period received. All contributions are available for unrestricted use unless specifically restricted by donor.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Stewardship Network

Notes to the Financial Statements

For The Year Ended December 31, 2011

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Recognition (Continued)

Contributions of services are recognized in the financial statements of Stewardship Network only if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Donated materials, goods, and supplies are recorded as contributions and as expenditures at their actual or estimated fair market values on the date of receipt

Advertising Costs

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred.

Financial Statement Presentation

Stewardship Network reports financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets include unrestricted resources which represent the portion of funds that are available for the operating objectives of the Organization. Temporarily restricted net assets represent resources restricted by donors for specific purposes for which restrictions have not yet been met. Permanently restricted net assets represent donated resources with stipulations that they be used for a specific purpose, be preserved, or be invested to provide a permanent source of income. At December 31, 2011, the Organization had no permanently restricted net assets.

NOTE 2 - CREDIT CARD PAYABLE

The Organization maintains a Chase bank credit card with an available limit of \$22,900 and a balance of \$19,196 the year ended December 31, 2011. The Organization has classified \$9,598 as the current portion of the credit card debt and the remaining balance as long-term. The current annual percentage rate is 29.99%.

Interest expense paid during 2011 was \$5,927.

NOTE 3 - GRANTS

During the year ended December 31, 2011, Stewardship Network recognized \$46,933 of restricted grant revenue from the U.S. Environmental Protection Agency for the Lac Vieux Desert Wild Rice Restoration Project, \$2,000 from the U.S. Environmental Protection Agency for the 2011 Statewide Training Conference, \$14,640 from National Fish and Wildlife Foundation for the Field Workshop Kit for the Great Lakes Region, and other smaller program grants.

Stewardship Network

Notes to the Financial Statements

For The Year Ended December 31, 2011

NOTE 4 - DONATED GOODS AND SERVICES

Volunteers have donated their time without compensation to the Organization to assist with tasks such as on-line forum setup and maintenance, community organizing, data management, organizing events, and other programmatic and administrative responsibilities. Volunteer services are integral to the efficient operation of the Organization. During the year ended December 31, 2011 over 972 hours, with an approximate value of \$21,180, of services were volunteered to the Organization. No amounts have been reflected in the financial statements for these donated services. Volunteer services neither create or enhance nonfinancial assets nor do they require specialized skills. No amounts have been recognized in the Statement of Activities since the criteria for recognition have not been met.

Stewardship Network continues its partnership with other nonprofit organizations; governmental agencies, units, and departments; and private citizens in conjunction with its programming. The time volunteered through these partnerships to assist with program design, delivery, and promotion as well as support offered to staff was without compensation and no amounts have been recognized in the Statement of Activities since the criteria for recognition have not been met. The approximate value is \$317,625.

The Organization receives various graphic design, professional presentation, and accounting services from unrelated parties free of charge or at significant discounts. In-kind donated services were \$8,890 for the year ending December 31, 2011.

Contributed goods such as facilities, travel expenses, office supplies, and program supplies are recorded as support at their fair market value when determinable, otherwise at values indicated by the donor. In-kind donated goods for the year-ended December 31, 2011 were valued at \$2,895. Other contributed supplies were donated during the year with an approximate value of \$11,223. These were contributions not recorded in the financial statements.

NOTE 5 - FACILITIES

The Organization currently occupies office space in a building owned by Huron River Holdings. The office space is donated to Stewardship Network. Currently there is no lease agreement between the parties. The donated rent value is calculated based on the square feet occupied by the Organization at comparable leasing rates with a multiplier for common areas including areas such as kitchen and conference room. The multiplier used is 1.583 which is also derived from comparable rates in the local area. The value of donated facilities was \$13,201 for the year-ended December 31, 2011. It is expected that the Stewardship Network and Huron River Holdings will continue this arrangement through 2012.

NOTE 6 - SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through May 22, 2012, the date the financial statements were available to be issued and determine that there weren't any subsequent events to disclose.

Stewardship Network

Notes to the Financial Statements

For The Year Ended December 31, 2011

NOTE 7 - RELATED PARTY TRANSACTIONS

Stewardship Network has a volunteer Board of Directors and received contributions from several participating members during fiscal year ending December 31, 2011.

NOTE 8 - CONTINGENCY

In the normal course of operations, there may be outstanding contingent liabilities, such as lawsuits, which are not reflected in the accompanying financial statements. Stewardship Network's management is of the opinion that insurance coverage is adequate to cover any potential losses. No such liabilities have been asserted, therefore, no estimation of loss has been made.

Additional Information

Stewardship Network
Schedule of Functional Expenses
For the Year Ended December 31, 2011

	Program Expenses				Supporting Services			
	Clusters	Online Network	Statewide Training	Other Programs	Total Program	Management and General	Development	Total
Operations								
Salary and wages	\$ 15,549	\$ 15,549	\$ 15,824	\$	\$ 46,922	\$ 485	\$ 602	\$ 48,009
Payroll tax expense	1,492	1,492	1,492		4,476	36	36	4,549
Workers compensation insurance	143	143	143		429	29	19	477
Other personnel costs	15				15	500	15	530
Rent	5,088	2,838	2,838		10,764	1,888	1,349	14,001
Telephone	364	364	364		1,092	17	17	1,125
Program materials and supplies	1,842		4,755		6,597	214		6,811
Meeting hosting and event expense	32		25,615		25,647			25,647
Contract services	1,417		8,500	57,140	67,057			67,058
Graphic design fees	1,575				1,575			1,575
Fundraising expenses							106	106
Transportation expenses	621		1,115	1,411	3,147			3,147
Meetings, conferences, seminars				2,500	2,500			2,500
Computer repairs and supplies						80	27	107
Computer, web, and internet fees	2,433	2,727	4,353		9,513	73	51	9,637
Office supplies and expenses	65	59	65		189	15	40	244
Postage and delivery						18		18
Printing and reproduction	2,326				2,326	906	253	3,485
Dues, licenses, fees	33	33	33		99	20		120
Service charges	678	72	1,772		2,522	2,004		4,525
Publications and subscriptions	12				12	75		87
Insurance	290	290	290		870	290	316	1,476
Professional fees	600	600	600		1,800	600	600	3,000
Outside services	544	544	508		1,596	105		1,701
Depreciation expense						143		143
Amortization expense	281	281	281		843	203	37	1,083
Interest expense						5,927		5,927
Total Expenses	\$ 35,400	\$ 24,991	\$ 68,549	\$ 61,051	\$ 189,992	\$ 13,628	\$ 3,467	\$ 207,087

See Independent Accountants' Review Report.