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# **THE STEWARDSHIP NETWORK**

## **FINANCIAL STATEMENTS**

For the years ended December 31, 2019 and 2018

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For the years ended December 31, 2019 and 2018

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## INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of  
The Stewardship Network  
Ann Arbor, Michigan

We have reviewed the accompanying financial statements of The Stewardship Network (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2019 and 2018, 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 engagements 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 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.

### Accountant's Conclusion

Based on our reviews, 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.

Respectfully,

*Bennett & Associates, CPAs PLLC*

Ann Arbor, Michigan  
December 21, 2020

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**THE STEWARDSHIP NETWORK**  
**STATEMENTS OF FINANCIAL POSITION**  
*December 31,*

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	2019	2018
<b>ASSETS</b>		
Cash and cash equivalents	\$ 113,330	\$ 58,594
Accounts receivable	15,707	45,342
Prepaid expenses	21,687	29,199
Property and equipment, net	-	-
<b>TOTAL ASSETS</b>	<u><u>\$ 150,724</u></u>	<u><u>\$ 133,135</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 11,115	\$ -
Accrued liabilities	11,869	8,228
Line of credit	10,000	-
Deferred revenue	41,848	47,601
Refundable advances	-	7,013
<b>TOTAL LIABILITIES</b>	<u>74,832</u>	<u>62,842</u>
<b>NET ASSETS</b>		
Without donor restrictions	72,892	68,293
With donor restrictions	<u>3,000</u>	<u>2,000</u>
<b>TOTAL NET ASSETS</b>	<u>75,892</u>	<u>70,293</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 150,724</u></u>	<u><u>\$ 133,135</u></u>

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**THE STEWARDSHIP NETWORK**  
**STATEMENTS OF ACTIVITIES**  
*For the years ended December 31,*

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	2019	2018
<b>NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
SUPPORT AND REVENUE		
Contributions	\$ 183,690	\$ 172,186
Grants and contracts	109,291	275,040
Annual conference	69,875	77,385
Program service fees	60,228	149,971
Interest income	50	129
	<u>423,134</u>	<u>674,711</u>
Net assets released from restrictions	<u>-</u>	<u>1,533</u>
<b>TOTAL SUPPORT AND REVENUE WITHOUT DONOR RESTRICTIONS</b>	<u>423,134</u>	<u>676,244</u>
<b>EXPENSES</b>		
Program services	370,969	624,361
Supporting services		
Management and general	43,607	38,636
Fundraising	3,959	3,702
	<u>418,535</u>	<u>666,699</u>
<b>TOTAL EXPENSES</b>	<u>418,535</u>	<u>666,699</u>
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<u>4,599</u>	<u>9,545</u>
<b>NET ASSETS WITH DONOR RESTRICTIONS</b>		
Contributions	1,000	1,000
Net assets released from restrictions	<u>-</u>	<u>(1,533)</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>	<u>1,000</u>	<u>(533)</u>
<b>CHANGE IN NET ASSETS</b>	5,599	9,012
NET ASSETS AT BEGINNING OF YEAR	<u>70,293</u>	<u>61,281</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 75,892</u></u>	<u><u>\$ 70,293</u></u>

**THE STEWARDSHIP NETWORK**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
*For the year ended December 31, 2019, with comparable totals for 2018*

	Program Services	Supporting Services Management and General	Fundraising	Total 2019	Total 2018
<b>Employee Compensation</b>					
Salaries and wages	\$ 199,154	\$ 15,300	\$ 2,700	\$ 217,154	\$ 194,984
Employee benefits	8,292	459	81	8,832	9,169
Payroll taxes	15,933	1,224	216	17,373	16,051
	<u>223,379</u>	<u>16,983</u>	<u>2,997</u>	<u>243,359</u>	<u>220,204</u>
<b>Other Expenses</b>					
Accounting fees	-	15,971	-	15,971	15,127
Fees for services - other	19,784	3,744	-	23,528	312,262
Office expenses	2,949	3,005	345	6,299	9,326
Information technology	17,202	248	-	17,450	10,298
Occupancy	18,915	1,028	617	20,560	21,260
Travel	7,237	32	-	7,269	4,079
Conferences and meetings	79,300	-	-	79,300	68,243
Interest expense	-	509	-	509	-
Depreciation and amortization	-	-	-	-	-
Insurance	1,438	1,200	-	2,638	2,590
Staff training and development	515	-	-	515	3,290
All other	250	887	-	1,137	20
	<u>370,969</u>	<u>43,607</u>	<u>3,959</u>	<u>418,535</u>	<u>666,699</u>
Total expenses	<u>\$ 370,969</u>	<u>\$ 43,607</u>	<u>\$ 3,959</u>	<u>\$ 418,535</u>	<u>\$ 666,699</u>

**THE STEWARDSHIP NETWORK**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
*For the year ended December 31, 2018*

	Program Services	Supporting Services		Total 2018
		Management and General	Fund- Raising	
<b>Employee Compensation</b>				
Salaries and wages	\$ 177,109	\$ 15,194	\$ 2,681	\$ 194,984
Employee benefits	8,088	919	162	9,169
Payroll taxes	14,579	1,251	221	16,051
	<u>199,776</u>	<u>17,364</u>	<u>3,064</u>	<u>220,204</u>
<b>Other Expenses</b>				
Accounting fees	-	15,127	-	15,127
Fees for services - other	311,549	713	-	312,262
Office expenses	5,945	3,381	-	9,326
Information technology	10,278	20	-	10,298
Occupancy	19,559	1,063	638	21,260
Travel	4,076	3	-	4,079
Conferences and meetings	68,243	-	-	68,243
Interest expense	-	-	-	-
Depreciation and amortization	-	-	-	-
Insurance	1,645	945	-	2,590
Staff training and development	3,290	-	-	3,290
All other	-	20	-	20
	<u>-</u>	<u>20</u>	<u>-</u>	<u>20</u>
Total expenses	<u>\$ 624,361</u>	<u>\$ 38,636</u>	<u>\$ 3,702</u>	<u>\$ 666,699</u>

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**THE STEWARDSHIP NETWORK**  
**STATEMENTS OF CASH FLOWS**  
*For the years ended December 31,*

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	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 5,599	\$ 9,012
Adjustments to reconcile change in net assets to net cash from (used for) operating activities:		
Depreciation and amortization	-	-
Change in accounts receivable	29,635	22,801
Change in prepaid expenses	7,512	(8,360)
Change in accounts payable	11,115	(5,500)
Change in accrued liabilities	3,641	(8,255)
Change in deferred revenue	(5,753)	(3,889)
Change in refundable advances	<u>(7,013)</u>	<u>(127,197)</u>
Net cash from (used for) operating activities	<u>44,736</u>	<u>(121,388)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net borrowings (repayments) under line of credit	<u>10,000</u>	<u>-</u>
Net cash from (used for) financing activities	<u>10,000</u>	<u>-</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	54,736	(121,388)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>58,594</u>	<u>179,982</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 113,330</u></u>	<u><u>\$ 58,594</u></u>
<b><u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u></b>		
Cash paid during the year for		
Interest	\$ 509	\$ -



**NOTE A - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Nature of Organization***

The Stewardship Network's ("the Network") mission is to connect, equip, and mobilize people and organizations to care for lands and waters in their communities. As a 501(c)(3) nonprofit with a strong record of apolitical, transformational change leadership, the Network provides a unique function in the conservation community: facilitating the work of many by connecting conservation minded volunteers and practitioners to experts, to government agencies, to local organizers, to tribes and researchers and to each other; to craft and implement solutions to a multitude of the most pressing and challenging community conservation problems (water quality, invasive species control, biological diversity, habitat improvement, local food systems, civic engagement, etc.), which results in real on-the-ground conservation based eco-system vitality. This model is effective because individuals and organizations that care about their community, yet are unsure of what to do, address conservation problems one property at a time at a scale that is personal to those involved and now executable with their resources complemented by those brought to the table by the Network. Our community-based, collaborative model is unique among the conservation world, as we ask the critical question "What do you need to increase capacity to care for land and water?" We are not driven by a single species or issue and instead focus on revitalizing the system as a whole.

***Basis of Accounting***

The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

***Basis of Presentation***

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, the Network's net assets and changes therein are classified and reported as follows:

*Net assets without donor restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net assets with donor restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

***Cash and Cash Equivalents***

The Network considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

***Accounts Receivable***

Accounts receivable consists of program service billings and grants receivable, and are recorded at the amount the Network expects to collect. No allowance for uncollectible receivables was considered necessary at December 31, 2019 and 2018.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***Property and Equipment***

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. 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 for the period. The cost of maintenance and repairs are charged to operations as incurred; significant renewals and betterments are capitalized.

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

***Contributions***

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Contribution of services are recognized in the financial statements 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.

***Grant and Contract Revenue***

Grant and contract revenue is recognized when the qualifying costs are incurred for cost-reimbursement grants or contracts or when a unit of service is provided for performance grant. Grant and contract revenue received before it is spent is recorded as refundable advances.

***Workshop and Conference Revenue***

Workshop and conference revenue is recorded in the period the workshop or conference is held. Workshop registration income received in 2019 and 2018 for the 2020 Annual Conference and 2019 Annual Conference, respectively, is recorded as deferred revenue.

***Expense Allocation***

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses are summarized and categorized based upon their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, which is allocated on a square-footage basis, as well as salaries, wages and employee benefits, which are allocated on the basis of estimates of time and effort.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

***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.

***Income Taxes***

The Network is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as other than a private foundation.

***Subsequent Events***

Subsequent events have been evaluated through December 21, 2020, the date the financial statements were available to be issued.

**NOTE B - LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2019 and 2018, comprise the following:

	2019	2018
Financial assets:		
Cash and cash equivalents	\$ 113,330	\$ 58,594
Accounts receivable	15,707	45,342
Total financial assets	<u>129,037</u>	<u>103,936</u>
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets	<u>(3,000)</u>	<u>(2,000)</u>
Amount available for general expenditures within one year	<u>\$ 126,037</u>	<u>\$ 101,936</u>

As part of its liquidity management plan, the Network has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. It invests cash in excess of daily requirements in savings accounts.

**NOTE C - LINE OF CREDIT**

The Network had a \$50,000 revolving line of credit with a local bank at the prime rate plus 1% that expired on November 21, 2020 and was not renewed. At December 31, 2019 and 2018, there was \$10,000 and \$0 outstanding on the line of credit, respectively. The line of credit was secured by collateral and the bank had a right of setoff.

**NOTE D - PROPERTY AND EQUIPMENT**

Property and equipment consists of the following at December 31:

	2019	2018
Furniture, fixtures, equipment	\$ 1,000	\$ 1,000
Computer equipment	2,233	2,233
Computer software	2,750	2,750
Organizational costs	2,500	2,500
Web development	10,404	10,404
	<u>18,887</u>	<u>18,887</u>
Less accumulated depreciation and amortization	<u>(18,887)</u>	<u>(18,887)</u>
Total property and equipment, net	<u>\$ -</u>	<u>\$ -</u>

**NOTE E - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods:

	December 31,	
	2019	2018
Subject to expenditure for specified purpose:		
Future endowment	\$ 3,000	\$ 2,000
	<u>\$ 3,000</u>	<u>\$ 2,000</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31, 2019 and 2018:

	2019	2018
Satisfaction of purpose restrictions		
Conservation programs	\$ -	\$ 1,533
	<u>\$ -</u>	<u>\$ 1,533</u>

**NOTE F - FACILITIES**

The Network currently occupies office space in a building owned by Huron River Holdings on a month-to-month basis. The Network pays \$100 per month, and the difference between this and the fair value of the space is recognized as contribution revenue and rent expense. Rent expense totaled \$20,560 and \$21,260 for the years ended December 31, 2019 and 2018, respectively.

**NOTE G - DONATED GOODS AND SERVICES**

Volunteers have donated their time without compensation to the Network 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 Network. During the years ended December 31, 2019 and 2018, several hundred hours of services were volunteered to the Network. 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.

The 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.

**NOTE H - CONCENTRATIONS**

A significant portion of the Network's revenues and contracts and grants receivable consists of government grants and contracts received from a number and variety of governmental agencies. These revenues and grants are earned by the Network based on services it provides per individual agreement. Approximately 13% and 30% of the Network's support was provided by government contracts for the years ended December 31, 2019 and 2018, respectively. 100% of accounts receivable at December 31, 2019 is from one organization per a grant agreement.

**NOTE I - EMPLOYEE BENEFIT PLAN**

The Network provides retirement benefits under Section 401(k) of the Internal Revenue Code to which eligible employees may elect to make contributions under salary reduction agreements. For those employees electing to participate, the Network makes matching contributions on behalf of the participant of up to 3% of compensation. Matching contributions totaled \$6,115 and \$5,783 for the years ended December 31, 2019 and 2018, respectively.

**NOTE J - RELATED PARTY TRANSACTIONS**

The Network has a volunteer Board of Directors and received contributions from several participating members during the years ended December 31, 2019 and 2018.

**NOTE K - CONTINGENCIES AND COMMITMENTS**

The Network receives, directly or as a pass-through, a number of grants from various governmental agencies. These grants are subject to audit by the corresponding oversight agency as to allowable costs paid with governmental funds and as to the share of costs contributed by the Network. Management feels that any liability for reimbursement which could arise as the result of these audits would not be material. It is at least reasonably possible that the estimate of this liability could change in the near term.

The Network spent less than \$750,000 in federal financial assistance for the years ended December 31, 2019 and 2018. Therefore, a single audit in accordance with the OMB Uniform Guidance is not required.

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

**NOTE L - SUBSEQUENT EVENTS**

***Coronavirus Pandemic***

At the date of issuance of these financial statements, the economy and financial markets have experienced significant fluctuations due to the coronavirus pandemic, which could adversely impact the Network's operating results. Potential impacts to the Network include disruptions or restrictions on the Network's ability to work which may include restrictions on its ability to provide services, raise funds, and perform necessary administrative tasks. The 2021 Annual Conference is going virtual. The potential impacts of the pandemic on the Network's funders that may affect the funders' ability to continue supporting the Network's operations are unknown. Although management continues to monitor and assess the effects of the coronavirus pandemic on its operations, the ultimate impact of the pandemic is highly uncertain and subject to change.

***Paycheck Protection Program Loan***

In 2020, the Network borrowed \$45,200 under the Small Business Administration's (SBA) Paycheck Protection Program. The loan is eligible for partial or total forgiveness by the SBA.

**NOTE M - NEW ACCOUNTING PRONOUNCEMENTS**

The FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, a principles-based standard to recognize revenue from customer contracts. ASU No. 2014-09 will be effective beginning in 2020. The Network is currently evaluating the impact the adoption of ASU No. 2014-09 will have on its financial statements.

The FASB also issued ASU No. 2016-02, *Leases (Topic 842)*, which will require recognition of an asset and liability for most leases entered into by lessees. ASU No. 2016-02 will be effective beginning in 2022. The Network is currently evaluating the impact the adoption of ASU No. 2016-02 will have on its financial statements.