
THE STEWARDSHIP NETWORK

FINANCIAL STATEMENTS

For the years ended December 31, 2022 and 2021

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TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Functional Expenses	5
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of The Stewardship Network (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, 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 The Stewardship Network as of December 31, 2022, 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 The Stewardship Network 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.

Prior Period Financial Statements

The 2021 financial statements were reviewed by us, and our report thereon, dated November 15, 2022, stated we were not aware of any material modifications that should be made to those financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole.

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 The Stewardship Network'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.
- 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 The Stewardship Network'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 The Stewardship Network'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.

Respectfully,

Bennett & Associates, CPAs PLLC

Ann Arbor, Michigan
November 29, 2023

THE STEWARDSHIP NETWORK
STATEMENTS OF FINANCIAL POSITION
December 31,

	2022	Reviewed 2021
ASSETS		
Cash and cash equivalents	\$ 976,062	\$ 1,240,133
Accounts receivable	-	10,697
Contributions and grants receivable, net	573,289	20,936
Prepaid expenses	13,805	9,323
Website development costs, net	4,857	14,570
Beneficial interest in assets held by Community Foundation for Southeast Michigan	13,735	15,569
TOTAL ASSETS	\$ 1,581,748	\$ 1,311,228
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 22,023	\$ 52,226
Accrued liabilities	12,178	23,771
Deferred revenue	22,577	20,115
TOTAL LIABILITIES	56,778	96,112
NET ASSETS		
Without donor restrictions		
Undesignated	47,836	210,286
Designated by the Board for endowment	13,735	15,569
	61,571	225,855
With donor restrictions	1,463,399	989,261
TOTAL NET ASSETS	1,524,970	1,215,116
TOTAL LIABILITIES AND NET ASSETS	\$ 1,581,748	\$ 1,311,228

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

	2022	Reviewed 2021
NET ASSETS WITHOUT DONOR RESTRICTIONS		
SUPPORT, REVENUE, AND GAINS		
Contributions	\$ 72,427	\$ 90,489
In-kind contributions	25,700	25,700
Grants and contracts	317,822	479,188
Annual conference	25,344	22,020
Program service fees	11,659	94,502
Other revenue, support, and gains	(355)	13,752
	<u>452,597</u>	<u>725,651</u>
Net assets released from restrictions	<u>883,558</u>	<u>183,274</u>
TOTAL SUPPORT, REVENUE, AND GAINS WITHOUT DONOR RESTRICTIONS	<u>1,336,155</u>	<u>908,925</u>
EXPENSES		
Program services	1,301,726	700,062
Supporting services		
Management and general	116,847	48,496
Fundraising	81,866	27,053
TOTAL EXPENSES	<u>1,500,439</u>	<u>775,611</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>(164,284)</u>	<u>133,314</u>
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	1,357,696	1,159,099
Net assets released from restrictions	<u>(883,558)</u>	<u>(183,274)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>474,138</u>	<u>975,825</u>
CHANGE IN NET ASSETS	309,854	1,109,139
NET ASSETS AT BEGINNING OF YEAR	<u>1,215,116</u>	<u>105,977</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 1,524,970</u></u>	<u><u>\$ 1,215,116</u></u>

THE STEWARDSHIP NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2022, with comparable totals for 2021

	Program Services	Supporting Services		Total 2022	Reviewed Total 2021
		Management and General	Fundraising		
Employee Compensation					
Salaries and wages	\$ 346,279	\$ 72,071	\$ 65,499	\$ 483,849	\$ 354,965
Employee benefits	34,900	1,239	1,239	37,378	24,271
Payroll taxes	28,055	5,802	5,266	39,123	27,923
	<u>409,234</u>	<u>79,112</u>	<u>72,004</u>	<u>560,350</u>	<u>407,159</u>
Other Expenses					
Accounting fees	-	24,386	-	24,386	18,400
Legal fees	2,490	1,531	-	4,021	172
Fees for services - other	518,012	2,650	91	520,753	177,867
Advertising	663	386	-	1,049	-
Office expenses	8,044	1,637	2,376	12,057	6,595
Information technology	35,971	1,325	5,647	42,943	64,178
Occupancy	23,644	1,285	771	25,700	25,700
Travel	151,695	332	6	152,033	13,614
Conferences and meetings	86,912	274	-	87,186	37,394
Depreciation and amortization	7,771	971	971	9,713	9,713
Insurance	636	2,576	-	3,212	3,639
Staff training and development	3,605	-	-	3,605	1,714
Program materials and supplies	50,825	-	-	50,825	9,281
All other	2,224	382	-	2,606	185
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 1,301,726</u>	<u>\$ 116,847</u>	<u>\$ 81,866</u>	<u>\$ 1,500,439</u>	<u>\$ 775,611</u>

THE STEWARDSHIP NETWORK
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2021

	Program Services	Supporting Services Management and General	Fundraising	Reviewed Total 2021
Employee Compensation				
Salaries and wages	\$ 314,779	\$ 20,093	\$ 20,093	\$ 354,965
Employee benefits	22,859	706	706	24,271
Payroll taxes	24,761	1,581	1,581	27,923
	<u>362,399</u>	<u>22,380</u>	<u>22,380</u>	<u>407,159</u>
Other Expenses				
Accounting fees	-	18,400	-	18,400
Legal fees	172	-	-	172
Fees for services - other	177,311	556	-	177,867
Office expenses	4,135	2,049	411	6,595
Information technology	61,658	-	2,520	64,178
Occupancy	23,644	1,285	771	25,700
Travel	13,247	367	-	13,614
Conferences and meetings	37,394	-	-	37,394
Depreciation and amortization	7,771	971	971	9,713
Insurance	1,336	2,303	-	3,639
Staff training and development	1,714	-	-	1,714
Program materials and supplies	9,116	165	-	9,281
All other	165	20	-	185
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 700,062</u>	<u>\$ 48,496</u>	<u>\$ 27,053</u>	<u>\$ 775,611</u>

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

	2022	Reviewed 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 309,854	\$ 1,109,139
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	9,713	9,713
Change in beneficial interest in assets held by others	1,834	(1,621)
Changes in operating assets and liabilities		
Accounts receivable	10,697	21,183
Contributions and grants receivable	(552,353)	(10,000)
Prepaid expenses	(4,482)	455
Accounts payable	(30,203)	29,982
Accrued liabilities	(11,593)	9,025
Deferred revenue	2,462	(25,833)
Refundable advances	-	(58,436)
Net cash from (used for) operating activities	<u>(264,071)</u>	<u>1,083,607</u>
CASH FLOWS FROM INVESTING ACTIVITIES	-	-
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	(264,071)	1,083,607
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,240,133</u>	<u>156,526</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 976,062</u></u>	<u><u>\$ 1,240,133</u></u>

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.

In 2022, The Network established the TSN Fund. The TSN Fund is a Section 501(c)(3) organization, further classified as a Type 1 supporting organization under section 509(a)(3). There was no activity in the TSN Fund in 2022.

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 which are recorded at the amount the Network expects to collect. No allowance for uncollectible receivables was considered necessary at December 31, 2022 and 2021.

Contributions and Grants Receivable

Unconditional promises to give are recognized as revenues or gains in the period received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Website Development Costs

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. It is the Network's policy to capitalize property and equipment at cost for purchases of \$5,000 and over. The cost of maintenance is charged to operations as incurred. Donations of property and equipment are capitalized at their estimated fair value on the date of gift.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Support and Revenue Recognition

The Network recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration in which it expects to be entitled in exchange for those goods or services. The Network's contracts generally do not contain variable consideration, contingent revenue or warranties, and contract modifications are generally minimal.

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.

Federal Grants

Federal grants are considered conditional contributions. The principal condition attached to these awards is that the Network must incur costs in accordance with the Office of Management and Budget's uniform guidance before costs can be reimbursed. The Network exercises judgement regarding what constitutes a reimbursable cost per compliance with federal regulations.

Other Grants and Contracts

Revenue from nonfederal grants and contracts are considered conditional contributions. Performance obligations related to grant and contract revenue is transferred to the customer over time as reimbursable costs are incurred or when a unit of service is provided for a performance grant. The principal terms of revenue recognition is when the cost is incurred or service is provided; therefore, contract assets may exist at year end. The Network exercises judgment regarding what constitutes a reimbursable cost per compliance with contracts with the customers. Grant and contract revenue received before it is spent is recorded as a refundable advance on the statements of financial position.

Amounts received under the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020, are accounted for as conditional government grants and are recognized as revenue when conditions for forgiveness have been substantially met.

Annual Conference

Performance obligations related to annual conference registration fee revenue is transferred to the customer at a point in time and is recognized at the conclusion of the event. Payment is generally due in full prior to the conference; therefore, contract liabilities may exist at year end.

The contract terms are straightforward and do not involve significant judgement in the timing or amount of revenue recognized.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program Service Fees

Revenue from programs consists primarily of fees for various workshops, training, and consulting.

Performance obligations related to revenue from workshops and training is transferred to the customer at a point in time, upon completion of the workshop or training. The principal terms of sale are completion of the workshop or training. Payment is due in full at the beginning of the workshop or training; therefore, contract liabilities may exist at year end. The contract terms are straightforward and do not involve significant judgement in the timing or amount of revenue recognized.

Performance obligations related to consulting revenue is transferred to the customer over time. Revenue is recognized ratably over the term of the contract as the Network satisfies the promised obligations. Payment terms vary from payments due up front to payment due per an agreed upon payment schedule; therefore, contract assets and contract liabilities may exist at year end. Contract terms vary; therefore, the Network may exercise judgement based on individual contract terms whether it has satisfied its performance obligations and revenue recognition.

Disaggregation of Revenue from Contracts with Customers

The following table disaggregates the Network's revenue based on the timing of satisfaction of performance of obligations for the years ended December 31:

	2022	2021
Over time:		
Consulting fees	\$ 11,659	\$ 94,502
	<u>\$ 11,659</u>	<u>\$ 94,502</u>
Point in time:		
Annual conference registration fees	\$ 25,344	\$ 22,020
	<u>\$ 25,344</u>	<u>\$ 22,020</u>

Contract Balances

Contract liabilities are shown on the statements of financial position 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.

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.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported total net assets.

Subsequent Events

Subsequent events have been evaluated through November 29, 2023, 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, 2022 and 2021, comprise the following:

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 976,062	\$ 1,240,133
Accounts receivable	-	10,697
Contributions and grants receivable, net	573,289	20,936
Beneficial interest in assets held by Community Foundation for Southeast Michigan	13,735	15,569
Total financial assets	<u>1,563,086</u>	<u>1,287,335</u>
Less financial assets held to meet donor-imposed restrictions:		
Purpose-restricted net assets	(1,463,399)	(989,261)
Less board-designated endowment funds	<u>(13,735)</u>	<u>(15,569)</u>
Amount available for general expenditures within one year	<u>\$ 85,952</u>	<u>\$ 282,505</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 - CONTRIBUTIONS AND GRANTS RECEIVABLE

Unconditional promises to give consist of the following at December 31:

	2022	2021
Receivable in less than one year	\$ 323,289	\$ 20,936
Receivable in one to five years	250,000	-
Total unconditional restricted promises to give	<u>573,289</u>	<u>20,936</u>
Less discounts to net present value	-	-
Less allowance for uncollectible promises	-	-
	<u>\$ 573,289</u>	<u>\$ 20,936</u>

Conditional promises to give at December 31, 2022 total \$294,908 of which \$250,000 is conditional upon matching dollar-for-dollar up to a maximum of \$250,000 of qualifying gifts and contributions by December 31, 2023.

NOTE D - FAIR VALUE MEASUREMENTS

FASB ASC 820 provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 – quoted prices in active markets for identical investment

Level 2 – other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 – significant unobservable inputs

The carrying value of receivables and cash equivalents in the accompanying statements of financial position approximate fair value and are, therefore, not included in the following table.

NOTE D - FAIR VALUE MEASUREMENTS (continued)

Fair value of assets measured on a recurring basis at December 31 are as follows:

		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
DECEMBER 31, 2022	Description	Total		
	Beneficial interest in assets held by Community Foundation for Southeast Michigan	\$ 13,735	\$ -	\$ -
				\$ 13,735
		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
DECEMBER 31, 2021	Description	Total		
	Beneficial interest in assets held by Community Foundation for Southeast Michigan	\$ 15,569	\$ -	\$ -
				\$ 15,569

The beneficial interest in assets held by Community Foundation for Southeast Michigan (the “Foundation”) has been valued, as a practical expedient, at the fair value of the Network’s share of the Foundation’s investment pool as of the measurement date. The beneficial interest in assets held by the Foundation is not redeemable by the Network as described in Note E.

Changes in level 3 assets and liabilities measured at fair value on a recurring basis are described in Note E.

NOTE E - BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION

The Network has transferred assets to the Community Foundation for Southeast Michigan (the “Foundation”) which is holding them as an endowed component fund (“Fund”) for the benefit of the Network. The Network has granted the Foundation variance power which gives the Foundation’s Board of Trustees the power to use the Fund for other purposes in certain circumstances. The Fund is subject to the Foundation’s investment and spending policies which currently result in a distribution to the Network of 4.50 percent of the average quarterly value over the previous twelve quarters (or actual if less than twelve). The Network reports the fair value of the Fund as Beneficial Interest in Assets Held by Community Foundation for Southeast Michigan in the statements of financial position. Changes in the value of the Fund are reported as gains or losses in the statements of activities. Changes in the Fund for the years ended December 31, are as follows:

	2022	2021
Beginning balance	\$ 15,569	\$ 13,948
Additional amounts invested in Fund	-	-
Share of appreciation of Fund	(1,834)	1,621
Distributions received	-	-
Ending balance	\$ 13,735	\$ 15,569

NOTE F - REFUNDABLE ADVANCE UNDER PAYCHECK PROTECTION PROGRAM

In 2020, the Network was granted a loan from Level One Bank in the amount of \$45,200, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020. The Network received the notice of forgiveness from the Small Business Administration for this PPP loan for the full amount effective April 14, 2021.

In 2021, the Network was granted a second loan from Level One Bank in the amount of \$64,455, also pursuant to the PPP. The Network received the notice of forgiveness from the Small Business Administration for this PPP loan for the full amount effective October 5, 2021.

NOTE G - WEBSITE DEVELOPMENT COSTS

The Network's website development costs consist of the following at December 31:

	2022	2021
Website development costs	\$ 29,140	\$ 29,140
Less accumulated amortization	(24,283)	(14,570)
Total website development costs, net	<u>\$ 4,857</u>	<u>\$ 14,570</u>

Amortization expense was \$9,713 and \$9,713 for the years ended December 31, 2022 and 2021, respectively.

NOTE H - DESIGNATED NET ASSETS

The Network has designated funds for an endowment and placed them with the Community Foundation for Southeast Michigan.

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2022 and 2021 are restricted for conservation purposes in the amounts of \$1,463,399 and \$989,261, respectively.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by donors during 2022 and 2021 in the amounts of \$883,558 and \$183,274, respectively. All amounts released were for conservation purposes.

NOTE J - ENDOWMENT

The Network's endowment (the Endowment) consists of a fund established to provide future funding for programs and general operations. The Endowment consists entirely of funds designated by the Board of Directors to function as an endowment.

Change in Endowment Net Assets

Changes in endowment net assets for the year ended December 31, 2022 are presented in the following schedule:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 15,569	\$ -	\$ 15,569
Net investment return	(1,834)	-	(1,834)
Contributions	-	-	-
Other changes:			
Distribution from board-designated endowment pursuant to distribution policy	-	-	-
Endowment net assets, end of year	<u>\$ 13,735</u>	<u>\$ -</u>	<u>\$ 13,735</u>

Changes in endowment net assets for the year ended December 31, 2021 are presented in the following schedule:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 13,948	\$ -	\$ 13,948
Net investment return	1,621	-	1,621
Contributions	-	-	-
Other changes:			
Distribution from board-designated endowment pursuant to distribution policy	-	-	-
Endowment net assets, end of year	<u>\$ 15,569</u>	<u>\$ -</u>	<u>\$ 15,569</u>

NOTE J - ENDOWMENT (continued)

Investment and Spending Policies

The Network has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for operations and to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. To satisfy its long-term rate-of-return objectives, the Network has placed its endowment funds with the Community Foundation for Southeast Michigan (the "Foundation"). The funds are invested in accordance with the Foundation's investment policy. The Endowment funds are subject to the investment and distribution policies of the Foundation. The Network determines annually whether it will accept the distribution designated by the Foundation from the fund or ask that it be reinvested for growth.

NOTE K - RELATED PARTY TRANSACTIONS

The Network received contributions from members of its Board of Directors totaling \$21,715 and \$25,052 in 2022 and 2021, respectively.

The Network receives donated use of facilities from an entity controlled by a board member.

NOTE L - IN-KIND CONTRIBUTIONS

Donated use of facilities

In-kind contributions of \$25,700 consist entirely of donated office space for both 2022 and 2021. Donated rent is recognized at fair value, based on the rent the lessor would normally charge. The facility is the main office space that is used for programs and administrative activities.

Donated volunteer time

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, 2022 and 2021, 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 M - CONCENTRATIONS

For the year ended December 31, 2022, approximately 69% or \$1.8 million, of the Network's contributed revenue came from four donors. Approximately 70%, or \$400,000, of contributions receivable are from one family foundation.

NOTE N - 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 \$10,958 and \$9,946 for the years ended December 31, 2022 and 2021, respectively.

NOTE O - 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.