

GREAT LAKES AQUATIC HABITAT
NETWORK AND FUND, INC.

d/b/a FRESHWATER FUTURE

(a Michigan nonprofit corporation)

FINANCIAL STATEMENTS

for the year ended September 30, 2022

KAMMERMANN & BASCOM, P.C.
CERTIFIED PUBLIC ACCOUNTANTS
CHARLEVOIX, MICHIGAN

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-2
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5-6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8-12

KAMMERMANN & BASCOM, P.C.

Certified Public Accountants

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Established 1988
www.northmi.cpa

INDEPENDENT AUDITOR'S REPORT

January 16, 2023

To the Board of Directors of Great Lakes Aquatic
Habitat Network and Fund, Inc. (d/b/a Freshwater Future):

Opinion

We have audited the accompanying financial statements of Great Lakes Aquatic Habitat Network and Fund, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 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 present fairly, in all material respects, the financial position of Great Lakes Aquatic Habitat Network and Fund, Inc. as of September 30, 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 Great Lakes Aquatic Habitat Network and Fund, Inc. 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.

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 Great Lakes Aquatic Habitat Network and Fund, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 the 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 judgement 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 Great Lakes Aquatic Habitat Network and Fund, Inc.'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 Great Lakes Aquatic Habitat Network and Fund, Inc.'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.

Report on Summarized Comparative Information

We have previously audited Great Lakes Aquatic Habitat Network and Fund, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 14, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2021, is consistent, in all material respects with the audited financial statements from which it has been derived.

Kammermann & Bascom, P.C.

GREAT LAKES AQUATIC HABITAT NETWORK AND FUND, INC.

d/b/a FRESHWATER FUTURE

STATEMENT OF FINANCIAL POSITION

September 30, 2022

(with comparative totals for the year ended September 30, 2021)

ASSETS

	<u>2022</u>	<u>Comparative Totals 2021</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 871,598	\$ 795,069
Accounts receivable	-	12,223
Grants and contracts receivable	60,000	-
Prepaid expenses	8,646	8,646
Total current assets	<u>940,244</u>	<u>815,938</u>
FURNITURE AND EQUIPMENT:		
Furniture and office equipment	16,706	16,706
Less accumulated depreciation	(9,275)	(7,081)
Total furniture and equipment	<u>7,431</u>	<u>9,625</u>
Total assets	<u>\$ 947,675</u>	<u>\$ 825,563</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 7,621	\$ 29,782
Grants payable	4,000	1,000
Accrued expenses	13,509	11,861
Unearned revenue	165,902	150,794
Total current liabilities	<u>191,032</u>	<u>193,437</u>
OTHER LIABILITY,		
Compensated absences	<u>17,863</u>	<u>15,242</u>
Total liabilities	208,895	208,679
NET ASSETS:		
Without donor restriction		
Board designated	100,000	100,000
Unrestricted	378,810	252,723
Total without donor restriction	<u>478,810</u>	<u>352,723</u>
With donor restriction	<u>259,970</u>	<u>264,161</u>
Total net assets	<u>738,780</u>	<u>616,884</u>
Total liabilities and net assets	<u>\$ 947,675</u>	<u>\$ 825,563</u>

The accompanying notes are a part of the financial statements.

GREAT LAKES AQUATIC HABITAT NETWORK AND FUND, INC.

d/b/a FRESHWATER FUTURE

STATEMENT OF ACTIVITIES

for the year ended September 30, 2022

(with comparative totals for the year ended September 30, 2021)

	2022			Comparative Totals 2021
	Without Donor Restriction	With Donor Restriction	Total All Funds	Total All Funds
REVENUES AND SUPPORT:				
Grants and contracts	\$ -	\$ 309,892	\$ 309,892	\$ 505,210
Contributions	121,937	785,000	906,937	977,352
Memberships	18,528	-	18,528	25,587
Program fees	32,257	-	32,257	58,717
Investment income	967	-	967	611
Other income	2,607	-	2,607	20,761
Net assets released from restrictions	1,099,083	(1,099,083)	-	-
Total revenues and support	1,275,379	(4,191)	1,271,188	1,588,238
EXPENSES:				
Program Expenses:				
Grants	398,812	-	398,812	502,816
Policy	196,106	-	196,106	258,986
Services	392,360	-	392,360	390,428
Total program expenses	987,278	-	987,278	1,152,230
Supporting Services:				
General and administrative	12,935	-	12,935	42,811
Fundraising	149,079	-	149,079	106,152
Total supporting services	162,014	-	162,014	148,963
Total expenses	1,149,292	-	1,149,292	1,301,193
Change in net assets	126,087	(4,191)	121,896	287,045
Net assets, Beginning of year	352,723	264,161	616,884	329,839
Net assets, End of year	\$ 478,810	\$ 259,970	\$ 738,780	\$ 616,884

The accompanying notes are a part of the financial statements.

GREAT LAKES AQUATIC HABITAT NETWORK AND FUND, INC.

d/b/a FRESHWATER FUTURE

STATEMENT OF FUNCTIONAL EXPENSES

for the year ended September 30, 2022

(with comparative totals for the year ended September 30, 2021)

	Program Expenses			
	Grants	Policy	Service	Total
Wages and salaries	\$ 75,829	\$ 112,275	\$ 209,327	\$ 397,431
Payroll taxes and benefits	31,936	34,554	70,706	137,196
Grant awards	236,768	-	12,105	248,873
Contracted services	600	22,518	10,310	33,428
Professional fees	50,998	5,370	7,189	63,557
Travel	1,103	8,309	43,831	53,243
Printing and postage	50	789	5,575	6,414
Office supplies	84	8,245	21,990	30,319
Rent and utilities	1,444	2,681	7,026	11,151
Depreciation	-	-	-	-
Insurance	-	1,365	3,241	4,606
Water Testing	-	-	-	-
Miscellaneous	-	-	1,060	1,060
Total expenses	\$ 398,812	\$ 196,106	\$ 392,360	\$ 987,278

The accompanying notes are a part of the financial statements.

Supporting Services			2022	Comparative
General & Administrative	Fundraising	Total	Total All Expenses	Total All Expenses
\$ 7,045	\$ 93,593	\$ 100,638	\$ 498,069	\$ 515,545
2,244	29,811	32,055	169,251	167,316
-	-	-	248,873	360,793
-	-	-	33,428	40,715
-	350	350	63,907	65,233
-	392	392	53,635	20,969
-	21,739	21,739	28,153	12,395
-	139	139	30,458	18,572
34	1,433	1,467	12,618	15,742
2,194	-	2,194	2,194	1,672
-	-	-	4,606	3,765
-	-	-	-	74,289
1,418	1,622	3,040	4,100	4,187
<u>\$ 12,935</u>	<u>\$ 149,079</u>	<u>\$ 162,014</u>	<u>\$ 1,149,292</u>	<u>\$ 1,301,193</u>

GREAT LAKES AQUATIC HABITAT NETWORK AND FUND, INC.
d/b/a FRESHWATER FUTURE
STATEMENT OF CASH FLOWS
for the year ended September 30, 2022
(with comparative totals for the year ended September 30, 2021)

	2022	Comparative Totals 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 121,896	\$ 287,045
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,194	1,672
Decrease (increase) in accounts receivable	12,223	(9,913)
Decrease (increase) in grants and contracts receivable	(60,000)	17,500
Decrease in prepaid expenses	-	1,500
Increase (decrease) in accounts payable and accrued expenses	(20,513)	20,691
Increase (decrease) in grants payable	3,000	(2,000)
Increase (decrease) in unearned revenues	15,108	(80,210)
Increase (decrease) in compensated absences	2,621	(2,940)
Total adjustments	(45,367)	(53,700)
Net cash provided by operating activities	76,529	233,345
CASH FLOWS FROM INVESTING ACTIVITIES,		
Purchase of fixed assets	-	(5,218)
NET INCREASE IN CASH AND CASH EQUIVALENTS	76,529	228,127
CASH AND CASH EQUIVALENTS, Beginning of year	795,069	566,942
CASH AND CASH EQUIVALENTS, End of year	\$ 871,598	\$ 795,069

The accompanying notes are a part of the financial statements.

GREAT LAKES AQUATIC HABITAT NETWORK AND FUND, INC.
d/b/a FRESHWATER FUTURE

NOTES TO FINANCIAL STATEMENTS

for the year ended September 30, 2022

NOTE A – NATURE OF ACTIVITIES:

On October 10, 2006, Great Lakes Aquatic Habitat Network and Fund, Inc. (d/b/a Freshwater Future) was organized to promote the protection and enhancement of water quality and water resources in the Great Lakes. Freshwater Future develops effective community-based initiatives to protect and restore the water quality of the Great Lakes Basin. The Organization is supported primarily by private grants and donations from supporters. Freshwater Future's primary programs include the following:

Grants – The grants program provides financial support to promote river, lake, wetland and groundwater protection, climate adaptation activities and preparatory expenses to apply for federal Great Lakes Restoration Initiative Grant funding.

Public Policy – The public policy program provides coordination and leadership on issues of regional importance to the Great Lakes. In addition, it provides education and opportunities for citizens to educate elected officials on important Great Lakes issues.

Service – The service program provides workshops and one-on-one assistance to local groups through professional assistance from Freshwater Future. This assistance helps to build fundraising and other organizational skills to operate the organization, as well as strategy assistance to help groups utilize their resources effectively.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The Organization used the accrual basis of accounting whereby revenues are recognized when earned or when the commitment of a future gift to the Organization becomes unconditional and expensed when an obligation is incurred.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

GREAT LAKES AQUATIC HABITAT NETWORK AND FUND, INC.
d/b/a FRESHWATER FUTURE

NOTES TO FINANCIAL STATEMENTS

for the year ended September 30, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are 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 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.

Promises to Give

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

Unconditional promises to give are reported at net realizable value if, at the time the promise is made, payment is expected to be received in one year or less. Unconditional promises that are expected to be collected in more than one year are reported at fair value when there is sufficient verifiable evidence documenting that a promise was made by a donor and will be received by the Organization. The Organization has elected to use the fair value option, which is in accordance with U.S. generally accepted accounting principles. Management believes that using the fair value method reduces costs when measuring unconditional promises in periods subsequent to their receipt and provides greater information to users of its financial statements than if the promises were measured using present value techniques and historical discount rates.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Fund-raising costs are expensed as incurred, even though they may result in contributions received in future years.

GREAT LAKES AQUATIC HABITAT NETWORK AND FUND, INC.
d/b/a FRESHWATER FUTURE

NOTES TO FINANCIAL STATEMENTS

for the year ended September 30, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Comparative Financial Information

The financial statements include prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2021, from which the summarized information was derived.

Cash and Cash Equivalents

Cash and cash equivalents include checking and savings accounts. For purposes of the Statement 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. As of September 30, 2022, all cash and cash equivalents are federally insured.

Designation of Unrestricted Net Assets

The Board of Directors reviews its plans for future activities and designates unrestricted net assets to assure adequate financing of such activities and related contingencies. As of September 30, 2022, designated net assets of \$100,000 are earmarked for operating reserves.

Property and Equipment

Furniture and equipment are stated at cost for purchased items and market value at date of donation for donated items. Depreciation is recognized over their estimated useful lives using the straight-line method. The Organization capitalizes expenditures for property and equipment in excess of \$2,500. Depreciation expense of \$2,194 has been recorded in the statement of activities for the year ended September 30, 2022.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. In addition, volunteers provide program assistance and fundraising services to the Organization. However, all contributions received did not meet the criteria to be recognized in the financial statements.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

GREAT LAKES AQUATIC HABITAT NETWORK AND FUND, INC.
d/b/a FRESHWATER FUTURE

NOTES TO FINANCIAL STATEMENTS

for the year ended September 30, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

Fair Value Measurements

Fair Value Measurements and Disclosures Topic of FASB ASC 820 defines fair value and establishes a framework for measuring fair value. Fair value is the amount that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. Fair value is based on a hierarchy that prioritizes the information that is used to develop assumptions, giving the highest priority to quoted prices in active markets and the lowest priority to unobservable data. The Organization's policy is to maximize the use of observable markets when developing fair value measurements.

NOTE C – LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, this, without donor or other restrictions limiting their use, within one year of September 30, 2022 are:

Financial assets:	
Cash and cash equivalents	\$ 871,598
Grants and contracts receivable	<u>60,000</u>
Amount available for general expenditures within one year	<u>\$ 931,598</u>

NOTE D – DATE OF MANAGEMENT'S REVIEW:

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosures through January 16, 2023, the date that the financial statements were available to be issued.

NOTE E - INCOME TAX STATUS:

The Internal Revenue Service has determined the Organization to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The organization believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Organization's financial condition, results of operations, or cash flows. Therefore, the financial statements reflect no provision or liability for federal income tax. The Organization's tax filings are no longer subject to examination for years prior to September 30, 2019.

GREAT LAKES AQUATIC HABITAT NETWORK AND FUND, INC.
d/b/a FRESHWATER FUTURE

NOTES TO FINANCIAL STATEMENTS

for the year ended September 30, 2022

NOTE F – COMPENSATED ABSENCES:

Compensated absences represent the Organization’s obligations to its employees for earned but unused vacation and sick time totaling \$17,863 at September 30, 2022. All employees’ vacation time is allocated on the employee’s anniversary date to be used for the following periods, with a maximum of 40 hours accumulated vacation time payable upon employee’s separation from service.

All employees’ sick time is allocated on a calendar year basis, with a maximum of 40 hours of accumulated sick time payable upon the employee’s separation from service.

NOTE G - EMPLOYEE RETIREMENT PLAN:

The Organization has adopted a Simple IRA plan covering all full-time employees who are eligible to participate. Employee contributions are matched dollar for dollar up to 3 percent of their gross pay. The Organization’s contribution totaled \$9,023 for the year.

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS:

As of September 30, 2022, net assets with donor restrictions are available for the following purposes:

Purpose restrictions, available for spending, Programs	<u>\$259,970</u>
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NOTE I – COMMITMENTS:

At September 30, 2022, the Organization has contracts in progress to provide additional services totaling \$165,902 for which funding has been received or recognized, but not completed, and is recorded as unearned revenue on the Statement of Financial Position.