



FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2021 AND 2020**

ARUNDEL RIVERS FEDERATION, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

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Independent Auditor's Report

To the Board of Directors of
Arundel Rivers Federation, Inc.

Opinion

We have audited the accompanying financial statements of Arundel Rivers Federation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years 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 Arundel Rivers Federation, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Arundel Rivers Federation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Arundel Rivers Federation, Inc.'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 Arundel Rivers Federation, 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 Arundel Rivers Federation, 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.

Alta CPA Group, LLC

April 5, 2022

ARUNDEL RIVERS FEDERATION, INC.
 STATEMENTS OF FINANCIAL POSITION
 DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 721,479	\$ 564,123
Accounts and Grants Receivable	294,694	527,361
Prepaid Expenses	<u>14,264</u>	<u>27,006</u>
Total Current Assets	1,030,437	1,118,490
Property and Equipment, Net	118,633	89,851
Other Assets:		
Investments	<u>1,156,272</u>	<u>1,101,512</u>
Total Other Assets	<u>1,156,272</u>	<u>1,101,512</u>
Total Assets	<u>\$ 2,305,342</u>	<u>\$ 2,309,853</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 114,187	\$ 154,416
Accrued Expenses	56,321	60,495
Deferred Revenue	<u>6,500</u>	<u>14,500</u>
Total Current Liabilities	<u>177,008</u>	<u>229,411</u>
Total Liabilities	177,008	229,411
Net Assets:		
Without Donor Restrictions	764,441	539,912
With Donor Restrictions	<u>1,363,893</u>	<u>1,540,530</u>
Total Net Assets	<u>2,128,334</u>	<u>2,080,442</u>
Total Liabilities and Net Assets	<u>\$ 2,305,342</u>	<u>\$ 2,309,853</u>

See auditor's report and accompanying notes to financial statements.

ARUNDEL RIVERS FEDERATION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Individual Contributions	\$ 269,601	\$ -	\$ 269,601	\$ 227,555	\$ -	\$ 227,555
Grants	1,064,033	501,197	1,565,230	1,565,843	809,013	2,374,856
Fee Income	42,775	-	42,775	12,568	-	12,568
In Kind Contributions	13,169	-	13,169	27,370	-	27,370
Investment Income	37,742	72,589	110,331	50,655	77,650	128,305
PPP & EIDL Income	114,555	-	114,555	106,600	-	106,600
Other Income	7,190	-	7,190	18,230	-	18,230
Special Events	38,845	-	38,845	64,176	-	64,176
Net Assets Released from Restrictions	750,423	(750,423)	-	777,310	(777,310)	-
Total Revenue and Support	2,338,333	(176,637)	2,161,696	2,850,307	109,353	2,959,660
EXPENSES						
Program Services	1,833,343	-	1,833,343	2,202,492	-	2,202,492
Management and General	174,042	-	174,042	182,477	-	182,477
Fundraising	106,419	-	106,419	136,230	-	136,230
Total Expenses	2,113,804	-	2,113,804	2,521,199	-	2,521,199
CHANGE IN NET ASSETS	224,529	(176,637)	47,892	329,108	109,353	438,461
Net Assets, Beginning of Year	539,912	1,540,530	2,080,442	210,804	1,431,177	1,641,981
Net Assets, End of Year	\$ 764,441	\$ 1,363,893	\$ 2,128,334	\$ 539,912	\$ 1,540,530	\$ 2,080,442

See auditor's report and accompanying notes to financial statements.

ARUNDEL RIVERS FEDERATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services	Management and General	Fundraising	Total Expenses
Accounting and Auditing	\$ -	\$ 66,228	\$ -	\$ 66,228
Advertising	55	280	70	405
Bank and Merchant Charges	13	674	1,837	2,524
Conferences and Meetings	1,092	4,569	346	6,007
Depreciation	16,589	687	682	17,958
Employee Benefits	22,996	4,660	1,062	28,718
Equipment Rental	1,227	329	338	1,894
Equipment Repairs and Maintenance	11,228	344	32	11,604
Information Technology	9,473	141	4,820	14,434
Insurance	8,450	2,535	1,094	12,079
Memberships	1,275	1,000	-	2,275
Occupancy	29,300	7,634	7,896	44,830
Office Expenses	1,694	138	6,033	7,865
Other	-	1,995	-	1,995
Payroll Taxes	18,916	6,513	4,909	30,338
Professional Fees	1,262,526	9,412	-	1,271,938
Program Supplies	216,604	283	1,784	218,671
Salaries and Wages	230,605	66,510	62,105	359,220
Supplies	230	27	13,341	13,598
Travel and Accommodations	1,070	83	70	1,223
Total Expenses	\$ 1,833,343	\$ 174,042	\$ 106,419	\$ 2,113,804

See auditor's report and accompanying notes to financial statements.

ARUNDEL RIVERS FEDERATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services	Management and General	Fundraising	Total Expenses
Accounting and Auditing	\$ -	\$ 75,281	\$ -	\$ 75,281
Advertising	251	75	1,335	1,661
Bank and Merchant Charges	59	653	4,066	4,778
Conferences and Meetings	-	3,603	12	3,615
Depreciation	14,837	245	319	15,401
Employee Benefits	24,255	4,895	1,901	31,051
Equipment Rental	1,455	138	317	1,910
Equipment Repairs and Maintenance	29,771	104	-	29,875
Information Technology	9,105	635	4,725	14,465
Insurance	7,608	1,393	674	9,675
Memberships	174	-	-	174
Occupancy	34,579	5,490	6,578	46,647
Office Expenses	785	245	4,305	5,335
Other	-	301	-	301
Payroll Taxes	19,274	5,698	4,662	29,634
Professional Fees	1,723,796	18,936	770	1,743,502
Program Supplies	92,753	422	1,014	94,189
Salaries and Wages	242,738	62,783	95,897	401,418
Supplies	170	1,041	9,650	10,861
Travel and Accommodations	882	539	5	1,426
Total Expenses	\$ 2,202,492	\$ 182,477	\$ 136,230	\$ 2,521,199

See auditor's report and accompanying notes to financial statements.

ARUNDEL RIVERS FEDERATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 47,892	\$ 438,461
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Unrealized (Gain) Loss on Investments	49,534	(102,388)
Realized Gain on Investments	(97,170)	(2,975)
Depreciation	17,958	15,401
Loss on Disposal of Asset	1,385	3,257
(Increase) Decrease in Current Assets:		
Accounts and Grants Receivable	232,667	15,727
Prepaid Expenses	12,742	28,713
Increase (Decrease) in Current Liabilities:		
Accounts Payable	(40,229)	(196,850)
Accrued Expenses	(4,174)	14,852
Deferred Revenue	(8,000)	(13,662)
Net Cash Provided by Operating Activities	212,605	200,536
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(48,125)	(24,782)
Purchase of Investments	(71,357)	(164,742)
Proceeds from Sale of Investments	64,233	80,497
Net Cash Used by Investing Activities	(55,249)	(109,027)
CASH FLOWS FROM FINANCING ACTIVITIES		
	-	-
Net Increase in Cash and Cash Equivalents	157,356	91,509
Cash and Cash Equivalents, Beginning of Year	564,123	472,614
Cash and Cash Equivalents, End of Year	\$ 721,479	\$ 564,123
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Income Taxes	\$ -	\$ -
Interest	\$ -	\$ -

See auditor's report and accompanying notes to financial statements.

ARUNDEL RIVERS FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Arundel Rivers Federation, Inc. (the Federation) was established in 2000. The Federation is a nonprofit organization under Internal Revenue Code Section 501(c)(3). The Federation works with its communities through science-based environmental restoration, advocacy, and public policy to preserve, protect and renew the South, West and Rhode rivers and associated tributaries of the Chesapeake Bay. Its vision is clean, fishable, swimmable waterways for current and future generations.

Basis of Accounting

The Federation maintains its accounts and prepares its financial statements on the accrual basis of accounting.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, 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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ARUNDEL RIVERS FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents consist of all monies in banks and highly liquid investments with maturity dates of less than ninety days.

Accounts Receivable

Receivables primarily include revenues due under cost reimbursement grants. All receivables are expected to be collected within one year. No interest income or late fees are charged on past due balances. Receivables are written off when management deems them uncollectible. The Federation uses the allowance method based on management's analysis of specific receivables to determine uncollectible amounts. At December 31, 2021 and 2020, all amounts are considered fully collectible.

Property and Equipment

Property and equipment are carried at cost if purchased or fair market value at the time of donation if donated. Items are capitalized if the amount is greater than \$1,000 and the expected useful life exceeds one year. Depreciation is computed using the straight line method over the estimated useful lives of the assets. Estimated useful lives range from three to fifteen years for property and equipment.

Revenue and Revenue Recognition

The Organization is supported by grants, contributions received from government and other organizations.

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barriers and right of return - are not recognized until the conditions on which they depend have been met.

Allocation of Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied.

ARUNDEL RIVERS FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Functional Expenses (Continued)

The expenses that are allocated include rent and utilities, which are allocated based on an estimate of usage by functional area. Salaries, benefits, depreciation, copier rental, general insurances, office supplies, and telephone and internet services are allocated based on time and effort.

Investments

Investments consist of mutual funds and equities. These investments are recorded at estimated fair value. Investment income, which consists of interest and dividend income earned, realized gains or losses, and unrealized appreciation (depreciation) on those investments, is included in the statements of activities and changes in net assets. All investment income is reported as operating income.

Fair Value Measurement

Financial assets and liabilities valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. For certain long term debt, the fair value was based on present value techniques using inputs derived principally or corroborated from market data. Financial assets and liabilities using level 3 inputs were primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability.

Valuation techniques utilized to determine fair value are consistently applied. All assets have been valued using a market approach. The Federation recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

Investment Risks

The Federation's investment portfolios are professionally managed and may contain bonds of publicly traded companies, corporate bonds, U.S. government obligations, mutual funds, and equities. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that market conditions would materially affect investment balances and the amounts reported in the financial statements.

ARUNDEL RIVERS FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Services, Materials and Facilities

Donated services are recognized as contributions if the services (a) create or enhance non-financial 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. Contributions of tangible assets are recognized at fair market value when received. The amounts reflected in the accompanying financial statements as in kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Donations of materials are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless a donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Federation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Federation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Cash Concentration

Total cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. As of December 31, 2021, the Federation had funds of approximately \$257,000 that were in excess of the FDIC insurance coverage. The Federation has not experienced any losses in such accounts. The Federation believes it is not exposed to any significant credit risk on cash and cash equivalents.

Advertising

All advertising costs are expensed as incurred.

Income Taxes

The Federation is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3). The Federal Form 990, Return of Organization Exempt from Income Tax, is subject to examination by the Internal Revenue Service, generally for the three years after it is filed.

ARUNDEL RIVERS FEDERATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Federation reviewed subsequent events through the date the financial statements were available to be issued. Other than the item disclosed above, the Federation is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to April 5, 2022 that would have a material impact on the financial statements.

NOTE 2 - LAND, BUILDINGS, AND EQUIPMENT

The following is a summary of equipment and furniture, at cost as of December 31:

	<u>2021</u>	<u>2020</u>
Program Equipment	\$ 87,747	\$ 89,594
Furniture and Fixtures	6,606	6,606
Computers and Software	23,886	10,761
Boat	71,509	36,509
Vehicle	<u>14,191</u>	<u>14,191</u>
Total Cost	203,939	157,661
Less Accumulated Depreciation	<u>(85,306)</u>	<u>(67,810)</u>
Net Property and Equipment	\$ <u>118,633</u>	\$ <u>89,851</u>

Depreciation expense as of December 31, 2021 and 2020 were \$17,958 and \$15,401, respectively.

ARUNDEL RIVERS FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 3 - INVESTMENTS

The following table presents the Federation's fair value hierarchy for the above assets and liabilities measured at fair value on a recurring basis as of December 31, 2021:

	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Money Market Funds	\$ 41,000	\$ ---	\$ ---	\$ 41,000
Mutual Funds:				
Intermediate Core Bond	145,722	---	---	145,722
Diversifying Emerging Mkts	151,774	---	---	151,774
High Yield Bond	79,563	---	---	79,563
Money Market Taxable	9,519	---	---	9,519
Multi Growth	139,322	---	---	139,322
Large Growth	336,798	---	---	336,798
Mid-Cap Blend	111,616	---	---	111,616
Commodities Broad Basket	23,730	---	---	23,730
Small Growth	<u>117,228</u>	---	---	<u>117,228</u>
Total Investments	\$ <u>1,156,272</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>1,156,272</u>

The following table presents the Federation's fair value hierarchy for the above assets and - liabilities measured at fair value on a recurring basis as of December 31, 2020:

	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Mutual Funds:				
Intermediate Core Bond	\$ 162,780	\$ ---	\$ ---	\$ 162,780
Diversifying Emerging Mkts	72,706	---	---	72,706
High Yield Bond	115,992	---	---	115,992
Money Market Taxable	21,565	---	---	21,565
Large Blend	256,124	---	---	256,124
Emerging Markets Bond	63,025	---	---	63,025
Small Blend	29,337	---	---	29,337
Foreign Large Blend	34,090	---	---	34,090
Large Growth	135,632	---	---	135,632
Mid-Cap Blend	161,895	---	---	161,895
Commodities Broad Basket	22,550	---	---	22,550
Small Growth	<u>25,816</u>	---	---	<u>25,816</u>
Total Investments	\$ <u>1,101,512</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>1,101,512</u>

ARUNDEL RIVERS FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 4 - LIQUIDITY AND AVAILABILITY

The following represents Arundel Rivers Federation's financial assets at December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 721,479	\$ 564,123
Accounts Receivable, Net	294,694	527,361
Operating Investments	<u>398,721</u>	<u>411,132</u>
Total Financial Assets Available Within One Year	1,414,894	1,502,616
Less Amounts Not Available to be Used Within One Year, Due to:		
Net Assets with Donor Restrictions	1,363,893	1,540,530
Less: Net Assets with Purpose Restrictions to be Met Within One Year	<u>(650,207)</u>	<u>(814,434)</u>
Total Amounts Not Available for General Expenditure Within One Year	<u>713,686</u>	<u>726,096</u>
Total Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ <u>701,208</u>	\$ <u>776,520</u>

As part of Arundel Rivers Federation's liquidity management plan, financial assets are available as its general expenditures, liabilities, and other obligations come due. Any cash in excess of operating needs is transferred to an income generating investment account. Additionally, Arundel Rivers Federation has board designated net assets that could be made available for current operations, if necessary.

NOTE 5 - LINE OF CREDIT

The Organization maintains a \$250,000 revolving line of credit from Howard Bank. The outstanding balance of the line of credit as of December 31, 2021 and 2020 were \$0 and \$0, respectively.

ARUNDEL RIVERS FEDERATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 6 - BOARD DESIGNATED ASSETS

During 2008, the Board of Directors designated net assets to be used as an endowment fund. The Board made contributions to the endowment in 2021 and 2020 of \$0 and \$100,000, respectively. Board designated net assets as of December 31, 2021 and 2020 were \$442,586 and \$375,415, respectively.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

At December 31, net assets with donor restrictions are available for the following purposes:

	<u>2021</u>	<u>2020</u>
Riverkeeper Fund	\$ 21,250	\$ 21,250
Restoration	615,638	788,183
Endowment Earnings	398,721	411,132
Outreach	13,319	5,000
Perpetuity Donor Restricted	<u>314,965</u>	<u>314,965</u>
 Total	 \$ <u>1,363,893</u>	 \$ <u>1,540,530</u>

NOTE 8 - ENDOWMENT

The Board of Directors of the Federation has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (MPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Federation classifies as perpetually donor restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the donor restricted in perpetuity endowment, and (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in perpetually restricted net assets is classified as net assets with temporary donor restrictions until those amounts are appropriated for expenditure by the Federation in a manner consistent with the standard of prudence prescribed by MPMIFA. In accordance with MPMIFA, the Federation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the mission of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Federation, and (7) the Federation's investment policies.

ARUNDEL RIVERS FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 8 - ENDOWMENT (CONTINUED)

The Federation's endowment is comprised of donor-restricted and Board-designated funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Funds that are specifically designated by the donor to be contributed to the endowment fund are placed in that sub-fund so designated. The use of endowment funds that are donor-restricted for a specific purpose are strictly restricted for the specified purpose. Endowment funds that are not specifically directed are placed in the general purpose endowment fund.

Contributions to the endowment fund may be in the form of cash, securities, bequests, trusts, or other planned gifts. In addition, the Board of Directors of the Federation bear the right to reject any contribution that carries any restriction placed by the donor or otherwise, that is deemed by the Board to be inconsistent with the objectives and purposes of the Federation and its needs, to be incompatible with its endowment policy, or to be illegal.

Donor-directed named endowment funds may be created for purposes consistent with this endowment policy. Such named funds are required to be in an amount sufficient to support the designated purpose as determined by the Board of Directors.

For investing purposes, endowment funds may be commingled consistent with legal and/or regulatory provisions. However, each directed gift is accounted for separately, although unnamed gifts directed for the same purpose may be accounted for in the aggregate.

Income from that portion of specified purpose endowment funds may be distributed only for such purpose. The Board of Directors, at their discretion, may distribute that portion of income from the general purpose endowment fund for any purpose consistent with the purposes of the Federation.

To preserve the real value of the endowment fund principal, the Board of Directors assesses if a distribution will be made that reflects a reasonable balance between current spending outlays and reinvestment to support future spending. If deemed reasonable, the Federation's adopted policy allows for a distribution of 3%-5% of the income from its endowment fund each year.

ARUNDEL RIVERS FEDERATION, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 8 - ENDOWMENT (CONTINUED)

Endowment net asset composition by type of fund as of December 31, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-Designated Endowment Funds	\$ 401,586	\$ ---	\$ 401,586
Donor Restricted Endowment Funds:			
Original Donor Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	---	314,965	314,965
Accumulated Investment Gains	<u>---</u>	<u>398,721</u>	<u>398,721</u>
Total	\$ <u>401,586</u>	\$ <u>713,686</u>	\$ <u>1,115,272</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment, Beginning of Year	\$ 375,415	\$ 726,097	\$ 1,101,512
Investment Income	23,015	41,234	64,249
Net Appreciation	16,281	31,355	47,636
Amounts Appropriated For Expenditure	<u>(13,125)</u>	<u>(85,000)</u>	<u>(98,125)</u>
Endowment, End of Year	\$ <u>401,586</u>	\$ <u>713,686</u>	\$ <u>1,115,272</u>

Endowment net asset composition by type of fund as of December 31, 2020 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Board-Designated Endowment Funds	\$ 375,415	\$ ---	\$ 375,415
Donor Restricted Endowment Funds:			
Original Donor Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	---	314,965	314,965
Accumulated Investment Gains	<u>---</u>	<u>411,132</u>	<u>411,132</u>
Total	\$ <u>375,415</u>	\$ <u>726,097</u>	\$ <u>1,101,512</u>

ARUNDEL RIVERS FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 8 - ENDOWMENT (CONTINUED)

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment, Beginning of Year	\$ 226,456	\$ 685,448	\$ 911,904
Contributions	100,000	---	100,000
Investment Income	7,186	14,059	21,245
Net Appreciation	41,773	63,590	105,363
Amounts Appropriated For Expenditure	<u>---</u>	<u>(37,000)</u>	<u>(37,000)</u>
Endowment, End of Year	\$ <u>375,415</u>	\$ <u>726,097</u>	\$ <u>1,101,512</u>

NOTE 9- CONTRIBUTED SERVICES AND SUPPLIES

The Federation's contributed professional services and supplies for the years ended December 31, 2021 and 2020 were \$13,169 and \$27,370, respectively.

NOTE 10- LEASE

The Federation's lease for office space and boat slip for office space located in Edgewater, MD. The Federation entered into a three year lease for the space and slip which commenced April 1, 2019 and ends March 31, 2022. The monthly rent is \$3,462 and increases each year by 3.12%.

Future minimum lease payments under operating leases are:

2022	\$	<u>10,865</u>
Total	\$	<u>10,865</u>

NOTE 11 - RETIREMENT PLAN

The Federation provides retirement benefits to its employees through a defined contribution plan covering all full-time employees. Employees are eligible immediately upon hire. The Federation contributes up to 3% of gross wages as a matching contribution. Contributions to the plan for the years ended December 31, 2021 and 2020 were \$7,440 and \$8,400, respectively.

ARUNDEL RIVERS FEDERATION, INC.
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NOTE 12 – PAYCHECK PROTECTION PROGRAM LOANS

In April 2020, the Federation received loan proceeds in the amount of \$99,600 under the Paycheck Protection Program (“PPP”). The PPP, established as part of the Coronavirus Aid Relief and Economy Security Act (“CARES Act”), provides loans to qualifying businesses for an amount up to 2.5 times of the average monthly payroll expenses of the qualifying business. Under the terms of the PPP, the loan may be forgiven if the proceeds are used for qualifying expenses described in the CARES Act, while maintaining payroll levels. Qualifying expenses include payroll, benefits, rent and utilities. During the year ended December 31, 2020, the Federation received loan proceeds in the amount of \$7,000 from the Economic Injury Disaster Loan.

During the year ended December 31, 2020 the Federation recognized \$99,600 in income from the PPP for amounts spent in accordance with the terms of the PPP and the \$7,000 from the Economic Injury Disaster Loan (EIDL). The PPP and the EIDL were both forgiven in full during the year ended December 31, 2020.

In February 2021, Arundel Rivers applied and was approved for a second loan in the amount of \$114,555 under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the U.S. Small Business Administration.

On July 22, 2021, the Federation received loan proceeds in the amount of \$114,555 under the Paycheck Protection Program (“PPP”). During the year ended December 31, 2021 the Federation recognized \$114,555 in income from the PPP for amounts spent in accordance with the terms of the PPP. In September 2021, the loan was forgiven in full.