



## **FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2022 AND 2021**

ARUNDEL RIVERS FEDERATION, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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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, 2022 and 2021, and the related statements of activities and changes in net assets, 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, 2022 and 2021, 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 3, 2023

ARUNDEL RIVERS FEDERATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 606,500	\$ 721,479
Accounts and Grants Receivable	1,454,850	294,694
Prepaid Expenses	<u>6,235</u>	<u>14,264</u>
Total Current Assets	2,067,585	1,030,437
Property and Equipment, Net	106,992	118,633
Other Assets:		
Investments	<u>966,701</u>	<u>1,156,272</u>
Total Other Assets	<u>966,701</u>	<u>1,156,272</u>
Total Assets	<u>\$ 3,141,278</u>	<u>\$ 2,305,342</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 556,272	\$ 114,187
Accrued Expenses	52,681	56,321
Deferred Revenue	<u>-</u>	<u>6,500</u>
Total Current Liabilities	<u>608,953</u>	<u>177,008</u>
Total Liabilities	608,953	177,008
Net Assets:		
Without Donor Restrictions	911,802	764,441
With Donor Restrictions	<u>1,620,523</u>	<u>1,363,893</u>
Total Net Assets	<u>2,532,325</u>	<u>2,128,334</u>
Total Liabilities and Net Assets	<u>\$ 3,141,278</u>	<u>\$ 2,305,342</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, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Individual Contributions	\$ 326,977	\$ -	\$ 326,977	\$ 269,601	\$ -	\$ 269,601
Grants	3,859,455	1,058,243	4,917,698	1,064,033	501,197	1,565,230
Fee Income	8,375	-	8,375	42,775	-	42,775
In Kind Contributions	80,437	-	80,437	13,169	-	13,169
Investment Income (Loss)	(59,015)	(119,627)	(178,642)	37,742	72,589	110,331
PPP and ERC Income	102,449	-	102,449	114,555	-	114,555
Other Income	3,284	-	3,284	7,190	-	7,190
Special Events	71,078	-	71,078	38,845	-	38,845
Net Assets Released from Restrictions	681,986	(681,986)	-	750,423	(750,423)	-
<b>Total Revenue and Support</b>	<b>5,075,026</b>	<b>256,630</b>	<b>5,331,656</b>	<b>2,338,333</b>	<b>(176,637)</b>	<b>2,161,696</b>
<b>EXPENSES</b>						
Program Services	4,620,567	-	4,620,567	1,833,343	-	1,833,343
Management and General	172,878	-	172,878	174,042	-	174,042
Fundraising	134,220	-	134,220	106,419	-	106,419
<b>Total Expenses</b>	<b>4,927,665</b>	<b>-</b>	<b>4,927,665</b>	<b>2,113,804</b>	<b>-</b>	<b>2,113,804</b>
<b>CHANGE IN NET ASSETS</b>	<b>147,361</b>	<b>256,630</b>	<b>403,991</b>	<b>224,529</b>	<b>(176,637)</b>	<b>47,892</b>
Net Assets, Beginning of Year	764,441	1,363,893	2,128,334	539,912	1,540,530	2,080,442
Net Assets, End of Year	\$ 911,802	\$ 1,620,523	\$ 2,532,325	\$ 764,441	\$ 1,363,893	\$ 2,128,334

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

ARUNDEL RIVERS FEDERATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Accounting and Auditing	\$ -	\$ 77,973	\$ -	\$ 77,973
Advertising	361	365	1,544	2,270
Bank and Merchant Charges	-	818	4,288	5,106
Conferences and Meetings	2,091	674	3,669	6,434
Depreciation	20,472	547	755	21,774
Employee Benefits	14,576	1,709	2,964	19,249
Equipment Rental	1,340	239	329	1,908
Equipment Repairs and Maintenance	25,466	355	-	25,821
Information Technology	7,650	572	5,279	13,501
Insurance	13,504	2,686	2,782	18,972
Memberships	400	679	-	1,079
Occupancy	70,188	1,934	3,398	75,520
Office Expenses	1,187	446	5,534	7,167
Other	-	1,583	-	1,583
Payroll Taxes	20,005	6,559	5,211	31,775
Professional Fees	4,162,930	6,390	1,285	4,170,605
Program Supplies	28,264	182	20,125	48,571
Salaries and Wages	248,981	67,839	64,395	381,215
Supplies	900	380	12,662	13,942
Travel and Accommodations	2,252	948	-	3,200
	<u>4,620,567</u>	<u>172,878</u>	<u>134,220</u>	<u>4,927,665</u>
Total Expenses	\$ <u>4,620,567</u>	\$ <u>172,878</u>	\$ <u>134,220</u>	\$ <u>4,927,665</u>

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
<b>Total Expenses</b>	<b>\$ 1,833,343</b>	<b>\$ 174,042</b>	<b>\$ 106,419</b>	<b>\$ 2,113,804</b>

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



ARUNDEL RIVERS FEDERATION, INC.  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 403,991	\$ 47,892
Adjustments to Reconcile Change in Net Assets to Net Cash Used (Provided) by Operating Activities:		
Unrealized (Gain) Loss on Investments	211,201	49,534
Realized (Gain) Loss on Investments	16,254	(97,170)
Depreciation	21,774	17,958
Loss on Disposal of Asset	1,087	1,385
(Increase) Decrease in Current Assets:		
Accounts and Grants Receivable	(1,160,156)	232,667
Prepaid Expenses	8,029	12,742
Increase (Decrease) in Current Liabilities:		
Accounts Payable	442,085	(40,229)
Accrued Expenses	(3,640)	(4,174)
Deferred Revenue	(6,500)	(8,000)
	(65,875)	212,605
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(11,220)	(48,125)
Purchase of Investments	(44,386)	(71,357)
Proceeds from Sale of Investments	6,502	64,233
	(49,104)	(55,249)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
	-	-
Net (Decrease) Increase in Cash and Cash Equivalents	(114,979)	157,356
Cash and Cash Equivalents, Beginning of Year	721,479	564,123
Cash and Cash Equivalents, End of Year	\$ 606,500	\$ 721,479
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
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, 2022 AND 2021

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, 2022 AND 2021

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, 2022 and 2021, 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, 2022 AND 2021

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, 2022 AND 2021

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, 2022, the Federation had funds of approximately \$129,000 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, 2022 AND 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Federation has evaluated subsequent events through April 3, 2023 the date which the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of financial position date, but disclosures of such events , if any, are included in the accompanying notes.

NOTE 2 - LAND, BUILDINGS, AND EQUIPMENT

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

	<u>2022</u>	<u>2021</u>
Program Equipment	\$ 87,747	\$ 87,747
Furniture and Fixtures	6,606	6,606
Computers and Software	23,886	23,886
Boat	71,059	71,509
Vehicle	<u>14,191</u>	<u>14,191</u>
Total Cost	203,489	203,939
Less Accumulated Depreciation	<u>(96,497)</u>	<u>(85,306)</u>
Net Property and Equipment	\$ <u>106,992</u>	\$ <u>118,633</u>

Depreciation expense for the years ending of December 31, 2022 and 2021 was \$21,774 and \$17,958, respectively.

ARUNDEL RIVERS FEDERATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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, 2022:

	Quoted Market Prices in Active Markets <u>(Level 1)</u>	Other Observable Inputs <u>(Level 2)</u>	Unobservable Inputs <u>(Level 3)</u>	<u>Total</u>
Money Market Funds	\$ 41,057	\$ ---	\$ ---	\$ 41,057
Mutual Funds:				
Intermediate Core Bond	232,878	---	---	232,878
Diversifying Emerging Mkts	77,743	---	---	77,743
High Yield Bond	28,955	---	---	28,955
Money Market Taxable	18,339	---	---	18,339
Multi Growth	62,071	---	---	62,071
Large Growth	324,206	---	---	324,206
Mid-Cap Blend	116,120	---	---	116,120
Commodities Broad Basket	37,018	---	---	37,018
Small Growth	<u>28,314</u>	<u>---</u>	<u>---</u>	<u>28,314</u>
Total Investments	\$ <u>966,701</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>966,701</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, 2021:

	Quoted Market Prices in Active Markets <u>(Level 1)</u>	Other Observable Inputs <u>(Level 2)</u>	Unobservable Inputs <u>(Level 3)</u>	<u>Total</u>
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>---</u>	<u>---</u>	<u>117,228</u>
Total Investments	\$ <u>1,156,272</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>1,156,272</u>

ARUNDEL RIVERS FEDERATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 4 - LIQUIDITY AND AVAILABILITY

The following represents Arundel Rivers Federation’s financial assets at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 606,500	\$ 721,479
Accounts Receivable, Net	1,454,850	294,694
Operating Investments	<u>226,794</u>	<u>398,721</u>
Total Financial Assets Available Within One Year	2,288,144	1,414,894
Less Amounts Not Available to be Used Within One Year, Due to:		
Net Assets with Donor Restrictions	1,620,523	1,363,893
Less: Net Assets with Purpose Restrictions to be Met Within One Year	<u>(1,078,763)</u>	<u>(650,207)</u>
Total Amounts Not Available for General Expenditure Within One Year	<u>541,760</u>	<u>713,686</u>
Total Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ <u>1,746,384</u>	\$ <u>701,208</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, 2022 and 2021 was \$0 and \$0, respectively.



ARUNDEL RIVERS FEDERATION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

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 2022 and 2021 of \$11,000 and \$0, respectively. Board designated net assets as of December 31, 2022 and 2021 were \$344,931 and \$442,586, respectively.

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2022</u>	<u>2021</u>
Riverkeeper Fund	\$ 28,333	\$ 21,250
Restoration	1,035,113	615,638
Endowment Earnings	226,794	398,721
Outreach	15,318	13,319
Perpetuity Donor Restricted	<u>314,965</u>	<u>314,965</u>
 Total	 \$ <u>1,620,523</u>	 \$ <u>1,363,893</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, 2022 AND 2021

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  
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NOTE 8 - ENDOWMENT (CONTINUED)

Endowment net asset composition by type of fund as of December 31, 2022 is as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Board-Designated Endowment Funds	\$ 344,930	\$ ---	\$ 344,930
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>226,794</u>	<u>226,794</u>
Total	\$ <u>344,930</u>	\$ <u>541,759</u>	\$ <u>886,689</u>

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment, Beginning of Year	\$ 401,586	\$ 713,686	\$ 1,115,272
Contributions	11,000	---	11,000
Investment Income	14,638	25,535	40,173
Net Appreciation	(82,294)	(145,162)	(227,456)
Amounts Appropriated For Expenditure	<u>---</u>	<u>(52,300)</u>	<u>(52,300)</u>
Endowment, End of Year	\$ <u>344,930</u>	\$ <u>541,759</u>	\$ <u>886,689</u>

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

	Without Donor <u>Restrictions</u>	With Donor <u>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>

ARUNDEL RIVERS FEDERATION, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 8 - ENDOWMENT (CONTINUED)

	Without Donor <u>Restrictions</u>	With Donor <u>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>

NOTE 9 - DONATED SERVICES AND FACILITIES

The Federation received donated facilities, services and supplies at their location during the years ended December 31, 2022 and 2021. The value of donated facilities, services and supplies included as contributions in the financial statements and the corresponding expenses for the years ended December 31, 2022 and 2021 are as follows:

<u>2022</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Facilities	\$ 61,085	\$ 3,284	\$ 1,314	\$ 65,683
Services	2,760	---	---	2,760
Supplies	<u>11,994</u>	<u>---</u>	<u>---</u>	<u>11,994</u>
Total	\$ <u>75,839</u>	\$ <u>3,284</u>	\$ <u>1,314</u>	\$ <u>80,437</u>
<u>2021</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Supplies	\$ <u>13,169</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>13,169</u>
Total	\$ <u>13,169</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>13,169</u>

ARUNDEL RIVERS FEDERATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

NOTE 10 - 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, 2022 and 2021 were \$7,048 and \$7,440, respectively.

NOTE 11 - 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.

In February 2021, Arundel Rivers applied and was approved for a 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.

NOTE 12 - EMPLOYEE RETENTION CREDIT

In 2022 the Federation applied and was approved for the Employee Retention Credit provided by the United States Treasury. In order to qualify for the Employee Retention Credit, the Federation had to have significant decline in gross income for 2021 and 2022 or have full or partial closure due to COVID-19. The credit is a quarterly tax credit applied against the employer's share of certain payroll taxes. The total amount of \$102,449 is included as PPP and ERC Income on the financial statements for 2022.