



PASQUESI  
SHEPPARD LLC  
Accountants and Consultants

**ALLIANCE FOR THE GREAT LAKES**

**FINANCIAL STATEMENTS  
AUGUST 31, 2021 AND 2020**

**TOGETHER WITH INDEPENDENT  
AUDITOR'S REPORT**

---



## INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS  
ALLIANCE FOR THE GREAT LAKES

We have audited the accompanying financial statements of Alliance for the Great Lakes (a not-for-profit corporation), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alliance for the Great Lakes as of August 31, 2021, 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.

### **Report on Summarized Comparative Information**

We have previously audited the Alliance for the Great Lakes 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Pasquesi Sheppard LLC". The signature is written in a cursive, flowing style.

Pasquesi Sheppard LLC  
Lake Forest, Illinois

November 4, 2021

**ALLIANCE FOR THE GREAT LAKES**

**STATEMENTS OF FINANCIAL POSITION**

**AUGUST 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b><u>ASSETS</u></b>		
<b>CURRENT:</b>		
Cash and cash equivalents —		
Unrestricted	\$ 4,133,289	\$ 2,130,788
Restricted	601,122	831,808
Investments	1,592,097	1,322,610
Accounts receivable	44,188	17,793
Current portion of contributions receivable	529,387	1,926,297
Prepaid expenses and other assets	56,566	31,354
Total current assets	<u>\$ 6,956,649</u>	<u>\$ 6,260,650</u>
<b>NONCURRENT:</b>		
Noncurrent portion of contributions receivable	\$ 50,000	\$ 29,350
Security deposits	26,025	26,025
Property and equipment, net	117,429	149,656
Total noncurrent assets	<u>\$ 193,454</u>	<u>\$ 205,031</u>
Total assets	<u><u>\$ 7,150,103</u></u>	<u><u>\$ 6,465,681</u></u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 112,228	\$ 149,186
Accrued expenses and other liabilities	183,756	204,928
Current portion of note payable	800,246	11,918
Current portion of deferred obligation	19,278	15,891
Total current liabilities	<u>\$ 1,115,508</u>	<u>\$ 381,923</u>
<b>NONCURRENT LIABILITIES:</b>		
Noncurrent portion of note payable	\$ -	\$ 390,395
Noncurrent portion of accrued liabilities	25,000	-
Noncurrent portion of deferred obligation	32,696	51,974
Total noncurrent liabilities	<u>\$ 57,696</u>	<u>\$ 442,369</u>
Total liabilities	<u>\$ 1,173,204</u>	<u>\$ 824,292</u>
<b>NET ASSETS:</b>		
Without donor restrictions	\$ 4,796,390	\$ 2,853,934
With donor restrictions	1,180,509	2,787,455
Total net assets	<u>\$ 5,976,899</u>	<u>\$ 5,641,389</u>
Total liabilities and net assets	<u><u>\$ 7,150,103</u></u>	<u><u>\$ 6,465,681</u></u>

The accompanying notes are an integral part of these financial statements.

ALLIANCE FOR THE GREAT LAKES

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2021

WITH SUMMARIZED FINANCIAL INFORMATION FOR AUGUST 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>2020</u>
<b>REVENUES:</b>				
Grants	\$ 651,803	\$ 916,006	\$ 1,567,809	\$ 1,936,402
Contributed goods and services	12,738	-	12,738	13,480
Contributions	1,034,619	-	1,034,619	2,049,757
Contracts	175,991	-	175,991	35,134
Fundraising events	101,853	-	101,853	56,917
Investment return	312,682	-	312,682	137,354
Contributed securities	571,840	-	571,840	91,735
Net assets released from restrictions	2,522,952	(2,522,952)	-	-
	<u>\$ 5,384,478</u>	<u>\$ (1,606,946)</u>	<u>\$ 3,777,532</u>	<u>\$ 4,320,779</u>
<b>EXPENSES:</b>				
Program services	\$ 2,617,000	\$ -	\$ 2,617,000	\$ 2,892,267
Management and general	442,325	-	442,325	386,188
Fundraising	382,697	-	382,697	382,753
	<u>\$ 3,442,022</u>	<u>\$ -</u>	<u>\$ 3,442,022</u>	<u>\$ 3,661,208</u>
<b>CHANGE IN NET ASSETS</b>	\$ 1,942,456	\$ (1,606,946)	\$ 335,510	\$ 659,571
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>2,853,934</u>	<u>2,787,455</u>	<u>5,641,389</u>	<u>4,981,818</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 4,796,390</u>	<u>\$ 1,180,509</u>	<u>\$ 5,976,899</u>	<u>\$ 5,641,389</u>

The accompanying notes are an integral part of these financial statements.

**ALLIANCE FOR THE GREAT LAKES**

**STATEMENTS OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED AUGUST 31, 2021**

**WITH SUMMARIZED FINANCIAL INFORMATION FOR AUGUST 31, 2020**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>	<b>2020</b>
Salaries	\$ 1,366,920	\$ 295,767	\$ 225,567	\$ 1,888,254	\$ 1,928,246
Payroll taxes	110,358	21,987	18,211	150,556	146,841
Employee benefits	145,571	28,836	24,022	198,429	202,904
Consultants	635,525	5,533	20,179	661,237	747,644
Contributed goods and services —					
Marketing & other	12,738	-	-	12,738	11,379
Fundraising	-	-	-	-	2,101
Occupancy costs	175,475	27,830	25,190	228,495	237,858
Professional services	-	25,500	-	25,500	27,500
Supplies	29,491	1,708	2,324	33,523	55,466
Printing and reproduction	22,215	28	9,767	32,010	26,230
Conferences and events	27,073	559	14,858	42,490	82,485
Travel, lodging and meals	851	13	627	1,491	50,387
Postage and shipping	12,642	493	4,624	17,759	9,454
Depreciation	47,694	7,565	6,847	62,106	64,099
Telephone and internet	18,905	2,998	2,714	24,617	29,714
Other	3,453	22,226	26,606	52,285	31,514
Equipment and software rental	8,089	1,282	1,161	10,532	7,386
<b>Total functional expenses</b>	<b>\$ 2,617,000</b>	<b>\$ 442,325</b>	<b>\$ 382,697</b>	<b>\$ 3,442,022</b>	<b>\$ 3,661,208</b>

The accompanying notes are an integral part of these financial statements.

ALLIANCE FOR THE GREAT LAKES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED AUGUST 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 335,510	\$ 659,571
Adjustments to reconcile changes in net assets to net cash provided by (used for) operating activities –		
Depreciation	62,106	64,099
Realized and unrealized net gain on investments	(284,039)	(104,348)
Changes in operating assets and liabilities –		
Accounts receivable	(26,395)	53,244
Contributions receivable	1,376,260	(880,800)
Contributions receivable - change in discount	-	(9,647)
Prepaid expenses and other assets	(25,212)	30,843
Accounts payable	(36,958)	(30,802)
Accrued expenses and other liabilities	3,828	85,802
Deferred rent obligation	(15,891)	(12,503)
Net cash provided by (used for) operating activities	<u>\$ 1,389,209</u>	<u>\$ (144,541)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	\$ (1,018,053)	\$ (753,556)
Contributed investments	(571,840)	(91,735)
Proceeds from sale of investments	1,604,445	894,720
Purchase of property and equipment	(29,879)	(139,007)
Net cash used for investing activities	<u>\$ (15,327)</u>	<u>\$ (89,578)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from notes payable	\$ 397,933	\$ 402,313
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>\$ 1,771,815</u>	<u>\$ 168,194</u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>2,962,596</u>	<u>2,794,402</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u><u>\$ 4,734,411</u></u>	<u><u>\$ 2,962,596</u></u>

The accompanying notes are an integral part of these financial statements.

## ALLIANCE FOR THE GREAT LAKES

### NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021 AND 2020

---

#### (1) DESCRIPTION OF THE ALLIANCE:

Alliance for the Great Lakes (the Alliance) believes that Great Lakes water belongs to all people who live in the Great Lakes region, and that healthy, clean and accessible water is a right for all life. As an Illinois not-for-profit corporation serving the Great Lakes, the Alliance adheres to the highest principles of fiscal stewardship in building and maintaining support for its work. The all-volunteer professional board of directors provides consistent oversight of the Alliance's strategic and financial commitments. The Alliance concentrates its efforts in four main areas:

***Clean Water for People:*** The Alliance for the Great Lakes advocates for safe, clean and accessible water for people across the region and works extensively with community groups, government agencies and elected officials to solve clean water problems. We successfully advanced a federal policy agenda to increase funding and shift policy toward eliminating drinking water contaminants such as lead and rebuild the infrastructure that can prevent sewage overflows. We also secured a dramatic increase in funding for the Great Lakes Restoration Initiative over the next five years, which provides for cleanup of contaminated sites and fish and wildlife habitat restoration. In Illinois, the Alliance worked to overhaul zoning rules that have led to decades of pollution for residents of Calumet River and Lake Michigan neighborhoods. In Detroit, we educated community members and local officials on causes of catastrophic flooding and sewage overflows, and advanced policy in support of nature-based solutions to alleviate these problems. In Cleveland, we worked with dozens of partners across the Cleveland area to produce a Candidate Education platform and Residential Education toolkit, which served as nonpartisan information sources to highlight water issues in advance of municipal elections in November. Finally, we convened the first Environmental Justice Policy Forum in Ohio to support and organize people of color working in the environmental field.

***Aquatic Invasive Species:*** Aquatic invasive species (AIS) pose a serious threat to the economy and outdoor way of life in the Great Lakes, and the Alliance advocates for solutions that prevent the introduction of AIS into the Lakes. The Alliance scored a major victory in securing funding and policy changes at the federal and state levels to begin Preconstruction, Engineering and Design on the Brandon Road Lock & Dam project near Joliet, Illinois. This project is the most important and effective deterrent against invasive carp from entering the Great Lakes. The Alliance helped secure the signature of Governor Pritzker on the Design Agreement for the project and worked to ensure an intergovernmental agreement between Illinois and Michigan was finalized to ensure funding from these states. The Alliance also rejected the insufficient proposed federal regulations of cargo ship ballast water, another major source of AIS. U.S. EPA failed to put forward a strong regulation in 2020. The Alliance asked the administration to rewrite the regulations more in-line with Canadian regulations that would protect the Great Lakes from ballast water pollution in both marine and freshwater ships.



## ALLIANCE FOR THE GREAT LAKES

### NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021 AND 2020

---

***Agriculture and Water:*** Nonpoint source runoff from agriculture is one of the greatest threats to clean water in the lakes across the region. Agricultural pollution leads to harmful algae blooms, some of which are toxic, and dead zones in the water, and have become so bad that they pose a risk to the drinking water of millions of people. The Alliance focuses its work on this issue in the western Lake Erie basin and the Lower Fox River watershed around Green Bay in Wisconsin because these are the most significant areas of agricultural pollution in the Great Lakes. In western Lake Erie, the Alliance is extensively engaged in the creations of regulations and a “Total Maximum Daily Load” plan that will assign pollution reduction needs and responsibilities across millions of acres in the western Lake Erie watershed. We are also working to increase the representation of communities impacted by agricultural pollution in state policy making, as these communities are often located dozens or hundreds of miles from the source of the pollution. In Wisconsin, the Alliance facilitates a coalition of agricultural, research, county government, and environmental stakeholders in creating a shared framework of governance to reduce phosphorus pollution entering the Lower Fox River and Green Bay. This group recently submitted its first Cost to Comply report, which details the investment needed and parties to be held accountable to make these needed reductions occur.

***Communications & Engagement:*** The Alliance works through a variety of programs to engage members of the public to become more active advocates for the Great Lakes. In 2021, the Alliance celebrated the 30<sup>th</sup> Anniversary of its Adopt-a-Beach program, which engages more than 15,000 volunteers across all five Great Lakes, removing tens of thousands of pounds of litter each year. Across the 30-year history of this program, the Alliance has engaged more than 200,000 volunteers in this effort. The Alliance continued to provide advanced training to its Alliance Ambassadors, who work across the region to communicate the highlights of the Alliance’s programming at public engagement events. In early 2021, the Alliance released a set of top five priorities for both the Biden administration and members of Congress, highlighting the most urgent environmental needs to be addressed at the federal level, and wrote extensively on our federal Great Lakes agenda in media outlets across the region.

ALLIANCE FOR THE GREAT LAKES

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021 AND 2020

---

(2) ACCOUNTING POLICIES AND PRACTICES:

The financial statements of the Alliance have been prepared on the accrual basis of accounting. The following is a summary of the major accounting policies and practices of the Alliance, which affect significant elements of the accompanying financial statements:

Change in Accounting Principle –

In May 2014 the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, “Revenue from Contracts with Customers (Topic 606)”. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. Generally Accepted Accounting Principles (GAAP). The ASU also requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The Alliance adopted the new standard effective September 1, 2020, the first day of the Alliance’s fiscal year using the full retrospective method.

There was no impact to retained earnings as of September 1, 2020, or to revenue for the year ended August 31, 2021, after adopting the ASU, as revenue recognition and timing of revenue did not change as a result of implementing the new ASU.

Financial Statement Presentation –

The Alliance prepares its financial statements to present its financial position and activities based on the existence or absence of donor-imposed restrictions as follows:

- Net assets without donor restrictions represent funds, which are available for the Alliance to utilize, at the discretion of management and the Board of Directors, in any of its programs or supporting activities.
- 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 the donor stipulates that resources be maintained in perpetuity.

Cash Equivalents –

For purposes of the statement of cash flows, the Alliance considers liquid investments with an initial maturity of three months or less to be cash equivalents.

The following table reconciles the cash on the statement of financial position to the statement of cash flows:

ALLIANCE FOR THE GREAT LAKES

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021 AND 2020

---

	<u>2021</u>	<u>2020</u>
Restricted cash	\$ 601,122	\$ 831,808
Unrestricted cash	<u>4,133,289</u>	<u>2,130,788</u>
Total cash	<u>\$ 4,734,411</u>	<u>\$ 2,962,596</u>

Investments —

Under GAAP, the Alliance reports investments in marketable securities with readily determinable fair values in the statement of financial position. The Alliance states its investments at fair value based on closing prices reported on the active market on which the individual securities are traded, or the net value of shares held in the case of mutual funds. The Alliance records purchases and sales of securities on a trade-date basis. Unrealized gains and losses are included in the change in net assets.

Fair Value Measurements —

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

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Alliance has the ability to access.

*Level 2* – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

ALLIANCE FOR THE GREAT LAKES

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021 AND 2020

---

If the asset or liability has specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

GAAP bases the fair value measurement level of the assets or liabilities within the fair value hierarchy on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Accounts and Contributions Receivable –

Management states accounts and contributions receivable at the amounts it expects to collect. Management records an allowance for doubtful accounts if deemed necessary by its historical experience with collection and analysis of current economic conditions.

Property and Equipment –

The Alliance carries property and equipment at cost or fair value for contributed items, net of accumulated depreciation. Management computes depreciation on a straight-line basis over the useful lives of the assets, which are typically three or five years or the remaining lease term in the case of leasehold improvements. The Alliance capitalizes additions with a cost in excess of \$1,000 and a useful life greater than one year. The Alliance expenses the cost of maintenance, repairs, and minor improvements, which do not extend the useful life of the asset, as incurred.

Website Development Costs –

The Alliance accounts for website development costs as capital assets and amortizes them on a straight-line method over their estimated useful lives of three years. The Alliance expenses costs related to the planning stage of development projects as well as ongoing website operating and support costs as incurred.

Grants and Contributions –

The Alliance recognizes the full amount of the grants and contributions received in the year that the donor contributed them as support without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

ALLIANCE FOR THE GREAT LAKES

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021 AND 2020

---

The Alliance reports gifts of cash and other assets as with donor restrictions if they are received with donor-imposed stipulations that limit the use of donated assets. When a donor restriction expires, or a stipulated time restriction ends, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. The Alliance calculates releases from restrictions based on personnel and other costs charged to projects funded by restricted contributions and grants.

Contributed Goods and Services –

The Alliance records non-cash contributions at their estimated fair market value at the date of the contribution. The Alliance recognizes the monetary value of contributed services that represents specialized skills as revenue. The Alliance does not assign monetary value to the work of volunteers who perform unspecialized tasks, as it is not practical to estimate the value of volunteer activity accurately.

Contracts –

For purposes of the statement of activities, contracts are grants that the Alliance considers exchange transactions. Accordingly, the Alliance recognizes contract revenue when it has performed the services or fulfilled the conditions of the agreement. The Alliance recognizes a liability for funds received where conditions have yet to be satisfied at year-end.

Allocation of Expenses –

The Alliance incurs costs that provide program, fundraising, and general and administrative benefit. Directly identifiable expenses are charged to programs and supporting services. Management charges joint functional expenses to programs and support services based on periodic time and expense studies.

Use of Estimates –

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements, the disclosures 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.

**ALLIANCE FOR THE GREAT LAKES**

**NOTES TO FINANCIAL STATEMENTS**

**AUGUST 31, 2021 AND 2020**

---

Prior Period Information –

The financial statements include certain 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 GAAP. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended August 31, 2020, from which the summarized information was derived.

**(3) INVESTMENTS:**

Investments consisted of the following as of August 31:

	<u>2021</u>	<u>2020</u>
Equity mutual funds	\$ 1,192,274	\$ 980,089
Bonds and fixed income mutual funds	399,823	342,521
	<u>\$ 1,592,097</u>	<u>\$ 1,322,610</u>

Cash held in the investment account as of August 31, 2021 and 2020, was \$1,810,104 and \$1,191,655, respectively.

Investment return consisted of the following for the years ended August 31:

	<u>2021</u>	<u>2020</u>
Realized and unrealized net gain on investments	\$ 284,039	\$ 104,348
Interest and dividends	28,643	33,006
	<u>\$ 312,682</u>	<u>\$ 137,354</u>

Investment fees consisted of \$9,878 and \$6,778 for the years ending August 31, 2021 and 2020, respectively.

**(4) FAIR VALUE MEASUREMENTS:**

Management has determined that all investments held by the Alliance are level 1 assets within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement.

ALLIANCE FOR THE GREAT LAKES

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021 AND 2020

---

(5) ALLOWANCE FOR DOUBTFUL ACCOUNTS:

Management considers receivables fully collectible. Accordingly, there was no allowance for doubtful accounts at August 31, 2021 and 2020.

(6) CONTRIBUTIONS RECEIVABLE:

Contributions receivable relate to amounts receivable under unconditional grants from private foundations and other entities. Included in contributions receivable in the accompanying statements of financial position are the following unconditional pledges at August 31:

	<u>2021</u>	<u>2020</u>
Amounts due in:		
Less than one year	\$ 529,387	\$ 1,926,297
One to five years	50,000	29,350
	<u>579,387</u>	<u>1,955,647</u>
Total contributions receivable	<u>\$ 579,387</u>	<u>\$ 1,955,647</u>

(7) PROPERTY AND EQUIPMENT:

Property and equipment consisted of the following as of August 31:

	<u>2021</u>	<u>2020</u>
Website development costs	\$ 79,800	\$ 79,800
Leasehold improvements	32,948	32,948
Furniture and equipment	409,176	379,296
	<u>\$ 521,924</u>	<u>\$ 492,044</u>
Less - Accumulated depreciation	(404,495)	(342,388)
	<u>\$ 117,429</u>	<u>\$ 149,656</u>

Depreciation expense was \$62,106 and \$64,099 for the years ended August 31, 2021 and 2020, respectively.

ALLIANCE FOR THE GREAT LAKES

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021 AND 2020

---

**(8) NOTE PAYABLE:**

On April 24, 2020, the Alliance received a loan of \$402,313 under the Small Business Administration's Paycheck Protection Program. Subsequent to August 31, 2021, the Alliance was notified that \$366,841 of the balance was forgiven by the Small Business Administration. The Alliance then remitted the remaining balance of \$35,472.

On April 5, 2021, the Alliance received an additional loan of \$397,933 under the Small Business Administration's Paycheck Protection Program. Under the terms of the loan, the balance will be fully forgiven provided the Alliance meets the relevant requirements. These requirements include limitations on how the funds may be spent, with the majority of the funds required to be spent on payroll and employee benefits. The Alliance intends to apply for loan forgiveness during the year ending August 31, 2022. The Alliance expects that all or substantially all of the loan will be forgiven as management believes the Alliance has complied with the relevant requirements. Any amounts not forgiven would bear interest at 1%.

**(9) DEFERRED RENT OBLIGATION:**

The Alliance recognizes rent expense by the straight-line method over the terms of its lease. In connection with its lease detailed in Note 12, the lessor granted the Alliance rent abatement for initial months of the lease agreement. Accordingly, the Alliance recorded a liability for deferred rent.



**ALLIANCE FOR THE GREAT LAKES**

**NOTES TO FINANCIAL STATEMENTS**

**AUGUST 31, 2021 AND 2020**

---

**(10) ENDOWMENT AND BOARD-DESIGNATED FUNDS:**

The Lee Botts Endowment (the Endowment) is a board-designated fund named for the Alliance's founder and is included in net assets without donor restrictions. The Alliance held the majority of the assets of the fund in a separate investment account, which the board designated for the long-term purposes of the Alliance. The fund is conservatively invested in money market funds, fixed income mutual funds, and equity mutual funds in order to preserve purchasing power. The Alliance may use investment income for general operating purposes. The Alliance may use principal of the Endowment, including any net appreciation, for general operating purposes upon approval by seventy-five percent of the Board of Directors. Changes in the endowment net assets are as follows for the years ended August 31:

	<b><u>2021</u></b>	<b><u>2020</u></b>
Net assets, beginning of the year	\$ 1,349,598	\$ 1,189,337
Contributions	4,044	34,308
Net appreciation	277,753	102,352
Interest and dividends	28,281	30,203
Investment fees	(9,703)	(6,602)
Net assets, end of the year	<b><u>\$ 1,649,973</u></b>	<b><u>\$ 1,349,598</u></b>

**(11) NET ASSETS WITH DONOR RESTRICTIONS:**

Net assets with donor restrictions arise primarily from grants received from private foundations to support various environmental projects. The Alliance held net assets with donor restrictions in cash and cash equivalents as well as receivables at August 31, 2021 and 2020. During the years ended August 31, 2021 and 2020, the Alliance released net assets with donor restrictions of \$2,522,952 and \$1,512,883, respectively, from donor restriction by incurring charges that satisfied the restrictions specified by the donors.

As of August 31, 2021, the Alliance had not received any gifts, which the donor stipulated must be maintained in perpetuity.

**ALLIANCE FOR THE GREAT LAKES**

**NOTES TO FINANCIAL STATEMENTS**

**AUGUST 31, 2021 AND 2020**

**(12) OPERATING LEASES:**

The Alliance entered into an operating lease that commenced in February 2014 to lease office space in Chicago, Illinois until 2024. Expense recognized under this lease was approximately \$228,000 and \$238,000 for the years ended August 31, 2021 and 2020, respectively. Future minimum payments under the Chicago lease as of August 31, 2021, are as follows:

2022	\$	106,972
2023		110,360
2024		<u>46,571</u>
Total minimum lease payments	\$	<u><u>263,903</u></u>

**(13) JOINT COSTS:**

The Alliance allocated the following joint costs for the years ended August 31, 2021 and 2020:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>2020</u>
Consultants	\$ 34,885	\$ 5,533	\$ 5,008	\$ 45,426	\$ 57,328
Occupancy costs	175,475	27,830	25,190	228,495	237,858
Supplies	10,767	1,708	1,545	14,020	7,366
Printing and reproduction	178	28	26	232	607
Conferences and events	3,529	559	508	4,596	4,545
Travel, lodging and meals	82	13	12	107	401
Postage and shipping	3,107	493	446	4,046	1,445
Depreciation	47,694	7,565	6,847	62,106	64,099
Telephone and internet	18,905	2,998	2,714	24,617	29,714
Other	3,453	548	496	4,497	4,419
Legal fees	-	-	-	-	2,500
Equipment and software rental	8,089	1,282	1,161	10,532	7,386
Total joint costs	<u>\$ 306,164</u>	<u>\$ 48,557</u>	<u>\$ 43,953</u>	<u>\$ 398,674</u>	<u>\$ 417,668</u>

**(14) RETIREMENT PLAN:**

The Alliance has established a defined contribution retirement plan that allows eligible employees to defer a portion of their compensation until retirement. The Alliance matches employee contributions up to 4% of salary. The Alliance's contribution was approximately \$51,000 and \$52,000 for the years ended August 31, 2021 and 2020, respectively.

ALLIANCE FOR THE GREAT LAKES

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021 AND 2020

---

(15) INCOME TAXES:

The Alliance is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. The Alliance files forms 990 in the U.S. federal jurisdiction and various states.

There were no unrecognized tax benefits identified or recorded as liabilities for the years ended August 31, 2021 and 2020. The Alliance is generally no longer subject to examination by the Internal Revenue Service for years before 2018.

Management periodically reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the financial statements.

(16) CONCENTRATIONS OF CREDIT RISK:

Financial instruments, which potentially subject the Alliance to concentrations of credit risk, consist principally of cash and receivables. Management believes the Alliance has negligible exposure to any significant credit risk on cash and receivables.

The Alliance maintains its cash in bank deposit accounts, which at times, may exceed federally insured limits. The Alliance has not experienced any losses in such accounts.

Receivables from four foundations and other entities represent approximately 75% of total receivables as of August 31, 2021. Receivables from four foundations and other entities represent approximately 86% of total receivables as of August 31, 2020. The Alliance has not experienced significant losses from these organizations.

**ALLIANCE FOR THE GREAT LAKES**

**NOTES TO FINANCIAL STATEMENTS**

**AUGUST 31, 2021 AND 2020**

---

**(17) LIQUIDITY:**

The following reflects the Alliance's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of donor-imposed restrictions within one year of the statement of financial position date. Amounts that are available for use within one year for general purposes include pledges receivable within one year for which use is not stipulated by the donor:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end	\$ 6,950,083	\$ 6,258,646
Less those unavailable for general expenditures within one year, due to:		
Donor imposed restrictions of time or purpose	(1,180,509)	(2,787,455)
Board designated endowment fund	<u>(1,649,973)</u>	<u>(1,349,598)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,119,601</u>	<u>\$ 2,121,593</u>

As part of the Alliance's liquidity management, it invests cash in excess of daily requirements in short term investments.

**(18) SIGNIFICANT SUPPORT:**

The Alliance received significant support from private foundations and similar organizations in the form of restricted and unrestricted grant awards, including multi-year awards. For the year ended August 31, 2021, grants from two organizations comprised 36% of grant revenue and 15% of total revenue. For the year ended August 31, 2020, grants from two organizations comprised 38% of grant revenue and 17% of total revenue. Additionally, a single donation made up 49% of contribution revenue and 23% of total revenue.

**(19) SUBSEQUENT EVENTS:**

The Alliance's management has performed an analysis of activities and transactions subsequent to the report date, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year then ended. Management has performed their analysis through the report date, the date which the financial statements were available to be issued.