

Huron River Watershed Council

Financial Statements

March 31, 2021

With Comparative Totals

For the Year Ended March 31, 2020

Huron River Watershed Council
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March 31, 2021

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Independent Auditors' Report

To the Board of Directors
Huron River Watershed Council
Ann Arbor, Michigan

We have audited the accompanying financial statements of Huron River Watershed Council, which comprise the statement of financial position as of March 31, 2021, and the related statements of activities and changes in net assets, 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 of 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 auditors' 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 auditors consider 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 Huron River Watershed Council as of March 31, 2021, and the changes in its net assets, and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We previously audited the Huron River Watershed Council's March 31, 2020, financial statements, and our report dated June 25, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Cole, Newton & Duran
Livonia, Michigan
June 25, 2021

**Huron River Watershed Council
Statement of Financial Position
March 31, 2021
With Comparative Totals for March 31, 2020**

ASSETS		
	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,392,958	\$ 690,666
Investments	622,210	604,182
Accounts receivable	176,416	222,150
Grants receivable	32,000	251,500
Prepaid expenses	8,228	7,831
Total current assets	2,231,812	1,776,329
FIXED ASSETS		
Equipment	85,605	77,181
Leasehold improvements	3,253	3,253
Less accumulated depreciation	(72,736)	(67,175)
Total fixed assets	16,122	13,259
OTHER ASSETS		
Website	24,000	24,000
Less accumulated amortization	(24,000)	(17,732)
	-	6,268
TOTAL ASSETS	\$ 2,247,934	\$ 1,795,856
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 41,775	\$ 55,257
Accrued expenses	133,116	104,115
Fiduciary funds	2,936	2,978
Total current liabilities	177,827	162,350
NET ASSETS		
Without donor restrictions	1,129,836	870,631
With donor restrictions	940,271	762,875
Total net assets	2,070,107	1,633,506
TOTAL LIABILITIES AND NET ASSETS	\$ 2,247,934	\$ 1,795,856

See Notes to the Financial Statements

Huron River Watershed Council
Statement of Activities and Changes in Net Assets
For the Year Ended March 31, 2021
With Comparative Totals for the Year Ended March 31, 2020

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
REVENUE AND SUPPORT				
Government	\$ 404,265	\$ 168,493	\$ 572,758	\$ 665,537
Foundations, corporations, and other support	128,611	809,280	937,891	938,376
Membership dues	144,562	-	144,562	129,392
Annual giving	66,395	-	66,395	66,395
Special events	48,967	-	48,967	73,797
Program income	9,760	-	9,760	7,942
PPP loan forgiveness	216,177	-	216,177	-
Investment income	120,214	-	120,214	(20,268)
Total	1,138,951	977,773	2,116,724	1,861,171
Net Assets Released from Restrictions	800,377	(800,377)	-	-
Total revenue and support	1,939,328	177,396	2,116,724	1,861,171
FUNCTIONAL EXPENSES				
Program services				
Study	386,486	-	386,486	290,726
Connect and inform	571,229	-	571,229	449,311
Restore and protect	417,395	-	417,395	621,295
Total program services costs	1,375,110	-	1,375,110	1,361,332
Supporting Service Costs				
Management and general	127,389	-	127,389	139,747
Fundraising	177,624	-	177,624	192,999
Total supporting service costs	305,013	-	305,013	332,746
Total functional expenses	1,680,123	-	1,680,123	1,694,078
INCREASE (DECREASE) IN NET ASSETS	259,205	177,396	436,601	167,093
NET ASSETS AT BEGINNING OF YEAR	870,631	762,875	1,633,506	1,466,413
NET ASSETS AT END OF YEAR	<u>\$ 1,129,836</u>	<u>\$ 940,271</u>	<u>\$ 2,070,107</u>	<u>\$ 1,633,506</u>

See Notes to the Financial Statements

Huron River Watershed Council
Statement of Functional Expenses
For the Year Ended March 31, 2021
With Comparative Totals for the Year Ended March 31, 2020

	2021						2020	
	Study	Connect and Inform	Protect and Restore	Total Programs	Management and General	Fundraising	Total Support Services	Totals
Salaries and wages	\$ 189,119	\$ 262,758	\$ 295,806	\$ 747,683	\$ 92,855	\$ 113,811	\$ 206,666	\$ 954,349
Payroll taxes	13,807	19,183	21,601	54,591	6,778	8,309	15,087	69,678
Employee benefits	24,417	33,924	37,956	96,297	11,987	14,694	26,681	122,978
Total compensation	227,343	315,865	355,363	898,571	111,620	136,814	248,434	1,147,005
Consultants	132,004	172,369	28,045	332,418	1,104	987	2,091	334,509
Media buys	249	3,724	1,120	5,093	85	105	190	5,283
Travel and meetings	3,555	3,155	19	6,729	-	70	70	6,799
Dues and publications	158	1,711	246	2,115	178	4,991	5,169	7,284
Postage and copies	121	7,405	222	7,748	243	929	1,172	8,920
Printing and reproduction	140	25,634	853	26,627	65	3,702	3,767	30,394
Supplies and equipment	2,526	2,995	161	5,682	202	2,374	2,576	8,258
Telephone and internet	498	692	774	1,964	244	300	544	2,508
Rent	9,163	12,731	14,244	36,138	4,499	5,514	10,013	46,355
Professional fees	1,855	2,578	2,884	7,317	911	1,116	2,027	9,344
Depreciation and amortization	2,349	3,263	3,651	9,263	1,153	1,413	2,566	11,829
Payroll service	536	744	833	2,113	263	322	585	2,698
Repairs and maintenance	1,380	1,918	2,146	5,444	678	831	1,509	6,953
Insurance	1,187	1,649	1,845	4,681	583	714	1,297	5,978
Newsletter and mailings	1,972	4,151	3,066	9,189	968	1,187	2,155	11,344
Annual report	280	2,294	436	3,010	138	169	307	3,317
Events	-	1,150	-	1,150	348	-	348	1,498
Special fundraising events	-	-	-	-	-	10,252	10,252	10,252
Other	1,170	7,201	1,487	9,858	4,107	5,834	9,941	19,799
Total expenses	\$ 386,486	\$ 571,229	\$ 417,395	\$ 1,375,110	\$ 127,389	\$ 177,624	\$ 305,013	\$ 1,680,123
								\$ 1,694,078

See Notes to the Financial Statements

**Huron River Watershed Council
Statement of Cash Flows
For the Year Ended March 31, 2021
With Comparative Totals for the Year Ended March 31, 2020**

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 436,601	\$ 167,093
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	11,829	10,507
(Gains) losses on investments	(108,893)	34,641
PPP loan forgiveness	(216,177)	-
(Increase) decrease in assets:		
Accounts receivable	(45,734)	79,167
Grants receivable	219,500	(105,548)
Prepaid expenses	(398)	(486)
Increase (decrease) in liabilities:		
Accounts payable	(13,482)	(5,711)
Accrued expenses	29,001	(1,190)
Fiduciary funds	(42)	(2,780)
Net cash provided by (used in) operating activities	312,205	175,693
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales of investments	216,366	48,700
Purchase of investments	(34,031)	(160,436)
Acquisition of property and equipment	(8,424)	(2,551)
Net cash provided by (used in) investing activities	173,911	(114,287)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from PPP Loan	216,177	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	702,293	61,406
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	690,665	629,259
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,392,958	\$ 690,665
Supplemental disclosures		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	\$ -	\$ -

Huron River Watershed Council
Notes to the Financial Statements
March 31, 2021

NOTE 1 – Organization and Nature of Activities

The Huron River Watershed Council (the Council) is a public nonprofit coalition of local governments, businesses, and citizens in southeastern Michigan, established in 1965 under Michigan's Local River Management Act to protect the Huron River and its tributary streams, lakes, wetlands, and groundwater. The Council works to facilitate watershed-based management of water resources by providing hands-on citizen education, technical assistance in policy development, and by conducting direct river protection projects. One of the primary responsibilities of the Council is to educate citizens and local decision-makers on the wise use and management of water resources. Revenue is derived primarily from grants, contributions, and membership dues.

NOTE 2 – Summary of Significant Accounting Policies

Basis of accounting – The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of presentation – Financial statement presentation follows the requirements of the Not-for-Profit Entities Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). The Council is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net assets without donor restrictions consist of resources that are not restricted by any donor-imposed stipulations.

Net assets with donor restrictions consist of resources of which the use by the Council is limited by donor-imposed stipulations.

Use of estimates – The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair value of financial instruments – FASB guidance on fair value measurement defines fair value, establishes a framework for measuring fair value, and expands disclosure of fair value measurements. The guidance applies to all assets and liabilities that are measured and reported on a fair value basis. The carrying amounts of financial instruments, including cash, cash equivalents, receivables, prepaids, accounts payable, and accrued liabilities approximate fair value due to the short-term maturity of these instruments.

Cash and cash equivalents – Cash and cash equivalents include all monies in banks and highly liquid investments, with original maturity dates of less than three months.

Advertising – The Council expenses advertising costs as they are incurred.

Subsequent events – Management has evaluated events and transactions for potential recognition or disclosure through the date of the auditors' report, which is the date the financial statements were available to be issued.

Receivables – Receivables include promises to give based on grants and awards received from public and corporate support, as well as those provided by government entities. Receivables can also include membership dues as well as fees for services provided. All receivable balances are expected to be collected, therefore, no allowance for bad debts has been recorded. The Council writes off any uncollectible receivables in the year they are deemed uncollectible.

Huron River Watershed Council
Notes to the Financial Statements
March 31, 2021

NOTE 2 – Summary of Significant Accounting Policies (continued)

Property and equipment – Property and equipment that exceeds \$1,000 are recorded at cost or, if donated, at the approximate fair value at the date of donation. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Council reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Depreciation is computed using the straight-line method over the estimated useful life of five years for equipment and 15 years for leasehold improvements. Upon sale or retirement, the cost and accumulated depreciation are eliminated from the respective accounts and any gain or loss is recorded in the statement of activities and changes in net assets. Depreciation expense for the years ended March 31, 2021, and 2020, were \$5,561 and \$2,507, respectively.

Website – Website costs are amortized using the straight-line method over the estimated useful life of three years. Amortization expense for the years ended March 31, 2021, and 2020, were \$6,268 and \$8,000, respectively. The website was fully amortized in the year ended March 31, 2021.

Revenue recognition – Contributions are recognized as revenue in the year received or unconditionally promised by the donor. Donor promises to give in the future are recorded at the present value of estimated future cash flows. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are classified as net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions. The Council has also entered into agreements to provide assistance with services relevant to the Huron River Watershed. Revenue associated with these service agreements is recognized as the service is performed.

Statement of functional expenses – The costs of providing the program and supporting services have been reported on a functional basis in the statement of functional expenses. Expenses that can be identified with a specific program are charged directly to that program. Expenses that cannot be identified with a specific program and benefit the entire organization require allocation on a reasonable basis that is consistently applied. Most expenses were allocated on estimates of time and effort. Management and general expenses include those costs that are not directly identifiable with any specific program.

Contributed services – Many individuals volunteer their time and perform a variety of tasks that assist the Council at the office as well as the program locations, however, these services do not meet the criteria for recognition as contributed services and are not recorded in the financial statements.

Total volunteer hours for the years ended March 31, 2021, and 2020, were 1,000 and 7,295, respectively.

Tax status – The Council is exempt from federal income taxes under §501(c)(3) of the Internal Revenue Code. Contributions to the Council are deductible by the donor for federal tax purposes. In addition, the Internal Revenue Service has determined that the Council is not a private foundation within the meaning of §509(a) of the Code. The Council is no longer subject to U.S. federal tax examinations by tax authorities for years before 2016. Management has evaluated FASB ASC 740, *Income Taxes*, and has concluded it has no uncertain positions.

Huron River Watershed Council
Notes to the Financial Statements
March 31, 2021

NOTE 3 – Concentration of Credit Risk

Receivables – There are no concentrations of receivables at March 31, 2021. For the year ended March 31, 2020, concentrations of receivables include a grant receivable from a foundation totaling \$218,000, which made up approximately 46% of the total combined receivables.

Cash – The Council maintains its cash balances in several banks located in southeastern Michigan. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in any one bank. At times during the year, balances on deposit in any one bank may exceed the insured amount. The uninsured balances as of March 31, 2021, and 2020, were \$980,641 and \$347,550, respectively. The Council has not experienced any losses with respect to uninsured cash balances.

Investments – Funds held in brokerage accounts are not covered by the FDIC, however, cash and money market funds may be covered if the funds are held by a bank. Certain funds held in brokerage accounts may be covered by the Securities Investor Protection Corporation (SIPC), which insures certain claims up to \$500,000, including a \$250,000 limit for cash. SIPC insurance does not cover losses due to market decline. The Council's uninsured investment balances at March 31, 2021 and 2020, were \$622,210 and \$604,182, respectively.

NOTE 4 – Contingencies

The Council receives a portion of its revenues from certain government grants that may be subject to audit. The ultimate determination of amounts received under these programs generally is based upon allowable costs reported to the government entity. Until the reported costs have been audited and final settlement(s) reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

NOTE 5 – Investments

Investments as of March 31, 2021 and 2020, consisted of the following:

	<u>2021</u>	<u>2020</u>
Money market	\$ 18,635	\$ 152,201
Fixed income funds	334,638	214,402
Equities	268,937	237,579
	<u>\$ 622,210</u>	<u>\$ 604,182</u>

Investment income (loss) for the years ended March 31, 2021 and 2020, are as follows:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 16,122	\$ 19,667
Realized gain (loss)	28,440	7,286
Unrealized gain (loss)	80,453	(41,927)
Investment fees	(4,801)	(5,294)
	<u>\$ 120,214</u>	<u>\$ (20,268)</u>

Investment risk – Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is at least reasonably possible that changes in values in the near term could materially affect the amounts reported in the accompanying financial statements.

Huron River Watershed Council
Notes to the Financial Statements
March 31, 2021

NOTE 6 – Lease

The Council leases office space for \$3,647 per month with a seventeen-month term expiring October 31, 2021. Monthly lease payments per the rental agreement include various operating costs such as parking, janitorial services, and various utilities. The Council also leases storage space on a month-to-month basis for \$199 per month. Rent expense for the years ended March 31, 2021 and 2020, totaled \$46,151 and \$46,355, respectively.

NOTE 7 – Charitable Designated Endowment Fund

The Council has established a charitable designated endowment fund with a local community foundation for the purpose of providing support to the Council to assist in carrying out its role and mission. Donors periodically make contributions to the fund. The legal ownership of the fund remains with the community foundation and the foundation has the variance power to redirect the use of any assets to another beneficiary. As a result, the balance in the funds are not reflected in the Council's financial statements. The balance in the fund at March 31, 2021 and 2020, totaled \$28,269 and \$20,680, respectively. Income generated from the fund is paid annually to the Council and is recorded as revenue without donor restrictions in the statement of activities and changes in net assets.

NOTE 8 – Employee Benefit Plan

The Council has a defined contribution salary deferral plan covering substantially all employees. Under the plan, the Council contributes three percent of each eligible employee's compensation and also matches dollar for dollar up to an additional two percent of each eligible employee's compensation. Plan expenses incurred by the Council during the years ended March 31, 2021, and 2020, were \$47,082 and \$42,174, respectively. The Council is considered a government instrumentality for purposes of the plan and is ERISA exempt.

NOTE 9 – Fair Value Measurements

The Council's investments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels:

Level 1 Fair Value Measurement inputs consist of unadjusted quoted prices in active markets for identical, actual assets or liabilities and have the highest priority.

Level 2 Fair Value Measurement inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are quoted at prices that are not immediately current, or when price quotations vary substantially either over time or among market markers; for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates.

Level 3 Fair Value Measurement inputs are unobservable inputs for the asset. Unobservable inputs are used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date.

**Huron River Watershed Council
Notes to the Financial Statements
March 31, 2021**

NOTE 9 – Fair Value Measurements (continued)

In instances where inputs used to measure fair value fall into different levels of the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Council's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

As of March 31, 2021 and 2020, management considers all investments of the Council to be Level 1 in the fair value hierarchy. During the years ended March 31, 2021 and 2020 there were no transfers between levels.

NOTE 10 – Liquidity and Availability of Financial Assets

The following reflects the Council's financial assets as of the balance sheet date, reduced by amounts not available for general use within one year of the balance sheet dates:

	2021	2020
Financial assets at year-end	\$ 2,247,934	\$ 1,795,856
Less those unavailable for general expenditures within one year		
Restricted by donors with time or purpose restrictions	940,271	762,875
Net property and equipment	16,122	13,259
Net intangible assets	-	6,268
	956,393	782,402
Financial assets available to meet cash needs within one year	\$ 1,291,541	\$ 1,013,454

As part of the Council's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically equities, mutual funds, and cash equivalents.

NOTE 11 – Special Fundraising Events

The Council held special fundraising events during the years ended March 31, 2021 and 2020, which resulted in net revenue as follows:

	2021	2020
Revenue	\$ 48,967	\$ 73,797
Expenses	10,252	23,672
Net revenue	\$ 38,715	\$ 50,125

Huron River Watershed Council
Notes to the Financial Statements
March 31, 2021

NOTE 12 – Donor Restricted Net Assets

Substantially all restrictions on net assets as of March 31, 2021 and 2020, are related to funds awarded from government entities and public support for ongoing support and programs within the Council's direct mission of addressing pollution prevention and abatement, wetland and floodplain protection, citizen education and natural resource, and land-use planning.

As of March 31, 2021, and 2020, donor restricted net assets with time or purpose restrictions were made up of the following:

	<u>2021</u>	<u>2020</u>
<u>Program Funded</u>		
Watershed Protection	\$ 103,762	\$ 66,825
Water Quality Monitoring	104,994	136,467
Equity, Inclusivity & Engagement	125,268	118,000
Education and Stewardship	212,426	202,877
Capacity Building	288,489	84,108
Recreation	73,073	36,808
Emerging Threats	32,259	15,171
Connect & Inform	-	102,619
	<u>\$ 940,271</u>	<u>\$ 762,875</u>

Donor restricted net assets were released throughout the years ended March 31, 2021 and 2020, by incurring expenses and satisfying the restricted purposes of the programs the funds were awarded for or by the occurrence of other events specified by donors. Donor restricted net assets released during the course of the year are as follows:

	<u>2021</u>	<u>2020</u>
<u>Program Funded</u>		
Watershed Protection	\$ 208,945	\$ -
Climate Change Adaption	-	35,460
Innovator funds	-	14,892
Executive director search	-	10,000
Bold Ideas	-	18,205
Water Quality Monitoring	99,035	70,520
RiverUp!	-	59,669
Stormwater Management	-	177,271
Equity, Inclusivity & Engagement	87,732	-
Behavioral Change	-	105,989
Education and Stewardship	204,249	235,886
Capacity Building	116,997	165,309
Recreation	46,960	-
Emerging Threats	36,459	-
	<u>\$ 800,377</u>	<u>\$ 893,201</u>

Huron River Watershed Council
Notes to the Financial Statements
March 31, 2021

NOTE 13 – Pending Consent Judgement

The Council was not a defendant in any lawsuit during the years ended March 31, 2021 and 2020. However, in December 2016, the Council entered into intervenor status in a pending consent judgment. For the years ended March 31, 2021 and 2020, the Council paid \$9,564 and \$0, respectively in fees and expenses associated with this suit. The Council does not expect to incur significant additional fees and is not obligated for any ongoing expenses related to this suit.

NOTE 14 – Conditional Grants

During the year ended March 31, 2019, the Council was awarded a \$360,000 environmental behavior change grant, payable over a three-year period, receiving \$120,000 per annum through 2021. As the award is conditional, based on grant performance and approval in future years, the Council has elected to recognize revenue as the funds are awarded and conditions are met. Future funds related to this award expected to be received and recognized as revenue amount to \$0 and \$120,000 as of March 31, 2021, and 2020, respectively.

In addition, the Council was awarded a \$360,000 general operating grant, payable over a three-year period, receiving \$120,000 per annum through 2021. As the award is conditional, based on future performance and approval, the Council has elected to recognize revenue as the funds are awarded and conditions are met. Future funds related to this award expected to be received and recognized as revenue amount to \$0 and \$120,000 as of March 31, 2021, and 2020, respectively.

During the year ended March 31, 2020, the Council was awarded a \$15,000 grant which is payable once the Council achieves a matching requirement. As the award is conditional, the council has elected to recognize revenue as the conditions are substantially met.

NOTE 15 – PPP Loan

On April 22, 2020, the Council was granted an SBA loan (the Loan) via Bank of Ann Arbor, in the aggregate amount of \$216,177, pursuant to the Paycheck Protection Program (the PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a Note dated April 22, 2020, matures on April 22, 2022, and bears interest at a rate of 1% per annum. Funds from the Loan may only be used for payroll costs, costs used to continue group health care benefits, rent, utilities, and interest on debt obligations incurred before February 15, 2020. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The loan is subject to forgiveness upon the satisfaction of certain events. The loan was forgiven by the SBA on April 6, 2021.

NOTE 16 – COVID-19

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. The future effects of these issues are unknown