



FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022**

ARUNDEL RIVERS FEDERATION, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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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 Federation), which comprise the statements of financial position as of December 31, 2023 and 2022, 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, 2023 and 2022, 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

March 24, 2024

ARUNDEL RIVERS FEDERATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 422,254	\$ 606,500
Accounts and Grants Receivable	340,322	1,454,850
Prepaid Expenses	<u>10,281</u>	<u>6,235</u>
Total Current Assets	772,857	2,067,585
Property and Equipment, Net	90,613	106,992
Other Assets:		
Right of Use Asset - Operating Lease	13,676	-
Security Deposit	1,172	-
Investments	<u>1,330,617</u>	<u>966,701</u>
Total Other Assets	<u>1,345,465</u>	<u>966,701</u>
Total Assets	<u>\$ 2,208,935</u>	<u>\$ 3,141,278</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 97,244	\$ 556,272
Accrued Expenses	74,213	52,681
Operating Lease Liability, Current Portion	<u>13,676</u>	<u>-</u>
Total Current Liabilities	185,133	608,953
Total Liabilities	185,133	608,953
Net Assets:		
Without Donor Restrictions	908,077	911,802
With Donor Restrictions	<u>1,115,725</u>	<u>1,620,523</u>
Total Net Assets	<u>2,023,802</u>	<u>2,532,325</u>
Total Liabilities and Net Assets	<u>\$ 2,208,935</u>	<u>\$ 3,141,278</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, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Individual Contributions	\$ 321,806	\$ -	\$ 321,806	\$ 326,977	\$ -	\$ 326,977
Grants	724,092	752,063	1,476,155	3,859,455	1,058,243	4,917,698
Fee Income	11,264	-	11,264	8,375	-	8,375
In Kind Contributions	60,109	-	60,109	80,437	-	80,437
Investment Income (Loss)	56,567	104,790	161,357	(59,015)	(119,627)	(178,642)
PPP and ERC Income	-	-	-	102,449	-	102,449
Other Income	6,106	-	6,106	3,284	-	3,284
Gross Special Events Income	100,448	-	100,448	71,078	-	71,078
Less Cost of Direct Benefits to Donors	(17,321)	-	(17,321)	(7,898)	-	(7,898)
Net Special Events Revenue	83,127	-	83,127	63,180	-	63,180
Net Assets Released from Restrictions	1,361,651.00	(1,361,651)	-	681,986	(681,986)	-
Total Revenue and Support	2,624,722	(504,798)	2,119,924	5,067,128	256,630	5,386,938
EXPENSES						
Program Services	2,254,904	-	2,254,904	4,620,567	-	4,620,567
Management and General	225,351	-	225,351	172,878	-	172,878
Fundraising	148,192	-	148,192	126,322	-	126,322
Total Expenses	2,628,447	-	2,628,447	4,919,767	-	4,919,767
CHANGE IN NET ASSETS	(3,725)	(504,798)	(508,523)	147,361	256,630	403,991
Net Assets, Beginning of Year	911,802	1,620,523	2,532,325	764,441	1,363,893	2,128,334
Net Assets, End of Year	\$ <u>908,077</u>	\$ <u>1,115,725</u>	\$ <u>2,023,802</u>	\$ <u>911,802</u>	\$ <u>1,620,523</u>	\$ <u>2,532,325</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, 2023

	Program Services	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total Expenses
Accounting and Auditing	\$ -	\$ 76,093	\$ -	\$ -	\$ 76,093
Advertising	-	529	2,894	-	3,423
Bank and Merchant Charges	-	805	3,973	-	4,778
Conferences and Meetings	3,127	1,918	760	-	5,805
Depreciation	21,337	591	716	-	22,644
Employee Benefits	22,019	1,881	13,659	-	37,559
Equipment Rental	1,400	280	313	-	1,993
Equipment Repairs and Maintenance	12,648	3,284	-	-	15,932
Information Technology	8,897	1,115	5,546	-	15,558
Insurance	14,033	2,752	2,793	-	19,578
Memberships	750	749	110	-	1,609
Occupancy	48,928	5,901	4,061	-	58,890
Office Expenses	780	583	3,203	-	4,566
Other	-	1,402	-	-	1,402
Payroll Taxes	25,887	8,190	6,524	-	40,601
Professional Fees	1,715,475	3,724	7,238	-	1,726,437
Program Supplies	53,002	216	237	17,321	70,776
Salaries and Wages	319,112	114,282	80,490	-	513,884
Supplies	3,993	992	15,675	-	20,660
Travel and Accommodations	3,516	64	-	-	3,580
Total Expenses by function	\$ 2,254,904	\$ 225,351	\$ 148,192	\$ 17,321	\$ 2,645,768
Less Expenses included with Revenues on the Statement of Activities					
Cost of Direct Benefit to Donors	-	-	-	(17,321)	(17,321)
Total Expenses included with Expenses on the Statement of Activities	\$ 2,254,904	\$ 225,351	\$ 148,192	\$ -	\$ 2,628,447

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

	Program Services	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total Expenses
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	12,227	7,898	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
Total Expenses by function	\$ 4,620,567	\$ 172,878	\$ 126,322	\$ 7,898	4,927,665
Less Expenses included with Revenues on the Statement of Activities					
Cost of Direct Benefit to Donors	-	-	-	(7,898)	(7,898)
Total Expenses included with Expenses on the Statement of Activities	\$ 2,215,096	\$ 272,092	\$ 158,580	\$ -	4,919,767

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

ARUNDEL RIVERS FEDERATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (508,523)	\$ 403,991
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used for) Operating Activities:		
Unrealized (Gain) Loss on Investments	(122,000)	211,201
Realized (Gain) Loss on Investments	(2,518)	16,254
Depreciation	22,644	21,774
Loss on Disposal of Asset	-	1,087
Change in Operating Assets and Liabilities:		
Accounts and Grants Receivable	1,114,528	(1,160,156)
Prepaid Expenses	(4,046)	8,029
Accounts Payable	(459,028)	442,085
Accrued Expenses	21,532	(3,640)
Deferred Revenue	-	(6,500)
	<u>62,589</u>	<u>(65,875)</u>
Net Cash Provided by (Used for) Operating Activities	62,589	(65,875)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(6,265)	(11,220)
Purchase of Investments	(479,400)	(44,386)
Payment of Security Deposit	(1,172)	-
Proceeds from Sale of Investments	240,002	6,502
	<u>(246,835)</u>	<u>(49,104)</u>
Net Cash Used for Investing Activities	(246,835)	(49,104)
CASH FLOWS FROM FINANCING ACTIVITIES		
	<u>-</u>	<u>-</u>
Net Decrease in Cash and Cash Equivalents	(184,246)	(114,979)
Cash and Cash Equivalents, Beginning of Year	<u>606,500</u>	<u>721,479</u>
Cash and Cash Equivalents, End of Year	<u>\$ 422,254</u>	<u>\$ 606,500</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During the Year for:		
Income Taxes	<u>\$ -</u>	<u>\$ -</u>
Interest	<u>\$ -</u>	<u>\$ -</u>

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

ARUNDEL RIVERS FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Federation

Arundel Rivers Federation, Inc. (the Federation) was established in 2000. The Federation is a nonprofit Federation 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, 2023 AND 2022

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, 2023 and 2022, 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 Federation is supported by grants, contributions received from government and other Federations.

The Federation 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, 2023 AND 2022

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, and office supplies 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, 2023 AND 2022

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, 2023, the Federation had funds of approximately \$164,000 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 Federation 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, 2023 AND 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Federation has evaluated subsequent events through March 24, 2024, 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.

Recent Accounting Pronouncements Adopted

The Federation has adopted Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The amendment requires companies to recognize leased assets and liabilities on the statement of financial position and to disclose key information regarding leasing arrangements. This guidance is effective for annual periods, and interim periods within those annual periods after December 15, 2022. The Federation has adopted the standard for the year ended December 31, 2023 and will apply the standard to future leases that qualify to be recognized on the statement of financial position. The adoption of the new lease standard does not have a material impact to prior period information related to its ending net asset balances and statement of activities.

Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements. These changes have had no effect on net income for the year ended December 31, 2022.

ARUNDEL RIVERS FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 2 - LAND, BUILDINGS, AND EQUIPMENT

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

	<u>2023</u>	<u>2022</u>
Program Equipment	\$ 94,012	\$ 87,747
Furniture and Fixtures	6,606	6,606
Computers and Software	23,886	23,886
Boat	71,059	71,059
Vehicle	<u>14,191</u>	<u>14,191</u>
Total Cost	209,754	203,489
Less Accumulated Depreciation	<u>(119,141)</u>	<u>(96,497)</u>
Net Property and Equipment	\$ <u>90,613</u>	\$ <u>106,992</u>

Depreciation expense for the years ending of December 31, 2023 and 2022 was \$22,644 and \$21,774, respectively.

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, 2023:

	Quoted Market Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Money Market Funds	\$ 255,020	\$ ---	\$ ---	\$ 255,020
Mutual Funds:				
Equity – Diversifying	20,371	---	---	20,371
Emerging Mkts				
High Yield Bond	28,955	---	---	28,955
Money Market Taxable	18,339	---	---	18,339
Multi Growth	349,462	---	---	349,462
Large Growth	430,946	---	---	430,946
Mid-Cap Blend	162,395	---	---	162,395
Commodities Broad Basket	36,515	---	---	36,515
Small Growth	<u>28,314</u>	<u>---</u>	<u>---</u>	<u>28,314</u>
Total Investments	\$ <u>1,330,617</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>1,330,617</u>

ARUNDEL RIVERS FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 3 - INVESTMENTS (CONTINUED)

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 (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
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>

ARUNDEL RIVERS FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 4 - LIQUIDITY AND AVAILABILITY

The following represents Arundel Rivers Federation's financial assets at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial Assets at Year End:		
Cash and Cash Equivalents	\$ 422,254	\$ 606,500
Accounts Receivable, Net	340,322	1,454,850
Operating Investments	<u>325,384</u>	<u>226,794</u>
Total Financial Assets Available Within One Year	1,087,960	2,288,144
Less Amounts Not Available to be Used Within One Year, Due to:		
Net Assets with Donor Restrictions	1,115,725	1,620,523
Less: Net Assets with Purpose Restrictions to be Met Within One Year	<u>(464,178)</u>	<u>(1,078,763)</u>
Total Amounts Not Available for General Expenditure Within One Year	<u>651,547</u>	<u>541,760</u>
Total Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ <u>436,413</u>	\$ <u>1,746,384</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 - 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 2023 and 2022 of \$10,000 and \$11,000, respectively. For the year 2023, \$5,000 of the board contributions were designated as permanently restricted funds, while the remaining \$5,000 in board contributions were classified as unrestricted funds. Board designated net assets as of December 31, 2023 and 2022 were \$416,884 and \$344,931, respectively.

ARUNDEL RIVERS FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Riverkeeper Fund	\$ 37,500	\$ 28,333
Restoration	293,745	1,035,113
Monitoring	69,613	---
Endowment Earnings	331,584	226,794
Outreach & Education	63,318	15,318
Perpetuity Donor Restricted	<u>319,965</u>	<u>314,965</u>
 Total	 \$ <u>1,115,725</u>	 \$ <u>1,620,523</u>

NOTE 7 - 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.

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.

ARUNDEL RIVERS FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 7 - ENDOWMENT (CONTINUED)

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.

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NOTES TO FINANCIAL STATEMENTS
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NOTE 7 - ENDOWMENT (CONTINUED)

Endowment net asset composition by type of fund as of December 31, 2023 is as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Board-Designated Endowment Funds	\$ 416,884	\$ ---	\$ 416,884
Donor Restricted Endowment Funds:			
Original Donor Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	---	319,965	319,965
Accumulated Investment Gains	<u>---</u>	<u>331,584</u>	<u>331,584</u>
Total	\$ <u>416,884</u>	\$ <u>651,549</u>	\$ <u>1,068,433</u>
	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment, Beginning of Year	\$ 344,930	\$ 541,759	\$ 886,689
Contributions	5,000	5,000	10,000
Investment Income	18,425	28,801	47,226
Net Appreciation	48,529	75,989	124,518
Amounts Appropriated For Expenditure	<u>---</u>	<u>---</u>	<u>---</u>
Endowment, End of Year	\$ <u>416,884</u>	\$ <u>651,549</u>	\$ <u>1,068,433</u>

ARUNDEL RIVERS FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 7- 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>

ARUNDEL RIVERS FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 8 - DONATED SERVICES AND FACILITIES

The Federation received donated facilities, services and supplies at their location during the years ended December 31, 2023 and 2022. 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, 2023 and 2022 are as follows:

<u>2023</u>	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Facilities	\$ 43,625	\$ 5,193	\$ 3,116	\$ 51,934
Supplies	<u>---</u>	<u>---</u>	<u>8,175</u>	<u>8,175</u>
Total	\$ <u>43,625</u>	\$ <u>5,193</u>	\$ <u>11,291</u>	\$ <u>60,109</u>
<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>

NOTE 9 - 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, 2023 and 2022 were \$13,459 and \$7,048, respectively.

NOTE 10 - 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.

ARUNDEL RIVERS FEDERATION, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

NOTE 11 - LEASE COMMITMENTS

The Federation entered into an operating lease agreement during 2023 for office space commencing October 1, 2023 and expiring December 31, 2024. The lease required a base monthly payment of \$1,172. The Federation has elected the short-term lease practical expedient related to leases of various rentals used for programming activities.

The Federation has elected the practical expedient not to separate lease and nonlease components for the operating lease for its office space.

During the years ended December 31, 2023 and 2022, the Federation recognized rent expense associated with its leases as follows:

	<u>2023</u>	<u>2022</u>
Operating Lease Expense	\$ <u>3,516</u>	\$ ---
Total Lease Cost	\$ <u>3,516</u>	\$ ---

During the years ended December 31, 2023 and 2022, the Federation had the following cash and non-cash activities associated with its leases:

	<u>2023</u>	<u>2022</u>
Cash Paid for Amounts Included in the Measurement Of Lease Liabilities:		
Operating Cash Flows from Operating Leases	\$ 3,516	\$ ---
Non-Cash Investing Activities:		
Additions to Right of Use Assets Obtained from:		
New Operating Lease Liabilities	\$ 13,676	\$ ---

Future minimum payments due under operating leases as of December 31, 2023 are as follows:

	<u>Total</u>
2024	\$ <u>13,893</u>
Total Future Minimum Payments Due	13,893
Less Effects of Discounting	<u>(217)</u>
Lease Liabilities Recognized	\$ <u>13,676</u>

Because the Company does not have access to the rate implicit in the lease, the Company has used the Treasury bill risk-free rate as of the commencement date of the leases to determine the applicable lease discount rate.