

MICHIGAN ENVIRONMENTAL COUNCIL AND AFFILIATE

**REPORT ON CONSOLIDATED
FINANCIAL STATEMENTS
(with supplementary information)**

YEARS ENDED DECEMBER 31, 2022 AND 2021

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT.....	1-2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position.....	3-4
Consolidated Statements of Activities	5
Consolidated Statements of Functional Expenses	6-7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements.....	9-22
SUPPLEMENTARY INFORMATION	23
Consolidating Statement of Financial Position	24-25
Consolidating Statement of Activities	26



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INDEPENDENT AUDITOR'S REPORT

Board of Directors of the
Michigan Environmental Council and Affiliate

Opinion

We have audited the accompanying consolidated financial statements of Michigan Environmental Council (a nonprofit organization) and Affiliate, which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Michigan Environmental Council and Affiliate as of December 31, 2022 and 2021, and the changes in their net assets and their 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 Consolidated Financial Statements section of our report. We are required to be independent of Michigan Environmental Council and Affiliate 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Michigan Environmental Council and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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, including omissions, 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 consolidated 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 consolidated 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 consolidated 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 Michigan Environmental Council and Affiliate'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Michigan Environmental Council and Affiliate'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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information, as identified in the table of contents, is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual organizations, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Maney Costerian PC

May 25, 2023

MICHIGAN ENVIRONMENTAL COUNCIL AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
ASSETS						
Current assets						
Cash and cash equivalents	\$ 86,571	\$ 925,039	\$ 1,011,610	\$ 403,179	\$ 933,546	\$ 1,336,725
Restricted cash - agency funds	633,521	-	633,521	394,041	-	394,041
Accounts receivable	156,461	-	156,461	152	-	152
Grants receivable	-	-	-	28,208	-	28,208
Prepaid expenses	6,544	-	6,544	7,263	-	7,263
Total current assets	883,097	925,039	1,808,136	832,843	933,546	1,766,389
Property and equipment, net	435,439	-	435,439	462,619	-	462,619
Investments held for endowments and other funds						
Endowment fund						
Cash and cash equivalents	57,613	170,438	228,051	78,799	336,448	415,247
Beneficial interest in assets held at Community Foundation	25,303	-	25,303	30,025	-	30,025
Investments	-	1,933,738	1,933,738	-	2,272,633	2,272,633
Total endowment fund	82,916	2,104,176	2,187,092	108,824	2,609,081	2,717,905
Action fund						
Cash and cash equivalents	-	27,461	27,461	-	25,478	25,478
Investments	-	95,997	95,997	-	118,819	118,819
Total action fund	-	123,458	123,458	-	144,297	144,297
Birkbeck fund						
Cash and cash equivalents	9,649	-	9,649	-	-	-
Investments	10,003	-	10,003	-	-	-
Total birkbeck fund	19,652	-	19,652	-	-	-
Total investments held for endowments and other funds	102,568	2,227,634	2,330,202	108,824	2,753,378	2,862,202
TOTAL ASSETS	\$ 1,421,104	\$ 3,152,673	\$ 4,573,777	\$ 1,404,286	\$ 3,686,924	\$ 5,091,210

See notes to consolidated financial statements.

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
LIABILITIES AND NET ASSETS						
LIABILITIES						
Current liabilities						
Accounts payable	\$ 64,780	\$ -	\$ 64,780	\$ 106,833	\$ -	\$ 106,833
Accrued payroll and related	47,260	-	47,260	64,631	-	64,631
Refundable advances	-	-	-	104,713	-	104,713
Agency funds	633,521	-	633,521	394,041	-	394,041
Current portion of capital lease	5,235	-	5,235	4,877	-	4,877
Total current liabilities	750,796	-	750,796	675,095	-	675,095
Capital lease, net of current portion	7,652	-	7,652	8,596	-	8,596
TOTAL LIABILITIES	758,448	-	758,448	683,691	-	683,691
NET ASSETS						
Without donor restrictions						
Designated	102,568	-	102,568	108,824	-	108,824
Undesignated	560,088	-	560,088	611,771	-	611,771
With donor restrictions	-	3,152,673	3,152,673	-	3,686,924	3,686,924
TOTAL NET ASSETS	662,656	3,152,673	3,815,329	720,595	3,686,924	4,407,519
TOTAL LIABILITIES AND NET ASSETS	\$ 1,421,104	\$ 3,152,673	\$ 4,573,777	\$ 1,404,286	\$ 3,686,924	\$ 5,091,210

See notes to consolidated financial statements.

MICHIGAN ENVIRONMENTAL COUNCIL AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Membership dues	\$ 4,700	\$ -	\$ 4,700	\$ 5,000	\$ -	\$ 5,000
Annual giving	295,360	-	295,360	521,235	-	521,235
Events	89,188	-	89,188	112,348	-	112,348
Contributions	-	15,000	15,000	2,010	100	2,110
Contributions - Community Foundation	51,040	-	51,040	49,052	-	49,052
Grant revenue	427,188	1,184,449	1,611,637	222,100	1,275,344	1,497,444
Investment return (loss) - net	(21,996)	(464,893)	(486,889)	13,422	290,825	304,247
Miscellaneous	29,643	-	29,643	17,916	-	17,916
Employee retention credit	111,259	-	111,259	-	-	-
Assets released from restrictions	1,268,807	(1,268,807)	-	1,109,019	(1,109,019)	-
TOTAL REVENUE AND SUPPORT	2,255,189	(534,251)	1,720,938	2,052,102	457,250	2,509,352
EXPENSES						
Program expenses						
Clean Plentiful Water	414,978	-	414,978	316,170	-	316,170
Healthy People	90,954	-	90,954	189,251	-	189,251
Sustainable Communities	82,012	-	82,012	88,567	-	88,567
Cleaner Energy	827,521	-	827,521	698,248	-	698,248
Detroit	154,854	-	154,854	304,119	-	304,119
Building the Movement	73,616	-	73,616	149,035	-	149,035
Total program expenses	1,643,935	-	1,643,935	1,745,390	-	1,745,390
Fundraising	276,376	-	276,376	104,497	-	104,497
General and administrative	392,817	-	392,817	254,353	-	254,353
TOTAL EXPENSES	2,313,128	-	2,313,128	2,104,240	-	2,104,240
Total change in net assets	(57,939)	(534,251)	(592,190)	(52,138)	457,250	405,112
NET ASSETS, beginning of year	720,595	3,686,924	4,407,519	772,733	3,229,674	4,002,407
NET ASSETS, end of year	\$ 662,656	\$ 3,152,673	\$ 3,815,329	\$ 720,595	\$ 3,686,924	\$ 4,407,519

See notes to consolidated financial statements.

**MICHIGAN ENVIRONMENTAL COUNCIL AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	Program Services							Support Services			
	Clean Plentiful Water	Healthy People	Sustainable Communities	Cleaner Energy	Detroit	Building The Movement	Total	Fundraising	General and Administrative	Total	Total
Salaries	\$ 218,154	\$ 42,425	\$ 64,252	\$ 250,278	\$ 106,824	\$ 46,754	\$ 728,687	\$ 175,563	\$ 211,908	\$ 387,471	\$ 1,116,158
Benefits and payroll taxes	41,600	6,142	1,688	52,271	14,233	7,266	123,200	31,432	37,939	69,371	192,571
Professional fees	111,785	36,760	4,819	73,098	18,139	13,941	258,542	28,221	92,594	120,815	379,357
Supplies	3,116	420	1,607	3,847	1,039	378	10,407	3,674	4,436	8,110	18,517
Postage	714	102	22	849	281	100	2,068	740	894	1,634	3,702
Printing	2,196	310	5,571	3,542	930	300	12,849	2,349	2,835	5,184	18,033
Dues and subscriptions	4,186	619	478	12,126	1,736	576	19,721	3,457	4,171	7,628	27,349
Telephone	4,248	461	86	14,451	1,438	466	21,150	2,843	3,433	6,276	27,426
Occupancy	11,015	1,264	276	11,900	4,282	1,491	30,228	9,107	10,992	20,099	50,327
Insurance	1,986	398	1,892	2,486	825	290	7,877	1,709	2,064	3,773	11,650
Equipment rental and maintenance	443	65	40	654	170	67	1,439	1,332	1,607	2,939	4,378
Staff travel	2,654	297	141	3,750	616	241	7,699	4,662	5,628	10,290	17,989
MEC events/seminars	7,469	539	189	5,936	2,324	800	17,257	6,236	7,526	13,762	31,019
Energy policy pass-through	-	-	-	381,854	-	-	381,854	-	-	-	381,854
Payments to member and non-member organizations	278	43	32	451	104	43	951	1,062	1,282	2,344	3,295
Miscellaneous	248	42	21	368	96	38	813	684	826	1,510	2,323
Depreciation	4,886	1,067	898	9,660	1,817	865	19,193	3,305	4,682	7,987	27,180
	<u>\$ 414,978</u>	<u>\$ 90,954</u>	<u>\$ 82,012</u>	<u>\$ 827,521</u>	<u>\$ 154,854</u>	<u>\$ 73,616</u>	<u>\$ 1,643,935</u>	<u>\$ 276,376</u>	<u>\$ 392,817</u>	<u>\$ 669,193</u>	<u>\$ 2,313,128</u>

See notes to consolidated financial statements.

**MICHIGAN ENVIRONMENTAL COUNCIL AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	Program Services							Support Services			
	Clean Plentiful Water	Healthy People	Sustainable Communities	Cleaner Energy	Detroit	Building The Movement	Total	Fundraising	General and Administrative	Total	Total
Salaries	\$ 183,719	\$ 97,529	\$ 44,293	\$ 267,575	\$ 199,766	\$ 97,227	\$ 890,109	\$ 62,160	\$ 74,536	\$ 136,696	\$ 1,026,805
Benefits and payroll taxes	46,270	26,888	12,585	77,615	58,881	25,706	247,945	12,947	15,525	28,472	276,417
Professional fees	40,976	41,843	23,285	43,083	18,283	10,861	178,331	-	127,255	127,255	305,586
Supplies	1,486	1,059	345	2,403	1,564	874	7,731	1,834	2,199	4,033	11,764
Postage	166	97	43	334	154	80	874	253	303	556	1,430
Printing	1,142	872	195	1,533	1,215	791	5,748	1,179	1,414	2,593	8,341
Dues and subscriptions	2,169	1,525	463	3,451	2,689	1,332	11,629	2,700	3,238	5,938	17,567
Telephone	2,645	1,752	607	4,831	2,635	1,486	13,956	3,821	4,581	8,402	22,358
Marketing and website	1,803	1,155	371	2,985	1,707	1,002	9,023	2,220	2,662	4,882	13,905
Occupancy	2,824	1,715	651	4,827	2,371	1,314	13,702	3,635	4,358	7,993	21,695
Insurance	1,220	785	302	2,406	1,208	649	6,570	1,947	2,335	4,282	10,852
Equipment rental and maintenance	1,012	677	180	1,362	963	624	4,818	843	1,011	1,854	6,672
Staff travel	1,313	952	234	1,892	1,937	1,010	7,338	1,514	1,815	3,329	10,667
MEC events/seminars	4,194	3,068	784	6,208	4,362	2,734	21,350	4,832	5,794	10,626	31,976
Energy policy pass-through	-	-	-	251,153	-	-	251,153	-	-	-	251,153
Payments to member and non-member organizations	20,660	6,494	3,032	17,053	1,928	1,055	50,222	2,662	3,192	5,854	56,076
Miscellaneous	634	484	112	844	670	435	3,179	649	973	1,622	4,801
Depreciation	3,937	2,356	1,085	8,693	3,786	1,855	21,712	1,301	3,162	4,463	26,175
	<u>\$ 316,170</u>	<u>\$ 189,251</u>	<u>\$ 88,567</u>	<u>\$ 698,248</u>	<u>\$ 304,119</u>	<u>\$ 149,035</u>	<u>\$ 1,745,390</u>	<u>\$ 104,497</u>	<u>\$ 254,353</u>	<u>\$ 358,850</u>	<u>\$ 2,104,240</u>

See notes to consolidated financial statements.

**MICHIGAN ENVIRONMENTAL COUNCIL AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Cash flows from operating activities		
Change in net assets	\$ (592,190)	\$ 405,112
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	27,180	26,175
Realized and unrealized (gain) loss on investments	534,509	(137,319)
Accounts receivable	(156,309)	36,778
Grants receivable	28,208	19,542
Prepaid expenses	719	5,106
Accounts payable	(42,053)	43,333
Accrued payroll and related	(17,371)	30,077
Refundable advances	(104,713)	104,713
Agency funds	239,480	394,041
Net cash provided (used) by operating activities	<u>(82,540)</u>	<u>927,558</u>
Cash flows from investing activities		
Purchase of property and equipment	-	(15,075)
Change in beneficial interest held at Community Foundation	4,722	(2,101)
Net (purchase) sale of investments	<u>(182,795)</u>	<u>(75,742)</u>
Net cash used by investing activities	<u>(178,073)</u>	<u>(92,918)</u>
Cash flows from financing activities		
Principal payments on capital lease	<u>(586)</u>	<u>(3,866)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH	(261,199)	830,774
CASH AND CASH EQUIVALENTS AND RESTRICTED CASH		
Beginning of year	<u>2,171,491</u>	<u>1,340,717</u>
End of year	<u><u>\$ 1,910,292</u></u>	<u><u>\$ 2,171,491</u></u>

See notes to consolidated financial statements.

**MICHIGAN ENVIRONMENTAL COUNCIL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Michigan Environmental Council (MEC) and its affiliate, The Michigan Environmental Council Action Fund. All significant interorganizational accounts and transactions have been eliminated in the consolidation.

Basis of Accounting

The Organization utilizes the accrual method of accounting, which recognizes income when earned and expenses when incurred.

Cash, Cash Equivalents, and Restricted Cash

The Organization's cash, cash equivalents, and restricted cash consist of cash on hand, demand deposits and any investment instruments with original maturities of three months or less. Cash, cash equivalents, and restricted cash consist of the following categories as presented in the consolidated statement of financial position, which reconcile to total cash, cash equivalents, and restricted cash as presented in the consolidated statement of cash flows as of December 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,011,610	\$ 1,336,725
Cash and cash equivalents - endowment fund	228,051	415,247
Cash and cash equivalents - action fund	27,461	25,478
Cash and cash equivalents - Birkbeck fund	9,649	-
Restricted cash - agency funds	<u>633,521</u>	<u>394,041</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 1,910,292</u>	<u>\$ 2,171,491</u>

Investments

Investments are stated at fair value. Net investment return or loss is included in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

Property and Equipment

Property and equipment having a cost greater than \$1,000 are capitalized. Donated assets are carried at estimated fair market value at date of receipt. Depreciation is computed using accelerated and straight-line methods, over the assets estimated useful life. Maintenance and repairs are charged to expense as incurred.

**MICHIGAN ENVIRONMENTAL COUNCIL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts Receivable

Accounts receivable represent consideration from third-parties, of which the Organization has an unconditional right to receive. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Currently, no allowance for doubtful accounts is considered necessary. Changes to the valuation allowance have not been material to the consolidated financial statements. Beginning and ending balances of accounts receivable consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Accounts receivable, beginning of year	\$ 152	\$ 36,930
Accounts receivable, end of year	\$ 156,461	\$ 152

Grants Receivable

Commitments for future grants and contributions are recorded as grants receivable in the consolidated statements of financial position. All grants receivable are considered fully collectible. The Organization does not discount amounts to be collected in more than one year as the discount amount is not considered material. Beginning and ending balances of grants receivable consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Grants receivable, beginning of year	\$ 28,208	\$ 47,750
Grants receivable, end of year	\$ -	\$ 28,208

Revenue Recognition

Membership Dues Revenue

Revenue from contracts with members for annual dues is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing membership to its members. Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term. As a result, deferred revenue (contract liability) and accounts receivable are recorded for any amount for which the Organization has a right to invoice but for which services have not been provided. Membership dues are nonrefundable.

Event Revenue

Event revenue received is not recognized as revenue until the revenue is earned, which is when the activities or services are provided, and the Organization does not believe it is required to provide additional activities or services. As a result, deferred revenue (contract liability) and accounts receivable are recorded for any amount for which the Organization has a right to invoice but for which services have not been provided.

**MICHIGAN ENVIRONMENTAL COUNCIL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Contribution Revenue

Contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions of land, buildings, equipment, and other long-lived assets are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

Unconditional contributions expected to be collected within one year are reported at their net realizable value. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.

The following schedule shows the Organization's revenues disaggregated according to the timing of transfer of goods or services for the years ended December 31:

	2022	2021
Contract revenue recognized at a point in time		
Event revenue	\$ 89,188	\$ 112,348
Contract revenue recognized over time		
Membership dues	4,700	5,000
Contribution related revenue		
Annual giving	295,360	521,235
Contributions	66,040	51,162
Grant revenue	1,611,637	1,497,444
Investment return (loss) - net	(486,889)	304,247
Employee retention credit	111,259	-
Miscellaneous	29,643	17,916
	<u>\$ 1,720,938</u>	<u>\$ 2,509,352</u>
Total revenue and support		

**MICHIGAN ENVIRONMENTAL COUNCIL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of providing program and other activities have been reported in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification of expenses that are allocated to program or supporting functions of the Organization. Allocated expenses primarily consist of payroll and related, professional fees, and general expenses based on salary and wage analysis and management's estimated use of resources.

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 grantor restrictions. The Organization has designated, from net assets without donor restrictions, net assets for the endowment fund, action fund, and Birkbeck fund.

Net Assets with Donor Restrictions - Net assets subject to donor (or grantor) imposed restrictions. Some donor 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 restrictions are perpetual in nature, where the donor stipulates that resources are 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 restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose has been accomplished.

Refundable Advances

The Organization is the recipient of grants that require expenditure for specified activities before the Organization is reimbursed by the grantor for the costs incurred. Certain grantors pay in advance of incurring the specified costs; in those cases, the amount received in excess of amounts spent on reimbursable costs is reported on the consolidated statement of financial position as a refundable advance. Beginning and ending balances of refundable advances consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Refundable advances, beginning of year	<u>\$ 104,713</u>	<u>\$ -</u>
Refundable advances, end of year	<u>\$ -</u>	<u>\$ 104,713</u>

Agency Funds

From time to time, the Organization holds funds on behalf of unrelated partner organizations in an agency capacity to assist in administering various grants and contributions. A corresponding payable is recorded on the consolidated statement of financial position for these funds on their behalf.

Advertising Costs

Advertising costs are expensed as incurred.

MICHIGAN ENVIRONMENTAL COUNCIL AND AFFILIATE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 2 - ORGANIZATION, PROGRAMS, RISKS, AND UNCERTAINTIES

The consolidated financial statements include the accounts of Michigan Environmental Council (MEC) and its affiliate, The Michigan Environmental Council Action Fund (formerly known as The Sustainable Michigan Fund), collectively referred to as the "Organization." The Michigan Environmental Council was established in 1980 and organized as a nonprofit corporation without capital stock under the laws of the State of Michigan. MEC was formed to protect and conserve natural resources, to inform and educate individuals and decision makers about environmental issues. MEC is a nonprofit organization under Section 501(c)3 of the Internal Revenue Code and is generally not subject to federal income taxes. MEC's significant programs consist of the following:

Clean Plentiful Water

MEC works to protect surface water and ground water from toxins like mercury and PFAS and contamination from inadequate municipal sewer systems, failing septic systems, agricultural runoff, and industrial discharges. They promote conservation and the protection of vital wetlands across the state. MEC works to defend our inland seas from harmful invasive species. And they advocate for policies that ensure every Michigander has access to clean, affordable drinking water.

Healthy People

MEC is fighting to reduce exposures to lead and other dangerous substances; curb asthma-inducing air pollution; keep air and water pollution sources away from schools, day care centers and homes; and improve access to healthful foods and recreational opportunities as part of a broader strategy to address childhood obesity in Michigan. They maintain a statewide network of partners working on environmental health issues at the grassroots, local, state, federal, and academic levels, using their insights, experience, and reach to shape and build support for protective policies.

Sustainable Communities

MEC calls for re-investment in Michigan's urban centers and other established communities as an antidote to sprawl and the loss of open spaces. They support transformative change to Michigan's transportation system to catalyze sustainable land-use, spur economic activity in our cities and towns, and connect people to places where they live, work, and play. MEC favors investments in public parks and natural areas, and promotes sustained, healthy ecosystems and biological diversity.

Cleaner Energy

MEC works to spur investment in energy efficiency and locally produced renewable power that will create jobs and curb the negative health, climate and economic impacts caused by our dependence on imported fossil fuels. They advocate for the retirement of polluting, expensive coal, and fossil fuel power plants to ensure the rapid reduction of harmful greenhouse gas emissions. In the auto industry, they support policies and practices that will move Michigan's largest industry to the forefront in the design, manufacture and sales of attractive, practical electric and highly fuel-efficient vehicles.

Detroit

MEC believes that Michigan's largest city should also be its greenest and most sustainable and that its residents and leaders should be helping shape the environmental agenda for the state. They work to ensure that Detroit's neighborhoods, and in particular, the Denby Neighborhood, have access to clean and safe recreational opportunities. MEC works to expand recycling and compost services for residents. And they help establish and implement the policy framework for environmental sustainability throughout the city.

**MICHIGAN ENVIRONMENTAL COUNCIL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 2 - ORGANIZATION, PROGRAMS, RISKS, AND UNCERTAINTIES (continued)

Building The Movement

MEC is the heart of Michigan's environmental movement, and they help to build its size, capacity, and efficacy by convening nonprofit organizations, helping them to understand their role in developing public policy, and providing them professional development opportunities. One of their key areas of work is measuring and improving the racial and gender diversity of the boards and staffs of environmental nonprofits.

The Michigan Environmental Council Action Fund was established in 2019 and organized as a nonprofit corporation without capital stock under the laws of the State of Michigan. The MEC Action Fund was formed to promote the common good and general welfare of the public by advocating for and educating the public about matters that benefit their health and welfare and bring about positive change in Michigan's environment. The MEC Action Fund is in the process of obtaining its nonprofit organizational status under Section 501(c)4 of the Internal Revenue Code which is generally not subject to federal income taxes.

The Organization is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments which potentially subject the Organization to concentrations of significant credit risk consist of cash and cash equivalents, investments, and receivables. The Organization places its cash and cash equivalents with FDIC insured financial institutions. Receivables are reported at the amount the Organization expects to collect and, in the opinion of management, based on a favorable collection history, an allowance for doubtful accounts is not considered necessary. Investments represent diversified holdings of mutual funds and bonds.

The process of preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

In the preparation of tax returns, tax positions are taken based on interpretation of federal, state, and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state, and local tax returns generally remain open for examination by the various taxing authorities for a period of three to four years.

The Organization evaluates events and transactions that occur after year end for potential recognition or disclosure in the consolidated financial statements. As of May 25, 2023, which is the date the consolidated financial statements were available to be issued, there were no subsequent events which required potential recognition or disclosure.

Under the provisions of the CARES Act, the Organization is eligible for a refundable employee retention credit subject to certain criteria. Accordingly, the Organization has recorded \$111,259 in revenues for funding received in the year ended December 31, 2022.

**MICHIGAN ENVIRONMENTAL COUNCIL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 2 - ORGANIZATION, PROGRAMS, RISKS, AND UNCERTAINTIES (continued)

During 2021, the Organization qualified for and received loans pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (the "PPP Lender"), for an aggregate principal amounts of \$214,100 (the "PPP Loans"). The principal amounts of the PPP Loans are subject to forgiveness under the Paycheck Protection Program upon the Organization's request to the extent that the PPP Loans' proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization. The Organization met the conditions as outlined under the loan for eligible expenses during the covered periods and received forgiveness from the SBA during 2021. The Organization recognized the funds as grant revenue for the year ended December 31, 2021.

NOTE 3 - LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of December 31, 2022 and 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the consolidated statement of financial position. Amounts not available include amounts set aside for the quasi-endowment that could be drawn upon if the governing board approves that action. All Organization directed endowment funds classified without restrictions are considered long-term. Amounts appropriated from either the donor-restricted endowment or quasi-endowment for general expenditures within one year of the date of the consolidated statement of financial position are considered available.

The Organization is substantially supported by restricted grant and contribution revenue. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those requirements. Therefore, certain financial assets may not be available for general expenditure within one year. The Organization structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments (mutual funds). The Organization does not maintain any available lines of credit, but in the event of an unanticipated liquidity need, the Organization could access its designated net assets. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the consolidated statement of financial position, comprise the following at December 31:

	<u>2022</u>	<u>2021</u>
Total current assets without donor restrictions	\$ 883,097	\$ 832,843
Less excludable items		
Prepaid expenses	(6,544)	(7,263)
Restricted cash - agency funds	<u>(633,521)</u>	<u>(394,041)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 243,032</u>	<u>\$ 431,539</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The Action Fund is not included within the calculation noted above since it is donor restricted, but the Organization does incorporate its activity as part of the Organization's operational budget.

**MICHIGAN ENVIRONMENTAL COUNCIL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 4 - INVESTMENTS/FAIR VALUE MEASUREMENTS

Investments as reported on the consolidated statement of financial position, consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Long-term assets		
Investments - endowment fund	\$ 1,933,738	\$ 2,272,633
Investments - action fund	95,997	118,819
Investments - birkbeck fund	<u>10,003</u>	<u>-</u>
	2,039,738	2,391,452
Beneficial interest in assets held at Community Foundation	<u>25,303</u>	<u>30,025</u>
	<u><u>\$ 2,065,041</u></u>	<u><u>\$ 2,421,477</u></u>

Accounting standards provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) when market prices are not readily available or reliable. The three levels of the fair value hierarchy are described below.

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Organization's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

From time to time, changes in valuation techniques may result in reclassification of an investment's assigned level within the hierarchy.

The asset's fair value measurement level within the fair value hierarchy is based 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.

**MICHIGAN ENVIRONMENTAL COUNCIL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 4 - INVESTMENTS/FAIR VALUE MEASUREMENTS (continued)

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2022 and 2021, respectively.

Mutual Funds: Valued at the net asset value ("NAV") of shares held by the Organization at year end.

Beneficial Interest in Assets Held at Community Foundation: Valued by the Foundation as the Organization's portion of the total fair values of the underlying securities held by the Foundation.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization 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 following is a market value summary of the Organization's investments carried at fair value at December 31, 2022:

	Level 1	Level 2	Total
Mutual funds			
Growth funds	\$ 782,393	\$ -	\$ 782,393
Blended funds	494,247	-	494,247
Value funds	319,586	-	319,586
Fixed income funds	23,337	-	23,337
Treasury funds	420,175	-	420,175
Total mutual funds	2,039,738	-	2,039,738
Beneficial interest in assets held at Community Foundation	-	25,303	25,303
Total	<u>\$ 2,039,738</u>	<u>\$ 25,303</u>	<u>\$ 2,065,041</u>

The following is a market value summary of the Organization's investments carried at fair value at December 31, 2021:

	Level 1	Level 2	Total
Mutual funds			
Growth funds	\$ 1,328,949	\$ -	\$ 1,328,949
Blended funds	590,983	-	590,983
Value funds	159,939	-	159,939
Fixed income funds	311,581	-	311,581
Total mutual funds	2,391,452	-	2,391,452
Beneficial interest in assets held at Community Foundation	-	30,025	30,025
Total	<u>\$ 2,391,452</u>	<u>\$ 30,025</u>	<u>\$ 2,421,477</u>

MICHIGAN ENVIRONMENTAL COUNCIL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 5 - CAPITAL LEASE

The Organization leases equipment under a capital lease. The length of the lease period is substantially equal to the useful life of the asset, and accordingly, it is recorded in the Organization's assets and liabilities.

The following is an analysis of the leased assets included in property and equipment at December 31:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 24,383	\$ 24,383
Less accumulated depreciation	<u>(21,418)</u>	<u>(15,488)</u>
	<u><u>\$ 2,965</u></u>	<u><u>\$ 8,895</u></u>

The following is a schedule of future minimum lease payments required under the lease that sum to the equipment lease payable on the consolidated statement of financial position.

<u>Year Ending December 31,</u>	
2023	\$ 5,235
2024	4,373
2025	<u>3,279</u>
	<u><u>\$ 12,887</u></u>

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>Useful Life</u>	<u>2022</u>	<u>2021</u>
Land		\$ 75,000	\$ 75,000
Building	39 years	469,179	469,179
Equipment	5 years	96,377	96,377
Furniture	7 years	18,310	18,310
Software	5 years	<u>15,075</u>	<u>15,075</u>
Property and equipment, at cost		673,941	673,941
Less accumulated depreciation		<u>(238,502)</u>	<u>(211,322)</u>
Property and equipment, net		<u><u>\$ 435,439</u></u>	<u><u>\$ 462,619</u></u>

**MICHIGAN ENVIRONMENTAL COUNCIL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 7 - RETIREMENT PLAN

The Organization sponsors a 403(b)-retirement plan. The Organization matches employee contributions up to 5% of eligible compensation. The Organization contributed \$52,751 and \$53,485 to the plan for the years ended December 31, 2022 and 2021, respectively.

NOTE 8 - NET ASSETS

Certain amounts included in net assets have been board designated for certain purposes. The components of net assets without donor restrictions as of December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Designated		
Birkbeck fund investments	\$ 19,652	\$ -
Endowment fund		
Cash and cash equivalents	57,613	78,799
Beneficial interest in assets held at Community Foundation	<u>25,303</u>	<u>30,025</u>
Total designated	102,568	108,824
Undesignated	<u>560,088</u>	<u>611,771</u>
Total net assets without donor restrictions	<u><u>\$ 662,656</u></u>	<u><u>\$ 720,595</u></u>

Net assets with donor restrictions are restricted for the following purposes at December 31:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose		
Program expenses - grant revenue	\$ 925,039	\$ 933,546
Action fund	<u>123,458</u>	<u>144,297</u>
Total net assets subject to expenditure for specified purpose	<u>1,048,497</u>	<u>1,077,843</u>
Endowment fund		
Accumulated investment gains subject to appropriation and expenditure when a specified event occurs		
Restricted by donors for program expenses	240,986	745,891
Original gifts in perpetuity subject to spending policy and appropriations		
Program expenses	<u>1,863,190</u>	<u>1,863,190</u>
Total endowment fund	<u>2,104,176</u>	<u>2,609,081</u>
Total net assets with donor restrictions	<u><u>\$ 3,152,673</u></u>	<u><u>\$ 3,686,924</u></u>

**MICHIGAN ENVIRONMENTAL COUNCIL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 8 - NET ASSETS (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Satisfaction of purpose restrictions		
Program expenses - grant revenue	\$ 1,207,395	\$ 1,029,790
Restricted-purpose spending-rate		
distributions and appropriations		
Endowment fund	<u>61,412</u>	<u>79,229</u>
Total assets released from restrictions	<u>\$ 1,268,807</u>	<u>\$ 1,109,019</u>

NOTE 9 - BENEFICIAL INTEREST IN ASSETS HELD AT COMMUNITY FOUNDATION

The Organization established an endowment at the Community Foundation for Southeastern Michigan (CFSM) during 2006 with an initial deposit of \$25,000 and named itself as the beneficiary. This amount in addition to net earnings are presented on the consolidated statement of financial position as, "Beneficial Interest in Assets Held at Community Foundation", in the amount of \$25,303 and \$30,025 as of December 31, 2022 and 2021, respectively. Although this amount has been recorded as an asset, the Organization has granted variance power to CFSM. The CFSM has received contributions from other third-party donors which the Organization is precluded from recognizing. The fair market value of the entire endowment at CFSM as of December 31, 2022 and 2021, including the amounts above, is \$1,110,783 and \$1,287,981, respectively.

Changes in the Organization's beneficial interest for the years ended December 31 are as follows:

	<u>2022</u>	<u>2021</u>
Beneficial interest, beginning of year	\$ 30,025	\$ 27,924
Change in value of beneficial interest	(3,532)	3,219
Distributions to the Council	<u>(1,190)</u>	<u>(1,118)</u>
Beneficial interest, end of year	<u>\$ 25,303</u>	<u>\$ 30,025</u>

**MICHIGAN ENVIRONMENTAL COUNCIL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 10 - ENDOWMENTS

The Organization's endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, both donor-restricted and funds designated by the Board of Directors are reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Organization has interpreted the Michigan Uniform Prudent Management of Institutional Funds Act (MUPMIFA) as permitting 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 Organization retains in perpetuity (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the MUPMIFA. In accordance with MUPMIFA, the Organization 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 purposes 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 Organization, and (7) the Organization's investment policies.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programmatic activities supported by its endowment while seeking to maintain the purchasing power of endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity and funds designated by the Board of Directors. Under this policy, the endowment assets are invested in a manner that is intended to assume a moderate level of acceptable investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both current yield (interest and dividends) and capital appreciation (realized and unrealized). The Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. The total rate of return should provide sufficient liquidity to make annual distributions of 5%, while growing the funds if possible. Actual returns in any given year may vary from this amount.

Spending Policy

The Organization has a policy of appropriating for distribution each year up to 5% of the average fair market values of the endowment determined over a 24-month period. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

MICHIGAN ENVIRONMENTAL COUNCIL AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 10 - ENDOWMENTS (continued)

Funds with Deficiencies

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted MUPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no such deficiencies for the years ended December 31, 2022 and 2021, respectively.

Endowment net asset composition by type of fund as of December 31, 2022 and 2021:

	Without Donor Restrictions	With Donor Restrictions		
	Board Designated	Accumulated Investment Gains	Original Gift in Perpetuity by Donor	Total
Endowment net assets at January 1, 2021	\$ 107,931	\$ 549,772	\$ 1,863,090	\$ 2,520,793
Contributions	-	-	100	100
Investment return (loss), net	11,473	275,348	-	286,821
Change in beneficial interest in assets held at community foundation	2,101	-	-	2,101
Appropriation of endowment assets pursuant to spending-rate policy	(12,681)	(79,229)	-	(91,910)
Change in endowment net assets	893	196,119	100	197,112
Endowment net assets at December 31, 2021	108,824	745,891	1,863,190	2,717,905
Investment return (loss), net	(18,479)	(443,493)	-	(461,972)
Change in beneficial interest in assets held at community foundation	(4,722)	-	-	(4,722)
Appropriation of endowment assets pursuant to spending-rate policy	(2,707)	(61,412)	-	(64,119)
Change in endowment net assets	(25,908)	(504,905)	-	(530,813)
Endowment net assets at December 31, 2022	\$ 82,916	\$ 240,986	\$ 1,863,190	\$ 2,187,092

SUPPLEMENTARY INFORMATION

**MICHIGAN ENVIRONMENTAL COUNCIL AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022**

	Michigan Environmental Council			The Michigan Environmental Council Action Fund			Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
ASSETS								
Current assets								
Cash and cash equivalents	\$ 80,483	\$ 925,039	\$ 1,005,522	\$ 6,088	\$ -	\$ 6,088	\$ -	\$ 1,011,610
Restricted cash - agency funds	633,521	-	633,521	-	-	-	-	633,521
Accounts receivable	156,461	-	156,461	-	-	-	-	156,461
Prepaid expenses	6,544	-	6,544	-	-	-	-	6,544
Total current assets	877,009	925,039	1,802,048	6,088	-	6,088	-	1,808,136
Property and equipment, net	435,439	-	435,439	-	-	-	-	435,439
Investments held for endowments and other funds								
Endowment fund								
Cash and cash equivalents	57,613	170,438	228,051	-	-	-	-	228,051
Beneficial interest in assets held at Community Foundation	25,303	-	25,303	-	-	-	-	25,303
Investments	-	1,933,738	1,933,738	-	-	-	-	1,933,738
Total endowment fund	82,916	2,104,176	2,187,092	-	-	-	-	2,187,092
Action fund								
Cash and cash equivalents	-	27,461	27,461	-	-	-	-	27,461
Investments	-	95,997	95,997	-	-	-	-	95,997
Total action fund	-	123,458	123,458	-	-	-	-	123,458
Birkbeck fund								
Cash and cash equivalents	9,649	-	9,649	-	-	-	-	9,649
Investments	10,003	-	10,003	-	-	-	-	10,003
Total birkbeck fund	19,652	-	19,652	-	-	-	-	19,652
Total investments held for endowments and other funds	102,568	2,227,634	2,330,202	-	-	-	-	2,330,202
TOTAL ASSETS	<u>\$ 1,415,016</u>	<u>\$ 3,152,673</u>	<u>\$ 4,567,689</u>	<u>\$ 6,088</u>	<u>\$ -</u>	<u>\$ 6,088</u>	<u>\$ -</u>	<u>\$ 4,573,777</u>

	Michigan Environmental Council			The Michigan Environmental Council Action Fund			Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
LIABILITIES AND NET ASSETS								
LIABILITIES								
Current liabilities								
Accounts payable	\$ 64,780	\$ -	\$ 64,780	\$ -	\$ -	\$ -	\$ -	\$ 64,780
Accrued payroll and related	47,260	-	47,260	-	-	-	-	47,260
Agency funds	633,521	-	633,521	-	-	-	-	633,521
Current portion of capital lease	5,235	-	5,235	-	-	-	-	5,235
Total current liabilities	750,796	-	750,796	-	-	-	-	750,796
Capital lease, net of current portion	7,652	-	7,652	-	-	-	-	7,652
TOTAL LIABILITIES	758,448	-	758,448	-	-	-	-	758,448
NET ASSETS								
Without donor restrictions								
Designated	102,568	-	102,568	-	-	-	-	102,568
Undesignated	554,000	-	554,000	6,088	-	6,088	-	560,088
With donor restrictions	-	3,152,673	3,152,673	-	-	-	-	3,152,673
TOTAL NET ASSETS	656,568	3,152,673	3,809,241	6,088	-	6,088	-	3,815,329
TOTAL LIABILITIES AND NET ASSETS	\$ 1,415,016	\$ 3,152,673	\$ 4,567,689	\$ 6,088	\$ -	\$ 6,088	\$ -	\$ 4,573,777

**MICHIGAN ENVIRONMENTAL COUNCIL AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

	Michigan Environmental Council			The Michigan Environmental Council Action Fund				
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Total
REVENUE AND SUPPORT								
Membership dues	\$ 4,700	\$ -	\$ 4,700	\$ -	\$ -	\$ -	\$ -	\$ 4,700
Annual giving	295,360	-	295,360	-	-	-	-	295,360
Events	89,188	-	89,188	-	-	-	-	89,188
Contributions	-	15,000	15,000	-	-	-	-	15,000
Contributions - Community Foundation	51,040	-	51,040	-	-	-	-	51,040
Grant revenue	427,188	1,184,449	1,611,637	10,000	-	10,000	(10,000)	1,611,637
Investment return (loss) - net	(21,996)	(464,893)	(486,889)	-	-	-	-	(486,889)
Miscellaneous	31,315	-	31,315	-	-	-	(1,672)	29,643
Employee retention credit	111,259	-	111,259	-	-	-	-	111,259
Assets released from restrictions	1,268,807	(1,268,807)	-	-	-	-	-	-
Total revenue and support	<u>2,256,861</u>	<u>(534,251)</u>	<u>1,722,610</u>	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>(11,672)</u>	<u>1,720,938</u>
EXPENSES								
Program services								
Clean Plentiful Water	414,978	-	414,978	-	-	-	-	414,978
Healthy People	90,954	-	90,954	-	-	-	-	90,954
Sustainable Communities	87,441	-	87,441	6,243	-	6,243	(11,672)	82,012
Cleaner Energy	827,521	-	827,521	-	-	-	-	827,521
Detroit	154,854	-	154,854	-	-	-	-	154,854
Building the Movement	73,616	-	73,616	-	-	-	-	73,616
Total program services	<u>1,649,364</u>	<u>-</u>	<u>1,649,364</u>	<u>6,243</u>	<u>-</u>	<u>6,243</u>	<u>(11,672)</u>	<u>1,643,935</u>
Support services								
Fundraising	276,376	-	276,376	-	-	-	-	276,376
General and administrative	392,817	-	392,817	-	-	-	-	392,817
Total support services	<u>669,193</u>	<u>-</u>	<u>669,193</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>669,193</u>
Total expenses	<u>2,318,557</u>	<u>-</u>	<u>2,318,557</u>	<u>6,243</u>	<u>-</u>	<u>6,243</u>	<u>(11,672)</u>	<u>2,313,128</u>
Total change in net assets	(61,696)	(534,251)	(595,947)	3,757	-	3,757	-	(592,190)
NET ASSETS, beginning of year	<u>718,264</u>	<u>3,686,924</u>	<u>4,405,188</u>	<u>2,331</u>	<u>-</u>	<u>2,331</u>	<u>-</u>	<u>4,407,519</u>
NET ASSETS, end of year	<u>\$ 656,568</u>	<u>\$ 3,152,673</u>	<u>\$ 3,809,241</u>	<u>\$ 6,088</u>	<u>\$ -</u>	<u>\$ 6,088</u>	<u>\$ -</u>	<u>\$ 3,815,329</u>