



ALLIANCE FOR THE GREAT LAKES

FINANCIAL STATEMENTS
DECEMBER 31, 2024 AND 2023

TOGETHER WITH INDEPENDENT
AUDITOR'S REPORT



INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS
ALLIANCE FOR THE GREAT LAKES

Opinion

We have audited the accompanying financial statements of Alliance for the Great Lakes (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year 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 Alliance for the Great Lakes as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Alliance for the Great Lakes and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 the Alliance'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, 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 financial statements.

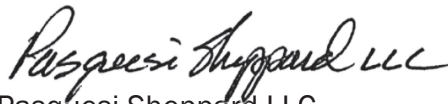
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 the Alliance'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 the Alliance'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 Summarized Comparative Information

We have previously audited the Alliance for the Great Lakes 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 3, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Pasquesi Sheppard LLC
Lake Forest, Illinois

May 13, 2025

ALLIANCE FOR THE GREAT LAKES

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

<u>ASSETS</u>		
	<u>2024</u>	<u>2023</u>
CURRENT:		
Cash and cash equivalents —		
Unrestricted	\$ 945,006	\$ 1,653,302
Restricted	1,591,268	1,350,806
Investments	6,839,644	6,144,695
Accounts receivable	306,045	71,059
Current portion of contributions receivable, net	1,557,557	604,621
Prepaid expenses and other assets	111,336	102,339
Total current assets	<u>\$ 11,350,856</u>	<u>\$ 9,926,822</u>
NONCURRENT:		
Noncurrent portion of contributions receivable, net	\$ 827,845	\$ 104,731
Security deposits	26,025	26,025
Beneficial interest in a perpetual trust	894,139	808,942
Operating lease right-of-use asset, net	600,565	673,434
Property and equipment, net	32,192	51,382
Total noncurrent assets	<u>\$ 2,380,766</u>	<u>\$ 1,664,514</u>
Total assets	<u>\$ 13,731,622</u>	<u>\$ 11,591,336</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 123,870	\$ 81,047
Accrued expenses and other liabilities	241,272	175,379
Current portion of lease liability	70,251	66,474
Total current liabilities	<u>\$ 435,393</u>	<u>\$ 322,900</u>
NONCURRENT LIABILITIES:		
Noncurrent portion of lease liability	\$ 550,708	\$ 620,959
Total liabilities	<u>\$ 986,101</u>	<u>\$ 943,859</u>
NET ASSETS:		
Without donor restrictions	\$ 7,874,712	\$ 7,778,377
With donor restrictions	4,870,809	2,869,100
Total net assets	<u>\$ 12,745,521</u>	<u>\$ 10,647,477</u>
Total liabilities and net assets	<u>\$ 13,731,622</u>	<u>\$ 11,591,336</u>

The accompanying notes are an integral part of this financial statement.

ALLIANCE FOR THE GREAT LAKES

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2024

WITH SUMMARIZED FINANCIAL INFORMATION FOR DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total	2023
REVENUES:				
Grants	\$ 336,482	\$ 3,903,000	\$ 4,239,482	\$ 1,846,500
Contributed goods and services	117,297	-	117,297	719,632
Contributions	1,413,833	121,558	1,535,391	1,593,685
Contracts	1,637,609	-	1,637,609	70,668
Fundraising events	159,609	-	159,609	139,257
Investment return	737,737	85,197	822,934	870,243
Contributed securities	48,575	-	48,575	14,217
Net assets released from restrictions	2,108,046	(2,108,046)	-	-
Total revenues	<u>\$ 6,559,188</u>	<u>\$ 2,001,709</u>	<u>\$ 8,560,897</u>	<u>\$ 5,254,202</u>
EXPENSES:				
Program services	\$ 5,143,246	\$ -	\$ 5,143,246	\$ 3,869,215
Management and general	677,805	-	677,805	626,849
Fundraising	641,802	-	641,802	642,793
Total expenses	<u>\$ 6,462,853</u>	<u>\$ -</u>	<u>\$ 6,462,853</u>	<u>\$ 5,138,857</u>
CHANGE IN NET ASSETS	\$ 96,335	\$ 2,001,709	\$ 2,098,044	\$ 115,345
NET ASSETS AT BEGINNING OF YEAR	<u>7,778,377</u>	<u>2,869,100</u>	<u>10,647,477</u>	<u>10,532,132</u>
NET ASSETS AT END OF YEAR	<u>\$ 7,874,712</u>	<u>\$ 4,870,809</u>	<u>\$ 12,745,521</u>	<u>\$ 10,647,477</u>

The accompanying notes are an integral part of this financial statement.

ALLIANCE FOR THE GREAT LAKES

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2024

WITH SUMMARIZED FINANCIAL INFORMATION FOR DECEMBER 31, 2023

	Program Services	Management and General	Fundraising	Total	2023
Salaries	\$ 1,806,960	\$ 415,640	\$ 365,441	\$ 2,588,041	\$ 2,374,043
Payroll taxes	132,712	30,527	26,840	190,079	181,480
Employee benefits	282,234	64,920	57,079	404,233	328,365
Consultants	2,365,628	14,327	63,875	2,443,830	924,513
Contributed goods and services —					
Legal	41,001	2,796	2,647	46,444	80,783
Marketing & other	62,164	-	-	62,164	630,021
Fundraising	-	-	8,689	8,689	8,827
Occupancy costs	130,250	17,165	16,254	163,669	126,176
Professional services	-	33,350	-	33,350	29,200
Supplies	83,004	2,343	22,620	107,967	79,371
Printing and reproduction	25,515	126	19,952	45,593	30,465
Conferences and events	57,952	2,645	14,881	75,478	94,400
Travel, lodging and meals	40,982	287	6,137	47,406	47,649
Postage and shipping	16,507	48	6,644	23,199	24,982
Depreciation	27,812	3,665	3,471	34,948	44,270
Telephone and internet	34,057	4,488	4,250	42,795	36,047
Other	29,893	84,612	22,201	136,706	89,393
Equipment and software rental	6,575	866	821	8,262	8,872
Total functional expenses	<u>\$ 5,143,246</u>	<u>\$ 677,805</u>	<u>\$ 641,802</u>	<u>\$ 6,462,853</u>	<u>\$ 5,138,857</u>

The accompanying notes are an integral part of this financial statement.

ALLIANCE FOR THE GREAT LAKES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,098,044	\$ 115,345
Adjustments to reconcile changes in net assets to net cash (used for) provided by operating activities —		
Depreciation	34,948	44,270
Amortization of right-of-use asset	72,869	71,253
Realized and unrealized net gain on investments	(487,756)	(609,827)
Changes in operating assets and liabilities —		
Accounts receivable	(234,986)	86,766
Contributions receivable	(1,708,774)	721,837
Contributions receivable - change in discount	32,724	(10,104)
Prepaid expenses and other assets	(8,997)	(19,122)
Beneficial interest in a perpetual trust	(85,197)	(57,376)
Accounts payable	42,823	(9,573)
Accrued expenses and other liabilities	65,893	(6,804)
Operating lease liability	(66,474)	(62,839)
Net cash (used for) provided by operating activities	<u>\$ (244,883)</u>	<u>\$ 263,826</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	\$ (2,607,364)	\$ (2,260,420)
Contributed investments	(48,575)	(14,217)
Proceeds from sale of investments	2,448,746	2,036,086
Purchase of property and equipment	(15,758)	(4,582)
Net cash used for investing activities	<u>\$ (222,951)</u>	<u>\$ (243,133)</u>
CHANGE IN CASH AND CASH EQUIVALENTS	<u>\$ (467,834)</u>	<u>\$ 20,693</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,004,108</u>	<u>2,983,415</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 2,536,274</u></u>	<u><u>\$ 3,004,108</u></u>

The accompanying notes are an integral part of this financial statement.

ALLIANCE FOR THE GREAT LAKES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

(1) DESCRIPTION OF THE ALLIANCE:

Alliance for the Great Lakes (the Alliance) believes that Great Lakes water belongs to all people who live in the Great Lakes region, and that healthy, clean and accessible water is a right for all life. As an Illinois not-for-profit corporation serving the Great Lakes, the Alliance adheres to the highest principles of fiscal stewardship in building and maintaining support for its work. The all-volunteer professional board of directors provides consistent oversight of the Alliance's strategic and financial commitments. The Alliance works to address three visionary goals under its current strategic plan. The Alliance advocates for thriving Great Lakes that are healthy, vibrant, and contain sustainable natural resources supporting a diversity of fish, wildlife, and people. The Great Lakes should be waters that can be depended on: shared waters that are safe, clean, and abundant for all communities across the region. A powerful Great Lakes movement should unify people across the region and be able to exert influence on the most critical decisions about our water. The Alliance advances toward these goals in three ways:

Advocacy & Leadership drives Alliance staff members to form partnerships with community organizations, businesses, civic groups, and decision-makers to develop actionable solutions to protect our lakes and communities. We do this by working at the federal and state levels to ensure programs and funding restore our Great Lakes and reflect a stronger focus on environmental justice and the effects of climate change. This work also includes advocating to prevent the onslaught of invasive species, reducing source water pollution from agricultural runoff, stemming the tide of plastic pollution being introduced into the lakes, and ensuring our region's water supplies are protected.

Education & Action is the Alliance's initiative to provide action-oriented information and programs to communities interested in protecting the lakes. This year, our constituents sent more than 13,000 messages to local, state, and federal decision-makers to take action on measures protecting the Great Lakes and those who rely on them. Nearly 10,000 volunteers helped remove litter from beaches on all five Great Lakes and allowed us to surpass more than 10 million pieces of litter removed throughout the history of the Adopt-a-Beach program. Through our facilitation, the State Revolving Fund Advocates Forum has grown to more than 200 members, providing valuable information and resources to communities in critical need of safe drinking water and protection from flooding and sewage overflows.

ALLIANCE FOR THE GREAT LAKES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Research & Analysis enables the Alliance to leverage the wealth of data and scientific research about the lakes to drive protection and cleanup action. In April of 2024, we released a report titled 20 Years of Great Lakes Litter Data, which analyzed the litter dataset the Alliance has maintained through its Adopt-a-Beach program and dramatically boosted our advocacy to reduce the sources of plastic pollution. Also in 2024 we launched a 5-year project conducting innovative water testing to better understand the impact of agricultural pollution in western Lake Erie. We believe this data will influence decision makers to increase funding and targeting to reduce agricultural runoff and will act as a model for other states to conduct similar programs. The Alliance also began a 2-year project with community organizations on the south side of Chicago to develop a flooding vulnerability tool and infrastructure improvement roadmap to improve drinking water quality, reduce flooding, and enhance public health outcomes.

(2) ACCOUNTING POLICIES AND PRACTICES:

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

Financial Statement Presentation —

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

- Net assets without donor restrictions represent funds, which are available for the Alliance to utilize, at the discretion of management and the Board of Directors, in any of its programs or supporting activities.
- Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

ALLIANCE FOR THE GREAT LAKES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Cash Equivalents —

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

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

	<u>2024</u>	<u>2023</u>
Unrestricted cash	\$ 945,006	\$ 1,653,302
Restricted cash	<u>1,591,268</u>	<u>1,350,806</u>
Total cash	<u>\$ 2,536,274</u>	<u>\$ 3,004,108</u>

Investments —

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

Fair Value Measurements —

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

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

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.

ALLIANCE FOR THE GREAT LAKES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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

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

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

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

Accounts and Contributions Receivable –

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

Property and Equipment –

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

Website Development Costs –

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

ALLIANCE FOR THE GREAT LAKES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Grants and Contributions —

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

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

Contributed Goods and Services —

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

Contracts —

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

Allocation of Expenses —

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

ALLIANCE FOR THE GREAT LAKES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Use of Estimates —

The preparation of financial statements, in conformity with GAAP, requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements, the disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(3) INVESTMENTS:

Investments consisted of the following as of December 31:

	<u>2024</u>	<u>2023</u>
Equity mutual funds	\$ 4,898,627	\$ 4,108,230
Bonds and fixed income mutual funds	1,700,725	1,845,282
Exchange traded funds	240,292	191,183
	<u>\$ 6,839,644</u>	<u>\$ 6,144,695</u>

Cash held in the investment account as of December 31, 2024 and 2023, was \$167,542 and \$172,848, respectively.

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

	<u>2024</u>	<u>2023</u>
Realized and unrealized net gain on investments	\$ 487,756	\$ 609,827
Interest and dividends	249,981	203,040
	<u>\$ 737,737</u>	<u>\$ 812,867</u>

Investment fees consisted of \$33,505 and \$29,066 for the years ending December 31, 2024 and 2023, respectively.

ALLIANCE FOR THE GREAT LAKES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

(4) FAIR VALUE MEASUREMENTS:

Management has determined that the Alliance's interest in a perpetual trust is a Level 3 asset within the fair value hierarchy. Management has determined that all investments held by the Alliance are level 1 assets within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement.

(5) ALLOWANCE FOR CREDIT LOSSES:

Management considers receivables fully collectible. Accordingly, there was no allowance for credit losses at December 31, 2024 and 2023.

(6) CONTRIBUTIONS RECEIVABLE:

Contributions receivable relate to amounts receivable under unconditional grants from private foundations and other entities. The average discount rate used for the years ended December 31, 2024 and 2023, was 4.16% and 4.79%, respectively, which was calculated based on the one-year US Treasury note. The present value of the contributions receivable at December 31, is shown below:

	<u>2024</u>	<u>2023</u>
Amounts due in:		
Less than one year	\$ 1,557,557	\$ 604,621
One to five years	865,838	110,000
Discount	<u>(37,993)</u>	<u>(5,269)</u>
Total contributions receivable	<u>\$ 2,385,402</u>	<u>\$ 709,352</u>

ALLIANCE FOR THE GREAT LAKES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

(7) PROPERTY AND EQUIPMENT:

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

	<u>2024</u>	<u>2023</u>
Website development costs	\$ 119,800	\$ 119,800
Leasehold improvements	5,916	5,916
Furniture and equipment	<u>272,036</u>	<u>256,279</u>
	\$ 397,752	\$ 381,995
Less - Accumulated depreciation	<u>(365,560)</u>	<u>(330,613)</u>
	<u><u>\$ 32,192</u></u>	<u><u>\$ 51,382</u></u>

Depreciation expense was \$34,948 and \$44,270 for the years ended December 31, 2024 and 2023, respectively.

(8) BOARD-DESIGNATED FUNDS:

The Lee Botts Strategic Fund (the Fund) is a board-designated fund named for the Alliance's founder and is included in net assets without donor restrictions. The Alliance holds the majority of the assets of the fund in an investment account, which the board designated for the long-term purposes of the Alliance. The fund is conservatively invested in money market funds, fixed income mutual funds, and equity mutual funds in order to preserve purchasing power. The Alliance may use investment income for general operating purposes. The Alliance may use principal of the Fund, including any net appreciation, for general operating purposes from time to time. A transfer that represents more than 20% of the Fund's balance must get approval by two-thirds of the Board of Directors. Changes in the endowment net assets are as follows for the years ended December 31:

	<u>2024</u>	<u>2023</u>
Net assets, beginning of the year	\$ 6,317,543	\$ 5,549,267
Contributions	48,575	14,217
Net appreciation (depreciation)	487,756	609,826
Interest and dividends	186,817	173,394
Investment fees	<u>(33,505)</u>	<u>(29,161)</u>
Net assets, end of the year	<u><u>\$ 7,007,186</u></u>	<u><u>\$ 6,317,543</u></u>

ALLIANCE FOR THE GREAT LAKES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

(9) NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions arise primarily from grants received from private foundations to support various environmental projects. The Alliance held net assets with donor restrictions totaling \$4,870,809 and \$2,869,100 in cash and cash equivalents as well as receivables at December 31, 2024 and 2023, respectively. During the years ended December 31, 2024 and 2023, the Alliance released net assets with donor restrictions of \$2,108,046 and \$1,770,561, respectively, from donor restriction by incurring charges that satisfied the restrictions specified by the donors.

In October 2021 the Alliance became the beneficiary of an irrevocable trust which the donor stipulated must be maintained in perpetuity. The trust will make annual distributions to the Alliance in future years. The Alliance recorded the annual distribution revenue of \$44,707 and \$40,447 in connection with this gift during the years ending December 31, 2024 and 2023, respectively. The fair value of the Trust assets for the years ended December 31, 2024 and 2023, were \$894,139 and \$808,942, respectively.

(10) OPERATING LEASES:

Leases are classified as either operating or financing (formerly capital leases) by the lessee depending on whether the lease terms provide for control of the underlying asset to be transferred to the lessee. When control transfers to the lessee, the Alliance classifies the lease as a financing lease. All other leases are recorded as operating leases. For all leases with an initial lease term in excess of twelve months, a right-of-use asset (ROU) with a corresponding lease liability on our statement of financial position was recorded. The Alliance elected the practical expedient for all leases less than 12 months did not record a ROU asset or corresponding lease liability. ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at commencement, or in the year of transition the effective date, of the lease based on the present value of lease payments over the lease term. Right-of-use assets are adjusted for any lease payments made on or before commencement of the lease, less any lease incentives received. For the years ended December 31, 2024 and 2023, all leases were considered operating leases.

The lease liability represents future lease payments for lease and non-lease components discounted for present value. Lease payments that may be included in the lease liability include fixed payments, variable lease payments that are based on an index or rate. Certain leases contain rent escalation clauses that are specifically stated in the lease, and these are included in the calculation of the lease liability. Variable lease payments for lease and non-lease components which are not based on an index or rate (real estate taxes and common area maintenance) are excluded from the calculation of the lease liability and are recognized in the statement of income during the period incurred.

ALLIANCE FOR THE GREAT LAKES

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DECEMBER 31, 2024 AND 2023

A discount rate is used to determine the net present value of the gross lease obligations when calculating the lease liability and related ROU asset. In cases in which the rate implicit in the lease is readily determinable, that rate is utilized for discounting purposes. In most cases, the lease agreements do not have a discount rate that is readily determinable and therefore the Company utilized an estimate of the incremental borrowing rate determined at lease commencement or lease modification. For adoption of the new standard, the rate was determined at the effective date. For leases after the effective date, the lease term is determined by taking into account the initial period stated in the lease, adjusted for any renewal options that the company is reasonably certain to exercise.

Operating lease expense (rent expense) is recorded as a single expense recognized on a straight-line basis over the lease term.

The Alliance entered into an operating lease that commenced in June 2022 to lease office space in Chicago, Illinois until 2032. Expense recognized under this lease was approximately \$164,000 and \$126,000 for the years ended December 31, 2024 and 2023.

The components of rent expense for the years ended December 31, 2024 and 2023, were as follows:

	<u>2024</u>	<u>2023</u>
Operating	\$ 82,735	\$ 80,717
Variable	80,934	45,459
Total	<u>\$ 163,669</u>	<u>\$ 126,176</u>

Additional information with respect to the Alliance's operating lease as of December 31, 2024 and 2023, is as follows:

	<u>2024</u>	<u>2023</u>
Remaining lease term (years)	<u>8</u>	<u>9</u>
Discount rate	<u>2.50%</u>	<u>2.50%</u>

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Future minimum payments under the Chicago lease as of December 31, 2024, are as follows:

2025	\$ 84,804
2026	86,924
2027	89,097
2028	91,324
2029 & Thereafter	329,298
Total minimum lease payments	\$ 681,447
Less amounts representing interest	(60,488)
Total operating lease liability	\$ 620,959

(11) JOINT COSTS:

The Alliance allocated the following joint costs for the years ended December 31, 2024 and 2023:

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	<u>2023</u>
Consultants	\$ 108,712	\$ 14,327	\$ 13,565	\$ 136,604	\$ 51,294
Contributed goods and services - Legal	21,212	2,796	2,647	26,655	60,994.00
Occupancy costs	130,250	17,165	16,254	163,669	126,176
Supplies	17,780	2,343	2,219	22,342	23,980
Printing and reproduction	956	126	119	1,201	1,130
Conferences and events	20,073	2,645	2,505	25,223	34,274
Travel, lodging and meals	2,181	287	272	2,740	5,576
Postage and shipping	367	48	46	461	1,605
Depreciation	27,812	3,665	3,471	34,948	44,270
Telephone and internet	34,057	4,488	4,250	42,795	36,047
Other	29,893	3,940	3,730	37,563	39,277
Equipment and software rental	6,575	866	821	8,262	8,872
Total joint costs	<u>\$ 399,868</u>	<u>\$ 52,696</u>	<u>\$ 49,899</u>	<u>\$ 502,463</u>	<u>\$ 433,495</u>

ALLIANCE FOR THE GREAT LAKES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

(12) RETIREMENT PLAN:

The Alliance has established a defined contribution retirement plan that allows eligible employees to defer a portion of their compensation until retirement. The Alliance matches employee contributions up to 6% for the years ending December 31, 2024 and 2023. The Alliance's contribution was approximately \$118,000 and \$101,000 for the years ended December 31, 2024 and 2023, respectively.

(13) INCOME TAXES:

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

There were no unrecognized tax benefits identified or recorded as liabilities for the years ended December 31, 2024 and 2023. The Alliance is generally no longer subject to examination by the Internal Revenue Service for years before 2021.

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

(14) CONCENTRATIONS OF CREDIT RISK:

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

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

Receivables from four foundations and other entities represent approximately 78% and 58% of total receivables as of December 31, 2024 and 2023, respectively. The Alliance has not experienced significant losses from these organizations.

ALLIANCE FOR THE GREAT LAKES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

(15) LIQUIDITY:

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

	<u>2024</u>	<u>2023</u>
Financial assets at year-end	\$ 12,961,504	\$ 10,738,156
Less those unavailable for general expenditures within one year, due to:		
Donor imposed restrictions of time or purpose	(4,870,809)	(2,869,100)
Board designated endowment fund	<u>(7,007,186)</u>	<u>(6,317,543)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,083,509</u>	<u>\$ 1,551,513</u>

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

(16) SIGNIFICANT SUPPORT:

The Alliance received significant support from private foundations and similar organizations in the form of restricted and unrestricted grant awards, including multi-year awards. For the year ended December 31, 2024, grants from four organizations comprised 78% of grant revenue and 39% of total revenue. For the year ended December 31, 2023, grants from five organizations comprised 76% of grant revenue and 27% of total revenue.

(17) SUBSEQUENT EVENTS:

The Alliance's management has performed an analysis of activities and transactions subsequent to December 31, 2024, to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year then ended. Management has performed their analysis through May 13, 2025, the date which the financial statements were available to be issued.