

CGLR FOUNDATION

**FINANCIAL STATEMENTS
AND
AUDITORS' REPORT**

MARCH 31, 2023

CGLR FOUNDATION

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Skody Scot & Company, CPAs, P.C.

520 Eighth Avenue, Suite 2200, New York, NY 10018 • (T) 212-967-1100 • (F) 212-967-2002

www.skodyscot.com

INDEPENDENT AUDITORS' REPORT

To: The Board of Directors of
CGLR Foundation

Opinion

We have audited the financial statements of CGLR Foundation, a nonprofit organization, which comprise the statement of financial position as of March 31, 2023, and the related statements of activities, expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of CGLR Foundation as of March 31, 2023, 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 (GAAS). 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 CGLR Foundation 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 CGLR Foundation's ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they could reasonably be expected to influence the judgment made by a reasonable user based on these financial statements.

In performing an audit in accordance with GAAS, 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 CGLR Foundation'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 CGLR Foundation'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.

New York, NY
October 18, 2023

Skody Scot & Company, CPAs, P.C.

CGLR FOUNDATION
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2023

ASSETS

Cash	\$ 536,432
Contributions and other receivables	608,731
Prepaid expenses	270
Property and equipment, net	456,347
Total assets	<u><u>\$ 1,601,780</u></u>

LIABILITIES AND NET ASSETS

Liabilities:	
Accounts payable and accrued expenses	\$ 126,676
Total liabilities	<u>126,676</u>
Commitments and contingencies (see notes)	
Net Assets:	
Without donor restrictions	347,266
With donor restrictions	1,127,838
Total net assets	<u>1,475,104</u>
Total liabilities and net assets	<u><u>\$ 1,601,780</u></u>

See accompanying notes to the financial statements.

**CGLR FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues:			
Contributions	\$ 948,451	\$ 1,027,838	\$ 1,976,289
Program service revenue	39,299	-	39,299
Net assets released from restriction:			
Satisfaction of purpose restrictions	110,000	(110,000)	-
Total support and revenues	<u>1,097,750</u>	<u>917,838</u>	<u>2,015,588</u>
Expenses:			
Program expenses:			
Conferences and meetings	139,194	-	139,194
Policy, research and programs	534,522	-	534,522
Total program expenses	<u>673,716</u>	<u>-</u>	<u>673,716</u>
Supporting services:			
Management and general	54,037	-	54,037
Total expenses	<u>727,753</u>	<u>-</u>	<u>727,753</u>
Increase/(Decrease) in net assets	<u>369,997</u>	<u>917,838</u>	<u>1,287,835</u>
Net assets, beginning of year - restated	<u>(22,731)</u>	<u>210,000</u>	<u>187,269</u>
Net assets, end of year	<u>\$ 347,266</u>	<u>\$ 1,127,838</u>	<u>\$ 1,475,104</u>

See accompanying notes to the financial statements.

**CGLR FOUNDATION
STATEMENT OF EXPENSES
YEAR ENDED MARCH 31, 2023**

	<u>Program Services</u>			<u>Supporting Services</u>	<u>Total Expenses</u>
	<u>Conferences and Meetings</u>	<u>Policy, Research and Programs</u>	<u>Total Program Expenses</u>	<u>Management and General</u>	
Salaries	\$ -	\$ 234,059	\$ 234,059	\$ -	\$ 234,059
Payroll taxes & benefits	-	26,920	26,920	2,663	29,583
Consultants and outside contractors	15,000	148,830	163,830	24,177	188,007
Conferences and events	121,334	1,395	122,729	425	123,154
Depreciation	-	83,127	83,127	-	83,127
Insurance	-	1,435	1,435	-	1,435
Office expenses	166	12,888	13,054	6,476	19,530
Professional fees	-	12,061	12,061	12,260	24,321
Telephone and communications	1,880	2,194	4,074	70	4,144
Travel and meetings	814	11,613	12,427	7,966	20,393
Total expenses	<u>\$ 139,194</u>	<u>\$ 534,522</u>	<u>\$ 673,716</u>	<u>\$ 54,037</u>	<u>\$ 727,753</u>

See accompanying notes to the financial statements.

**CGLR FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2023**

Cash flows from operating activities:	
Increase/(decrease) in net assets	\$ 1,287,835
Adjustments for non-cash items included in operating activities:	
Depreciation	83,127
Changes in assets and liabilities:	
Contributions and other receivables	(508,731)
Prepaid expenses	16,737
Accounts payable and accrued expenses	76,084
Deferred revenue	(11,282)
Net cash provided/(used) by operating activities	<u>943,770</u>
Cash flows from investing activities:	
Property and equipment purchases	<u>(539,474)</u>
Net cash provided/(used) by investing activities	<u>(539,474)</u>
Cash flows from financing activities	<u>-</u>
Net increase/(decrease) in cash	404,296
Cash, at beginning of year	<u>132,136</u>
Cash, at end of year	<u><u>\$ 536,432</u></u>

See accompanying notes to the financial statements.

**CGLR FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

The Organization

CGLR Foundation, a not-for-profit organization, was incorporated in the State of Ohio on December 29, 2017. The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and accordingly, no provision for federal, state or local income taxes has been recorded. The Organization does not believe its financial statements include any uncertain tax positions. The Organization primarily receives its support from contributions.

The mission of the Organization is to bring Great Lakes leaders from government, business, academia, and the nonprofit sectors together to find new ways of harnessing the region's economic strengths, improving the well-being of the region's citizens, and protecting the environment for future generations through educational events. To accomplish its mission, the Organization offers the following programs: Conferences and Meetings – Hosting an annual conference to bring together stakeholders; Policy, Research and Programs – Leading a variety of programs and projects that bring companies together with government, academic, and nonprofit leaders to forge a future without waste and pollution; and Outreach and Advocacy (no expenses in FY23) – Through the Great Lakes Higher Education Consortium and the Great Lakes Carbon Collaborative, the Organization provides a forum for creating and funding more cross-border collaborations among Great Lakes higher education institutions and facilitating engagement across sectors, customers, and supplies.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Receivables

Receivables that are expected to be collected within one year are recorded at their net realizable value. Receivables that are expected to be collected in future years are recorded at their present value of estimated future cash flows. All receivables are expected to be received within one year and as such have been stated at their net realizable value with no allowance for uncollectable receivables.

**CGLR FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (Continued)

Property and Equipment

The Organization capitalizes certain property and equipment with estimated lives of three years or more. Property and equipment are stated at cost, less accumulated depreciation. Depreciation of equipment is computed by the straight-line method over estimated useful lives ranging from five to twenty-seven years. Expenditures for repairs and maintenance are charged as an expense, and major renewals and betterments are capitalized.

Net Assets

Net assets, revenue, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. This classification includes net assets designated by the board or management for a specified purpose or for an operating reserve.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature (endowment), where the donor stipulates that resources be maintained in perpetuity.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of expenses. All expenses were directly related to specific functional areas with no allocation between functional areas needed. The Organization classifies expenses which are not directly related to a specific program as Management and General expenses.

CGLR FOUNDATION
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (Continued)

Revenue Recognition

The Organization recognizes contributions when cash and other financial assets, nonfinancial assets/services, or unconditional promises to give are received. Nonfinancial donations are valued based on the specifics of the type of asset/service received. Conditional promises to give, which have a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. Amounts received prior to the meeting of these conditions, if any, are reported as refundable advances in the statement of financial position. As of March 31, 2023, the Organization did not have any conditional contributions that were not recognized.

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted for a purpose by the donor are reported as support with donor restrictions and increases in net assets with donor restrictions. Contributions received with donor restrictions that are met in the same reporting period are reported as support without donor restrictions and increases in net assets without donor restrictions. When a restriction expires (either a stipulated time period ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions.

Program service revenue relates to fees received in exchange for program services and consists primarily of ticket sales for conferences and other events. The Organization's program service revenue generally contains a single delivery/service element and revenue is recognized at a single point in time when ownership, risk and rewards transfer, and all performance obligations are considered to be satisfied. Any revenue received which has not been earned is recorded as deferred revenue.

Note 2 - Prior Period Adjustment

Net assets, contributions receivable, and accrued expenses were adjusted at March 31, 2022 to account for unrecorded contributions and accrued expenses. The net effect of this adjustment was to increase contribution revenue by \$210,000, increase contributions receivable by \$100,000, increase accrued expenses by \$50,592, decrease deferred revenue by \$110,000, decrease net assets without donor restrictions by \$50,592, and increase net assets with donor restrictions by \$210,000 as of and for the year ended March 31, 2022. The adjustment had no effect on activities for the year ended March 31, 2023.

Note 3 - Property and Equipment

Property and equipment by major class consisted of the following at March 31, 2023:

Equipment	\$ 539,474
Less: Accumulated depreciation	<u>(83,127)</u>
	<u>\$ 456,347</u>

**CGLR FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

Note 4 - Net Assets With Donor Restrictions

As of March 31, 2023, net assets with donor restrictions are available as follows:

Business sustainability	\$ 100,000
Circular great lakes	169,637
Plastic cleanup	<u>858,201</u>
	<u>\$ 1,127,838</u>

The changes in net assets with donor restrictions for the year ended March 31, 2023, separated by restricted purpose, are as follows:

Business sustainability

Restricted balance at March 31, 2022	\$ 210,000
Satisfaction of purpose restrictions	(110,000)
Restricted contributions received during year	-
Amounts expended during year	-
Restricted balance at March 31, 2023	<u>\$ 100,000</u>

Circular great lakes

Restricted balance at March 31, 2022	\$ -
Satisfaction of purpose restrictions	-
Restricted contributions received during year	275,000
Amounts expended during year	(105,363)
Restricted balance at March 31, 2023	<u>\$ 169,637</u>

Plastic cleanup

Restricted balance at March 31, 2022	\$ -
Satisfaction of purpose restrictions	-
Restricted contributions received during year	1,550,000
Amounts expended during year	(691,799)
Restricted balance at March 31, 2023	<u>\$ 858,201</u>

Note 5 - Revenue from Contracts with Customers

Detail of revenue from contracts with customers during the year ended March 31, 2023, is as follows:

Ticket sales	\$ 35,333
Consulting	<u>3,966</u>
	<u>\$ 39,299</u>

All of the revenue derived from contracts with customers during the year ended March 31, 2023, was earned in the same annual reporting period.

**CGLR FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

Note 6 - Related Parties and Affiliate Transactions

The Organization shares expenses with CGLR Canada and CGLR USA (collectively, the Affiliates). The Affiliates are not-for-profit corporations organized for the purpose of improving the bi-national Great Lakes region's economic strengths and assets. The Organization's Board of Directors are the officers of the Affiliates. For the year ended March 31, 2023, the Organization incurred the following expenses with the Affiliates:

	<u>CGLR Canada</u>	<u>CGLR USA</u>
Consulting fees	\$ 73,864	\$ 3,966
Insurance	1,435	-
Telephone and communications	2,194	-
Office expenses	5,968	-
Travel and meetings	7,271	-
Total	<u>\$ 90,732</u>	<u>\$ 3,966</u>

For the year ended March 31, 2023, the Organization also received \$47,194 in contributions from CGLR Canada.

Note 7 - Liquidity and Availability of Financial Assets

The Organization regularly monitors the liquidity required to meet its operating needs and other obligations as they come due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Amounts available for general expenditures over a 12-month period include donor-restricted amounts that are available for ongoing programmatic and support expenditures.

The following reflects the Organization's financial assets, as of March 31, 2023, reduced by amounts not available for general use within one year because of contractual, donor-imposed, or internal restrictions and designations:

Financial assets:	
Cash	\$ 536,432
Receivables	<u>608,731</u>
Total financial assets	1,145,163
Less those unavailable for general expenditures within one year	<u>-</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,145,163</u>

**CGLR FOUNDATION
NOTES TO FINANCIAL STATEMENTS**

Note 8 - Concentrations

The Organization maintains its bank account with a major financial institution. The Federal Deposit Insurance Corporation (FDIC) insures bank deposits up to \$250,000 per financial institution. At times, the balance of the account exceeded the insured limits during the year ended March 31, 2023.

For the year ended March 31, 2023, approximately 77% of the Organization's total revenue was provided by one major donor. It is always possible that benefactors, grantors and donors might be lost in the near term. In the event funding is terminated or significantly reduced, the Organization's ability to continue providing its program services at the same level would be greatly diminished.

Note 9 - Subsequent Events

Subsequent events were evaluated for potential additional disclosures and corrections through October 18, 2023, which is the date the financial statements were available to be issued.