ALLIANCE OF ROUGE COMMUNITIES

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

TINA L. CUSAC

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
ALLIANCE OF ROUGE COMMUNITIES
Canton, Michigan

I have audited the accompanying financial statements of Alliance of Rouge Communities (a nonprofit organization), which comprise the statements of financial position as of December 31, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alliance of Rouge Communities as of December 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Tina L. Cusac, CPA

Tina L. Cusac, CPA
Clarkston, Michigan
July 26, 2016

INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS -

ALLIANCE OF ROUGE COMMUNITIES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2015 AND 2014

ASSETS

	2015	2014
CURRENT ASSETS:		
Cash and cash equivalents	$ 154,460	$ 124,910
Accounts receivable	350,944	50,991
Inventory	450	450
TOTAL ASSETS	$ 505,854	$ 176,351

LIABILITIES AND NET ASSETS

	2015	2014
CURRENT LIABILITIES:		
Accounts payable	$ 249,978	$ 102,177
TOTAL LIABILITIES	249,978	102,177
NET ASSETS - unrestricted	255,876	74,174
TOTAL LIABILITIES AND NET ASSETS	$ 505,854	$ 176,351

See accompanying notes to the financial statements.

ALLIANCE OF ROUGE COMMUNITIES
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
REVENUE:		
Membership Dues	$ 246,900	$ 251,449
Grants	403,377	354,396
Contributions	55,831	-
Rain Barrel Sales, net of costs of $0 and $50	-	(25)
Total Revenue	706,108	605,820
EXPENSES:		
Organization Committee		
Executive director services	70,725	103,592
Public Involvement and Education Committee		
Green Infrastructure Campaign	30,889	19,875
Public Education Materials	9,659	12,756
Website Maintenance	6,877	4,819
Watershed Steward. & Reporting/Septic System	1,799	14,013
Public Education Campaigns	12,886	-
Total Public Involvement and Education Committee	62,110	51,463
Technical Committee		
Rouge River Watershed Monitoring Activities	30,243	25,827
ARC Collaborative IDEP and E. coli TMDL Plan	41,230	71,984
Pursuing Grant Opportunities	7,048	35,721
Total Technical Committee	78,521	133,532
GLRI Projects		
Restoring Community Trees in an Urban Watershed	-	28,124
Restoring Tree Canopy in the Rouge River	10,354	-
Total GLRI Projects	10,354	28,124
MDEQ/Great Lakes Commission Projects		
RRAC Facilitation 2013	-	23,724
RRAC Facilitation 2014	23,188	16,677
RRAC Facilitation 2015	540	-
Stormwater, Asset Management and Wastewater	194,401	-
Total Great Lakes Commission Projects	218,129	40,401
NOAA Projects		
Oxbow Phase III Design	16,534	217,373
Henry Ford Estate Dam Fish Passage	35,819	-
Total NOAA Projects	52,353	217,373
Erb Family Foundation		

See accompanying to the financial statements.

ALLIANCE OF ROUGE COMMUNITIES
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
Reorganization Investigation with Friends of the Rouge	22,218	-
General		
Legal and Accounting	9,074	16,077
Registration Fees	20	20
Insurance	902	885
Other	-	599
Total General	9,996	17,581
Total Expenses	524,406	592,066
CHANGE IN NET ASSETS	181,702	13,754
NET ASSETS - beginning of year	74,174	60,420
NET ASSETS - end of year	$ 255,876	$ 74,174

See accompanying to the financial statements.

ALLIANCE OF ROUGE COMMUNITIES
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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ALLIANCE OF ROUGE COMMUNITIES
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ALLIANCE OF ROUGE COMMUNITIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	2015	2014
CASH FLOW TO OPERATING ACTIVITIES:		
CHANGE IN NET ASSETS	$ 181,702	$ 13,754
Changes in operating assets and liabilities which increase (decrease) cash flow -		
Accounts receivable	(299,953)	206,083
Inventory	-	50
Accounts payable	147,801	(105,592)
Other payable	-	(88,748)
NET CASH TO OPERATING ACTIVITIES	$ 29,550	$ 25,547
NET INCREASE IN CASH AND CASH EQUIVALENTS	$ 29,550	$ 25,547
CASH AND CASH EQUIVALENTS BALANCE - beginning of year	124,910	99,363
BALANCE - end of year	$ 154,460	$ 124,910

Supplemental disclosures of cash flow information:

Cash paid during the year for:

	2015	2014
Interest	$ -	$ -
Income taxes	-	-

See accompanying notes to the financial statements.

ALLIANCE OF ROUGE COMMUNITIES
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Organization

Alliance of Rouge Communities (ARC) was formed in 2005 as an unincorporated association operating under and authorized by Part 312 of the Michigan Natural Resources and Environmental Protection Act. ARC is a voluntary public watershed entity. Its members consist primarily of municipal governments located in Wayne, Oakland and Washtenaw counties. ARC's purpose is to encourage watershed-wide cooperation and mutual support to meet water quality permit requirements and to restore beneficial uses of the Rouge River to the area residents.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Financial Statement Presentation

Financial statement presentation follows requirements of the Not-for-Profit Entities Topic of the Accounting Standards Codification. Net assets of ARC are classified as unrestricted, temporarily restricted, or permanently restricted. Contributions and income received by ARC are held in various funds which are classified as follows:

Unrestricted net assets consist of resources that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets consist of resources of which the use by ARC is limited by donor-imposed stimpulations that either expire by the passage of time or can be fulfilled and removed by actions of ARC pursuant to those stipulations. As of December 31, 2015 and 2014, ARC had no temporarily restricted funds.

Permanently restricted net assets would consist of beneficial interest in perpetual trusts and funds created by donors. There are no permanently restricted funds.

Cash and Cash Equivalents

The organization considers all cash and amounts due from depository institutions to be cash equivalents for purposes of the statement of cash flows.

Revenue and Expenses

Membership dues are recognized in the period for which they cover. Dues cover the calendar year in which they are billed. Grant reimbursements are recognized in the period in which the reimbursable expenses are recognized.

Use of Estimates

The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of 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.

Income Tax Status

Alliance of Rouge Communities is exempt from federal tax under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service may examine the form 990 of the organization for a period of three years after the return is filed or the due date, whichever is later. Therefore, the organization is no longer subject to U.S. federal tax examinations by authorities for years before 2012.

NOTE 2 - RELATED PARTY TRANSACTIONS:

The Organization has a contract with ECT, Inc. for Executive Director services. The Executive Director is a shareholder and employee of ECT, Inc. The amount billed from ECT, Inc. for services and reimbursable expenses were $336,923 for 2015 and $447,034 for 2014.

NOTE 3 - CONCENTRATION OF CREDIT RISK:

The Organization maintains its cash account in a commercial bank located in Michigan. The account is guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of December 31, 2015 and 2014, the balance was fully insured.

NOTE 4 - RECEIVABLES:

Accounts receivable consists of membership dues that have not been paid at the end of each year and unsubmitted requests for reimbursement from local and federal agencies under the various grant agreements.

The Organization believes all receivables are collectible and therefore no allowance for doubtful accounts has been recorded.

NOTE 5 - DONATED SERVICES:

The Organization received donated services from a non-profit organization and a local local government agency for assistance with tasks related to the public involvement and education committee and technical committee. For the years ended December 31, 2015 and 2014, the total fair value of all donated services received was $55,831 and $1,250, respectively.

NOTE 7 - SUBSEQUENT EVENTS:

Subsequent events have been evaluated through July 26, 2016, the date which the financial statements were available to be issued.