ALLIANCE OF ROUGE COMMUNITIES

INDEPENDENT AUDITOR'S REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009
ALLIANCE OF ROUGE COMMUNITIES

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009
INDEPENDENT AUDITOR'S REPORT

FINANCIAL STATEMENTS -

Statement of Financial Position
Statement of Activities
Statement of Cash Flows
Notes to the Financial Statements
INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying statement of financial position of ALLIANCE OF ROUGE COMMUNITIES as of December 31, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of ALLIANCE OF ROUGE COMMUNITIES organization's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require the I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my 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, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with the accounting principles generally accepted in the United States of America.

TINA L. CUSAC, CPA
Clarkston, MI 48348
August 12, 2010
ALLIANCE OF ROUGE COMMUNITIES
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009

ASSETS

CURRENT ASSETS:
Cash and cash equivalents $ 173,298
Accounts receivable 130,848

TOTAL ASSETS $ 304,146

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:
Accounts payable $ 180,468

TOTAL CURRENT LIABILITIES 180,468

NET ASSETS - unrestricted 123,678

TOTAL LIABILITIES AND NET ASSETS $ 304,146

The accompanying notes are an integral part of the financial statements.
TINA L. CUSAC, CPA
ALLIANCE OF ROUGE COMMUNITIES
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

REVENUE:
Membership dues $ 289,345
Grant 228,195
Other 1,733
Total Revenue 519,273

EXPENSES:
Organization Committee
  Executive director services 160,248
Public Involvement and Education Committee
  Green Infrastructure Campaign 85,831
  Detention Pond Maintenance Manual Update 7,496
  Public Education Materials 22,906
  Collaborative PEP 944
  Website Maintenance 5,383
  Rouge 2009 5,610
  Friends of the Rouge 14,169
  Total Public Involvement and Education Committee 142,339
Technical Committee
  Rouge River Watershed Monitoring Activities 50,672
  ARC Collaborative IDEP and E. coli TMDL Plan 36,165
  Green Infrastructure and Impervious Cover Mapping 65,848
  Pursuing Grant Opportunities 18,355
  NPDES Phase II Workgroup 1,118
  Total Technical Committee 172,158
General
  Legal and accounting 19,250
  Registration fees 750
  Insurance 4,100
  Total General 24,100
  Total Expenses 498,845

CHANGE IN NET ASSETS
20,428

NET ASSETS - beginning of year 103,250

NET ASSETS - end of year $ 123,678

The accompanying notes are an integral part of the financial statements.
TINA L. CUSAC, CPA
ALLIANCE OF ROUGE COMMUNITIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

CASH FLOW TO OPERATING ACTIVITIES:

CHANGE IN NET ASSETS $ 20,428

Changes in operating assets and liabilities which increase (decrease) cash flow -
Accounts receivable (130,848)
Accounts payable 180,468

NET CASH TO OPERATING ACTIVITIES $ 70,048

NET INCREASE IN CASH AND CASH EQUIVALENTS $ 70,048

CASH AND CASH EQUIVALENTS
BALANCE - beginning of year 103,250

BALANCE - end of year $ 173,298

Supplemental disclosures of cash flow information:
Cash paid during the year for:
Interest $ -
Income taxes -

The accompanying notes are an integral part of the financial statements.
TINA L. CUSAC, CPA
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.

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 has applied for federal tax exempt status under Section 501(c)(4) of the Internal Revenue Code. ARC has not received a determination letter as of the date of these financial statements.
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. totaled $308,847 for 2009.

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, 2009, the balance was fully insured.

NOTE 4 - RECEIVABLES:

Accounts receivable consists of membership dues for 2009 that have not been paid at December 31, 2009 and unsubmitted requests for reimbursement from Wayne County under the Rouge River National Wet Weather Demonstration Project grant.

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

NOTE 5 - SUBSEQUENT EVENTS:

Subsequent events have been evaluated through August 12, 2010, the date which the financial statements were available to be issued.