



Chikaming Open Lands

Annual Report
December 31, 2022 and 2021

CHIKAMING OPEN LANDS
SAWYER, MICHIGAN
ANNUAL REPORT
December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Chikaming Open Lands
Sawyer, Michigan

Opinion

We have audited the accompanying financial statements of Chikaming Open Lands (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related 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 financial statements referred to above present fairly, in all material respects, the financial position of Chikaming Open Lands as of December 31, 2022 and 2021, 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.

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 Financial Statements section of our report. We are required to be independent of Chikaming Open Lands 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 these 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 Chikaming Open Lands' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITOR'S REPORT, CONCLUDED

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 Chikaming Open Lands' 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 Chikaming Open Lands' 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.

Respectfully submitted,



Certified Public Accountants

St. Joseph, Michigan
June 26, 2023

CHIKAMING OPEN LANDS
SAWYER, MICHIGAN
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	\$ 718,069	\$ 271,081	\$ 989,150	\$ 237,419	\$ 343,865	\$ 581,284
Pledges receivable, current portion	-	61,000	61,000	-	61,000	61,000
Investments, at fair market value	2,453,266	-	2,453,266	2,360,055	-	2,360,055
Other current assets	-	1,800	1,800	-	-	-
Total Current Assets	\$ 3,171,335	\$ 333,881	\$ 3,505,216	\$ 2,597,474	\$ 404,865	\$ 3,002,339
Fixed Assets						
Land	\$ 42,185	\$ -	\$ 42,185	\$ 42,185	\$ -	\$ 42,185
Buildings	233,913	-	233,913	233,913	-	233,913
Land improvements	19,181	-	19,181	19,181	-	19,181
Furniture and equipment	40,517	-	40,517	26,356	-	26,356
Vehicle	10,000	-	10,000	10,000	-	10,000
Total fixed assets, gross	\$ 345,796	\$ -	\$ 345,796	\$ 331,635	\$ -	\$ 331,635
Less, accumulated depreciation	97,984	-	97,984	83,273	-	83,273
Fixed Assets, net	\$ 247,812	\$ -	\$ 247,812	\$ 248,362	\$ -	\$ 248,362
Other Assets						
Pledges receivable, less current portion	\$ -	\$ 47,000	\$ 47,000	\$ -	\$ 64,000	\$ 64,000
Land under protection, at cost	-	4,406,281	4,406,281	-	4,406,281	4,406,281
Beneficial interest in assets held by Community Foundation	164,617	-	164,617	202,004	-	202,004
Total Other Assets	\$ 164,617	\$ 4,453,281	\$ 4,617,898	\$ 202,004	\$ 4,470,281	\$ 4,672,285
Total Assets	\$ 3,583,764	\$ 4,787,162	\$ 8,370,926	\$ 3,047,840	\$ 4,875,146	\$ 7,922,986
Liabilities and Net Assets						
Current Liabilities						
Accounts payable	\$ 3,370	\$ -	\$ 3,370	\$ 1,179	\$ 38,706	\$ 39,885
Payroll liabilities	2,451	-	2,451	1,872	-	1,872
Security deposits	900	-	900	900	-	900
Total Current Liabilities	\$ 6,721	\$ -	\$ 6,721	\$ 3,951	\$ 38,706	\$ 42,657
Net Assets						
Without donor restrictions	\$ 3,577,043	\$ -	\$ 3,577,043	\$ 3,043,889	\$ -	\$ 3,043,889
With donor restrictions	-	4,787,162	4,787,162	-	4,836,440	4,836,440
Total Net Assets	\$ 3,577,043	\$ 4,787,162	\$ 8,364,205	\$ 3,043,889	\$ 4,836,440	\$ 7,880,329
Total Liabilities and Net Assets	\$ 3,583,764	\$ 4,787,162	\$ 8,370,926	\$ 3,047,840	\$ 4,875,146	\$ 7,922,986

The Notes to Financial Statements are an integral part of this statement.

CHIKAMING OPEN LANDS
SAWYER, MICHIGAN
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues						
Public Support						
Grants	\$ 500	\$ 30,562	\$ 31,062	\$ -	\$ 124,000	\$ 124,000
Gifts and other donations	1,327,654	27,118	1,354,772	292,323	8,211	300,534
Land protection and stewardship donations	-	81,300	81,300	-	1,465,446	1,465,446
Net assets released from restrictions, and reclassifications	190,151	(190,151)	-	128,807	(128,807)	-
Total Public Support	<u>\$ 1,518,305</u>	<u>\$ (51,171)</u>	<u>\$ 1,467,134</u>	<u>\$ 421,130</u>	<u>\$ 1,468,850</u>	<u>\$ 1,889,980</u>
Revenues						
Investment income	\$ 48,261	\$ 293	\$ 48,554	\$ 35,120	\$ 33	\$ 35,153
Rental income	7,830	1,600	9,430	3,600	1,600	5,200
Special events (net of expense of \$9,147 in 2022)	24,944	-	24,944	24,093	-	24,093
Other	1,026	-	1,026	451	3,760	4,211
Realized gains on investments	2,894	-	2,894	9,106	-	9,106
Unrealized gains on investments	(468,995)	-	(468,995)	191,867	-	191,867
Change in beneficial interest in assets held by Community Foundation	(37,387)	-	(37,387)	24,215	-	24,215
Total Revenues	<u>\$ (421,427)</u>	<u>\$ 1,893</u>	<u>\$ (419,534)</u>	<u>\$ 288,452</u>	<u>\$ 5,393</u>	<u>\$ 293,845</u>
Total Public Support and Revenues	<u>\$ 1,096,878</u>	<u>\$ (49,278)</u>	<u>\$ 1,047,600</u>	<u>\$ 709,582</u>	<u>\$ 1,474,243</u>	<u>\$ 2,183,825</u>
Expenses						
Program	\$ 274,431	\$ -	\$ 274,431	\$ 395,373	\$ -	\$ 395,373
Management and general	197,395	-	197,395	133,137	-	133,137
Fundraising	91,898	-	91,898	72,309	-	72,309
Total Expenses	<u>\$ 563,724</u>	<u>\$ -</u>	<u>\$ 563,724</u>	<u>\$ 600,819</u>	<u>\$ -</u>	<u>\$ 600,819</u>
Change in Net Assets	\$ 533,154	\$ (49,278)	\$ 483,876	\$ 108,763	\$ 1,474,243	\$ 1,583,006
Net Assets - Beginning of Year	3,043,889	4,836,440	7,880,329	2,935,126	3,362,197	6,297,323
Net Assets - End of Year	<u>\$ 3,577,043</u>	<u>\$ 4,787,162</u>	<u>\$ 8,364,205</u>	<u>\$ 3,043,889</u>	<u>\$ 4,836,440</u>	<u>\$ 7,880,329</u>

The Notes to Financial Statements are an integral part of this statement.

CHIKAMING OPEN LANDS
SAWYER, MICHIGAN
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended December 31, 2022 and 2021

2022

	Program	Management and General	Fundraising	Total
Expenses				
Salaries	\$ 103,870	\$ 88,546	\$ 60,598	\$ 253,014
Qualified small employer health reimbursement arrangement	5,380	4,020	4,020	13,420
Payroll taxes	8,218	6,881	4,700	19,799
SIMPLE IRA	453	2,656	1,818	4,927
Nature preserve acquisition	13,451	-	-	13,451
Stewardship	133,788	-	-	133,788
Outreach and education	3,121	-	-	3,121
Building and grounds	-	4,049	-	4,049
Office supplies and postage	139	1,346	331	1,816
Association dues and subscriptions	-	5,490	-	5,490
Utilities	-	7,500	-	7,500
Depreciation	-	14,711	-	14,711
Printing and publications	837	1,295	3,689	5,821
Marketing and advertising	50	3,290	-	3,340
Professional services	-	14,663	11,182	25,845
Bank and credit service fees	71	1,157	240	1,468
Member development/appreciation	-	-	2,091	2,091
Staff professional development	-	3,375	-	3,375
Travel	-	8,937	-	8,937
Insurance	4,424	8,657	-	13,081
Investment fees	-	15,054	-	15,054
Information technology	629	5,648	3,229	9,506
Compliance	-	120	-	120
Total expenses	\$ 274,431	\$ 197,395	\$ 91,898	\$ 563,724

2021

	Program	Management and General	Fundraising	Total
Expenses				
Salaries	\$ 132,085	\$ 43,555	\$ 53,108	\$ 228,748
Qualified small employer health reimbursement arrangement	10,765	2,767	3,803	17,335
Payroll taxes	10,269	3,369	4,116	17,754
SIMPLE IRA	2,553	1,168	1,593	5,314
Nature preserve acquisition	8,922	-	-	8,922
Stewardship	221,499	-	-	221,499
Outreach and education	2,606	-	-	2,606
Building and grounds	-	3,840	-	3,840
Office supplies and postage	32	2,251	402	2,685
Association dues and subscriptions	-	5,400	-	5,400
Utilities	-	7,123	-	7,123
Depreciation	-	10,518	-	10,518
Printing and publications	6	691	1,144	1,841
Marketing and advertising	479	-	2,333	2,812
Professional services	2,000	15,720	-	17,720
Bank and credit service fees	135	761	967	1,863
Member development/appreciation	-	173	116	289
Staff professional development	-	345	-	345
Travel	-	2,867	-	2,867
Miscellaneous	-	-	1,775	1,775
Insurance	3,644	9,789	-	13,433
Investment fees	-	17,317	-	17,317
Information technology	378	5,261	2,927	8,566
Compliance	-	222	25	247
Total expenses	\$ 395,373	\$ 133,137	\$ 72,309	\$ 600,819

The Notes to Financial Statements are an integral part of this statement.

CHIKAMING OPEN LANDS
SAWYER, MICHIGAN
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 483,876	\$ 1,583,006
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	14,711	10,518
Change in beneficial interest in assets at Community Foundation	37,387	167,789
Realized gains on investments	(2,894)	(9,106)
Unrealized losses (gains) on investments	468,995	(191,867)
Adjustments for changes in operating assets and liabilities:		
Pledges receivable	17,000	(20,000)
Other current assets	(1,800)	2,000
Accounts payable	(36,515)	38,794
Payroll liabilities	579	897
Net Cash Flows from Operating Activities	\$ 981,339	\$ 1,582,031
Cash Flows from Investing Activities		
Purchase of investments	\$ (1,132,097)	\$ (2,063,444)
Proceeds from investments	572,785	1,848,426
Purchase of fixed assets	(14,161)	(19,737)
Acquisition of land under protection	-	(1,596,308)
Net Cash Flows from Investing Activities	\$ (573,473)	\$ (1,831,063)
Net Change in Cash and Cash Equivalents	\$ 407,866	\$ (249,032)
Cash and Cash Equivalents - Beginning of Year	581,284	830,316
Cash and Cash Equivalents - End of Year	\$ 989,150	\$ 581,284

The Notes to Financial Statements are an integral part of this statement.

CHIKAMING OPEN LANDS
SAWYER, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Chikaming Open Lands (the “Organization”) is a Michigan not-for-profit organization formed for the purpose of preserving the natural, scenic and agricultural lands of Berrien County and environs. The Organization is dedicated to the preservation of open space and natural areas for the enjoyment of the public. In addition, the Organization strives to preserve native flora and fauna and provide access for local educational institutions to provide educational and scientific programs. Land will be acquired in fee simple and as qualified conservation contributions under Section 170(h) of the Internal Revenue Code. The Organization is engaged in the following specific activities:

- Land and Easement Acquisition.
- Stewardship – to preserve and restore fee simple lands and to ensure terms of conservation easements are met and maintained.
- Education and Research.
- Fundraising – personal solicitation and direct mail.

Financial Statement Presentation

The Organization’s financial statements are prepared on the accrual basis of accounting.

The Organization prepares its financial statements in accordance with Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958-205, which set standards for reporting on financial statements of nonprofit organizations. ASC 958-205 requires the classification and presentation of net assets in two categories: net assets with donor restrictions, and net assets without donor restrictions.

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and Board of Directors (the “Board”).

Net assets with donor restrictions are subject to stipulations by donors and/or grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

CHIKAMING OPEN LANDS
SAWYER, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid assets with an initial maturity of three months or less to be cash equivalents.

Revenue Recognition

Contributions and Nonexchange Transactions:

The Organization records contributions, including promises to give, when the contribution is deemed unconditional. Contributions are reflected in the financial statements at the earlier of the transfer of the assets or at the time an unconditional promise to give is made.

Contributions received are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported restricted support that increases those net asset classes. A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration, restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as an increase in unrestricted net assets if the restrictions are met in the fiscal year in which the contributions are received.

Contributions of nonfinancial assets:

The Organization reports gifts of land, buildings, equipment, and other nonfinancial assets as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The Organization does not record a value for the receipt of donated permanent conservation easements or fee simple land donated for conservation purposes.

Conservation Easements:

Conservation easements accepted or purchased by the Organization are not recognized as assets or revenues in the accompanying financial statements, because there are no expected future economic benefits to these properties. If purchased, the costs of conservation easements are expensed when the easements are acquired.

All revenues of the Organization are recognized at a point in time.

CHIKAMING OPEN LANDS
SAWYER, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Pledges Receivable

Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts, on those amounts computed, used risk-free interest rates applicable to the years in which the pledges are received. Amortization on the discount is included in contribution revenue. However, as of December 31, 2022 and 2021, pledges receivable expected to be collected in future years have not been discounted, as it is determined to be immaterial to the financial statements. Conditional pledges are not included as support until the conditions are substantially met.

Investments

Investments in marketable securities with a readily determinable fair value and all investments in debt securities are valued at their fair market value in the statement of financial position. The income from the investments, including realized and unrealized gains and losses, is recorded in the statement of activities.

Property and Equipment

Property and equipment are carried at cost if purchased or fair value if contributed. It is the Organization's policy to capitalize expenditures for major repairs and additions greater than \$5,000. Depreciation is calculated on the straight-line basis over the estimated useful lives of assets as follows:

- Building and improvements 15-40 years
- Office fixtures and equipment 5-7 years

Depreciation expense for the years ending December 31, 2022 and 2021, was \$14,711 and \$10,518, respectively.

Income Taxes

The Organization is exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3), and is not considered a private foundation. The Organization files tax returns in the U.S. federal jurisdiction. As of December 31, 2022 and 2021, and the years then ended, there are no material unrecognized/derecognized tax benefits or tax penalties or interest. The Organization is no longer subject to U.S. federal income tax examinations by tax authorities for years before the year ended December 31, 2019.

Advertising

Various costs relating to advertising are considered period costs and are therefore expensed as incurred. Advertising costs for the years ended December 31, 2022 and 2021, were \$3,340 and \$2,812, respectively.

CHIKAMING OPEN LANDS
SAWYER, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Compensated Absences

The policy of the Organization is not to accrue a liability for compensated absences. The amount of paid absences that ultimately would be paid is not determinable at the date of the statement of financial position and, accordingly, no provision is included in the financial statements.

Expense Allocations to Program and Supporting Activities

The Organization has allocated a variety of expenses to program services (allocations to agencies and community impact) and supporting services (administrative, fundraising, and communication and marketing). These allocated expenses include salaries, health and retirement benefits, payroll taxes and other employee costs, occupancy, and other costs. Allocations are determined based upon time spent, actual usage, and square footage as applicable.

Significant expenses that were allocated include the following:

Expense	Method of Allocation
Salaries; Qualified Small Employer Health Reimbursement Arrangement; Payroll taxes, SIMPLE IRA	Time and effort
Office supplies and postage; Printing and publications	Estimated actual usage

All other expenses are allocated based on time and effort or estimated actual usage.

Leases

The Organization recognizes leases in accordance with FASB ASC 842. For operating leases, income is measured on a straight-line basis over the term of the lease. Variable lease payments are recognized as income in profit or loss in the period in which the changes in facts and circumstances on which the variable lease payments are based occur.

CHIKAMING OPEN LANDS
SAWYER, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES, CONCLUDED

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires the use of management estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958), *Presentation and Disclosure of Financial Statements of Not-for-Profit Entities for Contributed Nonfinancial Assets*. The update improves GAAP by increasing the transparency of contributed nonfinancial assets for not-for-profit (“NFP”) entities through enhancements to presentation and disclosure. The amendments address certain concerns of stakeholders about the lack of transparency about the measurement of contributed nonfinancial assets recognized by the NFP. The ASU has been retroactively applied to all periods presented.

NOTE 2. LIQUIDITY AND AVAILABILITY

As of December 31, the Organization has the following:

	<u>2022</u>	<u>2021</u>
Working Capital	\$ 3,498,495	\$ 2,959,682
Average Days Cash on Hand	658	359

The following table represents financial assets available for general expenditures within one year at December 31:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 989,150	\$ 581,284
Pledges receivable, current portion	61,000	61,000
Investments, at fair market value	2,453,266	2,360,055
Less assets limited to use:		
Cash and cash equivalents with donor restrictions	(271,081)	(343,865)
Total	<u>\$ 3,232,335</u>	<u>\$ 2,658,474</u>

CHIKAMING OPEN LANDS
SAWYER, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 3. PLEDGES RECEIVABLE

Included in pledges receivable are the following unconditional pledges:

	2022	2021
Flynn Woods Preserve	\$ -	\$ 40,000
Chris Thompson Memorial Preserve	45,000	55,000
Nokmes Creek Preserve	18,000	30,000
Myron Perlman Nature Preserve	45,000	-
	\$ 108,000	\$ 125,000

To be collected in the year ending December 31:

2023	\$	61,000
2024		16,000
2025		16,000
2026		10,000
2027		5,000
	\$	108,000

Pledges receivable have not been discounted as it is determined to be immaterial to the financial statements.

The Organization has periodically accepted the receipt of land from owners who wish to conserve habitat on their land in perpetuity. When the Organization accepts title to a property, it accepts the responsibility to maintain the property and/or easement forever.

NOTE 4. DONATIONS OF LAND

The Organization has determined that the value of donated restricted land cannot be measured by normal appraisal criteria, because there is no stated cost, no comparative market value, and no future market value. As a result of the uncertainty of value, the Organization has adopted a policy of not capitalizing the gifts of land that is restricted for conservation purposes into perpetuity. The following is a list of gifted land that has been permanently restricted and not listed in the statements of financial position:

- 144 acres of wetland located in New Buffalo Township, Michigan, known as Louis J. Sima Great Lakes Marsh Preserve, gifted on December 26, 2001.
- 80 acres of forest and wetland located in Chikaming Township, Michigan, known as Robinson Woods Preserve, transferred by The Nature Conservancy on December 15, 2009.
- 11 acres of coastal plain marsh located in the Village of Grand Beach, Michigan, known as Grand Beach Marsh Preserve, transferred by The Nature Conservancy on December 15, 2009.

CHIKAMING OPEN LANDS
SAWYER, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 4. DONATIONS OF LAND, CONCLUDED

- 40 acres of wetlands located in Buchanan, Michigan, known as Dayton Wet Prairie Preserve, transferred by The Nature Conservancy on May 12, 2011.
- 6 acres of back-woods dune forest located in Chikaming Township, Michigan, known as The Woods Preserve, gifted by the Foster, Gazzolo and Douglass families on August 15, 2011.
- Approximately one-half acre of forested wetland located in Chikaming Township, Michigan, known as Critter Haven Preserve, gifted by Carl and Shirley Anderson on July 26, 2012.
- Approximately 12 acres of agricultural land located in Galien Township, Michigan, known as Burns Prairie Preserve, gifted by Lloyd and Patricia Burns on December 28, 2012.
- Approximately 35 acres of forest and wetland located in Chikaming Township, Michigan, known as the Merritt Family Preserve, gifted by Meryle Merritt and family on August 4, 2017.
- Approximately 109 acres of forest and agricultural land located in Chikaming Township, Michigan, known as the Edward and Elizabeth Leonard Wildlife Preserve, gifted by Elizabeth Leonard Rould on December 18, 2018.
- Approximately 5 acres of forested wetland located in Chikaming Township and approximately 10 acres of wetland in the City of New Buffalo transferred from Southwest Michigan Land Conservancy on December 21, 2018.
- Approximately 30 acres of forest and wetland located in New Buffalo Township, Michigan, preserved for the benefit of the general public for ecological, recreational, and educational purposes, gifted by the Bartholomay Family Trust on May 6, 2019.
- Approximately 27 acres of undeveloped, forested land in New Buffalo Township, Michigan donated on December 16, 2021. The property, known as Castle Keep Preserve, is preserved for the benefit of the general public for ecological, recreational, and educational purposes.
- Approximately 45 acres of undeveloped, forested land in Buchanan Township, Michigan, donated on December 5, 2022. The property, known as Myron Perlman Nature Preserve, is preserved for the benefit of the general public for ecological, recreational, and educational purposes.

CHIKAMING OPEN LANDS
SAWYER, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
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NOTE 5. DONATED SERVICES

The FASB ASC Topic 958-605, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, states that in order to recognize donated services as contributions in the Organization’s financial statements the services must require special skills, be provided by individuals who possess those skills, and typically need to be purchased if not contributed. The Organization receives donated services from professional firms for land protection and stewardship activities. Such values are reflected in the accompanying financial statements as contributions and expenses for land protection or stewardship. For the years ended December 31, 2022 and 2021, the value of donated services was \$5,118 and \$0, respectively.

NOTE 6. LAND UNDER PROTECTION

Net Assets With Donor Restrictions – Net assets with donor restrictions include the following land under permanent protection:

	2022	2021
On August 29, 2001, the Organization purchased 5 acres of back-woods dune forest in Lakeside, Michigan, plus associated costs. This tract is preserved for the benefit of the general public. The Organization will endeavor to protect and restore native plants to the properties and provide environmental research and programs to preserve these forested dunes.	\$ 798,982	\$ 798,982
On August 12, 2013, the Organization purchased .85 acres of wet woods located in Chikaming Township, Michigan. This is an extension of land known as Critter Haven that was gifted in 2012.	34,481	34,481
On June 17, 2014, the Organization purchased 3.26 acres of seasonal wetlands and woods located in Chikaming Township, Michigan, plus associated costs. This is an extension of land known as The Woods Preserve that was gifted in 2011. This tract is preserved for the benefit of the general public. The Organization will endeavor to protect and restore the property’s native habitat and provide environmental research and programs to preserve this land.	569,977	569,977
On September 18, 2014, the Organization purchased 34.99 acres of wetlands and forest located in Chikaming Township, Michigan, plus associated costs. This tract is named Flynn Woods and is preserved for the educational and recreational benefit of the general public. The Organization will endeavor to protect and restore the property’s native habitat and provide environmental research and programs to preserve this land.	287,215	287,215
On March 26, 2015, the Organization purchased 23.55 acres of wetlands and forest located in Sawyer, Michigan, plus associated costs. This tract is named Jens Jensen Preserve and is preserved for the educational and recreational benefit of the general public. The Organization will endeavor to protect and restore the property’s native habitat and provide environmental research and programs to preserve this land.	264,529	264,529

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NOTE 6. LAND UNDER PROTECTION, CONCLUDED

<p>On November 17, 2016, the Organization purchased 11.49 acres of wetlands and forest located in New Buffalo Township, Michigan, plus associated costs. This tract is named Turtle Creek Preserve and is preserved to protect the native ecological community and for the educational and recreational benefit of the general public. The Organization will endeavor to protect and restore the property's native habitat and provide environmental research and programs to preserve this land.</p>	77,240	77,240
<p>On October 30, 2018, Chikaming Open Lands purchased approximately 49 acres of forest, fallow agricultural land, and wetland located in Chikaming Township, Michigan, plus associated costs. The property, known as the Chris Thompson Memorial Preserve, is preserved for the benefit of the general public for ecological, recreational, and educational purposes.</p>	562,338	562,338
<p>On February 27, 2019, Chikaming Open Lands purchased approximately 12 acres of native grassland located in Galien Township, Michigan, plus associated costs. The property was added to the adjacent Burns Prarie Preserve and is preserved for the benefit of the general public for ecological, recreational, and educational purposes.</p>	47,576	47,576
<p>On May 16, 2019, Chikaming Open Lands acquired approximately 25 acres of forest and wetland, located in Chikaming Township, Michigan, in a bargain sale purchase plus associated costs. The property, known as the Younger Family Preserve, is preserved for the benefit of the general public for ecological, recreational, and educational purposes.</p>	57,698	57,698
<p>On January 10, 2020, Chikaming Open Lands purchased approximately 14 acres of native grassland located in Galien Township, Michigan, plus associated costs. The property was added to the adjacent Burns Prairie Preserve and is preserved for the benefit of the general public for ecological, recreational, and educational purposes.</p>	105,683	105,683
<p>On February 8, 2021, Chikaming Open Lands purchased approximately 40 acres of native grassland located in Chikaming Township, Michigan, plus associated costs. The property, known as the Sugarwood Forest, is preserved for the benefit of the general public for ecological, recreational, and educational purposes.</p>	209,815	209,815
<p>On October 14, 2021, the Organization purchased approximately 14 acres of undeveloped forest and wetland in Chikaming Township, Michigan for \$1,375,000 plus associated costs. The property is contiguous with the organization's Harbert Woods Preserve expanding the preserve to 19 acres. The property is preserved for the benefit of the general public for ecological, recreational, and educational purposes.</p>	1,390,747	1,390,747
<p>Total Lands Under Protection as of December 31</p>	<u><u>1,390,747</u></u>	<u><u>1,390,747</u></u>

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NOTE 7. FAIR VALUE MEASUREMENTS

The three levels of the fair value hierarchy under FASB ASC 820, *Fair Value Measurement*, are described below:

Basis of Fair Value Measurement

Level 1: Unadjusted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3: Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As required by FASB ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization utilizes quoted market prices to measure fair value when available. The endowment fund held by others is recorded at net asset value.

The following table summarizes the valuation of the Organization's financial instruments by the above categories as of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 122,847	\$ -	\$ -	\$ 122,847
Equities	1,416,936	-	-	1,416,936
Fixed income	913,483	-	-	913,483
Beneficial interest in assets held at Community Foundation	-	-	164,617	164,617
	<u>\$2,453,266</u>	<u>\$ -</u>	<u>\$ 164,617</u>	<u>\$2,617,883</u>

The following table summarizes the valuation of the Organization's financial instruments by the above categories as of December 31, 2021:

	Level 1	Level 2	Level 3	Total
Money market funds	\$ 86,205	\$ -	\$ -	\$ 86,205
Equities	1,486,850	-	-	1,486,850
Fixed income	787,000	-	-	787,000
Beneficial interest in assets held at Community Foundation	-	-	202,004	202,004
	<u>\$2,360,055</u>	<u>\$ -</u>	<u>\$ 202,004</u>	<u>\$2,562,059</u>

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NOTE 8. CONTRIBUTIONS HELD BY OTHERS

The Organization follows the provisions of FASB ASC 958-605, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. FASB ASC 958-605 establishes standards for transactions in which a Community Foundation accepts a contribution from a donor and agrees to transfer these assets, the return on investment of these assets or both to another entity that is specified by the donor. FASB ASC 958-605 specifically requires that if a Not-for-Profit Organization (“NPO”) establishes a fund at a Community Foundation with its own funds and specifies itself as the beneficiary of that fund, the Organization must account for the transfer of such assets as a beneficial interest in funds held by the Community Foundation. The Community Foundation refers to such funds as agency funds.

The Foundation maintains variance power and legal ownership of agency endowment funds and as such continues to report the funds as assets of the foundation. However, in accordance with FASB ASC 958-605, an asset has been established for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be received by the Organization. The Organization’s endowment has been established with the Berrien Community Foundation (the “Foundation”).

The following table summarized the activity in the fund during the years ended December 31:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 202,004	\$ 369,792
Investment income	3,214	2,457
Unrealized and realized investment gains (losses)	(38,663)	23,351
Grants and expenses	(1,938)	(193,596)
Balance, end of year	<u>\$ 164,617</u>	<u>\$ 202,004</u>

The Foundation also holds an Endowment Fund comprised of gifts contributed by others, directly to the Foundation, for the benefit of the Organization. These funds are assets of the Foundation and, as such, are not included in the financial statements of the Organization. The fair value of those funds as of December 31, 2022 and 2021, was \$47,486 and \$58,270, respectively.

NOTE 9. BUILDING RENT – OPERATING LEASE

The Organization owns and leases a building adjacent to its office building, known as 12291-B Red Arrow Highway, Sawyer, Michigan, to other not-for-profit corporations. Gross rent collected for the years ended December 31, 2022 and 2021, was \$7,830 and \$3,600, respectively. The lessee is responsible for utilities, insurance, general maintenance and other services and outlined in the lease agreement. The agreement began on July 1, 2021 and ends December 31, 2026. There is an option to extend the lease for one additional 5-year period.

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NOTE 9. BUILDING RENT – OPERATING LEASE, CONCLUDED

This is an operating lease, and, in accordance with FASB ASC 842, income is being recognized on a straight-line basis. Monthly payments are \$600 and may increase annually based on the Consumer Price Index, and such increase is not to exceed \$30 per month.

NOTE 10. CONCENTRATIONS OF CREDIT RISK

The Organization maintains several bank accounts in multiple institutions. The balances of the accounts held at the institutions are insured by the FDIC up to \$250,000. At December 31, 2022 and 2021, the Organization had \$271,756 and \$0, respectively, in excess of FDIC limits.

NOTE 11. SIMPLE RETIREMENT PLAN

The Organization has a SIMPLE retirement plan in the form of an IRA for eligible employees. An eligible employee is one who received at least \$5,000 of compensation from the Organization for the preceding calendar year and is reasonably expected to receive at least \$5,000 of compensation during the current year.

The Organization matches the elective contribution of participating employees in an amount not exceeding 3% of the employee's compensation. The amounts contributed for the employees for the year ended December 31, 2022 and 2021, was \$4,927 and \$5,314, respectively.

NOTE 12. NET ASSETS

The Organization had the following net assets as of December 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Without donor restrictions:			
Undesignated	\$ 959,158	\$ -	\$ 959,158
Board-designated	2,617,885	-	2,617,885
With donor restrictions:			
Land assets	-	4,406,282	4,406,282
Land protection	-	233,220	233,220
Land stewardship	-	133,161	133,161
Other	-	14,499	14,499
Total Net Assets	\$ 3,577,043	\$ 4,787,162	\$ 8,364,205

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NOTE 12. NET ASSETS, CONCLUDED

The Organization had the following net assets as of December 31, 2021:

	Without Donor Restrictions	With Donor Restrictions	Total
Without donor restrictions:			
Undesignated	\$ 481,831	\$ -	\$ 481,831
Board-designated	2,562,058	-	2,562,058
With donor restrictions:			
Land assets	-	4,406,282	4,406,282
Land protection	-	214,265	214,265
Land stewardship	-	213,893	213,893
Other	-	2,000	2,000
Total Net Assets	\$ 3,043,889	\$ 4,836,440	\$ 7,880,329

NOTE 13. ENDOWMENTS

The Organization's endowments consist of funds designated by the Board to function as endowments. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization has adopted and implemented investment and spending policies for endowment assets that attempt to provide a stream of funding to support a portion of operations under the specified terms of the underlying endowment agreements, while seeking to preserve the endowment assets in perpetuity. In establishing this policy, the Organization considered the long term expected return on its endowments.

Board designated endowment funds are held at the Foundation which has primary responsibility over the investment philosophy utilized. The Foundation's asset allocation philosophy includes the following asset classes: domestic (small and large cap) and global equities, fixed income securities, hedge funds and other investments as defined.

The Board has interpreted the State Prudent Management Investment Fiduciary Act ("SPMIFA") as requiring realized and unrealized gains of restricted net assets (if any) to be retained in a restricted net asset classification until appropriated by the Board for expenditure unless explicitly stated otherwise in the gift instrument. In addition, the Board has interpreted SPMIFA to appropriate as much of net appreciation of net assets with donor restrictions (if any) as is prudent considering the duration and preservation of the endowment fund, the purposes of the Organization and endowment fund, general economic conditions, effect of inflation or deflation, expected total return on its investments, and the investment policy of the Organization.

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NOTE 13. ENDOWMENTS, CONCLUDED

The following is a summary of endowment net asset composition by type of fund at December 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Beneficial interest in assets held by Community Foundation - endowment fund	\$ 164,617	\$ -	\$ 164,617
Total	<u>\$ 164,617</u>	<u>\$ -</u>	<u>\$ 164,617</u>

The following is a summary of endowment net asset composition by type of fund at December 31, 2021:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Beneficial interest in assets held by Community Foundation - endowment fund	\$ 202,004	\$ -	\$ 202,004
Total	<u>\$ 202,004</u>	<u>\$ -</u>	<u>\$ 202,004</u>

NOTE 14. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 26, 2023, the date the financial statements were available to be issued. No events or transactions occurred during this period which require recognition or disclosure in the financial statements.