

**Nine Mile Run Watershed Association
d/b/a UpstreamPgh**

Financial Statements

**Years Ended December 31, 2021 and 2020
with Independent Auditor's Report**

MaherDuessel

Pursuing the profession while promoting the public good©
www.md-cpas.com

NINE MILE RUN WATERSHED ASSOCIATION D/B/A UPSTREAMPGH

YEARS ENDED DECEMBER 31, 2021 AND 2020

TABLE OF CONTENTS

Independent Auditor's Report

Financial Statements:

Statements of Financial Position	1
Statements of Activities:	
- Year Ended December 31, 2021	2
- Year Ended December 31, 2020	3
Statements of Functional Expenses:	
- Year Ended December 31, 2021	4
- Year Ended December 31, 2020	5
Statements of Cash Flows	6
Notes to Financial Statements	7

Independent Auditor's Report

Board of Directors

Nine Mile Run Watershed Association d/b/a UpstreamPgh

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Nine Mile Run Watershed Association d/b/a UpstreamPgh (Association), which comprise the statements of financial position as of December 31, 2021 and 2020, 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 the Association as of December 31, 2021 and 2020, 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 the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Association'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 Association'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 Association'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.

Maher Duessel

Pittsburgh, Pennsylvania
September 27, 2022

NINE MILE RUN WATERSHED ASSOCIATION D/B/A UPSTREAMPGH

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 217,069	\$ 368,295
Trade receivables	118,918	13,285
Employee retention credits receivable	78,612	33,860
Grants receivable	20,000	40,000
Inventory	12,081	10,100
Prepaid expenses	6,675	5,707
Total current assets	453,355	471,247
Fixed assets, net	12,107	16,540
Total Assets	\$ 465,462	\$ 487,787
Liabilities and Net Assets		
Liabilities:		
Current liabilities:		
Accounts payable	\$ 134,370	\$ 27,974
Accrued expenses	6,925	6,864
Refundable advance	116,318	-
PPP loan payable	4,640	2,320
Total current liabilities	262,253	37,158
Noncurrent liabilities:		
PPP loan payable, net of current portion	10,827	15,468
Total liabilities	273,080	52,626
Net Assets:		
Without donor restrictions	(112,218)	(139,414)
With donor restrictions	304,600	574,575
Total Net Assets	192,382	435,161
Total Liabilities and Net Assets	\$ 465,462	\$ 487,787

See accompanying notes to financial statements.

NINE MILE RUN WATERSHED ASSOCIATION D/B/A UPSTREAMPGH

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Other Revenue:			
Memberships and individual contributions	\$ 54,178	\$ -	\$ 54,178
Grants	175,124	248,470	423,594
Employee retention credits	44,752	-	44,752
State grants	40,820	-	40,820
PPP grant	91,105	-	91,105
Non-profit grants	4,010	-	4,010
Plan/Build, net of \$49,446 cost of goods sold	191,601	-	191,601
Donated services and materials	13,038	-	13,038
Program fees	1,818	-	1,818
Investment income	461	-	461
Miscellaneous income	1,818	-	1,818
	618,725	248,470	867,195
Net assets released from restrictions	518,445	(518,445)	-
Total support and other revenue	1,137,170	(269,975)	867,195
Expenses:			
Program services	964,239	-	964,239
Management and general	110,825	-	110,825
Fundraising	34,910	-	34,910
Total expenses	1,109,974	-	1,109,974
Change in Net Assets	27,196	(269,975)	(242,779)
Net Assets:			
Beginning of year	(139,414)	574,575	435,161
End of year	\$ (112,218)	\$ 304,600	\$ 192,382

See accompanying notes to financial statements.

NINE MILE RUN WATERSHED ASSOCIATION D/B/A UPSTREAMPGH

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Other Revenue:			
Memberships and individual contributions	\$ 57,796	\$ -	\$ 57,796
Grants	105,254	147,952	253,206
Employee retention credits	33,860	-	33,860
PPP grant	86,312	-	86,312
Non-profit grants	17,400	15,000	32,400
Plan/Build, net of \$36,514 cost of goods sold	366,778	-	366,778
Donated services and materials	13,290	-	13,290
Program fees	7,743	-	7,743
Investment income	895	-	895
Miscellaneous income	947	-	947
	<u>690,275</u>	<u>162,952</u>	<u>853,227</u>
Net assets released from restrictions	<u>340,581</u>	<u>(340,581)</u>	<u>-</u>
Total support and other revenue	<u>1,030,856</u>	<u>(177,629)</u>	<u>853,227</u>
Expenses:			
Program services	790,288	-	790,288
Management and general	68,757	-	68,757
Fundraising	26,560	-	26,560
Total expenses	<u>885,605</u>	<u>-</u>	<u>885,605</u>
Change in Net Assets	145,251	(177,629)	(32,378)
Net Assets:			
Beginning of year	<u>(284,665)</u>	<u>752,204</u>	<u>467,539</u>
End of year	<u>\$ (139,414)</u>	<u>\$ 574,575</u>	<u>\$ 435,161</u>

See accompanying notes to financial statements.

NINE MILE RUN WATERSHED ASSOCIATION D/B/A UPSTREAMPGH

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 344,677	\$ 60,010	\$ 29,266	\$ 433,953
Payroll taxes	27,785	3,789	1,041	32,615
Employee benefits	28,621	2,975	1,182	32,778
Contracted services	215,049	430	-	215,479
Small events	637	-	-	637
Field supplies	156,291	-	-	156,291
Printing and publications	2,331	250	576	3,157
Professional fees	68,256	14,772	29	83,057
Accounting fees	15,984	2,375	591	18,950
Occupancy	30,706	5,192	1,197	37,095
Conferences, conventions, and meetings	174	36	-	210
Depreciation	4,433	-	-	4,433
Supplies	28,684	1,486	117	30,287
Postage and shipping	1,157	226	358	1,741
Telephone	15,218	6,030	403	21,651
Travel and vehicles	8,953	667	-	9,620
Insurance	5,245	3,805	79	9,129
Miscellaneous	10,038	8,782	71	18,891
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 964,239	\$ 110,825	\$ 34,910	\$ 1,109,974
	<hr/>	<hr/>	<hr/>	<hr/>

See accompanying notes to financial statements.

NINE MILE RUN WATERSHED ASSOCIATION D/B/A UPSTREAMPGH

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program Services	Management and General	Fundraising	Total
Salaries and wages	\$ 409,646	\$ 40,076	\$ 20,872	\$ 470,594
Payroll taxes	29,914	2,611	690	33,215
Employee benefits	32,408	2,973	851	36,232
Contracted services	24,790	-	-	24,790
Small events	224	-	-	224
Field supplies	141,399	69	-	141,468
Printing and publications	3,846	115	569	4,530
Professional fees	43,553	1,123	286	44,962
Accounting fees	16,761	1,651	428	18,840
Occupancy	31,563	3,402	725	35,690
Conferences, conventions, and meetings	1,125	-	-	1,125
Depreciation	4,433	216	-	4,649
Supplies	4,492	6,817	29	11,338
Postage and shipping	1,245	365	475	2,085
Telephone	15,165	1,376	226	16,767
Travel and vehicles	10,731	70	-	10,801
Insurance	3,624	4,136	103	7,863
Miscellaneous	15,369	3,757	1,306	20,432
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 790,288	\$ 68,757	\$ 26,560	\$ 885,605
	<hr/>	<hr/>	<hr/>	<hr/>

See accompanying notes to financial statements.

NINE MILE RUN WATERSHED ASSOCIATION D/B/A UPSTREAMPGH

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash Flows From Operating Activities:		
Change in net assets	\$ (242,779)	\$ (32,378)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	4,433	4,649
Change in:		
Trade receivables	(105,633)	35,683
Employee retention credits receivable	(44,752)	(33,860)
Grants receivable	20,000	105,000
Inventory	(1,981)	2,865
Prepaid expenses	(968)	(1,437)
Accounts payable	106,396	(2,427)
Accrued expenses	61	(16,115)
Refundable advance	116,318	-
Customer deposits	-	(34,470)
Net cash provided by (used in) operating activities	(148,905)	27,510
Cash Flows From Financing Activities:		
Drawdown on PPP loan	-	17,788
Payments on PPP loan	(2,321)	-
Net cash provided by (used in) financing activities	(2,321)	17,788
Net Increase (Decrease) in Cash	(151,226)	45,298
Cash:		
Beginning of year	368,295	322,997
End of year	\$ 217,069	\$ 368,295

See accompanying notes to financial statements.

NINE MILE RUN WATERSHED ASSOCIATION D/B/A UPSTREAMPGH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

1. Organization and Nature of Activities

Organization

The Nine Mile Run Watershed Association d/b/a UpstreamPgh (Association) is a nonprofit organization operating in Southwestern Pennsylvania. Its mission is to restore and protect its watershed ecosystem, while working regionally to support and implement resilient solutions for a healthy urban environment. The Association envisions a region with clean water accessible to all, healthy and resilient communities, and ecosystems restored to their natural functions.

The Association adopted a new brand, UpstreamPgh, as a d/b/a as approved by the state in June 2021. The Association's projects have grown beyond the watershed and their expertise is being tapped into across the region. As a result, the Association set out to explore how to consolidate and clarify their communication activity. The outcome was a rebranded organization that better reflects the work beyond the watershed, beyond the East End, and beyond specific issues of the Nine Mile Run stream. The new name, UpstreamPgh, encapsulates their approach to being proactive, seeing the big picture, identifying the root causes in their problem-solving and working beyond the stream, as a leader throughout Pittsburgh and beyond.

Program Areas Include

Engage

This program is focused on engaging with communities directly through youth education, artist interpretation projects, events, and volunteer management both in the park and throughout the watershed. The Nine Mile Run Aquatic Ecosystem Restoration is the centerpiece of this engagement and serves as a living laboratory for people to engage around watershed conversations.

Advocate

This program area focuses on building stakeholder support necessary to ensure the adoption of progressive green solutions, at the watershed level and regionally, in order to provide affordable, clean, and inclusive water systems for all Pittsburghers. Our advocacy efforts are implemented through coalitions and campaigns of partner

NINE MILE RUN WATERSHED ASSOCIATION D/B/A UPSTREAMPGH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

nonprofits that further goals around environmental justice, climate equity, and nature-based solutions.

Plan/Build

This program area focuses on working with individuals, commercial landowners, and municipalities to implement green solutions at a scale that will positively impact urban ecological health. This program includes the planning and building of large-scale green stormwater infrastructure projects that mitigate stormwater runoff. We also provide a fee-for-service to property owners who want to contract with us to purchase a rain barrel and/or design native rain gardens and landscapes to mitigate flooding and basement backups at the residential scale. This program area makes UpstreamPgh's expertise in sustainable stormwater management available to a wider audience by offering products and consulting services to residents, businesses, and municipalities, both inside and outside of the watershed, with an interest in managing stormwater more responsibly. These activities also generate a stream of earned income for UpstreamPgh. Certain fee-for-service revenues were inter-program transactions and have been eliminated in the statements of activities. Plan/Build revenue eliminated totaled \$0 and \$43,080 for the years ended December 31, 2021 and 2020, respectively.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues and support are recorded when earned and expenses are recognized when the liabilities are incurred.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and 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 may differ from those estimates.

NINE MILE RUN WATERSHED ASSOCIATION D/B/A UPSTREAMPGH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Net Asset Classes

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

Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association's management and its Board of Directors.

With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Association has no net assets with donor restrictions that are required to be maintained in perpetuity.

Donated Services

The Association recognizes donated services in accordance with accounting principles generally accepted in the United States of America if the services create or enhance non-financial assets, require specialized skills, and are performed by individuals with those skills, or if the services would otherwise be purchased by the Association. These services have been recognized on the accompanying statements of activities at the total fair value of services received.

Cash

Cash includes cash on hand and at financial institutions. The Association maintains cash at financial institutions, which may at times exceed federally insured amounts. Bank balance of all cash and cash equivalents totaled \$201,803 and \$361,347, respectively, at December 31, 2021 and 2020. At December 31, 2021, the Association's entire bank balance was covered by FDIC insurance. At December 31, 2020, the Association had \$16,344 in excess of the FDIC insurance limit.

NINE MILE RUN WATERSHED ASSOCIATION D/B/A UPSTREAMPGH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Trade Receivables

The Association regularly extends credit to customers for purchases made in the normal course of business based upon management's assessment of their creditworthiness. A valuation allowance is provided for those accounts for which collection is doubtful; uncollectible accounts are written off and charged against the allowance. Increases in the allowance are charged to management and general expenses. Accounts are judged to be delinquent principally based on contractual terms. No allowance for doubtful accounts has been provided at December 31, 2021 and 2020. All trade receivables are expected to be collected in one year.

Employee Retention Credits Receivable

Employee retention credits receivable relates to a refundable tax credit against certain employment taxes as a result of the COVID-19 pandemic. The Association considers all such receivables to be collectible at December 31, 2021 and 2020. Employee retention credits receivable are expected to be collected in one year.

Grants Receivable

Grants receivable consist primarily of grants made related to programs and operating expenses. The Association considers all such receivables to be collectible at December 31, 2021 and 2020. Grants receivable are expected to be collected in one year.

Inventory

Inventory is stated at the lower of cost or net realizable value, determined by the first-in, first-out method, and consists of apparel, rain containers, and parts needed to ready the rain barrels for use.

Income Taxes

The Association is tax-exempt under Section 501(c)(3) of the United States Internal Revenue Code, except on net income derived from unrelated business activities. In addition, the Association qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation. Further, the

NINE MILE RUN WATERSHED ASSOCIATION D/B/A UPSTREAMPGH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

Association annually files a Form 990 and 990T as applicable. Management asserts that they have no uncertain tax positions.

Fixed Assets

Fixed assets consist of vehicles, furniture, equipment, leasehold improvements, molds and parts, and are recorded at cost if purchased or at estimated fair value at the time of donation. Expenses for property and equipment in excess of \$5,000 with determinable lives are capitalized and depreciated. Molds and parts relate to expenses incurred for the design and development of rain barrels. Depreciation is computed over a period ranging from three to ten years using the straight-line method. Maintenance and repairs are charged to expense as incurred; renewals and betterments are capitalized. When equipment is sold or otherwise disposed of, the asset and related accumulated depreciation accounts are relieved, and any resulting gain or loss is reflected in the statements of activities.

Revenues and Support

Membership dues are comprised of an exchange element based on the value of benefits provided, and a contribution element for the difference between the total dues paid and the exchange element. The Association recognizes the exchange portion of membership dues over the membership period, and the contribution portion immediately.

The Association recognizes grants and contributions when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met. The Association has no conditional promises to give at December 31, 2021 and 2020. Grants and contributions received are recorded as with or without donor restrictions, depending on the existence and nature of any donor restrictions. Donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), 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.

Revenue from Plan/Build and program fees is recognized when inventory is delivered or at the time the services are performed, as performance obligations are satisfied upon these events. There have been no changes in the significant judgements related to the amount or

NINE MILE RUN WATERSHED ASSOCIATION

D/B/A UPSTREAMPGH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

timing of revenue from these transactions and there are no impairment losses to recognize. The Association had no customer deposits at December 31, 2021 and 2020.

Refundable Advance

The Association received a reimbursable grant for the Wilkinsburg Stormwater Resiliency Project in an amount not to exceed \$581,589. Project work can be reimbursed from December 30, 2020 through the date of full execution of the project through December 31, 2022. During 2021, the Association received \$157,138 in grant monies related to the Wilkinsburg Stormwater Resiliency Project but only incurred \$40,820 of expenses. \$116,318 of the monies is recorded as a refundable advance at year end.

Functional Allocation of Expenses

The Association charges expenses that are directly identifiable to program services, management and general, and fundraising. Expenses related to more than one function are allocated to programs and supporting services on the basis of estimates made by management. Management and general expenses include those expenses that are not directly identifiable with any other functional classification but provide overall support and direction for the Association.

Reclassification

Certain prior year amounts were reclassified to conform to the current year presentation.

Pending Accounting Standards Updates

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Updates (individually and collectively, ASU) that will become effective in future years as outlined below. Management has not yet determined the impact of these updates on the financial statements.

ASU 2016-02, "*Leases (Topic 842)*," is effective, as delayed, for the financial statements for the year beginning after December 15, 2021. This amendment and related amendments will require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures also will be required by lessees to meet the objective of enabling users of

NINE MILE RUN WATERSHED ASSOCIATION

D/B/A UPSTREAMPGH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

ASU 2020-07, "Not-For-Profit Entities (Subtopic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets," is effective for reporting periods beginning after June 15, 2021. The amendments in this update address presentation and disclosure of contributed nonfinancial assets.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued.

3. Fixed Assets

Fixed assets at December 31, 2021 and 2020 consisted of:

	2021	2020
Vehicles	\$ 51,238	\$ 51,238
Furniture	4,500	4,500
Office equipment	12,410	12,410
Equipment	2,163	2,163
Leasehold improvements	6,475	6,475
Molds and parts	44,329	44,329
	121,115	121,115
Less: accumulated depreciation	(109,008)	(104,575)
Total fixed assets, net	\$ 12,107	\$ 16,540

Depreciation expense for the years ended December 31, 2021 and 2020 was \$4,433 and \$4,649, respectively.

NINE MILE RUN WATERSHED ASSOCIATION

D/B/A UPSTREAMPGH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

4. Line of Credit

The Association entered into a line of credit agreement with PNC Bank in November 2014, with a maximum borrowing limit of \$30,000. The interest rate as of December 31, 2021 and 2020 was 5.65%. There were no outstanding borrowings on this line of credit at December 31, 2021 and 2020. The line is reviewed annually for renewal and is currently available through November 15, 2022.

5. Operating Leases

The Association leases office space. Rent expense for the years ended December 31, 2021 and 2020 was approximately \$29,000 and \$27,900, respectively. Future minimum lease payments are as follows:

2022	\$	28,190
2023		<u>4,720</u>
	\$	<u><u>32,910</u></u>

6. Net Assets with Donor Restrictions

Net assets with donor restrictions at December 31, 2021 and 2020 are restricted for the following purposes:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for a specified purpose (or purpose and time):		
Engage	\$ 148,000	\$ 238,209
Advocate	156,600	318,286
Plan/Build	<u>-</u>	<u>18,080</u>
Total net assets with donor restrictions	<u><u>\$ 304,600</u></u>	<u><u>\$ 574,575</u></u>

NINE MILE RUN WATERSHED ASSOCIATION

D/B/A UPSTREAMPGH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

During the years ended December 31, 2021 and 2020, net assets of \$518,445 and \$340,581, respectively, were released by incurring expenses satisfying the restricted purpose.

7. Availability and Liquidity

The Association regularly monitors liquidity required to meet its operating needs and other contractual commitments.

As of December 31, 2021 and 2020, the following financial assets could readily be made available within one year of the balance sheet date to meet general expenditures of the Association:

	2021	2020
Cash	\$ 217,069	\$ 368,295
Trade receivables	118,918	13,285
Employee retention credits receivables	78,612	33,860
Grants receivable	20,000	40,000
Total financial assets	434,599	455,440
Less: Amounts not available to be used within one year:		
Net assets with donor restrictions	(129,716)	(350,621)
Total financial assets available to meet general expenditures	\$ 304,883	\$ 104,819

As of the year ended December 31, 2021 and 2020, the Association had a deficit of (\$112,218) and (\$139,414), respectively, in net assets without donor restrictions with an overall change in net assets without donor restrictions of \$27,196 and \$145,251 respectively. This deficit in net assets without donor restrictions has put added pressure on organizational cash flow to meet both programmatic and operating needs. Management, with the aid of detailed cash flow projections, by managing payment terms, and through use of available lines of credit, has been able to successfully manage cash flow on a monthly basis.

Management continues to explore a number of strategic initiatives to fund the deficit caused from historical manufacturing defects and supply chain issues incurred by Plan/Build. In 2020, management was able to retool the business plan for Plan/Build to utilize subcontractors for project installations and hire a project manager to oversee all

NINE MILE RUN WATERSHED ASSOCIATION

D/B/A UPSTREAMPGH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

projects to improve the profitability of Plan/Build. Management continues to build an annual budget focusing on cost controls and incorporating administrative overhead within allowable grants, demonstrating a commitment to making annual improvements to lowering the deficit in net assets without donor restrictions.

8. Donated Services and Volunteer Services

Donated services represent services donated to the Association. Professional water testing and legal services totaling \$13,038 and \$13,290 were donated to the Association in the years ended December 31, 2021 and 2020, respectively.

Volunteer services totaled \$15,811 and \$773 for the years ended December 31, 2021 and 2020, respectively. No amounts have been recognized in the accompanying statements of activities for these services because the criteria for recognition in the financial statements have not been satisfied.

9. Concentrations

The Association derived approximately 45% of support and other revenue from three grantors during the year ended December 31, 2021 and 13% of support and other revenue from one grantor during the year ended December 31, 2020.

10. Benefit Plan

The Association has a SIMPLE IRA plan (plan) that covers substantially all full-time employees. The plan allows for employee contributions of up to 6%, with an employer match of 3%. The Association recognized an expense of \$6,569 and \$6,789 for the years ended December 31, 2021 and 2020, respectively.

11. Endowment Held by A Third Party

During 2010, the Association received a donation of \$100,000, which was placed into an endowment fund held by a third-party community foundation that was granted variance

NINE MILE RUN WATERSHED ASSOCIATION D/B/A UPSTREAMPGH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

power. If the donor explicitly grants a third-party variance power, the beneficiary shall not recognize its potential for future distributions from the assets held by the third party.

The principal of the fund is to be held in perpetuity, with distributions from the income from the fund made available, upon request of the Board of Directors (Board) to the community foundation, for the ongoing efforts to restore and protect the Nine Mile Run Aquatic Ecosystem Restoration and its environs. A portion of the principal of the fund may from time to time be used in furtherance of the charitable purposes of the fund, by vote of a supermajority of the Board and the Board President's signature and submission of appropriate documentation to the community foundation.

At December 31, 2021 and 2020, the assets held in the endowment fund were \$227,845 and \$210,582 respectively, which included net appreciation in value of \$39,626 for the year ended December 31, 2021 and net appreciation of \$20,721 for the year ended December 31, 2020. During the years ended December 31, 2021 and 2020, there were \$0 and \$100 of contributions to the endowment, respectively. There were withdrawals of \$20,000 and \$0 for the years ended December 31, 2021 and 2020, respectively.

12. Collaborative Arrangement

On December 7, 2011, the Association entered into a shared service agreement with three other environmental nonprofit organizations to share the services of a Chief Financial Officer (CFO) known as The Environmental Finance Collaborative (Collaborative). The agreement was most recently modified on January 15, 2019 and now includes four other environmental nonprofit organizations. Under terms of the agreement, each organization shares equally in the services of the CFO and each is obligated to make an equal financial contribution to the Collaborative to pay for those services.

The Association contributed \$16,064 and \$17,701 for the years ended December 31, 2021 and 2020, respectively.

13. Related Party Transactions

In the normal course of business, the Association may be involved in transactions with businesses that are represented by the Association's Board members. The Association

NINE MILE RUN WATERSHED ASSOCIATION

D/B/A UPSTREAMPGH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

considers these related party transactions to have been negotiated at “arm’s length” and not indicative of a conflict of interest.

14. Paycheck Protection Program

In April 2020, the Association qualified for and received a loan pursuant to the Paycheck Protection Program (PPP), a program implemented by the U.S. Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act, from a qualified lender (PPP Lender), for the aggregate principal amount of \$104,100 (PPP Loan). The principal amount of the PPP Loan is subject to forgiveness under the Paycheck Protection Program upon the Association’s request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Association. The terms of the PPP Loan provide for customary events of default including, among other things, payment defaults, breach of representations and warranties, and insolvency events. The PPP Loan may be accelerated upon the occurrence of an event of default.

The Association elected to recognize revenue of \$86,312 on the statement of activities within PPP grant revenue as of December 31, 2020, as the conditions of the loan were met and this portion of the loan was forgiven in June 2021. The remaining \$17,788 balance of this loan is subject to an interest rate of 1% and is payable over a 60-month period with deferral of principal and interest payments until June 2021.

As of December 31, 2021, future maturities of this debt are as follows:

Year Ending December 31,	
2022	\$ 4,640
2023	4,640
2024	4,640
2025	<u>1,547</u>
Total	<u><u>\$ 15,467</u></u>

NINE MILE RUN WATERSHED ASSOCIATION D/B/A UPSTREAMPGH

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2021 AND 2020

In February 2021, the Association received a second SBA loan through the PPP program in the amount of \$91,105 that resulted from the COVID-19 pandemic. In October 2021, the Association received full forgiveness of the second loan, it was recognized as PPP grant revenue for the year ended December 31, 2021.