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ALLIANCE OF ROUGE COMMUNITIES

**INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2009

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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

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	<u>130,848</u>
 TOTAL ASSETS	 <u>\$ 304,146</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable	<u>\$ 180,468</u>
 TOTAL CURRENT LIABILITIES	 180,468
 NET ASSETS - unrestricted	 <u>123,678</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 304,146</u>

**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	<u>519,273</u>

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	<u>142,339</u>
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	<u>172,158</u>
General	
Legal and accounting	19,250
Registration fees	750
Insurance	4,100
Total General	<u>24,100</u>
Total Expenses	<u>498,845</u>

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	<u>180,468</u>
NET CASH TO OPERATING ACTIVITIES	<u><u>\$ 70,048</u></u>

NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 70,048
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CASH AND CASH EQUIVALENTS BALANCE - beginning of year	<u>103,250</u>
BALANCE - end of year	<u><u>\$ 173,298</u></u>

Supplemental disclosures of cash flow information:

Cash paid during the year for:

Interest	\$ -
Income taxes	-

**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.

**ALLIANCE OF ROUGE COMMUNITIES
NOTES TO THE 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.