



GATHERING WATERS, INC.

FINANCIAL STATEMENTS

December 31, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Gathering Waters, Inc.
Madison, Wisconsin

Opinion

We have audited the financial statements of Gathering Waters, Inc., 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 accompanying financial statements present fairly, in all material respects, the financial position of Gathering Waters, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the year 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 (GAAS). 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 Gathering Waters, Inc. 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.

Adoption of New Accounting Guidance

As discussed in Note 1 to the financial statements, Gathering Waters, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, and all subsequently issued clarifying ASUs as of January 1, 2022. Our opinion is not modified with respect to this matter.

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 Gathering Waters, Inc.'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 GAAS 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 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 GAAS, 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 Gathering Waters, Inc.'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 Gathering Waters, Inc.'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.



Wegner CPAs, LLP
Madison, Wisconsin
May 31, 2023

GATHERING WATERS, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash	\$ 256,922	\$ 646,190
Unconditional promises to give	357,767	265,000
Prepaid expenses	15,306	9,998
Total current assets	629,995	921,188
OTHER ASSETS		
Unconditional promises to give, less current portion	120,000	-
Operating lease right-of-use asset	243,195	-
Investments	623,937	261,554
Total assets	\$ 1,617,127	\$ 1,182,742
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 6,541	\$ 23,723
Payroll liabilities	6,888	-
Accrued vacation	19,619	25,560
Current portion of operating lease liability	38,362	-
Total current liabilities	71,410	49,283
NONCURRENT LIABILITES		
Operating lease liability, net of current portion	209,822	-
Total liabilities	281,232	49,283
NET ASSETS		
Without donor restrictions		
Undesignated	863,145	682,709
Designated for easement enforcement and monitoring	10,000	10,000
Total without donor restrictions	873,145	692,709
With donor restrictions	462,750	440,750
Total net assets	1,335,895	1,133,459
Total liabilities and net assets	\$ 1,617,127	\$ 1,182,742

See accompanying notes.

GATHERING WATERS, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES						
Contributions						
Contributions	\$ 344,397	\$ -	\$ 344,397	\$ 293,886	\$ -	\$ 293,886
Grants	349,790	452,000	801,790	63,250	330,000	393,250
Paycheck Protection Program loan forgiven	-	-	-	79,700	-	79,700
Other revenues						
Investment return, net	(34,968)	-	(34,968)	17,871	-	17,871
Special events	7,398	-	7,398	40	-	40
Conference	13,338	-	13,338	1,922	-	1,922
Net assets released from restrictions						
Satisfaction of program and time restrictions	430,000	(430,000)	-	389,000	(389,000)	-
Total revenues	1,109,955	22,000	1,131,955	845,669	(59,000)	786,669
EXPENSES						
Program services						
Technical training and assistance	234,968	-	234,968	201,238	-	201,238
Education and outreach	213,167	-	213,167	161,092	-	161,092
Policy and government relations	147,962	-	147,962	163,432	-	163,432
Program development	63,418	-	63,418	54,426	-	54,426
Total program services	659,515	-	659,515	580,188	-	580,188
Supporting activities						
Management and general	121,417	-	121,417	92,555	-	92,555
Fundraising	148,587	-	148,587	124,862	-	124,862
Total supporting activities	270,004	-	270,004	217,417	-	217,417
Total expenses	929,519	-	929,519	797,605	-	797,605
Change in net assets	180,436	22,000	202,436	48,064	(59,000)	(10,936)
Net assets at beginning of year	692,709	440,750	1,133,459	644,645	499,750	1,144,395
Net assets at end of year	\$ 873,145	\$ 462,750	\$ 1,335,895	\$ 692,709	\$ 440,750	\$ 1,133,459

See accompanying notes.

GATHERING WATERS, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2022 and 2021

	2022						
	Program Services				Supporting Activities		
	Technical Training and Assistance	Education and Outreach	Policy and Government Relations	Program Development	Management and General	Fundraising	Total Expenses
Personnel	\$ 162,919	\$ 157,852	\$ 68,268	\$ 40,767	\$ 59,733	\$ 108,513	\$ 598,052
Consultants	7,993	-	41,802	16,124	3,250	355	69,524
Professional fees	10,988	4,883	17,083	-	33,396	554	66,904
Office	14,248	13,805	5,970	3,565	5,225	9,490	52,303
Occupancy	11,207	10,858	4,696	2,804	4,110	7,464	41,139
Other	11,883	2,952	5,952	-	6,485	8,822	36,094
Publications and communications	-	16,140	-	-	4,531	6,797	27,468
Meetings and workshops	8,549	650	238	25	2,828	2,589	14,879
Travel and lodging	6,256	172	3,453	133	229	3,768	14,011
Special events	925	5,855	500	-	1,630	235	9,145
Total expenses	\$ 234,968	\$ 213,167	\$ 147,962	\$ 63,418	\$ 121,417	\$ 148,587	\$ 929,519
	2021						
	Program Services				Supporting Activities		
	Technical Training and Assistance	Education and Outreach	Policy and Government Relations	Program Development	Management and General	Fundraising	Total Expenses
Personnel	\$ 138,989	\$ 124,665	\$ 70,910	\$ 30,371	\$ 40,202	\$ 83,861	\$ 488,998
Consultants	18,200	3,465	80,004	5,551	3,250	-	110,470
Professional fees	5,307	5,975	525	551	27,924	-	40,282
Office	6,289	2,138	1,549	2,115	8,527	15,365	35,983
Occupancy	10,099	7,590	5,153	2,207	4,389	6,094	35,532
Other	4,470	4,576	4,500	1,506	3,872	5,357	24,281
Publications and communications	8,817	9,779	59	11,556	2,512	11,910	44,633
Meetings and workshops	3,020	69	234	130	1,071	1,050	5,574
Travel and lodging	1,061	67	201	391	230	1,011	2,961
Special events	4,645	2,539	-	-	-	-	7,184
Depreciation	341	229	297	48	578	214	1,707
Total expenses	\$ 201,238	\$ 161,092	\$ 163,432	\$ 54,426	\$ 92,555	\$ 124,862	\$ 797,605

See accompanying notes.

GATHERING WATERS, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 202,436	\$ (10,936)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	-	1,707
Unrealized and realized gains on investments	37,617	(14,277)
Amortization of operating lease right-of-use asset	27,259	-
Decrease (increase) in assets		
Unconditional promises to give	(212,767)	135,800
Prepaid expenses	(5,308)	4,009
Increase (decrease) in liabilities		
Accounts payable	(17,182)	18,084
Payroll liabilities	6,888	(533)
Accrued vacation	(5,941)	1,804
Operating lease liability	(22,270)	-
Net cash flows from operating activities	<u>10,732</u>	<u>135,658</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividends retained in investments	-	(3,566)
Purchase of investments	(400,000)	-
Net cash flows from investing activities	<u>(400,000)</u>	<u>(3,566)</u>
Net change in cash	<u>(389,268)</u>	<u>132,092</u>
Cash at beginning of year	<u>646,190</u>	<u>514,098</u>
Cash at end of year	<u>\$ 256,922</u>	<u>\$ 646,190</u>

See accompanying notes.

GATHERING WATERS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Gathering Waters, Inc. seeks to preserve, maintain, and enhance the ecological integrity of Wisconsin's lands and waters, and to protect lands with conservation and open space values for the benefit of the public, including lands designated under the state's Knowles-Nelson Stewardship Fund program. As a statewide coalition and service center for Wisconsin's private, non-profit land trusts (which currently number more than 50), Gathering Waters' goals are to increase the professionalism and build the capacity of the state's private, non-profit conservation organizations, educate the general public and private landowners on the tools available to preserve private lands, and promote public policies that support private land conservation efforts. Gathering Waters is primarily supported by grants and contributions from foundations and the general public. The following summary of significant accounting policies is presented to enhance the usefulness of the financial statements.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Uncollectible promises are written off after management has used reasonable collection efforts and determine the promises will not be collected.

Furniture and Equipment

Gathering Waters capitalizes all expenditures for furniture and equipment in excess of \$2,000 while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Furniture and equipment is carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Investments

Gathering Waters reports investments in equity securities with readily determinable fair values at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets without donor restrictions in the accompanying statements of activities.

GATHERING WATERS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, 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.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, occupancy, office, meetings and workshops, and other, which are allocated on the basis of estimates of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

Technical training and assistance – includes building the capacity of more than 50 established land trust organizations in Wisconsin through conferences, workshops, one-on-one mentoring, and professional assistance.

Education and outreach – includes educating the general public, professionals, and private landowners about the importance of land conservation and the voluntary tools available to permanently set aside private lands for conservation.

Policy and government relations – educates decision makers at all levels of government and promotes state and federal policies that support and encourage the work of land trusts and the conservation of private land. In addition, it coordinates the activities of state, federal, and local agencies on conservation programs.

Program development – planning for the future of land and water conservation in Wisconsin, through consultation with land trusts and other conservation leaders and strategic planning activities.

Management and general – includes the functions related to the overall direction of Gathering Waters and includes the costs necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities of Gathering Waters, and perform other administrative functions.

Fundraising – includes the costs related to soliciting contributions from individuals, foundations, governments, and others, and other activities that involve inducing potential donors to contribute assets, services, or time to Gathering Waters.

GATHERING WATERS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of New Accounting Guidance

On February 25, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-02, *Leases (Topic 842)*. The guidance in this Update and all subsequently issued clarifying Updates supersede the guidance in FASB Accounting Standards Codification (ASC) Topic 840, Leases, and creates FASB ASC Topic 842, Leases. The main difference between previous guidance and Topic 842 is the recognition of assets and liabilities by lessees for those leases classified as operating leases. A lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. Also, under Topic 842, disclosures are required by lessees and lessors to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from leases.

Gathering Waters adopted the requirements of Topic 842 as of January 1, 2022, using the optional transition method that allows Gathering Waters to initially apply the new guidance at the adoption date and recognize a cumulative-effect adjustment to the opening balance of net assets in the period of adoption. Gathering Waters' reporting for the year ended December 31, 2021, is in accordance with the previous guidance in Topic 840.

Gathering Waters elected the package of practical expedients permitted under the transition guidance within Topic 842. This package allowed Gathering Waters to account for its leases that commenced before the adoption date without reassessing whether any expired or existing contracts are or contain leases, the lease classification for any expired or existing leases, and initial direct costs for any existing leases.

The adoption of Topic 842 resulted in the recognition of operating lease right-of-use asset of \$273,504 and operating lease liability of \$270,454 as of January 1, 2022. The adoption of Topic 842 did not have a material effect on Gathering Waters, Inc.'s change in net assets, cash flows, or debt covenants.

Leases

Gathering Waters, Inc. does not recognize short-term leases in the statement of financial position. For these leases, Gathering Waters, Inc. recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. Gathering Waters, Inc. also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, Gathering Waters, Inc. uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

Income Tax Status

Gathering Waters is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

GATHERING WATERS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Date of Management’s Review

Management has evaluated subsequent events through May 31, 2023, the date which the financial statements were available to be issued.

NOTE 2 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give at December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 357,767	\$ 265,000
Receivable in one to five years	120,000	-
Unconditional promises to give	<u>\$ 477,767</u>	<u>\$ 265,000</u>

NOTE 3 – INVESTMENTS

Investments are comprised of the following:

	<u>2022</u>	<u>2021</u>
U.S. Treasury securities	\$ 402,504	\$ -
Mutual Funds	221,433	261,554
Investments	<u>\$ 623,937</u>	<u>\$ 261,554</u>

Fair values of mutual funds and treasury securities are based on quoted net asset values of the shares as reported by the fund. The mutual funds held by the Gathering Waters are open-end mutual funds registered with the U.S. Securities and Exchange Commission. The funds must publish their daily net asset value and transact at that price. The mutual funds and treasury securities held by the Gathering Waters are considered to be actively traded.

Investments at December 31, 2022 and 2021 were held for the following purposes:

	<u>2022</u>	<u>2021</u>
Without donor restriction	\$ 613,187	\$ 250,804
With donor restriction for the endowment	10,750	10,750
Investments	<u>\$ 623,937</u>	<u>\$ 261,554</u>

GATHERING WATERS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 4 – LEASES

Gathering Waters has an operating lease for office space that expires on October 31, 2027 with an option to renew for two additional years through October 31, 2029. Gathering Waters has a short-term lease for office equipment and requires quarterly payments of \$840 that expires May 2023.

The components of lease expense for the year ended December 31, 2022 were as follows:

Operating lease expense	\$ 41,139
Short-term lease expense	3,720
	<hr/>
Lease expense	<u>\$ 44,859</u>

Rent expense for the year ended December 31, 2021 totaled \$39,197.

Other information related to operating leases for the year ended December 31, 2022 is as follows:

Cash payments classified as part of operating cash flows for amounts included in the measurement of lease liabilities	\$ 33,100
Right-of-use assets obtained in exchange for new lease liabilities	270,454
Weighted-average remaining lease term	6.83 years
Weighted-average discount rate	4.18%

The maturities of operating lease liabilities as of December 31, 2022, are as follows:

2023	\$ 38,362
2024	39,508
2025	40,692
2026	41,920
2027	43,174
Thereafter	<hr/> 82,446
Total undiscounted cash flows	286,102
Less imputed interest	<hr/> 37,918
Total lease liabilities	<u>\$ 248,184</u>

NOTE 5 – RETIREMENT PLAN

Gathering Waters has a tax-deferred annuity plan under Section 403(b) of the Internal Revenue Code for employees who meet eligibility requirements. Gathering Waters' annual contribution to the plan is equal to 3% of the eligible employees' compensation and a match of the employees' contributions up to 3% of the employees' salaries. Retirement plan contributions for the years ended December 31, 2022 and 2021 were \$23,759 and \$19,607, respectively.

GATHERING WATERS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 6 – NET ASSETS

Net assets with donor restrictions at December 31, 2022 and 2021 are restricted for the following purposes or periods:

	<u>2022</u>	<u>2021</u>
Purpose restrictions		
Advocacy and policy	\$ 37,500	\$ 30,000
Geologic Information System projects	15,000	55,000
Endowment supporting internships in perpetuity	10,750	10,750
Technical assistance	4,500	25,000
Education and outreach	-	40,000
Other	-	15,000
Time restrictions		
Subsequent years' activities	<u>395,000</u>	<u>265,000</u>
Net assets with donor restrictions	<u>\$ 462,750</u>	<u>\$ 440,750</u>

The endowment fund at December 31, 2022 and 2021 consists of assets to be held indefinitely. The income from the assets can be used to support Gathering Waters' programs.

NOTE 7 – ENDOWMENT

Gathering Waters' endowment is a donor restricted endowment fund established to fund internships. As required by generally accepted accounting principles, net assets associated with endowment funds, including the investment return, are classified and reported based on the existence or absence of donor-imposed restrictions.

Gathering Waters has determined that its net assets held in perpetuity meet the definition of endowment funds under Wisconsin's Uniform Prudent Management of Institutional Funds Act (UPMIFA). Gathering Waters has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, Gathering Waters considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. Gathering Waters has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. In accordance with UPMIFA, Gathering Waters considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of Gathering Waters and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of Gathering Waters, and (7) Gathering Waters' investment policies.

GATHERING WATERS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 7 – ENDOWMENT (continued)

Gathering Waters has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that Gathering Waters must hold in perpetuity. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce returns to fund the sustainability of Gathering Waters' work while assuming a moderate level of investment risk.

Endowment net asset composition by type of fund as of December 31, 2022 and 2021:

	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ 10,750	\$ 10,750

Changes in endowment net assets for 2022 and 2021 are as follows:

	With Donor Restrictions	Total
Endowment net assets - beginning of year	\$ 10,750	\$ 10,750
Endowment net assets - end of year	\$ 10,750	\$ 10,750

NOTE 8 – COMMUNITY TRUST FUND

The Madison Community Foundation (Foundation), as a community trust, serves the mutual interests of Dane County and those individuals and organizations who wish to enhance the quality of life in the community through charitable giving. Donors established component funds at the Foundation and for the benefit of the community, and, when these funds are established, donors may indicate what organizations or causes should benefit from distributions from the funds. However, donors also grant the Foundation variance power that allows it to modify the donors' stipulations under certain circumstances as it monitors the changing needs of the community. Therefore, the Gathering Waters Conservancy Fund (Fund) is not included in Gathering Waters' financial statements. The amount available for annual distributions represents 4.25% of the trailing 20 quarter average balance. All other interest and appreciation is added to the Fund. Principal may not be drawn from the Fund except with approval of the Foundation's board of governors. Gathering Waters for the years ended December 31, 2022 and 2021 received \$2,148 and \$2,022, respectively, from the Fund. The fair value of the Fund at December 31, 2022 and 2021 was \$52,571 and \$60,655, respectively.

GATHERING WATERS, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 9 – PAYCHECK PROTECTION PROGRAM LOAN

Gathering Waters received loans totaling \$159,400 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). In March 2021, the SBA approved forgiveness of the first draw loan. In September 2021, the SBA approved forgiveness of the second draw loan. Gathering Waters must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review Gathering Waters’ good-faith certification concerning the necessity of its loan request, whether Gathering Waters calculated the loan amount correctly, whether Gathering Waters used loan proceeds for the allowable uses specified in the CARES Act, and whether Gathering Waters is entitled to loan forgiveness in the amount claimed on its application. If SBA determines Gathering Waters was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 10 – RELATED PARTY TRANSACTIONS

Gathering Waters shares management and office space with Gathering Waters Advocacy Fund, Inc. (GWAF). These two organizations agreed to a pro rata distribution of personnel and overhead costs for periods when there are significant activities for GWAF. Under this agreement, in 2022 and 2021, there were no amounts of personnel and overhead costs reimbursed by GWAF to Gathering Waters. At December 31, 2021, Gathering Waters held a contribution of \$5,000 for and payable to GWAF.

NOTE 11 – LIQUIDITY AND AVAILABILITY

The following reflects Gathering Waters’ financial assets as of the date of the statement of financial position, reduced by amounts not available for general expenditures within one year of the date of the statement of financial position because of donor-imposed or other restrictions:

	2022	2021
Cash	\$ 256,922	\$ 646,190
Unconditional promises to give	477,767	265,000
Investments	623,937	261,554
Financial assets, at year-end	1,358,626	1,172,744
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time and purpose restrictions	(187,750)	(175,750)
Board designations:		
Designated for easement monitoring	(10,000)	(10,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,160,876	\$ 986,994

Gathering Waters has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.