

**ODC NETWORK**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR 2019)**

**MEYAARD TOLMAN & VENLET p.c.**  
**Certified Public Accountants**  
**Zeeland, Michigan**

**TABLE OF CONTENTS**

INDEPENDENT AUDITOR'S REPORT.....	1
STATEMENT OF FINANCIAL POSITION.....	3
STATEMENT OF ACTIVITIES .....	4
STATEMENT OF FUNCTIONAL EXPENSES .....	5
STATEMENT OF CASH FLOWS .....	6
NOTES TO FINANCIAL STATEMENTS.....	7



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
ODC Network  
Holland, Michigan

We have audited the accompanying financial statements of ODC Network (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility 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; this includes 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ODC Network as of December 31, 2020, 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.

## Report on Summarized Comparative Information

We have previously audited ODC Network's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 21, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Meynard Tolman & Venlet p.c.

Meynard Tolman & Venlet p.c.  
Certified Public Accountants  
May 26, 2021

**ODC NETWORK**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR DECEMBER 31, 2019)**

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 396,806	\$ 33,410
Marketable securities	225,061	199,454
Accounts and grants receivable	770,141	592,043
Pledges receivable, net	571,200	676,200
Prepaid expenses	168,410	113,052
<b>Total Current Assets</b>	<u>2,131,618</u>	<u>1,614,159</u>
<b>PROPERTY AND EQUIPMENT:</b>		
Land and land improvements - Nature Preserve	850,997	850,997
Land - Macatawa River Greenway	2,239,074	2,239,074
Land improvements - wetland formation costs	1,167,610	1,167,610
Land improvements - play area	135,290	116,486
Deposit and costs incurred - new Early Childhood site	17,000	-
Building and improvements	4,910,031	4,892,460
Furniture, fixtures and equipment	1,097,668	761,237
Vehicles	200,848	180,608
	<u>10,618,518</u>	<u>10,208,472</u>
Less accumulated depreciation	(1,657,910)	(1,421,712)
<b>Net Property and Equipment</b>	<u>8,960,608</u>	<u>8,786,760</u>
<b>OTHER ASSETS:</b>		
Pledges receivable, net of current portion	294,863	694,040
Investments in Community Foundations	131,673	125,381
<b>Total Other Assets</b>	<u>426,536</u>	<u>819,421</u>
<b>TOTAL ASSETS</b>	<u>\$ 11,518,762</u>	<u>\$ 11,220,340</u>
 <u><b>LIABILITIES AND NET ASSETS</b></u>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 175,246	\$ 197,331
Payroll and related taxes	60,346	105,380
Deferred revenue - tuition	162,546	154,998
Deferred revenue - program service and consulting	221,252	65,770
Deposits held for trips	139,490	180,320
Line of credit	-	650,378
Current portion of long-term liabilities	273,273	276,600
<b>Total Current Liabilities</b>	<u>1,032,153</u>	<u>1,630,777</u>
<b>LONG-TERM LIABILITIES:</b>		
Note payable, net of current portion	<u>2,338,869</u>	<u>1,660,951</u>
<b>Total Long-term Liabilities</b>	<u>2,338,869</u>	<u>1,660,951</u>
<b>Total Liabilities</b>	<u>3,371,022</u>	<u>3,291,728</u>
<b>NET ASSETS:</b>		
Net assets without donor restrictions	6,745,026	6,558,372
Net assets with donor restrictions	1,402,714	1,370,240
<b>Total Net Assets</b>	<u>8,147,740</u>	<u>7,928,612</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 11,518,762</u>	<u>\$ 11,220,340</u>

See accompanying notes.

**ODC NETWORK**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)**

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
<b>REVENUE, GAINS AND OTHER SUPPORT:</b>				
Special events:				
Revenues	\$ 71,041	\$ -	\$ 71,041	\$ 187,629
Direct expenses	<u>(12,122)</u>	<u>-</u>	<u>(12,122)</u>	<u>(38,461)</u>
Special events, net	58,919	-	58,919	149,168
Contributions and grants	332,465	1,569,363	1,901,828	3,209,266
Donated property, materials and services	222,253	-	222,253	48,465
Program revenue	1,060,359	-	1,060,359	1,077,985
Investment income	34,057	-	34,057	33,736
Rent revenue	6,475	-	6,475	12,675
Miscellaneous revenue	48,382	-	48,382	18,962
Mitigation credit revenue	119,800	-	119,800	31,900
Mitigation credit expenses	(41,930)	-	(41,930)	(11,165)
PPP and EIDL forgiven loans	472,600	-	472,600	-
Net assets released from restrictions	1,536,889	(1,536,889)	-	-
Total Revenues	<u>3,850,269</u>	<u>32,474</u>	<u>3,882,743</u>	<u>4,570,992</u>
<b>EXPENSES:</b>				
Program services	3,102,189	-	3,102,189	3,493,453
Management and general	395,183	-	395,183	380,696
Fundraising	166,243	-	166,243	191,402
Total Expenses	<u>3,663,615</u>	<u>-</u>	<u>3,663,615</u>	<u>4,065,551</u>
CHANGE IN NET ASSETS	186,654	32,474	219,128	505,441
NET ASSETS, JANUARY 1	<u>6,558,372</u>	<u>1,370,240</u>	<u>7,928,612</u>	<u>7,423,171</u>
NET ASSETS, DECEMBER 31	<u>\$ 6,745,026</u>	<u>\$ 1,402,714</u>	<u>\$ 8,147,740</u>	<u>\$ 7,928,612</u>

See accompanying notes.

**ODC NETWORK**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)**

	Program Services	Management and General	Fundraising	2020 Total	2019 Total
Payroll	\$ 1,561,981	\$ 246,179	\$ 134,844	\$ 1,943,004	\$ 2,014,853
Payroll taxes	114,189	17,997	9,858	142,044	148,222
Employee benefits	169,482	26,712	14,637	210,831	178,552
Total personnel and benefits	<u>1,845,652</u>	<u>290,888</u>	<u>159,339</u>	<u>2,295,879</u>	<u>2,341,627</u>
Project Clarity - direct expenses	<u>202,839</u>	<u>-</u>	<u>-</u>	<u>202,839</u>	<u>416,641</u>
Contracted services	<u>128,049</u>	<u>55,814</u>	<u>699</u>	<u>184,562</u>	<u>154,183</u>
Explorer Network	63,651	-	-	63,651	216,074
Other supplies and miscellaneous	54,977	-	-	54,977	36,367
Teaching and preschool expenses	23,070	-	-	23,070	28,010
Program events	1,832	-	-	1,832	9,417
Animal feed and supplies	8,742	-	-	8,742	7,089
Total programming expenses	<u>152,272</u>	<u>-</u>	<u>-</u>	<u>152,272</u>	<u>296,957</u>
Utilities and cleaning	38,006	2,860	-	40,866	98,582
Rentals and repairs	14,855	1,651	-	16,506	24,681
Site maintenance and improvements	52,430	-	-	52,430	22,684
Other operational expenses	101,660	-	-	101,660	38,947
Conservation projects	19,393	-	-	19,393	4,261
Total operational expenses	<u>226,344</u>	<u>4,511</u>	<u>-</u>	<u>230,855</u>	<u>189,155</u>
Depreciation	229,877	9,578	-	239,455	229,399
Advertising and marketing	24,346	2,705	-	27,051	86,380
Interest	109,647	3,391	-	113,038	115,414
Insurance	57,717	7,072	1,224	66,013	75,832
Miscellaneous	23,390	4,128	-	27,518	21,068
Travel and vehicle expenses	9,034	565	1,694	11,293	29,136
Telephone	28,821	3,202	-	32,023	30,028
Office and computer supplies	33,812	3,757	-	37,569	10,758
Postage and shipping	5,353	141	141	5,635	16,363
Staff development	8,402	-	-	8,402	8,295
Printing	8,132	2,033	1,552	11,717	24,718
Bank fees	-	6,867	-	6,867	4,715
Meetings	8,502	531	1,594	10,627	14,882
Special events	-	-	12,122	12,122	38,461
Total Functional Expenses	<u>\$ 3,102,189</u>	<u>\$ 395,183</u>	178,365	3,675,737	4,104,012
Less direct special event expenses			<u>(12,122)</u>	<u>(12,122)</u>	<u>(38,461)</u>
			<u>\$ 166,243</u>	<u>\$ 3,663,615</u>	<u>\$ 4,065,551</u>
Percentage of Expenses	84.40%	10.75%	4.85%	100.00%	

See accompanying notes.

**ODC NETWORK**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2020**  
**(WITH COMPARATIVE TOTALS FOR YEAR ENDED DECEMBER 31, 2019)**

	<u>2020</u>	<u>2019</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Change in net assets	\$ 219,128	\$ 505,441
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Donated property and equipment	(196,800)	-
Donated securities received	(356,330)	-
Depreciation and amortization	239,455	229,399
Net (gains) losses on investments	(26,332)	(11,522)
Change in operating assets and liabilities:		
Decrease (increase) in receivables and prepaids	270,721	(369,165)
Increase (decrease) in:		
Accounts payable and miscellaneous current liabilities	(67,119)	52,973
Deferred revenue and trip deposits	122,200	(146,310)
Net Cash Provided (Used) By Operating Activities	<u>204,923</u>	<u>260,816</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Investment in property and equipment	(216,503)	(108,181)
Change in investment in Community Foundation agency fund	(6,292)	(19,624)
Proceeds from sale of investments	357,055	-
Change in marketable securities	-	(102,166)
Net Cash Provided (Used) By Investing Activities	<u>134,260</u>	<u>(229,971)</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>		
Net change in short-term borrowings	(650,378)	194,501
Proceeds from long-term borrowings	2,375,000	-
Payments on long-term liabilities	(1,700,409)	(249,622)
Net Cash Provided (Used) By Financing Activities	<u>24,213</u>	<u>(55,121)</u>
Net change in cash and cash equivalents	363,396	(24,276)
Cash and cash equivalents, beginning	<u>33,410</u>	<u>57,686</u>
Cash and cash equivalents, ending	<u>\$ 396,806</u>	<u>\$ 33,410</u>

Interest of \$110,716 and \$115,340 was paid during the years ended December 31, 2020 and 2019, respectively.



**ODC NETWORK  
NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2020 AND 2019**

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NATURE OF ACTIVITIES

In 2000, a local nonprofit Wildlife Unlimited of Allegan and Ottawa Counties formed a partnership with the Ottawa Area Intermediate School District to create an outdoor education center that would serve the Allegan and Ottawa counties schools and community. This entity was the Outdoor Discovery Center (ODC). Nine years later, the ODC merged with the Macatawa Greenway Partnership in an effort to leverage and expand their missions. That was the beginning of a significant growth period for the ODC. In the coming years, 9 additional business divisions were developed that drive our goals to redefine education, restore and conserve land and water, and to make our community the best place to live, work, play and learn. Our breadth of services led to a name change to the **ODC Network** which serves as the parent organization that performs essential, mission specific work to drive community change, growth, and impact in conservation and education.

**The ODC Network mission is to advance outdoor education and conservation.** The ODC Network operates two Greenway projects, a watershed clean-up initiative, a nature-based preschool, a nature center, multiple wildlife preserves, an eco-tour business, a land conservation and restoration business, and an educational consulting business. The following business divisions have been established to facilitate the programs and projects of the ODC Network. They are registered as assumed names of the ODC Network and are licensed to do business as ODC Network:

**ODC Network Business Divisions:**

**Outdoor Discovery Center (ODC)** (2000): The ODC provides educational opportunities to the West Michigan community to enhance the knowledge and understanding of our natural and cultural resources. The Outdoor Discovery Center is home to a variety of habitats, walking trails, live animal exhibits, and a wide array of educational facilities. The Outdoor Discovery Center is open *free* to the public 365 days a year.

**Macatawa River Greenway (MRG)** (2009): Founded in 1996, it became part of the ODC. Its mission is to protect and enhance natural lands, streams, and open spaces within the Lake Macatawa watershed for public enjoyment and the preservation of plant and wildlife habitat. Where appropriate, the MRG will create parks and open spaces for recreation, conservation, water quality improvement, and preservation.

**ODC Explorer Network** (2012) It provides nature-based, small group eco-tour excursions with experienced travelers and naturalists from the ODC Network. The ODC Explorer Network connects people with unique ecosystems and experiences aimed at building knowledge and understanding of the unique natural history and cultural history of the world. On average, the ODC Explorer Network facilitates two eco-tour adventures each year.

**Little Hawks Discovery Preschool (LHDP)** (2013): LHDP is a nature-based preschool that focuses on connecting the indoor classroom to the outdoors. 176 children attend the preschool each year where they are provided a quality early childhood experience that prepares them to be active, independent learners who have knowledge of and an appreciation for the natural world and ensuring a healthier lifestyle.

**Project Clarity (PC)** (2013): The PC mission is to restore the water quality of Lake Macatawa and the Macatawa Watershed through a multi-phased approach focused on land restoration, Best Management Practices (BMPs), community education, and long-term sustainability. Over the past 4 years over 100 watershed restoration projects have been implemented in the Macatawa Watershed.

**ODC Conservation Services** (2016): Its purpose is to provide land management and restoration services, invasive species management, and wildlife habitat and conservation improvement to public and private land owners in the Kalamazoo and Macatawa River Watershed region. Currently, ODC Conservation Services provide habitat management services to over 100 customers in West Michigan.

**ODC Education Network (2017):** It provides a customized set of professional development and nature-based education opportunities to help students, educators and education administrators create a personal relationship with their environment. ODC Education Network has a team of education professionals that work with schools and organizations to build connections between the classroom and the outdoors using project-based learning, environmental education, and customized experiences that build relevance, context and meaning into an educational experience. Currently there are 17 schools working with the ODC Education Network to connect their classrooms, schools and students to the outdoors.

**Kalamazoo River Greenway (KRG) (2018):** The mission is to protect and enhance natural lands, streams, and open spaces within the Kalamazoo River Watershed in Allegan County for public enjoyment and the preservation of plant and wildlife habitat. Where appropriate, the KRG will create parks and open spaces for recreation, conservation, water quality improvement, and preservation.

**DeGraaf Nature Center (2018):** Owned by the City of Holland, this 18-acre nature center is located in the heart of the City. The contractual management of the Center was transitioned to the ODC Network with the goal of growing the impact and program opportunities offered at DeGraaf by the ODC Network staff. It serves as an urban nature education site, expanding our ability to serve more people.

**Nature-rich Community (2020):** The newest of the ODC Business Divisions, Nature-rich is an initiative that was developed to promote a systems-based sustainability program to advance not only ODC Network's internal sustainability efforts, but also to promote sustainability through the community.

**Today,** the ODC Network has...

- **600 acres of land** and manage an additional 2,000+ acres
- **75,000 children and families** participate in ODC programming each year
- **Highly rated nature-based early childhood preschool programs** for 190 three and four-year olds
- **Education Network** that consults with 17 area schools on using nature in their curriculum
- **Annual operating budget** of \$4 million with 61% earned income from services/programs
- **47 employees** that facilitate programming and projects throughout West Michigan

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF PRESENTATION** - The accompanying financial statements have been prepared on the accrual basis of accounting. The financial statements are presented in accordance with the provisions of FASB ASC 958, *Not-for-profit Entities*, and the AICPA Audit and Accounting Guide for Not-for-Profit Organizations (the "Guide").

Under the provisions of FASB ASC 958 and the Guide, net assets and revenues, expenses, gains and losses are classified according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

- a.) Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.
- b.) Net Assets with Donor Restrictions - Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

**INCOME TAX EXEMPTION** - The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

**PROPERTY, EQUIPMENT AND DEPRECIATION** - Purchased equipment is recorded at cost and donated assets are recorded at fair market value. Depreciation is computed using the straight-line method over the estimated lives of the assets placed into service.

ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

CASH AND CASH EQUIVALENTS - The Organization considers all short-term investments with an original maturity of three months or less to be cash equivalents. The carrying amounts approximate fair value.

The Organization occasionally maintains deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in reputable financial institutions.

COMPENSATED ABSENCES - The Organization has not accrued compensated absences since the amount is determined to be immaterial to the financial statements.

DONATED SERVICES - Volunteers have donated significant amounts of time in support of the Organization's activities. However, the value of these services is not reflected in the accompanying statements, as these services do not meet the criteria for recognition as set forth under generally accepted accounting principles.

DONATED PROPERTY AND EQUIPMENT - Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

ANIMAL MOUNTS - Animal mounts purchased are capitalized at cost and animal mounts donated are capitalized at the fair market value on the date of donation. Animal mounts are depreciated using the straight line method over their estimated useful lives.

ALLOCATION OF FUNCTIONAL EXPENSES - Functional expenses have been allocated between program services, management and general and fundraising activities, based on an analysis of specific transactions and also management estimates as to value provided to each area.

COMPARATIVE FINANCIAL INFORMATION - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

FAIR VALUE OF ASSETS - The Organization adopted the Financial Accounting Standards Board's (FASB) standard which provides a framework for measuring fair value under generally accepted accounting principles. The Standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The standard for *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement is determined based on the assumptions (referred to as inputs) which market participants would use in pricing the investment, as follows:

- Level 1 inputs – observable quote price in an active market for an identical investment;
- Level 2 inputs – input that is observable for the investment, either directly or indirectly, other than quoted prices included within Level 1;
- Level 3 inputs – unobservable inputs for the investment, used only when observable inputs are not available

Unrealized, as well as realized gains and losses on investments are included in the change in net assets in the accompanying financial statements. Investment return that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the investment return is recognized.

The Organization invests in publicly traded securities which are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

#### INVESTMENTS (MARKETABLE SECURITIES)

The Organization has invested in mutual funds, which are considered Level 1 inputs, and are reported at fair market value. The Organization earned dividends and interest of \$3,175 and \$2,858; reported realized and unrealized income of \$22,432 and \$11,522 during the years ended December 31, 2020 and 2019, respectively. The fair market value was \$225,061 and 199,454 at December 31, 2020 and 2019, respectively.

#### RETIREMENT PLAN

Effective in 2011, the Organization sponsored a 403(b) retirement plan for its employees. All fulltime employees are eligible to participate. No employer contributions were made for 2019. This Plan was terminated on March 30, 2019.

Effective April 1, 2019, the Organization established a Simple IRA retirement plan. Employees earning \$5,000 or more annually are eligible to participate. The Organization contributes a matching contribution up to 3% of eligible compensation. The Organization contributed \$52,733 and 41,652 during the years ended December 31, 2020 and 2019, respectively.

#### BENEFICIAL INTERESTS

The Organization has been named as a beneficiary in multiple wills. As these are revocable and the timing and amounts cannot be determined, the value of any such future contributions is not reflected within these financial statements.

## NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31:

	2020	2019
Pledges receivable	\$ 866,063	\$ 1,370,240
Donor restricted contributions, to be used as follows:		
New early childhood site	479,500	-
Playscape enhancements	57,151	-
	<u>          </u>	<u>          </u>
Total Net Assets With Donor Restrictions	<u>\$ 1,402,714</u>	<u>\$ 1,370,240</u>

## INVESTMENTS IN COMMUNITY FOUNDATIONS

The Organization has invested in two local community foundations. Investments are stated at fair value and consist of the following at December 31:

Founding funds within:	2020	2019
Community Foundation of Holland/ Zeeland Area	\$ 125,383	\$ 119,201
Allegan County Community Foundation	6,290	6,180
	<u>          </u>	<u>          </u>
Total Investments	<u>\$ 131,673</u>	<u>\$ 125,381</u>

The Organization also has agency endowment funds within these community foundations. The Foundations combine the endowment fund of the Organization with other funds of the Foundation and invest them based on their investing guidelines. The Organization may request that any earnings be paid out to the Organization or reinvested into the investment. The fair value of \$289,529 at December 31, 2020 is not recorded within these financial statements.

## PLEDGES RECEIVABLE

At December 31, 2020, the balance due on pledges receivable is scheduled to be received as follows:

Years ending December 31,	
2021	\$ 571,200
2022	275,000
2023	30,000
Subtotal	<u>876,200</u>
Present value discount	<u>(10,137)</u>
Net	<u>\$ 866,063</u>

## CONCENTRATION OF CREDIT RISK/PLEDGES RECEIVABLE

The Organization had unconditional pledges receivable (promises to give) of \$866,063 at December 31, 2020. As they are deemed to be fully collectible in future years, given the reputable nature of the donors, no allowance has been recorded for uncollectible pledges. A three percent discount has been applied to record the pledges at present value.

## NON-CASH CONTRIBUTIONS

For the years ended December 31, the Organization received the following non-cash contributions which were recorded within these financial statements as revenue and program expense or property and equipment, at their estimated fair value at the date of receipt.

	<u>2020</u>	<u>2019</u>
Program materials and services	\$ 25,453	\$ 48,465
Property and equipment	196,800	-

Additionally, a substantial number of volunteers have donated significant amounts of time to the Organization's services, administration and fundraising. The value of these services is impossible to determine and has not been included in these financial statements.

## LONG-TERM LIABILITIES

In September 2020, the Organization restructured its debt with its existing bank. A new long-term loan of \$2,375,000 was established at the terms shown below. The loan is unsecured, with an abundance of caution mortgage on the real estate owned by ODC Network. The loan proceeds paid off all bank long-term debt totaling \$1,647,018; paid off line of credit borrowings of \$671,885; and provided \$56,097 cash to the Organization.

At December 31, the Organization's long-term liabilities consist of the following:

	<u>2020</u>	<u>2019</u>
Note payable - bank (established September 2020). Monthly payments of \$23,765 including 3.75% interest. Unsecured, with an abundance of caution mortgage on the real estate owned by ODC Network. The note matures September 10, 2025.	\$ 2,324,642	\$ -
Land contract payable, secured by real estate. Principal payment of \$175,000 was paid in 2018; and the loan was reduced by \$25,000 by the lender in 2018. Annual payments are due of \$68,750 plus 2% interest in 2019 through 2022.	137,500	206,250
Note payable - Small Business Administration (EIDL loan) Starting in May 2021, monthly payments of \$641 including 2.75% interest. The note matures in 2050. It is secured by all tangible and intangible personal property.	150,000	-
Note payable - bank, secured by real estate. Monthly payments of \$15,311 including 4.83% interest. The loan matures July 11, 2025. (This \$1,450,000 note was established in July 2018 and was used to pay off debt related to building construction and renovation costs).	-	1,284,764
Note payable - bank, secured by real estate. The loan has a fixed interest rate of 3.95% and matures December 16, 2024.	-	446,537
Total Long-term Liabilities	<u>\$ 2,612,142</u>	<u>\$ 1,937,551</u>

Maturities of long-term liabilities are as follows for years ending December 31,

2021	\$	273,273
2022		282,266
2023		221,625
2024		230,041
2025		1,472,677
Thereafter		<u>132,260</u>
Total	\$	<u>2,612,142</u>

The primary restrictive covenants contained in the Organization's debt agreements with the bank are as follows: The Company must maintain:

Debt to Tangible Net Worth Covenant - ODC Network shall maintain a Debt / Tangible Net Worth not to exceed 1:1. This is defined as total liabilities less subordinated debt divided by net worth less intangible assets plus subordinated debt. Intangible assets include but are not limited to sums due from or investments in ODC Network's, owners, officers subsidiaries and affiliates, goodwill, patents, copyrights and trademarks.

Minimum Net Assets Without Donor Restrictions - ODC Network shall maintain a minimum balance of \$4,000,000 of Net Assets Without Donor Restrictions.

#### LINES OF CREDIT

At December 31, 2020, the Organization's available lines of credit consist of the following:

Line of credit – bank, maximum \$1,000,000. Variable interest rate of Prime less ½% with a floor of 3%. Unsecured, with an abundance of caution mortgage on the real estate owned by ODC Network. The line matures August 1, 2021, with renewals thereafter. Subject to the same bank covenants as the long-term bank note payable. There are no borrowings outstanding at December 31, 2020.

Line of credit – bank, maximum \$200,000. Variable interest rate of Prime with a floor of 3.25%. As a result of COVID-19, the Community Foundation of the Holland/Zeeland Area (CFHZ) established new ways to assist local not-for-profit organizations. ODC Network was granted a \$200,000 available line of credit, with CFHZ securing the line of credit. CFHZ will reimburse interest that is paid through the first two years. There are no borrowings outstanding at December 31, 2020.

At December 31, 2019, the Organization's line of credit consisted of:

Line of credit – bank, maximum \$1,000,000. Interest was at bank's prime rate less .75. It was secured by real estate. The balance outstanding was \$650,378 at December 31, 2019.

## OPERATING LEASES

Effective May 1, 2017, the Organization has a 25 year operating lease for solar panels which have been installed on the ODCMG site. Monthly payments were \$286 in 2018, 4% annual increases in the monthly amount. Starting in year six (2022), the Organization has the option to purchase the solar equipment, with declining purchase price in each subsequent year. These solar panels significantly reduce the utility expenses of the Organization.

Future minimum lease payments are as follows for year ending December 31,

2021	\$	3,812
2022		3,968
Thereafter		<u>116,876</u>
Total	\$	<u>124,656</u>

## WETLAND DEVELOPMENT / MITIGATION BANK

In 2015, two large wetland development projects were completed on newly acquired land. A 42 acre wetland mitigation bank was created on property that was donated to the Organization in 2015 with fair market value of \$472,000. This project is located just south of Haworth Global Headquarters in Holland, Michigan. The mitigation bank is adjacent to a highly disturbed tributary of the Macatawa River and was designed to filter runoff water from neighboring farms, businesses and roads as well as take high-water overflow from the tributary. It serves as flood storage and water filtration for Project Clarity. In addition to its environmental benefit, the Mitigation Bank also has 42 wetland mitigation credits available for sale, as of September 2016. The credit value varies with market fluctuation, but it is estimated to have over \$3 million in wetland credit value. The credits are projected to sell over a 15 year period. As the dates and amounts of any potential sales are unknown, the value of any future sales is not recorded in these financial statements.

The other major wetland project was completed on the Middle Macatawa property located south of Adams Street, East of 96<sup>th</sup> Avenue in Zeeland Township. Nearly 45 acres of new wetland was created in this area that serves as flood storage, water filtration and wildlife habitat.

## MITIGATION BANK REVENUE (EXPENSES)

In 2020, the Organization sold a total of .84 credits within three transactions and received \$119,800.

In 2019, the Organization sold a total of .33 credits within three transactions and received \$31,900.

The Organization pays a 35% administrative cost to the contracted service provider which handles these transactions on behalf of the Organization.



## LIQUIDITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets at December 31:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 396,806	\$ 33,410
Accounts and grants receivable	770,141	592,043
Pledges receivable, current portion	571,200	676,200
Marketable securities	225,061	199,454
Less donor restricted for specific purposes	<u>(536,651)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 1,426,557</u>	<u>\$ 1,501,107</u>

## CORONAVIRUS (COVID-19)

On January 13, 2020, the World Health Organization issued a Global Health Emergency due to a novel strain of coronavirus. Within two months, COVID-19 would have significant impact on the operations and financial performance of the ODC Network, including on its donors, vendors, and employees. Through 2020, it is estimated to have caused a reduction in contribution and program revenue of \$800,000 - \$1,000,000. While the long-term impact is uncertain, ODC Network was able to leverage its wide scope of grant revenue, consulting and other program revenues to remain very stable and take advantage of new opportunities. In addition, the ODC Network took proactive measures to mitigate financial and program constraints as a result of the virus. These measures include, but are not limited to: receiving two Paycheck Protection Program (PPP) loans of \$462,600 (in 2020) and \$445,395 (2021); receiving an Economic Injury Disaster Loan (EIDL) of \$150,000; launching a new golf outing fundraising event; reducing payroll costs through the work-share program; refinancing its long-term debt; and securing a \$200,000 available line of credit backed by the local community foundation. The ODC Network remains open and operational at the time of these financial statements. And, effective June 22, 2021, the State of Michigan has removed many of its COVID-related restrictions.

## PAYCHECK PROTECTION PROGRAM (PPP) AND ECONOMIC INJURY DISASTER LOAN (EIDL) FORGIVEN LOANS

In April 2020, the Organization received a PPP loan from Choice One Bank for \$462,600. The funds were primarily used for payroll costs during spring and summer 2020. The loan was forgiven in December 2020 by the Small Business Administration.

In May 2020, the Organization received an EIDL advance grant of \$10,000 from the Small Business Administration. The Organization recognized forgiveness of this in December 2020.

## SUBSEQUENT EVENTS

Subsequent events were evaluated through May 26, 2021, which is the date the financial statements were available to be issued.

In February 2021, the Organization received a second PPP loan from Choice One Bank in the amount of \$445,395.

In March and April 2021, the Organization received promises to give totaling \$2,000,000. These will be donor restricted for the purpose of acquiring property and construction of an early childhood center on that site.

On April 23, 2021, the Organization purchased property on Holland's northside for \$300,000 and intends to construct an early childhood center on that site. Construction is expected to start in 2021 with completion by the end of 2022. Total costs (including land purchase and facility development and construction) are currently estimated at \$4,000,000.