Great Lakes Protection Fund

2025 Annual Report

Background

In 1989, the governors of the Great Lakes states created the Protection Fund to help them protect and restore their shared natural resources. The Fund is the first private endowment created to benefit a specific ecosystem. It is designed to support the creative work of collaborative teams that test new ideas, take risks, and share what they have learned. It is a source of financial support for groups that value innovation and entrepreneurship, focus on tangible benefits for the Great Lakes ecosystem, and learn by doing. Seven Great Lakes states contributed $81.0 million to the Fund's permanent endowment.

The Fund does three things. First, it invests the endowment to support regional projects, member states' individual Great Lakes priorities, and operations. Second, it designs and finances regional projects. These projects identify, demonstrate, and promote regional action to enhance the health of the Great Lakes ecosystem. Third, it monitors those regional projects to ensure that they are successful, modified when necessary, or terminated if they are not creating value for the ecosystem.

From its inception through December 2025, the Fund has made a total of 329 grants and program-related investments, representing a $109.9 million commitment to protecting and restoring the ecological health of the Great Lakes ecosystem. Additionally, the Fund has paid $61.2 million directly to its seven member states to support their individual Great Lakes priorities. Over the course of the past 35 years, the Great Lakes ecosystem has benefited from the States' initial investment of $81.0 million with an overall commitment of $171.1 million.

Governors' Ongoing Priorities

From time to time the governors establish, modify and renew their ongoing Great Lakes priorities. Currently, the Fund's goals are responsive to the governors' stated priorities including the following:

- Ensure the sustainable use of our water resources while confirming that the States retain authority over water use and diversions of Great Lakes waters.
- Promote programs to protect human health against adverse effects of pollution in the Great Lakes ecosystem.
- Control pollution from diffuse sources into water, land and air.
- Continue to reduce the introduction of persistent bioaccumulative toxics into the Great Lakes ecosystem.
- Stop the introduction and spread of non-native aquatic invasive species.
- Enhance fish and wildlife by restoring and protecting coastal wetlands, fish and wildlife habitats.
- Restore to environmental health the Areas of Concern identified by the International Joint Commission as needing remediation.
- Standardize and enhance the methods by which information is collected, recorded and shared within the region.
- Adopt sustainable use practices that protect environmental resources and may enhance the recreational and commercial value of our Great Lakes.

Activities During 2025

During 2025, the Fund generated $1.4 million to its member states to support their individual Great Lakes priorities and paid over $3.4 million to support regional projects. Audited financial statements can be found in Appendix 1.

The Fund entered 2025 with 19 active projects that represented an investment by the Fund of nearly $17 million. This includes a pre-development loan fund of up to $1.0 million that provides low-cost financing to small and under-resourced communities to implement water infrastructure improvements in the Great Lakes region. Over the course of the year, work was completed on seven of the active projects. These completed projects are identified in Appendix 2. All projects generated new and valuable tools that will ultimately improve the health of the Great Lakes ecosystem and provided a unique and positive mission-related return on the Fund's investment. During 2025, the Fund built, vetted and financed five new projects representing an investment of $3.6 million. The complete portfolio of supported work can be found in Appendix 3.

In 2025, the Fund's Board updated the state shares process, effective for the Fund's 2026 budget. The Fund's updated methodology bases state shares on the endowment's asset value, rather than annual realized income. This change offers several benefits, including improving the Fund's ability to produce predictable annual state shares for member states; better protecting the endowment's buying power over time; and expanding the universe of investment options available to the endowment. As a practical matter, we do not expect significant changes to the annual state shares payment as a result of this change.

In other activities, the Fund welcomed Sharon Walton as the new Vice President of Finance and Administration.

Evaluation of the Corporation's Performance

The Fund successfully accomplished its objectives during 2025. Most notably, the Fund's endowment ended the year with a market value of $178.7 million, representing a 7.7% annual return since inception of the Fund. State shares, paid in the spring of 2025 following our independent audit of financial statements, totaled $1.4 million for the year 2025 and $61.2 million since inception. These funds are available to member states to address their highest Great Lakes priorities.

We ended the year financially secure and with a portfolio of active projects of $16.8 million. Fund staff worked with all our project teams to ensure they were on track, helped them spot opportunities, adjusted work plans as needed, and supported them in growing their innovations.

Emerging Trends and Future Needs

The Governors have identified their priorities for Great Lakes Basin ecosystem protection and restoration. The Fund will continue its multi-year support agenda for these priorities by executing against our strategic plan.

Members of the Corporation in 2025

Governor of Illinois

J.B. Pritzker

Governor of Michigan

Gretchen Whitmer

Governor of Minnesota

Tim Walz

Governor of New York

Kathy Hochul

Governor of Ohio

Mike DeWine

Governor of Pennsylvania

Josh Shapiro

Governor of Wisconsin

Tony Evers

Board of Directors in 2025

Kate Bartter (Columbus, OH)

Laura Bishop, appointed, September 2025 (Eden Prairie, MN)

Timothy Bruno (Erie, PA)

Erin Deeley (Madison, WI)

Joanne Ha (North Hoffman Estates, IL)

Judy Drabicki (Dexter, NY)

Tim Eder (Chelsea, MI)

Richard Hylant (Ottawa Hills, OH)

Howard Learner (Chicago, IL)

Jill Jedlicka (Lancaster, NY)

Andrew McElwaine (Pittsburgh, PA)

Don Ness (Duluth, MN)

Laura Rubin (Ann Arbor, MI)

Demetria Smith, resigned, November 2025 (Milwaukee, WI)

Rebecca St. George, resigned, September 2025 (Duluth, MN)

Great Lakes Protection Fund Staff

Shannon Donley – Senior Program Lead

Nora Grasse – Program Associate

Collin Knauss – Project Development Manager

Erin McCarville – Vice President of Programs

Drew Pfeifer – Vice President of Operations, retired May 2025

David Rankin – Executive Director

Sharon Walton – Vice President of Finance and Administration, joined April 2025

Kimberly Wright – Executive Assistant

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Appendix 1

2025 Audited Financial Statements

Great Lakes Protection Fund

Financial Report
December 31, 2025

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RSM US LLP

Independent Auditor's Report

Board of Directors
Great Lakes Protection Fund

Opinion

We have audited the financial statements of Great Lakes Protection Fund (the Fund), which comprise the statements of financial position as of December 31, 2025 and 2024, the related statements of activities, 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 the Fund as of December 31, 2025 and 2024, 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 (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 the Fund 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 Fund's ability to continue as a going concern within one year after the date that the financial statements are issued or 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.

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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 the Fund'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 Fund'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.

RSM US LLP

Chicago, Illinois
March 19, 2026

Great Lakes Protection Fund

Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
Assets		
Cash and cash equivalents	**$ 12,506,645**	$ 12,816,894
Investments	**166,083,447**	148,847,646
Accrued interest	**97,137**	88,946
Other assets	**71,749**	62,302
Loan receivable, net of discount of $46,986 and $57,427 in 2025 and 2024, respectively	**203,014**	192,573
Operating lease right-of-use asset	**1,555,298**	1,695,804
Furniture, equipment and leasehold improvements, net of accumulated depreciation of $80,214 and $68,662 in 2025 and 2024, respectively	**36,414**	9,818
	$ 180,553,704	$ 163,713,983
Liabilities and Net Assets		
Liabilities:		
State shares payable	**$ 1,417,691**	$ 1,504,930
Accrued expenses	**126,041**	187,740
Operating lease liability	**1,626,835**	1,716,344
	3,170,567	3,409,014
Net assets:		
Without donor restrictions	**9,627,593**	9,200,317
With donor restrictions	**167,755,544**	151,104,652
	177,383,137	160,304,969
	$ 180,553,704	$ 163,713,983

See notes to financial statements.

Great Lakes Protection Fund

Statements of Activities
Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Income:			
Realized investment income and gains, net	$ 387,319	$ 6,085,609	$ 6,472,928
Miscellaneous revenue	-	1,000	1,000
Net assets released from restrictions	7,069,269	(7,069,269)	-
	7,456,588	(982,660)	6,473,928
Expenses:			
Mission:			
Regional grant payments	3,434,982	-	3,434,982
State shares	1,417,691	-	1,417,691
Salaries and benefits	887,188	-	887,188
Facilities	124,377	-	124,377
Other mission expenses	234,298	-	234,298
	6,098,536	-	6,098,536
Management and general:			
Salaries and benefits	568,898	-	568,898
Facilities	83,325	-	83,325
Other management and general expenses	318,510	-	318,510
	970,733	-	970,733
Total expenses	7,069,269	-	7,069,269
Increase (decrease) in net assets before other items	387,319	(982,660)	(595,341)
Unrealized gains	39,957	17,633,552	17,673,509
Increase in net assets	427,276	16,650,892	17,078,168
Net assets:			
Beginning of year	9,200,317	151,104,652	160,304,969
End of year	$ 9,627,593	$ 167,755,544	$ 177,383,137

See notes to financial statements.

Great Lakes Protection Fund

Statements of Activities
Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Income:			
Realized investment income and gains, net	$ 363,493	$ 6,109,735	$ 6,473,228
Miscellaneous revenue	-	1,000	1,000
Net assets released from restrictions	7,152,669	(7,152,669)	-
	7,516,162	(1,041,934)	6,474,228
Expenses:			
Mission:			
Regional grant payments	3,692,824	-	3,692,824
State shares	1,504,930	-	1,504,930
Salaries and benefits	784,619	-	784,619
Facilities	110,782	-	110,782
Other mission expenses	180,194	-	180,194
	6,273,349	-	6,273,349
Management and general:			
Salaries and benefits	535,144	-	535,144
Facilities	91,841	-	91,841
Other management and general expenses	252,333	-	252,333
	879,318	-	879,318
Total expenses	7,152,667	-	7,152,667
Increase (decrease) in net assets before other items	363,495	(1,041,934)	(678,439)
Unrealized gains	45,105	12,711,049	12,756,154
Increase in net assets	408,600	11,669,115	12,077,715
Net assets:			
Beginning of year	8,791,717	139,435,537	148,227,254
End of year	$ 9,200,317	$ 151,104,652	$ 160,304,969

See notes to financial statements.

Great Lakes Protection Fund

Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Cash provided by dividends, interest and miscellaneous	**$ 5,009,408**	$ 4,843,205
Cash payments for:		
Grants	**(3,434,982)**	(3,630,876)
State shares	**(1,504,930)**	(1,352,744)
Salaries and benefits	**(1,565,480)**	(1,380,039)
Facilities	**(156,124)**	(206,011)
Investment management and advisory fees	**(154,634)**	(172,815)
Other operating expenses	**(597,620)**	(412,013)
Net cash used in operating activities	**(2,404,362)**	(2,311,293)
Cash flows from investing activities:		
Purchases of investments	**(847,739)**	(2,831,460)
Proceeds from sales and maturities of investments	**2,980,000**	5,475,000
Issuance of loan receivable	**-**	(250,000)
Purchases of furniture, equipment and leasehold improvements	**(38,148)**	(5,366)
Net cash provided by investing activities	**2,094,113**	2,388,174
(Decrease) increase in cash and cash equivalents	**(310,249)**	76,881
Cash and cash equivalents:		
Beginning	**12,816,894**	12,740,013
Ending	**$ 12,506,645**	$ 12,816,894

See notes to financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Great Lakes Protection Fund (the Fund) is a nonprofit organization designed to have as its members the governors of the eight states bordering the Great Lakes. Seven of the states have joined the Fund and have made contributions, as specified in the Fund's articles of incorporation, to establish their membership in the Fund. Income earned on the contributions is used to provide grants which finance projects advancing the health of the ecosystem of the Great Lakes Basin.

Basis of accounting: Under accounting principles generally accepted in the United States of America (U.S. GAAP), nonprofit organizations report net assets in two classes: net assets with donor restrictions or net assets without donor restrictions, based on the existence or absence of donor-imposed restrictions.

Cash and cash equivalents: For purposes of the financial statements, the Fund considers money market funds to be cash equivalents.

The Fund maintains cash accounts at financial institutions, which at times may exceed $250,000. A significant portion of cash equivalents is invested in interest-bearing money market accounts. Such amounts are insured by the Federal Deposit Insurance Corporation up to $250,000 per taxpayer ID number. The Fund has not experienced any losses in such accounts. Management believes that the Fund is not exposed to any significant credit risk on cash and cash equivalents.

Investments: Investments are reflected at fair value based on quoted market prices. Realized gains on the sale of mutual funds are computed using the specific identification method. Realized gains on the sale of other investments are computed using the first-in, first-out method (FIFO). Purchases and sales of investments are recorded on a trade date basis. Interest is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date. Endowment fund investment income or loss (including gains and losses on investments, interest and dividends) is recorded as increases or decreases in net assets with donor restrictions until appropriated for expenditure by the Fund. Other investment income or loss is included in the statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is restricted by donor or law. Changes in fair value are recorded as unrealized gains/losses in the statements of activities.

The Fund invests in various investments. Such investments are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Loans receivable: The Fund entered into a loan agreement with a nonprofit lending organization in June 2024 as part of a commitment to establish a predevelopment loan fund for providing low-cost financing to communities for implementing water infrastructure improvements in the Great Lakes Region. As the contractual rate is lower than the market rate, the difference between the cash transferred to the borrower and the present value of the contractual payments for the loan at the effective interest rate is recognized within regional grant payments on the statement of activities. In determining whether an allowance for credit losses is necessary, the Fund considers the borrower's operations and ability to make loan payments. No allowance for credit losses was recognized as of December 31, 2025 and 2024, given the credit quality of the borrower. Once subloans begin being made, the Fund will then reassess the credit quality of loans and the need for an allowance for credit losses.

Furniture, equipment and leasehold improvements: Furniture, equipment and leasehold improvements are stated at cost. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets ranging from three to seven years. Leasehold improvements are amortized over the lesser of useful life or lease term. The Fund capitalizes furniture and equipment with a value of $1,000 or more and an estimated useful life in excess of one year.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Leases: The Fund follows the lease accounting guidance in Financial Accounting Standards Board (FASB) ASC Topic 842. The Fund determines if an arrangement is a lease at the inception of the contract. Under Topic 842, a lease is a contract, or part of a contract, that conveys the right to control the use of identified property or equipment (i.e., an identified asset) for a period of time in exchange for consideration. The Fund's contracts determined to be or contain a lease include explicitly or implicitly identified assets where the Fund has the right to obtain substantially all of the economic benefits of the asset and has the ability to direct how and for what purpose the assets are used during the lease term.

Leases are classified as either operating or financing. For operating leases, the Fund recognizes a lease liability equal to the present value of the remaining lease payments, and a right-of-use asset equal to the lease liability, subject to adjustments, such as for prepaid rent. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Fund will exercise the option. The Fund has elected to use a risk-free rate as the discount rate.

Grant commitments: Payment of grants beyond the initial installments is contingent on the satisfaction by the recipients of agreed-upon requirements. Unpaid amounts are accrued only if the conditions have been met. Most grants cover a three to five year period.

State shares: In accordance with the articles of incorporation, the Fund is required to disburse to the member states one-third of its realized income after deducting operating expenses, excluding grants. Amounts paid to the states are to be used for the furtherance of the Fund's activities and are allocated on the basis of the state's respective contribution.

Functional expenses: The costs of providing the Fund's mission and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among mission and management and general expenses.

The financial statements report certain categories of expenses that are attributed to more than one function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on the basis of estimates of time and effort, as well as facilities, which are allocated on a square footage basis.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions affecting the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from the estimates.

Income taxes: The Fund is exempt from income taxes under Section 115(1) of the Internal Revenue Code (IRC) and applicable state law.

The Fund follows the accounting guidance related to accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Fund may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Fund and various positions related to the potential sources of unrelated business taxable income. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. At December 31, 2025 and 2024, there were no unrecognized tax benefits identified or recorded as liabilities.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Recently issued accounting pronouncements: In July 2025, the FASB issued Accounting Standards Update (ASU) 2025-05, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The ASU introduces a practical expedient and, for entities other than public business entities, an accounting policy election to simplify the application of Topic 326, *Financial Instruments—Credit Losses*, to current accounts receivable and current contract assets arising from revenue transactions accounted for under Topic 606, *Revenue from Contracts with Customers*.

ASU 2025-05 is effective prospectively. This ASU is effective for all entities for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. Early adoption is permitted in both interim and annual reporting periods in which financial statements have not yet been issued or made available for issuance. The Fund is currently evaluating the impact of this new guidance on its financial statements.

Subsequent events: The Fund has evaluated subsequent events for potential recognition and/or disclosure through March 19, 2026, the date the financial statements were available to be issued.

Note 2. Liquidity and Availability

The Fund regularly monitors liquidity to meet its grant payments, operating needs and the annual state share payments (general expenditures). The Fund relies on investment income and available financial assets to meet general expenditures over the next 12 months.

The tables below present information related to financial assets available for general expenditures within one year at December 31, 2025 and 2024:

	2025	2024
Financial assets at year-end:		
Cash and cash equivalents	$ 12,506,645	$ 12,816,894
Investments	166,083,447	148,847,646
Accrued interest	97,137	88,946
Loan receivable, net of discount of $46,986 and $57,427 in 2025 and 2024, respectively	203,014	192,573
	$178,890,243	$161,946,059
Financial assets not available for general expenditures within one year:		
Donor-restricted endowment	$ 81,000,000	$ 81,000,000
Donor-restricted earnings on endowment, less future year estimated appropriations of $7,654,047 and $7,452,000, respectively	79,101,497	62,652,652
Loan receivable	203,014	192,573
	$160,304,511	$143,845,225
Financial assets available for general expenditures within one year	$ 18,585,732	$ 18,100,834

Cash and cash equivalents are available on demand. All investments at year-end can be converted to cash within three days of a sale.

Note 3. Investments

Investments consist of the following:

	2025	
	Cost	Fair Value
Exchange-traded funds:		
Global equity:		
Global equity index	$ 3,820,495	$ 9,143,204
International equity:		
Developed markets index	5,250,060	7,165,992
Mutual funds:		
Domestic equity:		
Large cap index	14,272,592	71,706,514
Mid cap index	3,776,677	9,032,618
Small cap index	3,784,624	8,439,261
International equity:		
Emerging markets	7,007,858	9,666,760
Small cap	2,237,851	2,915,083
Developed markets index	4,401,657	6,741,514
Global equity:		
Global impact	1,000,000	1,256,398
Fixed income:		
Core plus	12,715,049	11,616,681
Core impact	500,000	487,687
Core	6,599,242	5,899,641
Strategic income	8,901,380	8,593,431
Short-term treasury	4,150,000	4,136,029
Intermediate-term government	4,066,667	3,761,218
U.S. government securities	5,467,345	5,521,416
	$ 87,951,497	$ 166,083,447

Note 3. Investments (Continued)

	2024	
	Cost	Fair Value
Exchange-traded funds:		
Global equity:		
Global equity index	$ 3,820,495	$ 7,592,950
International equity:		
Developed markets index	5,250,014	5,601,255
Mutual funds:		
Domestic equity:		
Large cap index	14,719,288	64,148,332
Mid cap index	3,776,677	8,216,747
Small cap index	3,784,624	7,863,577
International equity:		
Emerging markets	7,007,858	7,738,727
Small cap	2,237,851	2,255,910
Developed markets index	4,401,657	5,271,243
Global equity:		
Global impact	1,000,000	1,250,500
Fixed income:		
Core plus	12,715,049	11,219,078
Core impact	500,000	473,769
Core	6,600,000	5,727,518
Strategic income	8,901,380	8,329,559
Short-term treasury	4,150,000	4,048,283
Intermediate-term government	4,066,667	3,638,439
U.S. government securities	5,457,645	5,471,759
	$ 88,389,205	$ 148,847,646

Note 4. Fair Value Disclosures

The accounting guidance on fair value provides a framework for measuring fair value and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

Level 1: Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange (NYSE). Level 1 assets primarily include listed equities, money market funds, government securities, mutual funds and exchange-traded funds. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Note 4. Fair Value Disclosures (Continued)

Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities. Level 2 assets primarily include equities traded in over-the-counter markets.

Level 3: Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Fund's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

For the years ended December 31, 2025 and 2024, the application or valuation techniques applied to similar assets and liabilities have been consistent. The following is a description of the valuation methodology used for assets measured at fair value:

Investments in securities traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported sales price on the day of valuation. These financial instruments are classified as Level 1 in the fair value hierarchy.

The Fund assesses levels of the investments at each measurement date, and transfers between levels are recognized on the actual date of an event or change in circumstances that caused the transfer. For the years ended December 31, 2025 and 2024, there were no such instances.

All of the Fund's investments are classified as Level 1 as of December 31, 2025 and 2024.

Note 5. Loan Receivables

The Fund's loan receivable consists of a program-related loan made to a nonprofit lending organization who will make below-market rate loans to communities for implementing water infrastructure improvements in the Great Lakes Region. The loan agreement provides a loan ceiling of $1,000,000 and the borrower may borrow, prepay, and reborrow, providing the outstanding balance does not exceed the loan ceiling. During fiscal year 2024, the Fund loaned $250,000 to the borrower. As of December 31, 2025 and 2024, the loan receivable balance was $203,014 and $192,573, respectively. This represents the $250,000 principal balance, net of a present value discount of $46,986 and $57,427 as of December 31, 2025 and 2024, respectively. The stated interest rate on the loan is 1%, which represents a below-market rate. The Fund calculated an inherent contribution expense based on the difference between the cash provided and the present value of the contractual payments at an imputed market interest rate, determined to be 5.92%. Based on the calculation, the Fund recognized contribution expense of $61,948 during the year ended December 31, 2024, which is recorded in regional grant payments on the statements of activities. This discount is amortized as interest income over the life of the loan. Interest income of $12,976 and $5,633 was recognized during the years ended December 31, 2025 and 2024, related to this loan.

Note 5. Loan Receivables (Continued)

The principal balance of the loan is due in full on the maturity date, June 28, 2030. At December, 31, 2025, the Fund has determined that no allowance for credit losses is required, based on the credit quality of the borrower. The Fund may forgive certain amounts due by the borrower when the subloans made by the borrower are forgiven by the borrower due to meeting certain criteria. During the current year, no amounts were forgiven under the loan agreement.

Note 6. Grants Activity

Grants activity for 2025 and 2024 is as follows:

	Grants Approved	Grants Paid	Grants Payable
2025	$ 3,595,000	$ 3,434,982	$ -
2024	2,975,000	3,630,876	-

As of December 31, 2025, total grants approved since the Fund's inception amounted to approximately $109,900,000. At December 31, 2025 and 2024, the Fund had approved approximately $6,600,000 and $6,500,000 of grants, respectively, for which the conditions, which generally represent project goals and objectives, have not yet been met and therefore, grant expenses have not yet been recognized. Upon satisfaction of the conditions by the recipients, the Fund will recognize the grant expenses and disburse the remaining payments. The terms of most grants cover a three to five year period.

Note 7. Net Assets

Net assets 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 Fund. Certain net assets without donor restrictions have been designated by the Board of Directors as a Sequestration Fund and a Temporary Reserve Fund. Combined, the Sequestration Fund and the Temporary Reserve Fund represent an estimate of amounts sufficient to provide for 18 months of expenses so the Fund can continue to pursue its mission in the event of long-term economic downturn. The balances of $9,627,593 and $9,200,317 in net assets without donor restrictions for 2025 and 2024, respectively, represents the combined unspent portion of the Sequestration Fund and Temporary Reserve Fund of $8,000,000, plus any interest earned.

Net assets 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 Fund or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Note 7. Net Assets (Continued)

Net assets with donor restrictions were as follows for the years ended December 31, 2025 and 2024:

	2025	2024
Original donor-restricted endowment contribution amount and amounts required to be retained by donor:		
Illinois	$ 15,000,000	$ 15,000,000
Michigan	25,000,000	25,000,000
Minnesota	1,500,000	1,500,000
New York	12,000,000	12,000,000
Ohio	14,000,000	14,000,000
Pennsylvania	1,500,000	1,500,000
Wisconsin	12,000,000	12,000,000
	81,000,000	81,000,000
Accumulated investment gains on endowment funds, which, once appropriated, are expendable to support the activities of the Fund	86,755,544	70,104,652
Total net assets with donor restrictions	$167,755,544	$151,104,652

Donor-restricted endowment contributions represent the contributions received from member states in accordance with the Fund's articles of incorporation. These amounts cannot be expended.

With the exception of Indiana, all states have made their required contributions. There is no due date for the contribution payable by Indiana, which has not yet joined the Fund.

Note 8. Endowment Net Assets

The Fund's endowment net assets are comprised of restricted contributions made by the member states, as well as the net effect of the realized and unrealized investment returns and losses on those investments and the operating expenses of the Fund. As the original contributions were made for the purpose of establishing a fund of assets to provide income for the Fund, the Fund's net assets are considered an endowment, as defined by accounting guidance related to financial statement presentation for nonprofit organizations.

Interpretation of relevant law: The Fund has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original contribution as of the contribution date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Fund classifies as net assets with donor restrictions: (a) the original value of contributions donated to the permanent endowment, (b) the original value of subsequent contributions to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor contribution instrument at the time the accumulation is added to the Fund. In accordance with UPMIFA, the Fund considers the following factors in making a determination to appropriate or accumulate earnings on donor-restricted endowment funds:

1. The duration and preservation of the Fund
2. The purpose of the Fund 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 the Fund
7. The investment policies of the Fund

Note 8. Endowment Net Assets (Continued)

The changes in endowment net assets for the Fund were as follows for 2025 and 2024:

	2025	2024
	With Donor Restrictions	With Donor Restrictions
Endowment net assets, beginning of year	$151,104,652	$139,435,537
Realized investment income and gains, net	6,085,609	6,109,735
Miscellaneous revenue	1,000	1,000
Unrealized gain on investments	17,633,552	12,711,049
Amounts appropriated for expenditure	(7,069,269)	(7,152,669)
Endowment net assets, end of year	$167,755,544	$151,104,652

Return objectives and risk parameters: The Fund has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to its programs while ensuring that the original value of the endowment contributions is preserved. Assets are invested in a manner intended to achieve an annualized nominal return of 5% to 8%. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Fund relies on a total return strategy in which returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Fund targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy: The Fund has a policy of appropriating an estimate of expenditures each year as part of a formal, annual budget. Adjustments to appropriations are also approved during the year as unexpected changes arise.

Note 9. Lease Obligation

The Fund leases office space under a lease classified as an operating lease. In July 2024, an amendment was executed to extend the term of the lease until November 2035, with an option to extend the lease for an additional five-year period. The five-year extension option is not recognized as part of the Funds' right-to-use asset and lease liability as it is not reasonably certain the option will be exercised. There is a termination option effective for October 2032 if the Fund provides nine months' notice and pays a corresponding fee, however it is not reasonably certain the option will be exercised. As the Fund's lease agreement does not provide an implicit rate, the risk-free rate at the modification date when the lease was amended and representative of the extended term of the lease was determined to be appropriate. The Fund elected to use a discount rate of 4.48% as of July 2024. Lease related information for the years ended December 31, 2025 and 2024, is as follows:

	2025	2024
Operating lease cost	$ 196,458	$ 191,095
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 189,593	$ 190,857
Weighted-average remaining lease term—operating leases	9.9 years	10.9 years
Weighted-average discount rate—operating leases	4.48%	4.48%

Minimum payments required under the lease are as follows:

2026	$ 192,173
2027	194,752
2028	197,332
2029	199,911
2030	202,491
Thereafter	1,033,090
	2,019,749
Less amounts representing interest	(392,914)
Total obligation	$ 1,626,835

Note 10. Retirement Plan

The Fund maintains a retirement plan under the provisions of Section 401(a) of the IRC applicable to governmental retirement plans. The Fund makes contributions under two provisions in the plan:

1. Contributions equal to 10% of each employee's compensation. All employees must participate upon commencement of employment.

2. Discretionary matching contributions in the amount of 100% of the employee's deferral contributions to the Fund's 457(b) deferred compensation plan (Note 10). The Fund's discretionary matching contributions are limited to 6% of the employee's compensation for the year. All employees contributing to the Fund's 457(b) deferred compensation plan are eligible to participate.

All Fund contributions on behalf of employees are 100% vested when made. The Fund contributed $192,789 and $171,437 to the retirement plan for 2025 and 2024, respectively.

Note 11. Deferred Compensation Plan

The Fund maintains a deferred compensation plan under the provisions of Section 457(b) of the IRC. All employees are eligible to voluntarily participate upon commencement of employment. Participants can elect to participate in the deferred compensation to the extent permitted by applicable contribution limits under Section 457(b) of the IRC.

The Fund makes discretionary matching contributions to the retirement plan (Note 11) in the amount of 100% of the employee's deferral contributions to the Fund's 457(b) deferred compensation plan. The Fund's discretionary matching contributions are limited to 6% of the employee's compensation for the year. Only employee contributions were made to the deferred compensation plan for 2025 and 2024.

Appendix 2

Projects Completed in 2025

Forging New Pathways to Improved Water Quality and Climate Resiliency in the Great Lakes ($1,215,000)

Moonshot Missions
Contact: George Hawkins

The primary objective of this project was to improve water quality by finding solutions to the pressing environmental and operational challenges faced by small and under-resourced wastewater utilities across the region. Many wastewater utilities in the Great Lakes basin need significant capital reinvestment, especially those serving smaller and under-resourced communities, which often lack technical, managerial, and financial resources.

Historically, utilities replace aging water infrastructure with the same conventional infrastructure. While this approach may improve the performance of some systems, it is often the wrong solution and does not reduce the burden on ratepayers, which is often unbearably high for small and under-resourced communities. The team recognized that this is a cycle in need of disruption, and they sought in this project to change the trajectories of the utilities around the basin.

Moonshot Missions partnered with technical experts and the wastewater utilities of Toledo, Akron, Defiance, and Lima in Ohio; Oconto, WI; and Gary, IN to deliver targeted technical assistance, peer support through a community of practice (Great Lakes PRESERVE, https://www.moonshotmissions.org/greatlakespreserve) and the development of Moonshot modules (for phosphorus removal, Inflow and Infiltration (I/I) reduction, Combined Sewer Overflow (CSO) reduction, and a Community of Practice Toolkit) to empower these utilities to implement cost effective resiliency solutions. In addition to the six utilities, the team also partnered with Michigan Department of Environment, Great Lakes and Energy to work with 25 small utilities discharging to the Western Lake Erie Basin.

Nutrient Reduction through Real-time Optimization and Control ($905,000)

Xylem, Inc.
Contacts: Lindsay Birt and Patrick Henthorn

This was a foundational proof-of-concept to develop a real-time monitoring and control system for reducing phosphorus, nitrogen, and sediment discharged by agricultural drains. The team lead, Xylem, had successfully developed and commercialized automated stormwater drain control systems in urban environments. These systems delivered environmental and financial benefits to cities by using sensor networks, predictive hydrologic models driven by machine learning, and automated controls to manage stormwater flows during wet weather events.

Xylem partnered with the Van Buren Conservation District in Michigan and the University of Notre Dame to assess the potential of a similar approach for managing agricultural drainage systems to reduce nutrient runoff. The team deployed a sensor network on test fields; applied machine learning and data science to forecast nutrient loading; and built and tested a real-time decision support system to reduce nutrient loads, while maintaining soil moisture and increasing yields.

Building the Foundation for a Grass-fed Dairy Standard for Managed Grazing ($160,000)

Dairy Grazing Alliance
Contact: Joe Tomandl

Managed grazing of perennial pastures offers significant benefits: it reduces agricultural runoff, enhances soil health, and improves farm profitability. However, current certifications frequently require rigid adherence to 100% grass-fed or organic practices, which can be impractical for many dairy producers.

In this design project, this team explored the creation of a new “Grass-Fed Dairy Standard” designed to increase the adoption of managed grazing systems across the Great Lakes Basin, by providing a more inclusive and realistic pathway for diverse dairy operations while maintaining environmental integrity and market credibility. The project looked at the barriers posed by existing certifications, which often create challenges for producers, and collaborated with dairy producers, scientific advisors, brand leaders, and other stakeholders to map out the process for creating the standard and ensure it aligned with market needs, delivered environmental benefits, and was practical for widespread adoption.

Healthy Ports: Port Bay Monitoring ($100,000)

University of Pennsylvania
Contact: Sean Burkholder

In 2018, the Board awarded a team co-led by the University of Buffalo and Cornell University $1,590,000 to pilot new passive sediment management strategies at river mouths to create new wetland and fish habitat, improve water quality, support local economies, and reduce the cost and environmental impacts from dredging. To further support this project, under the same resolution, the Board voted unanimously to make up to $100,000 available to support expanded monitoring and data analysis, so that the project team could assess improvements to the physical, chemical and biological integrity of the Great Lakes ecosystem.

This was a three-year effort to monitor the Healthy Port Futures Port Bay, New York site. The Port Bay project depends on adaptive management, so monitoring is essential to its long-term viability. The project, which consists of annual construction of a cobble-feeding system of dredged material, provides both beach nourishment and habitat creation. It is part of a much larger regional sedimentary system; thus, information from this project will be used to support projects elsewhere.

Improving Shoreline Resilience and Coastal Adaptation through Community Action ($150,000)

Proof Projects LLC
Contacts: Brian Davis, Sean Burkholder, Tess Ruswick

This team wants to revolutionize coastal management across the Great Lakes region. Great Lakes coastal communities have an opportunity to reshape how their coastlines are built and managed for the future, and the team wants to demonstrate how shorter-term adaptive management - guided by customized remote sensing technologies, tools, and data collection – can better prepare communities for the escalating impacts of climate change. Through this work, communities will be able to develop, construct, and maintain more ecologically integrated and resilient coastlines at a lower cost.

During this design phase, the team hosted a series of meetings, listening sessions, and interviews with local, state and federal coastal program agency staff, as well as non-profit organizations, universities, and shoreline communities. The team identified coastal community partners, focusing on smaller communities that have demonstrated a need for more cost-effective, resilient coastal management and a willingness to participate in more innovative experimental practices.

The Fund's Board of Directors awarded up to $1,200,000 to pilot the strategies, technologies and tools with their coastal community partners they had developed during this design phase.

Advancing Stormwater Management at Marinas in the Great Lakes ($839,000)

Michigan Sea Grant
Contact: Sylvia Newell

This project sought to improve nearshore water quality and habitat quality in the Great Lakes by building the regional capacity to improve stormwater management at Great Lakes marinas. Great Lakes marinas and the boating industry depend on clean waters and a healthy coastal environment for the success of their business and continued use by recreational boaters. Yet their operations can cause various sources of pollution, such as sediment, pesticides, oil and road dirt, heavy metals, and nutrients to run off into nearshore waters during storm events.

To achieve the project goals, the team developed a Clean Marina Stormwater Toolkit (https://www.michiganseagrant.org/cmst/) and installed seven green infrastructure practices in four marinas in Michigan, Ohio and Wisconsin to demonstrate the benefits of green infrastructure. The team developed and implemented monitoring and maintenance plans at each marina, as well as developed training curricula and a robust outreach plan.

A strong team consisting of Michigan Sea Grant, Ohio Sea Grant, Wisconsin Sea Grant, and Ohio State University led the work. The four marina partners were Barker's Island Marina (Superior, WI); Holiday Harbor Marina (Huron, OH); Edward C. Grace Memorial Harbor Marina (Elk Rapids, MI); and a municipal boat launch (Charlevoix, MI). Project partners also included numerous contractors, citizen volunteers (water sampling), federal and state agencies, city government, and local environmental nonprofits. The team leveraged its multi-state Clean Marina program to share information with the marina and boating communities and drive adoption of the practices.

Great Lakes Legal Analysis ($40,000)

Great Lakes St. Lawrence Governors and Premiers
Contact: Pete Johnson

This funding enabled the Great Lakes St. Lawrence Governors and Premiers to work with legal scholars on the impact of recent court decisions on the Great Lakes St. Lawrence River Water Resources Compact (Compact).

Appendix 3

Portfolio of Projects as of December 2025

Team composition described includes both paid and unpaid collaborators.

Designing Market Pathways for Agroforestry Adoption on Problematic Cropland ($150,000)

This project will explore ways to bridge the gap between farmers and buyers to expand the market for agroforestry products, establishing better uses for challenging cropland that improves farm viability and water quality across the Great Lakes Basin.

Many producers are interested in shifting steep, flood-prone, or otherwise marginal cropland from corn and soy to tree crops, like chestnuts, which could reduce runoff, improve soil health, and provide long-term financial security for farmers. However, adoption remains slow, in part because producers face uncertainty about how, or whether, they'll be able to sell what they grow.

During this design project, the team will test early buyer engagement strategies, explore producer interest, and map a path for scaling adoption. They will engage a range of stakeholders, including high-volume buyers, producers, technical service providers, grower organizations, and market analysts, to understand how to support land transitions. If successful, the project will lay the groundwork to connect early adopters with committed buyers and establish a replicable model for integrating tree crops on marginal lands across the Great Lakes basin.

Team Composition:
Propagate LLC (Fiscal Agent)
Chestnut Growers, Inc.
Wintergreen Tree Farm
New York Tree Corps Alliance
The Great Chestnut Experiment
Two Doors Down Productions

Embedding Conservation in Farm Finance Across the Great Lakes ($1,075,000)

This team will develop two first-of-its-kind initiatives that will unite agricultural institutions—including major agricultural lenders, food companies, and technical service providers--to embed financial incentives directly into the familiar agricultural loan transactions that every farmer utilizes to drive changes to farming practices across the basin and beyond.

Environmental Defense Fund (EDF) will work with financial institutions, the Innovation Center for U.S. Dairy, and dairy companies, to create a Dairy Impact Fund to enable the capital-intensive transition to nutrient-reducing manure management systems (e.g., solid-liquid separators and composting equipment) for small to mid-sized farms. The target area for implementation includes MN, WI, MI, OH, and NY. Banking partners, other funders, and investors will capitalize this fund.

In a different partnership with the nonprofit FoodBridge Canada, the farmer-led Ontario Soil Network, the lender Farm Credit Canada (FCC), and corporate buyers, EDF will scale a sustainable finance framework that incentivizes proven environmental practices (e.g., cover crops, advanced nutrient management, and improved manure storage) with new lending products—such as interest rate reductions, or flexible repayment terms.

Together, these initiatives will demonstrate how aligning financial systems with environmental outcomes can achieve measurable improvements in water quality, build healthier soils, and create more resilient farm businesses—without ongoing reliance on public cost-share programs.

Team Composition:
Environmental Defense Fund (Fiscal Agent)
Farm Credit Canada
FoodBridge Canada
Ontario Soil Network
PepsiCo
Innovation Center for U.S. Dairy

Transforming Shoreline Stewardship through Adaptive Management and Remote Sensing ($1,200,000)

This team will build an Adaptive Management and Remote Sensing (AMARS) platform to help Great Lakes communities restore their coastlines naturally and cut costs. Rather than hardening coastlines, an expensive strategy that negatively alters sediment movement, this team will combine nature-based solutions with remote sensing and machine learning technology to give communities informed recommendations on landscape design.

As heavier storms threaten coasts in new ways, communities face a pivotal choice: either follow the status quo "defend and control" approach, marked by expensive fixed infrastructure projects that harden the coastline, or pursue a new adaptive system management approach that works with natural coastal processes to replenish coastlines rather than starve them. AMARS will address this barrier: the platform will build the information and tools needed to manage their coastlines in a way that works with nature.

For example, drone imagery analysis could reveal where a community may strategically create artificial underwater reefs to reduce wave energy or place dredged material to nourish coastlines, rather than stopping wave action with jetties or hardening them with riprap.

The team will pilot AMARS with three partner communities in Wisconsin Point, Wisconsin; Sandy Pond, New York; and East Bay, New York.

Team Composition:
Proof Projects, LLC (Fiscal Agent)
AltoMaxx Technologies
O'Sullivan Ecohydraulics
University of Minnesota
Michigan State University
University of Illinois

Expanding a Peer-led Utility Network for Resilient Water Management ($1,130,000)

This project aims to trigger a basin-wide shift in how wastewater utilities are managed, budgeted, and led—unlocking an often-overlooked lever for clean water improvement. The team will empower more than 25 small and mid-sized utilities within the Great Lakes Basin to strengthen their organizational systems, such as leadership, management, budgeting, and staffing, in ways that generate cost savings and improve operations.

Those operational savings will then be reinvested into clean water projects, creating a self-sustaining cycle of ecological and financial gains using the resources utilities already have.

Great Lakes PRESERVE, a network formed through a previous Fund-supported project, will develop, implement, and integrate a new Utility Performance Management (UPM) model. UPM is a suite of practices that improves a utility's capital budgeting, operations, personnel management, leadership, and outreach strategies to help wastewater utilities improve and innovate. The network will extend its reach and emphasize social infrastructure and peer exchange. A UPM Knowledge Hub on the PRESERVE website, a UPM Replication Playbook, and case studies documenting lessons learned will be resources for utilities. The team will work with other network organizations to embed the UPM model in conferences and technical service offerings across the region to drive UPM growth.

Participating utilities will launch at least 15 high-impact projects. Over the long term, this peer-led model will be integrated into professional societies and technical assistance programs, ultimately expanding to more communities and reducing combined sewer overflows by up to a billion gallons, reducing phosphorus loading by 500,000 to 2 million pounds, and saving the region billions of dollars in avoided infrastructure costs.

Team Composition:
Moonshot Missions (Fiscal Agent)
Milwaukee Metropolitan Sewerage District (MMSD), Milwaukee, WI
Northeast Ohio Regional Sewer District (NOERSD), Cleveland, OH
City Of South Bend, IN
WateReuse Association
Water Environment Federation (WEF)
National Association of Clean Water Agencies (NACWA)
Institute for Sustainable Infrastructure (ISI)
American Water Works Association (AWWA)
Washington Suburban Sanitary Commission (WSSC)
XPV Water Partners
Bluefield Research

Empowering Water Managers with Digital Tools ($1,300,000)

The goal of this project is to trigger a watershed-scale shift in water management practices across the Great Lakes region by developing scalable tools that empower a network of up to 1,500 stormwater operators in Great Lakes counties and midsized cities to approach their jobs differently. The team will build an open source, AI-driven Digital Operator Toolbox, designed to help stormwater operators transition from reactive to proactive stormwater management. The toolbox will equip operators with real-time, predictive tools to help reduce errors that lead to nutrient runoff, sediment loss, and overflow events.

This project will bring together stormwater operators, county officials, and industry experts from four Great Lakes counties (Oakleaf, MI; Branch, MI; Kosciusko, IN; and Bayfield, WI) and four mid-sized cities (Dearborn, MI; Toledo, OH; Syracuse, NY; and Fort Wayne, IN) to co-develop and pilot the toolbox. The toolbox will leverage existing user knowledge, human-centered design, AI, and local and regional data sources to create an interactive interface that allows operators to query their system, view forecast projections, and model changes in real-time.

The purpose is to help operators understand and prepare for problems before storm events happen. This will allow operators to proactively optimize water flow rather than reactively addressing issues.

Ultimately, the team will lay the groundwork for a regional network of operators and stakeholders, fostering wider collaboration and supporting the adoption of this open-source platform across the basin.

Team Composition:
HyFi, LLC (Fiscal Agent)
University of Michigan
Wisconsin Department of Natural Resources
Jacobs
Great Lakes Water Authority
Water Environment Research Foundation
City of Fort Wayne, IN
City of Dearborn, MI
Oakland County
City of Toledo, OH
Onondaga County
Kosciusko County
Fahey Schultz Burzych Rhodes
Civil Engineers, Inc.
Corvias Solutions
Verizon

Event Support 2024-2026 ($275,000)

These funds are designated to support Great Lakes and water innovation events over two years. Support will target regional and national events and include: meeting and organizing expenses, support for funder coordination and field-building activities, and allow the Fund to organize its own events.

Great Lakes Wastewater Discharge Inventory ($50,000)

This discretionary award inventories sources of storm and wastewater discharged in the Great Lakes basin. This inventory will support our “Reimaging Urban Water Systems” strategic priority and help target our programming at gaps in the current scheme to control releases of conventional, toxic, pathogens and nutrient pollution in line with our strategic plan.

Team Composition:
Great Lakes Commission (Fiscal Agent)

Mobilizing a Great Lakes Microplastic Action Network ($1,190,000)

This team will create a Great Lakes-focused microplastic action network that will use proven reduction strategies and new analytic tools, including a new open-source analytic engine, or “Library,” for identifying environmental microplastics. The Library will analyze environmental microplastics to infer the likely source, fate, and transport of

microplastic samples, empowering communities to identify local pollution sources for the first time and offering new opportunities for microplastic pollution mitigation at a local level.

The team – including communities in Ohio, New York, and Michigan, will develop and pilot-test the AI-powered Library. Pilot communities will be able to target source-specific strategies and learn from their actions. Using data generated from the new Library, communities will take actions to reduce microplastics in their local context, such as: piloting wastewater filtration to address point sources, preventing nurdles released in the supply chain, targeting single-use plastics through public awareness campaigns, and supporting restaurant associations in identifying alternatives to plastic containers.

Ultimately, the team – supported by the technology – will establish a growing network of over 200 basin communities who will help one another more effectively execute control programs. This network will act as a hub for exchanging strategies, achievements, and learning, improving the collective ability of communities across the region to tackle microplastic pollution

Team Composition:
Wayne State University (Fiscal Agent)
Buffalo Niagara Waterkeeper
Cleveland Water Alliance
Huron River Watershed Council
Resource Recycling Systems
Ohio State University
University of Delaware
USGS Geological Survey
University of Western Ontario
Tip of the Mitt Watershed Council
Enwave Optronics
Chemung County, NY
National Institute of Standards and Technology

Improving the Health of the Great Lakes through Profitable Low Overhead Dairy Grazing ($1,560,000)

This project will demonstrate how low-overhead dairy grazing could revitalize the dairy sector by offering a scalable solution for farmers, the environment, and Great Lakes communities. Low-overhead dairy grazing (LODG) is an approach to dairy farming that keeps perennial pasture on the landscape without tillage and with minimal synthetic inputs, reducing sediment and nutrient loss from land and improving water quality.

The US dairy industry is a significant contributor to phosphorus pollution in the Great Lakes basin. At the same time, small and medium-sized dairy farms in the Great Lakes basin face unprecedented economic pressure and often are pushed to exit the industry. Due to these challenging economics, there is great potential in the dairy industry for innovations that increase profitability and reduce nutrient runoff. LODG is both an economical option and has significantly less environmental impact.

The team will design and pilot a hub-based model that more easily provides a scalable and competitive solution for dairy farms transitioning to regenerative LODG. Hubs will serve as central entities that manage common

needs across a group of dairy farms, including training, human resources, purchasing, research, and supply chain logistics.

Team Composition:
Winrock International (Fiscal Agent)
Compeer Financial
Michigan State University
Dairy Grazing Alliance
Food Finance Institute
Global Philanthropy Partnership
Michigan Food and Farming Systems
University of Wisconsin – Madison
Wisconsin State Innovation Exchange

Expand Disadvantaged Communities' Access to State Revolving Funds ($1,650,000)

This team will launch a predevelopment loan fund (with $1 million of initial financing) that supports small and under-resourced communities that typically don't apply to their state's clean water revolving fund (SRF) because the process is expensive, complex, and requires upfront investments in planning. Sharply increased funding to SRFs from the 2021 Infrastructure Investment and Jobs Act (IIJA) makes money available to these communities to improve their water systems. However, smaller communities with fewer financial resources are unable to pay for the technical assistance needed to create applications for SRF programs and may not be able to access these funds.

This project will identify and engage disadvantaged communities and provide them with loans to pay for the required technical assistance support. These loans will be repaid from the SRF grant or loan. The team expects to make 20 to 30 loans from the fund's initial capitalization, delivering up to $100 million in SRF support to needy communities. The program's success will attract additional capital and support its expansion to all Great Lakes states.

Team Composition:
Environmental Policy Innovation Center (Fiscal Agent)
Greenprint Partners
Clean Wisconsin
Moonshot Missions
Bowman Environmental Consulting
Illinois Facilities Fund

Performance-Based Financing Models for Sustainable Agriculture in the Great Lakes Basin ($600,000)

This team will create a new class of agriculture investment products for institutional ESG investors that are measured by the carbon footprint of fertilizer used in crop production. These investment products will have preferred (lower) interest rates based on their performance in delivering environmental benefits by reducing nutrients applied to the land or lost to the water system.

This project is part of a multi-phase strategy that reduces nutrient use in the region by expressing them as reduced carbon emissions. This aligns improved nutrient management on farms with ESG investors' climate change strategies. Corporations and institutional investors can meet their sustainability goals by passing performance requirements for nutrient management through their value chains.

This team will explore which customers value reframing nutrient use and loss as their carbon footprint equivalents. Significantly, this testing will also help the team understand how these products would result in farmers and landowners implementing conservation practices. This work will set the stage for field testing -in a later phase -the financial products the team has developed.

Team Composition:
University of Michigan (Fiscal Agent)
Limno-Tech, Inc.
Triangle Digital
Siren LLC

Empower Land Conservancies to Prioritize Nutrient Pollution ($1,500,000)

This team will create a new regional enterprise co-managed by land trusts that will retire and restore problematic agricultural parcels; and develop a permanent funding stream that pays for it. Farmland that contributes to nutrient pollution will be restored to native perennial vegetation in the Maumee, St. Louis, and Saginaw River watersheds. This new enterprise will be a hub for expansion across the basin and a model for other land trusts.

The team will create this new enterprise by pursuing three workstreams.

- Develop a land trust community of practice with the following five land trusts who will be critical, on-the-ground partners: Minnesota Land Trust, Wisconsin Landmark Conservancy, Saginaw Basin Land Conservancy, Little Forks Conservancy, and Black Swamp Conservancy.
- Create a technical advisory committee – including the five land trust partners – to develop an ensemble model to prioritize cropland with the highest phosphorus reduction potential.
- Generate a steady source of flexible funding for the land trusts that can be used for land purchase, outreach, restoration, and land stewardship to improve Great Lakes water quality.

The project will provide value to the Great Lakes community through the new community of practice, the land prioritization modeling results, and the increased capacity within the land trusts created by the project.

Team Composition:
Freshwater Society (Fiscal Agent)
Minnesota Land Trust
Wisconsin Landmark Conservancy
Saginaw Basin Land Conservancy
Little Forks Conservancy
Black Swamp Conservancy
Conservation Fund
Bolin Agency
Ulrich Consulting

Increase Under-Resourced Municipalities' Access to Green Infrastructure ($1,400,000)

Decades of underinvestment in wastewater and stormwater infrastructure have degraded Great Lakes water quality and increased ecosystem and community vulnerability to the impacts of severe flooding. Many large municipalities can pay for these services or have experts on staff. However, in small to mid-sized cities, the work is often done only as staff time and budgets allow. As a result, planning and implementing green infrastructure projects remains out of reach for many municipalities that could benefit from it.

This team will improve Great Lakes water quality by reducing stormwater runoff and flooding in smaller communities. They will establish an integrated design, build, finance, and maintain service for green infrastructure that will primarily focus on disadvantaged and under-resourced municipalities that don't implement green infrastructure projects independently. The team will work with at least ten municipalities, as well as community members and community-based organizations to design the service program so that it is an integrated approach to planning, implementing, maintaining, and monitoring green infrastructure projects across many municipalities. The team will assess alternative funding sources for these projects, including federal and state financing programs and philanthropy. They will also explore the potential of a new low-cost micro-bond product explicitly designed for small communities to implement and maintain green infrastructure. The team will pilot the program in Lansing, MI, and Manitowoc, WI.

Team Composition:
Delta Institute (Fiscal Agent)
Stantec
Regiment Securities
389nm
City of East Chicago, IN

Permanent Destruction of PFAS in Landfill Leachates and Wastewater ($690,000)

The project team is developing an innovative approach to destroying PFAS in the Great Lakes region, and they anticipate their work will raise the bar for PFAS destruction technology. Its success will activate a marketplace for technologies that destroy PFAS, permanently removing these dangerous compounds from the Great Lakes ecosystem. Current treatments remove PFAS from water by filtration, adsorption, and reverse osmosis; however, these methods produce solid waste and wastewater with highly concentrated PFAS that are often stored on industrial sites or in landfills from where they can re-enter the environment.

The team, led by Michigan State University and Fraunhofer USA, will test, validate, and scale their technology, a magnetically enhanced arc plasma (MEAP), which has been shown to permanently destroy PFAS, removing the risk that these compounds will re-contaminate Great Lakes water. Their work has shown this process to be more effective, faster, and less energy-intensive than other emerging PFAS destruction technologies. The project team, which includes industry, academic, municipal, and not-for-profit participants, will evaluate MEAP technology's performance in treating landfill leachates and wastewater –two significant sources of PFAS in the environment – and create a foundation for its widespread adoption after Fund support ends.

Team Composition:
Michigan State University (Fiscal Agent)
Fraunhofer USA Center Midwest CMW

City of Grand Rapids, MI
Granger Waste Services
Ampres, Inc.

Building Agroforestry to Improve Water Quality ($1,200,000)

This project will drive the growth of agroforestry across the Great Lakes basin. Agroforestry – incorporating trees into row crop farmland – has been shown to improve the performance of riparian buffers around farmland, and alley cropping (the practice of interspersing rows of tree crops among common row crops) substantially reduces nutrient loss from the land. However, significant challenges exist regarding the widespread adoption of agroforestry throughout the Great Lakes basin, including the inability to drive market demand for tree crops, like hazelnuts, without a reliable supply source, and vice versa. Further, an unreliable market creates a dearth of capable technical support for farmers to incorporate agroforestry on their land. This project will develop and deploy the support systems needed to accelerate the adoption of agroforestry across the region.

The project team will (1) establish a set of pilot farms in northeast Wisconsin implementing agroforestry, (2) engage a community of farmers and customers throughout the basin, and (3) develop the tools they need to accelerate the growth of agroforestry across the region. With demonstration sites as hubs, the project team's farmers and trained technical service providers will create practitioners' guides to agroforestry's technical and financial aspects. These guides, engagement by farmers across the region, and the feedback from initial pilot clusters will lead to a second set of agroforestry pilots in western Michigan in the latter stages of the project and detailed plans for four more in the following years.

Team Composition:

Savanna Institute (Fiscal Agent)
Farm Commons
Chiwara Permaculture Research and Education L3C / We are the Forest
USDA National Agroforestry Center
Newaygo Conservation District
Michigan Alliance for Environmental and Outdoor Education
Country Financial
Artisan Grain Collaborative
Oceana Conservation District
Croatan Institute
Ozaukee Washington Land Trust
Riveredge Nature Center
River Alliance of Wisconsin

Transforming Land Stewardship Through a Farm Navigator Network ($1,219,000)

This project will increase the adoption of conservation practices and regenerative farming systems across the Great Lakes basin by creating the Great Lakes Farm Navigator Network, a new network of "navigators" and a supporting training program that will assist senior farmers and landowners to transition their land to new owners and operators who have a commitment to conservation.

Nearly one in three farmers in the Great Lakes states is over 65 years old, and the average age of landowners renting land to farmers is 66. Many of these farmers and landowners are interested in establishing and maintaining conservation practices on their land. Still, they haven't created farm transfer plans that incorporate conservation practices. The Network will advise, train and support senior farmers and landowners to implement conservation options in their farm transfer plans and support beginning farmers to secure land access with a commitment to conservation. They will focus on: Women farmers/landowners – to develop and implement conservation or farm transfer plans. Senior farmers/landowners – to implement conservation options, such as agricultural conservation easements within their farm transfer planning. Beginning farmers – to secure land access with an articulated land ethic or commitment to conservation, tied to their personal and business goals.

The team will recruit and train navigators from regions where agriculture's impact is the highest in the basin: Michigan, New York, Ohio, and Wisconsin. Navigators will come from multiple sectors, including University Extension, agricultural organizations, retailers, land trusts, and soil and water conservation districts, and they will undergo training in estate planning, contracting, trust instruments, and corporate and other sustainability initiatives. This will be a first-of-its-kind holistic program to serve all three diverse audiences of women farmers/landowners, senior farmers/landowners, and beginning farmers to achieve multiple land-related goals. If successful, the team expects to reduce phosphorus contribution to the Lakes by more than 400 metric tons per year within ten years.

Team Composition:

American Farmland Trust (Fiscal Agent)
Renewing the Countryside
Crosshatch Center for Art and Ecology
Michigan Agriculture Advancement
Michigan Food & Farming Systems
Michigan State University
West Michigan Farmers of Color Land Fund
Cornell Cooperative Extension of Erie County
Genesee Land Trust Inc.
Genesee Valley Conservancy
Providence Farm Collective
Lucas Soil & Water Conservation District
Ohio Ecological Food and Farm Association
The Nature Conservancy
Foxhead Regenerative Agriculture Project
Glacierland Resource Conservation & Development
Golden Sands Resource Conservation & Development Council

Advancing Early Detection of Ballast-mediated Invaders in the Great Lakes ($648,000)

Developed from a project design award, this project will make early detection of aquatic invasive species (AIS) both more economical and practical and significantly improve the prospects for prevention and containment of AIS in the Great Lakes. Existing detection methods for targeting invasive organisms are time-consuming and expensive. Consequently, new colonies of AIS are often only detected after they are well-established. The project team will develop "smoke detectors" for AIS – new protocols for sampling and analysis that are inexpensive,

rapid, and easy to use. They will use methods that detect the genetic material of target organisms in Great Lakes harbors and determine whether its presence indicates a reproducing colony of that organism. The team will "package" the products of their work so state resource managers and others that lead AIS management activities can quickly adopt them.

Team Composition:

Pennsylvania State University – Erie (Fiscal Agent)
Governors State University
Pennsylvania Sea Grant
Tom Ridge Environmental Center Foundation
US Environmental Protection Agency
US Naval Research Laboratory
American Great Lakes Ports Association
Alliance for the Great Lakes
Pennsylvania Department of Environmental Protection
Great Lakes Commission
Central Michigan University
NOAA Great Lakes Environmental Research Laboratory

Great Lakes
Protection Fund

The Fund's mission is to identify, demonstrate, and promote regional action to enhance the health of the Great Lakes Ecosystem.

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