

FINANCIAL STATEMENTS AND

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

ADVANCING MACOMB FOUNDATION, INC. AND AFFILIATE

DECEMBER 31, 2022

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

Board of Directors

Advancing Macomb Foundation, Inc. and Affiliate

We have reviewed the accompanying financial statements of Advancing Macomb Foundation, Inc. (a nonprofit organization) and Affiliate, which comprise the statement of financial position as of December 31, 2022, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Advancing Macomb Foundation, Inc. and Affiliate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information included on pages 15 and 16 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. We have not audited or reviewed such information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Davison & Associates

Troy, Michigan
August 16, 2024

Advancing Macomb Foundation, Inc. and Affiliate
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2022

A S S E T S

CURRENT ASSETS

Cash (note A3)	\$ 133,201
Accounts receivable (note A6)	30,000
Prepaid expense	<u>148</u>

TOTAL ASSETS		<u><u>\$ 163,349</u></u>
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L I A B I L I T I E S

LIABILITIES

Accounts payable	84,209
Accrued liabilities	<u>4,797</u>

Total current liabilities		89,006
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NET ASSETS (note A7)

Without donor restrictions	8,819	
With donor restrictions	<u>65,524</u>	<u>74,343</u>

TOTAL LIABILITIES AND NET ASSETS		<u><u>\$ 163,349</u></u>
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The accompanying notes are an integral part of this statement.

Advancing Macomb Foundation, Inc. and Affiliate

CONSOLIDATED STATEMENT OF ACTIVITIES

Year ended December 31, 2022

	Without donor restrictions	With donor restrictions	Total
REVENUES AND OTHER SUPPORT			
SUPPORT			
Direct public support	\$ 100,442	\$ -	\$ 100,442
Grants	64,476	65,524	130,000
Special events - net expenses of \$14,256	4,823	-	4,823
Contributed services	9,994	-	9,994
Interest income	22	-	22
	<u>179,757</u>	<u>65,524</u>	<u>245,281</u>
Net assets released from restrictions	<u>214,559</u>	<u>(214,559)</u>	<u>-</u>
Total revenues and other support	394,316	(149,035)	245,281
EXPENDITURES			
Program services	388,521	-	388,521
Management and general	35,290	-	35,290
Fundraising	<u>35,061</u>	<u>-</u>	<u>35,061</u>
Total expenditures	<u>458,872</u>	<u>-</u>	<u>458,872</u>
CHANGE IN NET ASSETS	(64,556)	(149,035)	(213,591)
NET ASSETS			
Beginning of year	<u>73,375</u>	<u>214,559</u>	<u>287,934</u>
NET ASSETS			
End of year	<u>\$ 8,819</u>	<u>\$ 65,524</u>	<u>\$ 74,343</u>

The accompanying notes are an integral part of this statement.

Advancing Macomb Foundation, Inc. and Affiliate

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended December 31, 2022

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUND RAISING	Total
Salaries and wages	\$ 90,176	\$ 12,882	\$ 25,765	\$ 128,823
Payroll taxes	8,271	1,182	2,363	11,816
Advertising	3,785	-	-	3,785
Contract services	21,004	3,001	6,001	30,006
Contributed services	9,994	-	-	9,994
Professional fees	-	14,994	-	14,994
Office supplies	516	57	-	573
Dues and subscriptions	-	-	932	932
Insurance	-	2,541	-	2,541
Occupancy	3,060	340	-	3,400
Conferences, training, and meetings	4,377	-	-	4,377
Program activities and materials	247,338	-	-	247,338
Service fees	-	293	-	293
Total functional expenses	<u>\$ 388,521</u>	<u>\$ 35,290</u>	<u>\$ 35,061</u>	<u>\$ 458,872</u>

The accompanying notes are an integral part of this statement.

Advancing Macomb Foundation, Inc. and Affiliate

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, 2022

Cash flows from operating activities	
Cash received from donors	\$ 300,776
Cash paid to suppliers and contractors	(456,935)
Interest received	<u>22</u>
Net cash used in operating activities and net decrease in cash	(156,137)
Cash at beginning of year	<u>289,338</u>
Cash at end of year	<u><u>\$ 133,201</u></u>

The accompanying notes are an integral part of this statement.

Advancing Macomb Foundation, Inc. and Affiliate

CONSOLIDATED STATEMENTS OF CASH FLOWS - CONTINUED

Years ended December 31, 2022

Reconciliation of change in net assets to net cash used in operating activities	
Change in net assets	\$ (213,591)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Change in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(19,750)
Prepaid expenses	1,262
Increase in liabilities:	
Accounts payable	75,245
Accrued liabilities	697
	<hr/>
Total adjustments	57,454
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Net cash used in operating activities	\$ (156,137)
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The accompanying notes are an integral part of this statement.

Advancing Macomb Foundation, Inc. and Affiliate

NOTES TO FINANCIAL STATEMENTS

December 31, 2022

(See Independent Accountants' Review Report)

NOTE A – SUMMARY OF ACCOUNTING POLICIES

A summary of the Organization's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Nature of Business and Revenue Recognition

Advancing Macomb, Inc., a 501(c)4 organization, was founded in 2012 to provide continuous enrichment for Macomb County communities, add value to the lives of residents and create an enriching environment to live, learn, recreate, innovate and conduct business. Advancing Macomb Foundation, Inc., a 501(c)3 organization, was founded in 2014, to further advance this cause.

In accordance with current accounting standards, Advancing Macomb Foundation, Inc. disaggregates revenue from contracts into major revenue streams as presented on the statements of activities. Revenue is recognized over the performance obligation period applicable to each revenue stream. The Organization's primary sources of revenue and support are grants, contributions, and special events.

2. Principles of Consolidation

In accordance with Accounting Standards Codification (ASC) 958-810, Not-for-profit Entities – Consolidation, the accompanying consolidated financial statements reflect the consolidated assets and liabilities, statements of activities and cash flows of Advancing Macomb Foundation and Advancing Macomb, Inc. (collectively, the "Organization"). All significant interrelated transactions have been eliminated in consolidation.

3. Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less. The company places its temporary cash investments with high credit quality financial institutions and believes no significant concentration of credit risk exists with respect to these cash investments.

Advancing Macomb Foundation, Inc. and Affiliate

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022

(See Independent Accountants' Review Report)

NOTE A – SUMMARY OF ACCOUNTING POLICIES - CONTINUED

4. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

5. Accounting Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

6. Contributions Receivable

Contributions receivable are contributions that have been committed to the Organization. Based on management's evaluation of collectability, no allowance for doubtful contributions receivable was recorded for the year ended December 31, 2022.

7. Classification of Net Assets

Net assets of the Organization are classified as without donor restrictions or with donor restrictions depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Donor-imposed restrictions that expire with the passage of time or that can be removed by meeting certain requirements result in net assets with donor restrictions. Earnings, gains, and losses on restricted net assets are classified as without donor restrictions unless specifically restricted by the donor or by applicable state law.

Advancing Macomb Foundation, Inc. and Affiliate

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022

(See Independent Accountants' Review Report)

NOTE A – SUMMARY OF ACCOUNTING POLICIES – CONTINUED

8. Contributions

Contributions of cash and other assets, including unconditional promises to give, are reported as revenue when received or in the case of unconditional promises, when made. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as support without donor restrictions. Other restricted gifts are reported as net assets with donor restrictions.

9. Contributed Goods and Services

The fair value of significant contributed materials and services is recognized as both revenue and expense in the accompanying financial statements. Contributed services are only recognized by the Organization if they create or enhance nonfinancial assets or require specialized skills and are performed by people whom possess those skills that would otherwise need to be purchased by the Organization.

10. Functional Allocation of Expenses

Functional expenses are allocated among the programs and support services based on specific identification of costs to programs, as well as, various time and use analysis and estimates, made by the Organization's management.

11. Income Taxes

The Organization operates as not-for-profit corporations under Section 501(c)(3) and 501 (c)(4) of the Internal Revenue Code and is exempt from federal income taxes; therefore, no provision for income taxes has been included in this statement.

12. Right-of-Use Leases

Leased equipment and facilities, with a term more than one year, is stated at net present value as right-of-use assets and related lease liabilities as of the commencement date of the lease.

Advancing Macomb Foundation, Inc. and Affiliate

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022

(See Independent Accountants' Review Report)

NOTE A – SUMMARY OF ACCOUNTING POLICIES – CONTINUED

12. Right-of-Use Leases – CONTINUED

Net present value is determined using a stated interest rate or incremental borrowing rate. Amortization of the assets is provided for over the life of the lease utilizing the straight-line method. For the year ended December 31, 2022, the Organization had no right of use leases.

13. Special Event Revenues

The Organization recognizes revenue from special events. Special event revenues are recognized at the time of the event or satisfaction of the services. Revenues from special events for the year ended December 31, 2022 was \$19,079, with related expenses of \$14,256.

NOTE B – IN-KIND CONTRIBUTIONS

In-kind contributions, including the usage of those contributions, are summarized as follows for the year ended December 31, 2022:

Professional services \$9,994 usage - Program and support services

In-kind contributions were valued using estimated average price for identical or similar products or services using pricing data of these similar products or services under a "like-kind" methodology, considering the utility of the services at the time of the contribution. No in-kind contributions were received with donor restrictions. The Organization does not sell donated gifts and only uses donated services and goods for its own program and supporting service activities.

NOTE C – RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

Effective January 1, 2022, management adopted Financial Accounting Standards Board Accounting Standards Codification 842. The standard requires recognition of leases as right-of-use assets and lease liabilities for the term of the lease. The modified retrospective approach was used to assess leases, classifications, and costs for implementation of the standard.

Advancing Macomb Foundation, Inc. and Affiliate

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022

(See Independent Accountants' Review Report)

NOTE C – RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS – CONTINUED

Management has adjusted the presentation in these financial statements accordingly. The standard has been applied retrospectively to all periods presented, with no cumulative effect on net assets as of the beginning of the prior year. As of December 31, 2022, the Organization does not have any right-of-use assets or lease liabilities.

NOTE D – DONOR RESTRICTED FUND BALANCES

The donor restricted fund balance consists of grants and donations made from various foundations. The restrictions on net assets of \$65,524 are for the Breaking Barriers to Play program for the year ended December 31, 2022. During the year ended December 31, 2022, the Organization released \$214,559 of donor restricted funds. As of December 31, 2022, the donor temporarily restricted fund balance was \$65,524.

NOTE E – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of donor imposed restrictions that do not lapse within one year of the financial position date.

The following computes financial assets available to meet cash needs for general expenditure within one year:

Financial assets at year-end	\$ 163,201
Less those unavailable for general expenditures within one year due to restricted use:	
Restrictions on usage for Breaking Barriers to Play program	<u>(65,524)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 97,677</u>

Advancing Macomb Foundation, Inc. and Affiliate

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2022

(See Independent Accountants' Review Report)

NOTE E – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS – CONTINUED

To meet cash demands, the Organization obtains funds through grants and donations to support general expenditures.

NOTE F – SUBSEQUENT EVENTS

In preparing the financial statements, management has evaluated for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to December 31, 2022, the most recent statement of financial position presented herein, through August 16, 2024, the date the financial statements were issued. No such significant events or transactions were identified.

SUPPLEMENTAL INFORMATION

Advancing Macomb Foundation, Inc. and Affiliate

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2022

ASSETS

	Advancing Macomb Inc.	Advancing Macomb Foundation	Eliminations	Total
CURRENT ASSETS				
Cash (note A3)	\$ 40,940	\$ 92,261	\$ -	\$ 133,201
Accounts receivable (note A6)	-	115,677	(85,677)	30,000
Prepaid expense	148	-	-	148
TOTAL ASSETS	<u>41,088</u>	<u>207,938</u>	<u>(85,677)</u>	<u>163,349</u>

LIABILITIES

LIABILITIES				
Accounts payable	85,691	84,195	(85,677)	84,209
Accrued liabilities	<u>4,797</u>	<u>-</u>	<u>-</u>	<u>4,797</u>
Total current liabilities	90,488	84,195	(85,677)	89,006
NET ASSETS (note A7)				
Without donor restrictions	(49,400)	58,219	-	8,819
With donor restrictions	<u>-</u>	<u>65,524</u>	<u>-</u>	<u>65,524</u>
Total net assets	<u>(49,400)</u>	<u>123,743</u>	<u>-</u>	<u>74,343</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 41,088</u>	<u>\$ 207,938</u>	<u>\$ (85,677)</u>	<u>\$ 163,349</u>

Advancing Macomb Foundation, Inc. and Affiliate

CONSOLIDATING STATEMENT OF ACTIVITIES

Year ended December 31, 2022

	Advancing Macomb Inc.	Advancing Macomb Foundation	Total
REVENUES AND OTHER SUPPORT			
SUPPORT			
Direct public support	\$ -	\$ 100,442	\$ 100,442
Grants	-	130,000	130,000
Special events - net expenses of \$14,256	-	4,823	4,823
Contributed services	1,875	8,119	9,994
Interest income	1	21	22
Total revenues and other support	1,876	243,405	245,281
EXPENDITURES			
Program services	3,449	385,072	388,521
Management and general	1,049	34,241	35,290
Fundraising	450	34,611	35,061
Total expenditures	4,948	453,924	458,872
CHANGE IN NET ASSETS	(3,072)	(210,519)	(213,591)
NET ASSETS			
Beginning of year	(46,328)	334,262	287,934
NET ASSETS			
End of year	\$ (49,400)	\$ 123,743	\$ 74,343