

# **ADVANCING MACOMB FOUNDATION AND AFFILIATE**

AUDITED CONSOLIDATED FINANCIAL STATEMENTS  
AND  
SUPPLEMENTARY INFORMATION

Year ended December 31, 2021

# **ADVANCING MACOMB FOUNDATION AND AFFILIATE**

## **TABLE OF CONTENTS**

	<b>Page</b>
<b>Independent Auditor's Report</b>	<b>1</b>
<b>Financial Statements</b>	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Financial Statements	7
<b>Independent Auditor's Report on Supplementary Information</b>	<b>12</b>
<b>Supplementary Information</b>	
Consolidated Statement of Financial Position	13
Consolidated Statement of Activities	14

## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Advancing Macomb Foundation and Affiliate

### **Opinion**

We have audited the accompanying consolidated financial statements of Advancing Macomb Foundation (a nonprofit organization) and Affiliate, which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Advancing Macomb Foundation and Affiliate as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 consolidated 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards 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.

To the Board of Directors of  
Advancing Macomb Foundation and Affiliate

**Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

The image shows a handwritten signature in dark ink. The letters 'UHY' are written in a large, stylized, cursive font. To the right of 'UHY', the letters 'LLP' are written in a smaller, more straightforward, sans-serif font.

Farmington Hills, Michigan  
June 23, 2023

**ADVANCING MACOMB FOUNDATION AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**December 31, 2021**

**ASSETS**

Cash and cash equivalents	\$ 289,338
Accounts receivable, net	10,250
Prepaid expenses and other assets	<u>1,410</u>
Total assets	<u><u>\$ 300,998</u></u>

**LIABILITIES**

Accounts payable	\$ 8,964
Accrued expenses	<u>4,100</u>
Total liabilities	13,064

**NET ASSETS**

Without donor restrictions - Undesignated	73,375
With donor restrictions - Purpose restricted	<u>214,559</u>
Total liabilities and net assets	<u><u>\$ 300,998</u></u>

**ADVANCING MACOMB FOUNDATION AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
For year ended December 31, 2021

	<b>Without donor Restrictions</b>	<b>With donor Restrictions</b>	<b>Total</b>
<b>REVENUES</b>			
Contributions	\$ 270,024	\$ 77,045	\$ 347,069
Foundations and trust grants	34,500	-	34,500
In-kind	35,201	-	35,201
Forgiveness of paycheck protection program loan	16,600	-	16,600
Miscellaneous	7,286	-	7,286
Interest	158	-	158
	<u>363,769</u>	<u>77,045</u>	<u>440,814</u>
Total revenues			
	<u>363,769</u>	<u>77,045</u>	<u>440,814</u>
Net assets released from restrictions	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues and net assets released from restrictions	<u>363,769</u>	<u>77,045</u>	<u>440,814</u>
<b>EXPENSES</b>			
Program	297,770	-	297,770
Management	41,232	-	41,232
Fundraising	28,115	-	28,115
	<u>367,117</u>	<u>-</u>	<u>367,117</u>
Total expenses			
	<u>367,117</u>	<u>-</u>	<u>367,117</u>
<b>CHANGE IN NET ASSETS</b>	(3,348)	77,045	73,697
<b>NET ASSETS</b> - Beginning of year	<u>76,723</u>	<u>137,514</u>	<u>214,237</u>
<b>NET ASSETS</b> - End of year	<u>\$ 73,375</u>	<u>\$ 214,559</u>	<u>\$ 287,934</u>

**ADVANCING MACOMB FOUNDATION AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended December 31, 2021

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 86,386	\$ 12,341	\$ 24,682	\$ 123,409
Payroll taxes	7,911	1,130	2,260	11,301
Contract services	700	100	200	1,000
Professional fees	-	24,201	-	24,201
Programs	165,710	-	-	165,710
Occupancy	2,700	300	-	3,000
Marketing	25,114	-	-	25,114
Website	140	-	-	140
Insurance	-	2,856	-	2,856
Conferences, conventions, meetings	3,883	-	-	3,883
Dues and subscriptions	-	-	973	973
Research	2,495	-	-	2,495
Other Expenses	2,184	243	-	2,427
Office supplies	547	61	-	608
	<u>\$ 297,770</u>	<u>\$ 41,232</u>	<u>\$ 28,115</u>	<u>\$ 367,117</u>

**ADVANCING MACOMB FOUNDATION AND AFFILIATE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For year ended December 31, 2021

**OPERATING ACTIVITIES**

Change in net assets	\$ 73,697
Forgiveness of paycheck protection program loan	(16,600)
Changes in assets and liabilities:	
Accounts receivable	(10,250)
Prepaid expenses	2,177
Accounts payable	(1,769)
Accrued expenses	<u>1,129</u>

**NET CHANGE IN CASH** 48,384

**CASH**, beginning of year 240,954

**CASH**, end of year \$ 289,338



**ADVANCING MACOMB FOUNDATION AND AFFILIATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 1 – SUMMARY OF ACCOUNTING POLICIES**

The following is a summary of certain accounting policies followed in the preparation of these consolidated financial statements. The policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Organization and Nature of Activities**

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, a 501(c)3 organization, was founded in 2014, to further advance this cause.

**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.

**Basis of Accounting**

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

**Basis of Presentation**

The Organization follows accounting standards set by the Financial Accounting Standards Board (FASB). The FASB sets generally accepted accounting principles (GAAP) that the Organization follows to ensure they consistently report their financial condition, results of operations and cash flows. References to GAAP issued by the FASB in the following footnotes are the FASB Accounting Standards Codification (ASC).

**ADVANCING MACOMB FOUNDATION AND AFFILIATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (Continued)**

**Classification of Net Assets**

In accordance with Accounting Standards Update 2016-14, net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified as follows:

**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 Organization. These net assets may be used at the discretion of the Organization management and the board of directors.

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

**Measure of Operations**

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consists of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

**Use of Estimates**

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In particular, the COVID-19 pandemic and the resulting adverse impact to global economic conditions, as well as the Organizations operations, may affect future estimates, including, but not limited to, the allowance for doubtful accounts.

**ADVANCING MACOMB FOUNDATION AND AFFILIATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (Continued)**

**COVID-19**

On March 11, 2020, the World Health Organization declared a novel strain of coronavirus disease (COVID-19) a pandemic. The extent of COVID-19's effect on the Organization's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult considering the rapidly evolving landscape.

The Organization was greatly impacted by the COVID-19 pandemic. As a direct result of the limits on in-person contact during 2021, revenue generation shifted from traditional fundraising to grants. Expenses also shifted to greater focus on marketing and communications. The Organization anticipates that this trend will continue for the first half of fiscal year 2022.

**Accounts Receivable and Allowance for Doubtful Accounts**

Accounts receivable are stated net of an allowance for doubtful accounts. Management believes all receivables are collectible. The Organization does not require collateral for its accounts or grants receivable. There was no allowance for doubtful accounts for accounts receivable at December 31, 2021.

**Contributions and Grants**

When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction.

**Donated Services**

A substantial number of volunteers have donated significant amounts of their time in the Organization's program services and its fund-raising campaigns. These donated services were not recognized in the financial statement since they did not meet the criteria for recognition under ASC topic *Contributions*.

**ADVANCING MACOMB FOUNDATION AND AFFILIATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 1 – SUMMARY OF ACCOUNTING POLICIES (Continued)**

**Income Taxes**

The Organization operates as not-for-profit corporations under Sections 501(c)(3) and 501(c)(4) of the Internal Revenue Code and is exempt from income taxes.

ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold income tax position is required to be met before being recognized in the consolidated financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At December 31, 2021, there were no uncertain tax positions that required accrual.

**Functional Expenses**

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include leased employees, occupancy and general operating expenses on the basis of estimates of time and effort. All other expenses are allocated based on direct identification and utilization.

**Subsequent Events**

The Organization has performed a review of events subsequent to the Statement of Financial Position through June 23, 2023, the date the financials were available to be issued.

**NOTE 2 – OPERATING LEASES**

The Organization leases office space from an unrelated party through an operating lease agreement that has day to day term arrangements and are subject to cancellation at any time. Rent expense was \$3,000 for the year ended December 31, 2021.

**ADVANCING MACOMB FOUNDATION AND AFFILIATE**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 3 – REVENUE AND SUPPORT**

*Contributions*

All contributions are considered to be for unrestricted use unless specifically restricted by the donor. Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received and measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

*Donated Goods and Services*

The Organization also received in-kind professional services. The Organization estimates the value of these donated services using rates not to exceed those that would be paid to an employee performing comparable tasks. The value of the contributed professional services recorded in the financial statements for the year ended December 31, 2021 was \$24,201, respectively.

**NOTE 4 – AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of December 31, 2021, reduced by the amounts not available for general use within one year due to contractual or donor-imposed restrictions or internal designations. Amounts not available for general use for the year ended 2021 in the amount of \$214,559.

	<u>2021</u>
Financial assets	
Cash	\$ 289,338
Receivables	<u>10,250</u>
Total financial assets	299,588
Less those unavailable for general expenditures -	
Restricted by donors with time restrictions	<u>(214,559)</u>
Financial assets available to meet	
general expenditures within one year	<u><u>\$ 85,029</u></u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors  
of Advancing Macomb Foundation and Affiliate

We have audited the consolidated financial statements of Advancing Macomb Foundation and Affiliate as of and for the year ended December 31, 2021, and our report thereon dated June 23, 2023, which expressed an unmodified opinion on those consolidated financial statements. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The combining statements of financial position and statements of activities are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*UHY* LLP

Farmington Hills, Michigan  
June 23, 2023

## **SUPPLEMENTARY INFORMATION**

**ADVANCING MACOMB FOUNDATION AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**  
December 31, 2021

	<u>Advancing Macomb Inc.</u>	<u>Advancing Macomb Foundation</u>	<u>Eliminations</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 26,523	\$ 262,815	\$ -	\$ 289,338
Accounts receivable, net	-	79,481	(69,231)	10,250
Prepaid expenses and other assets	<u>493</u>	<u>917</u>	<u>-</u>	<u>1,410</u>
Total assets	<u>\$ 27,016</u>	<u>\$ 343,213</u>	<u>\$ (69,231)</u>	<u>\$ 300,998</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 69,244	\$ 8,951	\$ (69,231)	\$ 8,964
Accrued expense	<u>4,100</u>	<u>-</u>	<u>-</u>	<u>4,100</u>
	73,344	8,951	(69,231)	13,064
<b>NET ASSETS</b>				
Without donor restrictions	(46,328)	119,703	-	73,375
With donor restrictions - purpose restricted	<u>-</u>	<u>214,559</u>	<u>-</u>	<u>214,559</u>
Total liabilities and net assets	<u>\$ 27,016</u>	<u>\$ 343,213</u>	<u>\$ (69,231)</u>	<u>\$ 300,998</u>



**ADVANCING MACOMB FOUNDATION AND AFFILIATE**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
Year ended December 31, 2021

	<b>Advancing Macomb Inc.</b>	<b>Advancing Macomb Foundation</b>	<b>Total</b>
<b>REVENUES</b>			
Corporate contributions	\$ -	\$ 335,119	\$ 335,119
Foundations and trust grants	-	34,500	34,500
In-kind	1,875	33,326	35,201
Individual contributions	-	11,950	11,950
Forgiveness of PPP Loan	-	16,600	16,600
Miscellaneous	-	7,286	7,286
Interest	11	147	158
Total revenues	<u>1,886</u>	<u>438,928</u>	<u>440,814</u>
<b>EXPENSES</b>			
Program	13,471	284,299	297,770
Management	3,293	37,939	41,232
Fundraising	-	28,115	28,115
Total expenses	<u>16,764</u>	<u>350,353</u>	<u>367,117</u>
<b>CHANGE IN NET ASSETS</b>	(14,878)	88,575	73,697
<b>NET ASSETS</b> - Beginning of year	<u>(31,450)</u>	<u>245,687</u>	<u>214,237</u>
<b>NET ASSETS</b> - End of year	<u>\$ (46,328)</u>	<u>\$ 334,262</u>	<u>\$ 287,934</u>