

Impact 100 of Traverse City, Inc.  
Reviewed Financial Statements

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For the Year Ended December 31, 2022

# Impact 100 of Traverse City, Inc.

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## **Independent Accountant's Review Report**

To the Board of Directors of  
Impact 100 of Traverse City, Inc.  
Traverse City, Michigan

We have reviewed the accompanying financial statements of Impact 100 of Traverse City, Inc. (a Michigan nonprofit corporation), which comprise the statement of financial position as of December 31, 2022, and the related statements 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 company 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 engagements 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 Impact 100 of Traverse City, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

## **Accountant's Conclusion**

Based on our reviews, 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.

*H&S Companies, P.C.*

H&S Companies, P.C.

Reed City, Michigan

January 15, 2024

**IMPACT 100 OF TRAVERSE CITY, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31,**

<b>Assets</b>	<u>2022</u>
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 528,502
Investments	1,152
Pledges Receivable	<u>59,550</u>
<b>Total Assets</b>	<u>\$ 589,204</u>
 <b>Liabilities and Net Assets</b>  	
<b>Current Liabilities</b>	
Accounts Payable	445
Grants Payable	<u>280,000</u>
<b>Total Current Liabilities</b>	280,445
 <b>Net Assets</b>	
Without Donor Restrictions	154,939
With Donor Restrictions	<u>153,820</u>
<b>Total Net Assets</b>	<u>308,759</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 589,204</u>

See Independent Accountant's Review Report and Related Notes to the Financial Statements.

**IMPACT 100 OF TRAVERSE CITY, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public Support and Other Revenues</b>			
Member contributions	\$ 19,900	\$ 337,570	\$ 357,470
Community support	6,549	-	6,549
Event registrations	5,616	-	5,616
Merchandise sales	190	-	190
Investment income, net of expenses of \$762	2,163	-	2,163
Other	3,231	-	3,231
Net assets released due to the satisfaction of restrictions	378,440	(378,440)	-
<b>Total Public Support and Other Revenues</b>	<b>416,089</b>	<b>(40,870)</b>	<b>375,219</b>
<b>Expenses</b>			
Program expenses	336,000	-	336,000
Management and general expenses	23,827	-	23,827
<b>Total Expenses</b>	<b>359,827</b>	<b>-</b>	<b>359,827</b>
<b>Change in Net Assets</b>	56,262	(40,870)	15,392
<b>Net assets - Beginning of Year</b>	<b>98,677</b>	<b>194,690</b>	<b>293,367</b>
<b>Net assets - End of Year</b>	<b>\$ 154,939</b>	<b>\$ 153,820</b>	<b>\$ 308,759</b>

See Independent Accountant's Review Report and Related Notes to the Financial Statements.

**IMPACT 100 OF TRAVERSE CITY, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Membership events	\$ -	\$ 10,781	\$ 10,781
Office expense	-	7,567	7,567
Advertising	-	3,961	3,961
Recruiting events	-	863	863
Insurance	-	655	655
Grants	336,000	-	336,000
<b>Total Expenses</b>	<u>\$ 336,000</u>	<u>\$ 23,827</u>	<u>\$ 359,827</u>

See Independent Accountant's Review Report and Related Notes to the Financial Statements.

**IMPACT 100 OF TRAVERSE CITY, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31,**

	2022
<b>Cash Flows From Operating Activities</b>	
<b>Change in net assets</b>	\$ 15,392
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>	
Changes in operating assets and liabilities:	
Pledges Receivable	(48,200)
Prepaid Expenses	750
Accounts Payable	(798)
Grants payable	80,000
<b>Cash provided by Operating Activities</b>	47,144
<b>Cash Flows From Investing Activities</b>	
Proceeds from sale of investments	16,921
<b>Net Increase in Cash</b>	64,065
<b>Cash - Beginning of Year</b>	464,437
<b>Cash - End of Year</b>	\$ 528,502

See Independent Accountant's Review Report and Related Notes to the Financial Statements.



**IMPACT 100 OF TRAVERSE CITY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE A - NATURE OF ACTIVITIES**

Impact 100 of Traverse City, Inc. (the "Organization") is a Michigan nonprofit corporation. The purpose of the Organization is to award membership funded grants to not-for-profit organizations while improving lives through philanthropy. The Organization collectively funds transformational grants in the areas of environment/preservation, education, arts and culture, family and health and wellness in the five county area of lower northwestern lower Michigan.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation

The financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported 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's 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 may be perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. As of December 31, 2022, there were \$153,820 of net assets with donor restrictions.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of Operations

The Statement of Activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Organization's ongoing services. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, certificates of deposit, and money market savings maintained with banks or other financial institutions.

Pledges Receivable

Pledges are recognized as support in the period acknowledged by the donor. Pledges are initially recorded at fair value less an estimate made for doubtful pledges based on a review of all outstanding pledges on an annual basis. All pledges are expected to be paid within a year and, as such, no discount is recorded for the time value of money.

**IMPACT 100 OF TRAVERSE CITY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

Investments and Related Income Recognition

Investments are reported at fair value as determined by quoted market prices. Purchases and sales of investments are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Realized gains and losses on sales of investments are determined using the average cost method. Unrealized investment gains and losses are included in the change in the statement of activities.

Fair Value Measurements

The Organization follows FASB ASC 820, Fair Value Measurements, which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements. FASB ASC 820 applies whenever other financial reporting standards require or permit assets or liabilities to be measured at fair value on a recurring basis and, therefore, does not expand the use of fair value in any new circumstances. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or more advantageous market for the asset or liability in an orderly transaction (i.e., not a forced transaction, such as a liquidation or distressed sale) between market participants at the measurement date. FASB ASC 820 clarifies that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. For assets and liabilities recorded at fair value, it is the Organization's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements for those financial instruments for which there is an active market.

Revenue Recognition

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor imposed restrictions. Contributions that are restricted by the donor are reported as net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or 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.

Donated Services and Assets

A significant amount of activities of the Organization is performed by volunteers. No amount has been recorded for contributed services because criteria for recognition of such volunteer effort have not been satisfied. The Organization pays for some services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with fundraising activities and various committee assignments.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of management's estimates. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Accordingly, certain costs have been allocated among the programs and supporting services benefited or based on estimates of the expenses incurred.

**IMPACT 100 OF TRAVERSE CITY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

Use of Estimates

The presentation of financial statements in conformity with generally accepted accounting principles 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.

**NOTE C – CONCENTRATION OF CREDIT RISK DUE TO TEMPORARY CASH INVESTMENTS**

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments. The Organization places its temporary cash investments with financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2022, uninsured cash balances were \$30,006, and the Organization had a cash carrying value of \$528,502.

**NOTE D – INVESTMENTS**

The Organization’s investments are held by financial institutions and consisted of the following at December 31, 2022:

	Cost	Fair Value
Equities	\$ 1,152	\$ 1,152

Investment returns are net of investment expenses.

**NOTE E – FAIR VALUE OF FINANCIAL INSTRUMENTS**

Under FASC ASC 820, the Association groups its investments at fair value into three levels, based on the markets in which the investments are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets. Level I securities include those traded on an active exchange, such as the New York Stock Exchange, U.S. Treasury securities that are traded by dealers or brokers in active over-the-counter markets and money market funds value at net asset value of shares held by the Association at year-end.

Level 2: Valuation is based upon quoted prices for identical instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates that market participants would use in pricing the asset or liability.

**IMPACT 100 OF TRAVERSE CITY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

Fair value measurement for the Organization’s investments is based upon quoted prices. As of December 31, 2022 all of the Organizations are Level 1 investments.

**NOTE F – GRANTS PAYABLE AND GRANT EXPENSES**

Grants are awarded each fall to not-for-profit organizations. The amount of the grants is dependent upon the amount of member contributions received. Grants are generally payable 25% upon award and the balance is paid during the following calendar year. During the year ended December 31, 2022, the grants awarded were as follows:

Single MOMM	\$ 112,000
Friends of the Garden Theater	112,000
North Country Trail Association	<u>112,000</u>
 Total Grant Expenses	 <u><u>\$ 336,000</u></u>

Grants payable as of December 31, 2022 were as follows:

Single MOMM	\$ 84,000
Friends of the Garden Theater	84,000
North Country Trail Association	<u>112,000</u>
 Total Grant Expenses	 <u><u>\$ 280,000</u></u>

**NOTE G – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consists of the following amounts at December 31, 2022:

Contributions restricted for 2023-2026	\$ 138,000
Share the Love	6,870
Christy Kuhnke Memorial	<u>8,950</u>
 Total Net Assets with Donor Restrictions	 <u><u>\$ 153,820</u></u>

**NOTE H – FEDERAL INCOME TAXES**

The Organization has been determined to be an exempt organization under the Internal Revenue Code Section 501(c)(3). The Organization does not have any unrelated business income and therefore, no provision for income taxes is made in the accompanying financial statements.

The Organization’s tax returns remain subject to audit by the IRS for three years after filing. At December 31, 2022, the return for 2021 remain open for examination

**IMPACT 100 OF TRAVERSE CITY, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE I – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization’s primary sources of revenues are contributions and class fees. The Organization’s financial assets available within one year of the statement of financial position date for general expenditures are as follows:

<u>December 31,</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 528,502
Investments	1,152
Grants Receivable	<u>59,550</u>
 Total Financial Assets Available to Management for General Expenditures Within One Year	 <u>\$ 589,204</u>

As part of its liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments, certificates of deposits and money market funds.

**NOTE J – SUBSEQUENT EVENTS**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for, and disclosure of, transactions and events that affect the financial statements. Subsequent events have been evaluated through January 15, 2024, which is the date the financial statements were readily available to be issued.