

**IONIA MONTCALM SECURE AND FRIENDLY
ENVIRONMENTAL CHILD ADVOCACY CENTER
FINANCIAL STATEMENTS
For the year ended December 31, 2023**

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WALKER, FLUKE & SHELDON, PLC

CERTIFIED PUBLIC ACCOUNTANTS

Building Trust, Delivering Integrity, One Handshake at a Time.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors

Ionia Montcalm Secure and Friendly Environmental Child Advocacy Center

We have reviewed the accompanying financial statements of Ionia Montcalm Secure and Friendly Environmental Child Advocacy Center (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, 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 express such an opinion

Management's Responsibility 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; 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 Ionia Montcalm Secure and Friendly Environmental Child Advocacy Center and to meet our ethical responsibilities, in accordance with the relevant requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modification 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.

Hastings, MI
July 11, 2024

Walker, Fluke & Sheldon, PLC

Ionia Montcalm Secure and Friendly Environmental Child Advocacy Center
Statement of Financial Position
December 31, 2023

Assets

Current assets:	
Cash and cash equivalents	\$ 214,768
Grant receivables	457,301
Prepaid expenses	<u>4,392</u>
Total current assets	<u>676,461</u>
Other non-current assets:	
Property, furniture and equipment, net of depreciation	147,139
Right-of-use assets, net of amortization	<u>11,652</u>
Total non-current assets	<u>158,791</u>
Total assets	<u><u>\$ 835,252</u></u>

Liabilities and Net Assets

Current liabilities:	
Accrued and other liabilities	\$ 34,860
Deferred revenues	397,057
Current portion of operating lease liability	<u>7,751</u>
Total current liabilities	<u>439,668</u>
Total liabilities	<u>439,668</u>
Net assets:	
Without donor restrictions	395,584
With donor restrictions	<u>-</u>
Total net assets	<u>395,584</u>
Total liabilities and net assets	<u><u>\$ 835,252</u></u>

The accompanying notes are an integral part of these financial statements.

Ionia Montcalm Secure and Friendly Environmental Advocacy Center
Statement of Activities
For the Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support:			
Private gifts and pledges			
Cash contributions	\$ 56,992	\$ -	\$ 56,992
In-kind contributions	6,171	-	6,171
Grant income	477,000	-	477,000
Fundraising events			
Candle project	2,580	-	2,580
Champions for children	9,390	-	9,390
Golf events	24,843	-	24,843
Letter writing campaign	14,870	-	14,870
No shave November	645	-	645
Raffle and dinner auction	32,187	-	32,187
Warthog benefit	4,585	-	4,585
Other	5,903	-	5,903
Other income	13,288	-	13,288
Net assets released from restrictions:			
Satisfaction of purpose restrictions	-	-	-
	<u>648,454</u>	<u>-</u>	<u>648,454</u>
Expenses and losses:			
Program services			
Child advocacy center	510,587	-	510,587
Supporting services:			
General and administrative	92,184	-	92,184
Fund-raising	13,515	-	13,515
	<u>616,286</u>	<u>-</u>	<u>616,286</u>
Changes in net assets	32,168	-	32,168
Net assets at beginning of year	<u>363,416</u>	<u>-</u>	<u>363,416</u>
Net assets at end of year	<u>\$ 395,584</u>	<u>\$ -</u>	<u>\$ 395,584</u>

The accompanying notes are an integral part of these financial statements.

Ionia Montcalm Secure and Friendly Environmental Child Advocacy Center
Statement of Functional Expenses
For the Year Ended December 31, 2023

	<u>Program Services</u>	<u>Supporting Activities</u>		<u>Total</u>
	<u>Child Advocacy Center</u>	<u>General and Administrative</u>	<u>Fund-Raising</u>	
Advertising	\$ -	\$ 70	\$ -	\$ 70
Amortization expense	7,768	7,768	-	15,536
Canine advocate	-	2,014	-	2,014
Conferences and meetings	15,187	800	-	15,987
Depreciation expense	12,377	12,376	-	24,753
Dues and memberships	100	2,000	-	2,100
Employee health insur. and benefits	26,279	1,142	-	27,421
Fund-raising costs	26	15,407	12,942	28,375
Insurance	7,177	1,378	-	8,555
Interest expense	49	49	-	98
Meals and entertainment	-	521	-	521
Mileage	731	1,099	-	1,830
Office supplies	3,163	18	-	3,181
Payroll taxes	33,644	1,859	-	35,503
Postage	189	337	-	526
Prevention program expenses	914	673	-	1,587
Printing and copying	395	144	-	539
Professional services	6,352	4,378	-	10,730
Registration fees	20	20	-	40
Reimbursements	-	15,000	-	15,000
Salaries and wages	379,386	20,969	-	400,355
Service and bank charges	20	117	573	709
Software fees	2,255	2,117	-	4,373
Supplies	14,555	848	-	15,403
Telephone	-	1,080	-	1,080
Totals	<u>\$ 510,587</u>	<u>\$ 92,184</u>	<u>\$ 13,515</u>	<u>\$ 616,286</u>

The accompanying notes are an integral part of these financial statements.

Ionia Montcalm Secure and Friendly Environmental Child Advocacy Center
Statement of Cash Flows
For the Year Ended December 31, 2023

Cash flows from operating activities:	
Change in net assets	\$ 32,168
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation	24,753
Amortization	15,536
Changes in operating assets and liabilities:	
Grants receivable	(78,790)
Prepaid expenses	1,406
Accrued and other liabilities	2,051
Deferred revenue	60,983
Net cash provided by (used by) operating activities	<u>58,107</u>
Cash flows from investing activities:	
Acquisition of property, furniture and equipment	<u>-</u>
Net cash provided by (used by) investing activities	<u>-</u>
Cash flows from financing activities:	
Payments on operating lease liability	<u>(15,569)</u>
Net cash provided by (used by) financing activities	<u>(15,569)</u>
Net increase (decrease) in cash and cash equivalents	42,538
Cash and cash equivalents at beginning of year	<u>172,230</u>
Cash and cash equivalents at end of year	<u>\$ 214,768</u>
Supplemental cash flow disclosures:	
Interest paid	<u>\$ 98</u>

The accompanying notes are an integral part of these financial statements.

Ionia Montcalm Secure and Friendly Environmental Child Advocacy Center
Notes to Financial Statements
December 31, 2023

Note A: Summary of Significant Accounting Policies

Nature of Activities - The Ionia Montcalm Secure and Friendly Environmental Child Advocacy Center (the CAC) is a non-profit organization whose mission is to protect children from abuse by providing prevention through education and to coordinate multi-disciplinary investigation, assessment and the treatment of child abuse in an environment that is child-sensitive, supportive, and safe. The Organization generates revenue primarily from grants, donations and fundraising.

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the Guide)". (ASC) 958-205 was effective January 1, 2018. The (ASC) has been applied retrospectively to all periods presented.

Under the provisions of the Guide, 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 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. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions - Net assets that are subject to donor-imposed stipulations. This includes restrictions on assets that may or will be met, either by actions of the Organization and/or the passage of time. These restrictions also include stipulations on assets that they are to be maintained permanently by the organization. When a restriction expires, 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.

Revenues are reported as increases in net assets without donor restrictions unless use of the revenue is restricted by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is defined by donor-imposed restrictions.

Cash and Cash Equivalents - For the statement of financial position and statement of cash flows, the organization considers cash and cash equivalents to consist of cash balances in checking accounts and certificates of deposit.

Grant Receivable - Grant receivable consists of amounts to be received from other organizations and companies. The amounts are recorded when the grant is awarded. Grants receivable are shown net of allowance for doubtful accounts. Management assesses the collectability of the grants at the close of each period. The allowance for doubtful accounts is \$0 at December 31, 2023.

Prepaid Expenses - Expenses benefiting future periods are treated as prepaid, and are expense in the period benefited. Prepaid expenses as of December 31, 2023 consisted of prepaid rent and insurance expenses in the amount of \$851 and \$3,541.

Ionía Montcalm Secure and Friendly Environmental Child Advocacy Center
Notes to Financial Statements
December 31, 2023

Note A: Summary of Significant Accounting Policies (Continued)

Property, Furniture and Equipment - The organization capitalizes all expenditures for property, furniture and equipment in excess of \$1,000 with a useful life of greater than one year. Fixed assets are carried at cost, or if donated, at the approximate fair value at the date of donation. Maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to fifteen years.

Promises to Give - Unconditional promises to give are recorded as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promise becomes unconditional.

Deferred Revenue - Grant awards received that will be expended in the upcoming years are included in deferred revenue. As the grant funds are expended, the deferred revenue will be recorded as grant revenue.

Contributions - Contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished with donor restricted net assets, donor restricted net assets are reclassified to without donor restricted net assets and reported in the statements of activities as net assets released from restrictions. If the restriction will be met in the same reporting period, the support may be recorded as unrestricted.

Functional Expenses - Expenses have been charged directly to program, fundraising or general administrative categories based on specific identification. Indirect expenses have been allocated among the programs and supporting services benefited based on estimates of the employee time and effort spent on specific programs, fundraising activities or administrative work.

Income Taxes - The Internal Revenue Service has determined that the organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal income tax has been made. The organization is subject to federal income tax only on net unrelated business income under the provisions of Section 501(c)(3) of the Internal Revenue Code. The organization has evaluated its tax positions and determined it has no uncertain tax positions and has recorded no obligation for unrelated business income tax. No provision for federal or state income taxes is required as of December 31, 2023. The organization's 2018 through 2023 tax years are open for examination by the federal and state taxing authorities.

Use of Estimates - The preparation 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. Accordingly, actual results could differ from those estimates.

Ionia Montcalm Secure and Friendly Environmental Child Advocacy Center
Notes to Financial Statements
December 31, 2023

Note B: Property, Furniture and Equipment and Right-of-Use Assets

A summary of property, furniture and equipment is as follows:

Property, furniture and equipment	
Furniture and fixtures	\$ 93,939
Leasehold Improvements	70,953
Machinery and equipment	<u>85,292</u>
Total property, furniture and equipment	250,184
Less: accumulated depreciation	<u>(103,045)</u>
Net property, furniture and equipment	<u>\$ 147,139</u>
Right-of-use assets	
Operating leases	\$ 46,608
Less: accumulated amortization	<u>(34,956)</u>
Net right-of-use assets	<u>\$ 11,652</u>
Total	<u>\$ 158,791</u>

During the year ended December 31, 2023, depreciation and amortization expense was \$24,753 and \$15,536, respectively.

Note C: Leases

As part of normal operation, the Organization has entered into a lease agreement for the use of a building for its operations. The lease term is for three years and requires bi-annual payments ranging from \$6,000 to \$8,750. The contract can be terminated for any reason by any party upon thirty days written notice to the other party.

As a lessee, the Organization recognizes a lease liability and an intangible right-of-use lease asset on all leases longer than twelve months. Lease liabilities were calculated based on the net present value of future lease payments discounted using the risk-free discount rate at lease commencement. The discount rate related to the Organization's lease liabilities as of September 1, 2021 was .42%. Amortization periods for lease assets are based on the shorter of lease term or useful life. The weighted-average remaining lease term related to the Organization's lease liabilities as of December 21, 2023 was .75 years.

Ionía Montcalm Secure and Friendly Environmental Child Advocacy Center
Notes to Financial Statements
December 31, 2023

Note C: Leases (Continued)

The following summarizes the line items in the statement of financial position which include amounts for operating lease as of December 31, 2023:

Other non-current asset:	
Right-of-use assets, operating leases	<u>\$ 11,652</u>
Current liabilities:	
Current portion operating lease liability	\$ 7,751
Long-term liabilities:	
Operating lease liability	<u>-</u>
Total operating lease liabilities	<u>\$ 7,751</u>

The lease liability requirements for leases as of December 31, 2023, are as follows:

	<u>Principal</u>	<u>Interest</u>
2024	<u>\$ 7,751</u>	<u>\$ 24</u>
	<u>\$ 7,751</u>	<u>\$ 24</u>

Note D: Concentrations of Credit Risk

The Organization maintains accounts at two banks. Accounts at an institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Cash at this institution could exceed federally insured limits at various times. The amount in excess of the FDIC limits totaled \$0 as of December 31, 2023. The organization has not experienced any loss on these accounts and does not believe that it is exposed to any significant risk.

Note E: In-Kind Contributions

During the year the Organization received donations of supplies valued at \$6,171. These donations were collected during fund-raising events and at other various times throughout the year. In-kind contributions are valued based on the cost that would have been incurred to purchase these items.

Volunteers have contributed a significant amount of time to the organization without compensation. However, these services were not recognized as contributions in the financial statements as they do not meet the necessary accounting criteria.

Note F: Advertising Expenses

The organization expenses advertising costs as incurred. The organization expensed \$70 during the year ended December 31, 2023.

Ionia Montcalm Secure and Friendly Environmental Child Advocacy Center
Notes to Financial Statements
December 31, 2023

Note G: 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 contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at year-end	\$ 835,252
Less those unavailable for general expenditures within one year due to:	
Property, furniture and equipment, net	(147,139)
Right-of-use assets, net	(11,652)
Prepaid expenses	<u>(4,392)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 672,069</u>

Note H: Evaluation of Subsequent Events

The organization has evaluated subsequent events through July 11, 2024, the date which the financial statements were available to be issued.