

RAVEN HILL DISCOVERY CENTER

(a Michigan nonprofit corporation)

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FINANCIAL STATEMENTS

(reviewed)

for the year ended June 30, 2023

KAMMERMANN & BASCOM, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS  
CHARLEVOIX, MICHIGAN

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

January 19, 2024

To the Board of Directors of  
Raven Hill Discovery Center:

We have reviewed the accompanying financial statements of Raven Hill Discovery Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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 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 Raven Hill Discovery Center and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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116 E. Main Street  
Boyne City, MI 49712  
p: 231-582-7211

*~ Charlevoix ~*  
110 Park Avenue  
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*~ Petoskey ~*  
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Raven Hill Discovery Center  
January 19, 2024

**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 conformity with accounting principles generally accepted in the United States of America.

*Kammermann & Bascom, P.C.*

RAVEN HILL DISCOVERY CENTER  
STATEMENT OF FINANCIAL POSITION

June 30, 2023

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ASSETS

CURRENT ASSETS:

Cash in bank	\$ 90,767
Certificate of deposit	<u>182,618</u>
Total current assets	273,385

FIXED ASSETS:

Buildings and improvements	\$ 536,340
Equipment and furniture	73,277
Vehicles	3,404
Land improvements	<u>47,344</u>
	660,365
Less accumulated depreciation	<u>(302,837)</u>
	357,528
Land	<u>320,162</u>
Total fixed assets	677,690

OTHER ASSET,

Exhibits and collections	<u>267,154</u>
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Total assets	<u><u>\$ 1,218,229</u></u>
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See Independent Accountant's Review Report.

The accompanying notes are a part of the financial statements.

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Bank line of credit (Note E)	\$ 10,733
Accounts payable and accrued expenses	28,827
Long-term debt due within one year	<u>44,992</u>
Total current liabilities	84,552

LONG-TERM DEBT (Notes E and F):

Note payable to individual	\$ 41,462
Land contract payable	185,603
	<u>227,065</u>
Less portion due within one year	<u>(44,992)</u>
Total long-term debt	<u>182,073</u>
Total liabilities	266,625

NET ASSETS:

Without donor restrictions	878,604
With donor restrictions	<u>73,000</u>
Total net assets	<u>951,604</u>
Total liabilities and net assets	<u><u>\$ 1,218,229</u></u>

RAVEN HILL DISCOVERY CENTER

STATEMENT OF ACTIVITIES

for the year ended June 30, 2023

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<b>REVENUES AND SUPPORT:</b>			
Contributions	\$ 242,782	\$ -	\$ 242,782
Contributions of nonfinancial assets	3,000	-	3,000
Grants	-	68,750	68,750
Memberships	11,360	-	11,360
Special event, net expenses of \$7,371	9,908	-	9,908
Program fees	45,040	-	45,040
Investment income	2,621	-	2,621
Other	2,784	-	2,784
Net assets released from restrictions	<u>26,600</u>	<u>(26,600)</u>	<u>-</u>
Total revenues and support	344,095	42,150	386,245
<b>EXPENSES:</b>			
Programs, Promoting science, history and art	137,038	-	137,038
General and administrative	10,847	-	10,847
Fundraising	<u>9,766</u>	<u>-</u>	<u>9,766</u>
Total expenses	<u>157,651</u>	<u>-</u>	<u>157,651</u>
Change in net assets	186,444	42,150	228,594
Net assets, July 1, 2022	<u>692,160</u>	<u>30,850</u>	<u>723,010</u>
Net assets, June 30, 2023	<u>\$ 878,604</u>	<u>\$ 73,000</u>	<u>\$ 951,604</u>

See Independent Accountant's Review Report.

The accompanying notes are a part of the financial statements.

RAVEN HILL DISCOVERY CENTER  
STATEMENT OF FUNCTIONAL EXPENSES

for the year ended June 30, 2023

	Program Costs	Management and General	Fundraising	Total
Salaries and payroll taxes	\$ 38,783	\$ 4,848	\$ 4,848	\$ 48,479
Professional services	14,350	797	797	15,944
Supplies	11,779	654	654	13,087
Utilities and telephone	13,866	770	770	15,406
Maintenance and repairs	12,106	673	673	13,452
Marketing, advertising and printing	9,258	514	514	10,286
Interest	9,725	1,081	-	10,806
Insurance	7,807	434	434	8,675
Depreciation	16,422	912	912	18,246
Miscellaneous	2,942	164	164	3,270
Total expenses	\$ 137,038	\$ 10,847	\$ 9,766	\$ 157,651

See Independent Accountant's Review Report.

The accompanying notes are a part of the financial statements.



RAVEN HILL DISCOVERY CENTER

STATEMENT OF CASH FLOWS

for the year ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets		\$ 228,594
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	\$ 18,246	
Increase in accounts payable and accrued expenses	<u>(176)</u>	
Total adjustments		<u>18,070</u>
Net cash provided by operating activities		246,664
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment in certificate of deposit	(182,618)	
Purchase of fixed assets and exhibits	<u>(38,223)</u>	
Net cash used by investing activities		(220,841)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in bank line of credit	(3,250)	
Principal repayments on long-term debt	<u>(3,358)</u>	
Net cash used by financing activities		<u>(6,608)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		19,215
CASH AND CASH EQUIVALENTS, July 1, 2022		<u>71,552</u>
CASH AND CASH EQUIVALENTS, June 30, 2023		<u>\$ 90,767</u>
SUPPLEMENTAL DISCLOSURES:		
Interest paid	\$ 10,806	
Income taxes paid	-	

See Independent Accountant's Review Report.

The accompanying notes are a part of the financial statements.

RAVEN HILL DISCOVERY CENTER  
NOTES TO FINANCIAL STATEMENTS  
for the year ended June 30, 2023

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NOTE A - NATURE OF ACTIVITIES

The Raven Hill Discovery Center is a not-for-profit organization incorporated in Michigan in 1991 to conduct educational activities to promote science, historical and artistic interests. The Center's support comes primarily from admissions and fees related to the Raven Hill Discovery Center and from contributions.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Center have been prepared on the accrual basis of accounting.

Basis of Presentation

The Center reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Center, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

The Center's unspent contributions are reported in net assets with donor contributions if the donor limited their use, as are promised contributions that are not yet due. Contributions of property and equipment or cash restricted to acquisition of property and equipment are reported as net assets with donor restrictions if the donor has restricted the use of the property or equipment to a particular program. These restrictions expire when the assets are placed in service.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

RAVEN HILL DISCOVERY CENTER  
NOTES TO FINANCIAL STATEMENTS  
for the year ended June 30, 2023

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Advertising

Advertising costs are expensed as incurred. Advertising expense for the year was \$10,286.

Contributed Nonfinancial Assets

Contributed nonfinancial assets are reflected in the financial statements at the estimated fair market value at the time of the donation. Contributed nonfinancial assets recognized in the statement of activities totaled \$3,000 for the year ended June 30, 2023.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. In addition, volunteers provide program assistance and fundraising services to the Organization. No amounts have been recorded for volunteer services.

Property and Equipment

Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets using the straight-line method. Depreciation expense totaled \$18,246 for the year.

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Donated equipment is recorded at fair market value at the date of the donation. Purchased equipment is recorded at cost.

Exhibits and Collections

The Center has exhibits and collections that have been accumulated from donations, purchase or construction. Only acquisitions and donations from recent years have been recorded or valued by the Center.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash equivalents include all bank accounts. At June 30, 2023, the Center had cash and certificates of deposit exceeding FDIC limits by \$23,385.

RAVEN HILL DISCOVERY CENTER  
NOTES TO FINANCIAL STATEMENTS  
for the year ended June 30, 2023

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NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Allocation

The costs of providing the various programs and other activities have been summarized on a functional basis in the schedule of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Revenue Recognition

The Center recognizes contributions, memberships, and grants when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. For the year ended June 30, 2023, the Center did not have any conditional promises to give receivable.

The Center recognizes program fees when cash or a notification of a beneficial interest is received. The Center provides admissions to the facilities, along with educational field trips for schools, and workshops and classes for the community. For the year ended June 30, 2023, the Center did not have any unearned revenue to report.

The Center records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

NOTE C – LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure that is, without donor or other restrictions limiting their use, within one year of June 30, 2023 are:

Financial assets:	
Cash and cash equivalents	\$ 90,767
Certificate of deposit	<u>182,618</u>
Total financial assets	273,385
Less financial assets held to meet donor-imposed restrictions, Purpose restricted net assets	<u>(73,000)</u>
Amount available for general expenditures within one year	<u>\$ 200,385</u>

RAVEN HILL DISCOVERY CENTER  
NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2023

NOTE D - INCOME TAX STATUS:

The Internal Revenue Service has determined the Center to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Center believes that its income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse affect on the Center's financial condition, results of operations, or cash flows. Therefore, the financial statements reflect no provision or liability for federal income tax. The Center's tax filings are no longer subject to examination for years prior to June 30, 2020.

NOTE E – NOTES AND CONTRACTS PAYABLE

The Center has a revolving line of credit which provides for interest fluctuating at 1-1/4 percent above prime. At June 30, 2023, the outstanding balance is \$10,733.

The Center also has long-term debt obligations secured by equipment, buildings and improvements, which consist of the following at June 30, 2023:

Note payable to individual at 3 percent interest to maturity at July 31, 2024.	\$ 41,462
Land contact payable, with monthly installments of \$1,061 including interest at 5 percent, maturing in 2049.	<u>185,603</u>
	<u>227,065</u>
Less portion due within one year	<u>(44,992)</u>
Total	<u>\$182,073</u>

The annual requirements to amortize all long-term debt outstanding as of June 30, 2023, including interest payments of \$166,685 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	44,992	28,504	\$ 73,496
2025	3,711	9,019	12,730
2026	3,900	8,830	12,730
2027	4,100	8,630	12,730
2028	4,310	8,420	12,730
2029-33	25,091	38,559	63,650
2034-38	32,200	31,450	63,650
2039-43	41,324	22,326	63,650
2044-48	53,034	10,616	63,650
2049	<u>14,403</u>	<u>331</u>	<u>14,734</u>
Total	<u>\$ 227,065</u>	<u>\$ 166,685</u>	<u>\$ 393,750</u>

RAVEN HILL DISCOVERY CENTER  
NOTES TO FINANCIAL STATEMENTS  
for the year ended June 30, 2023

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NOTE F - RELATED PARTIES

The land contract payable of \$185,603 and note payable to individual totaling \$41,462 have been financed by the Executive Director. The Center also has accrued interest due to the Executive Director totaling \$19,304, which is included in accounts payable and accrued expenses. The terms of the loans to the Center are described in Note E.

NOTE G – DATE OF MANAGEMENT’S REVIEW

In preparing the financial statements, the Center has evaluated events and transactions for potential recognition or disclosures through January 19, 2024, the date that the financial statements were available to be issued.

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS:

As of June 30, 2023, net assets with donor restrictions are available for the following purposes:

Purpose restrictions, available for spending, Programs	<u>\$ 73,000</u>
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NOTE I – SUBSEQUENT EVENTS:

The Center contracted for strategic planning and consulting totaling approximately \$30,000. Also, the Center contracted for a roof replacement for approximately \$70,000.

NOTE J – NEW ACCOUNTING PRONOUNCEMENT:

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*, which is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts in-kind, for not-for-profit organizations. The ASU requires a not-for-profit organization to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets, along with expended disclosure requirements. The Organization implemented ASU 2020-07 using the retrospective method. The adoption did not result in a restatement of previously reported net assets for the year ended June 30, 2022.