

RAVEN HILL DISCOVERY CENTER
(a Michigan nonprofit corporation)

FINANCIAL STATEMENTS

(reviewed)

for the year ended June 30, 2022

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

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KAMMERMANN & BASCOM, P.C.

Certified Public Accountants

Velda K. Kammermann, CPA
Corey R. Bascom, CPA

Established 1988
www.northmi.cpa

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

April 3, 2023

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, 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 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.

~ Boyne City ~

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
April 3, 2023

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, 2022

ASSETS

CURRENT ASSET,		\$ 71,552
Cash in bank		
FIXED ASSETS:		
Buildings and improvements	\$ 536,340	
Equipment and furniture	73,277	
Vehicles	3,404	
Land improvements	44,344	
	<u>657,365</u>	
Less accumulated depreciation	(284,591)	
	<u>372,774</u>	
Land	<u>320,162</u>	
Total fixed assets		692,936
OTHER ASSET,		
Exhibits and collections		<u>231,931</u>
Total assets		<u><u>\$ 996,419</u></u>

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)	\$ 13,983
Accounts payable and accrued expenses	29,003
Long-term debt due within one year	<u>44,820</u>
Total current liabilities	87,806

LONG-TERM DEBT (Notes E and F):

Note payable to individual	\$ 41,462
Land contract payable	<u>188,961</u>
	230,423
Less portion due within one year	<u>(44,820)</u>
Total long-term debt	<u>185,603</u>
Total liabilities	273,409

NET ASSETS:

Without donor restrictions	692,160
With donor restrictions	<u>30,850</u>
Total net assets	<u>723,010</u>
Total liabilities and net assets	<u>\$ 996,419</u>

RAVEN HILL DISCOVERY CENTER

STATEMENT OF ACTIVITIES

for the year ended June 30, 2022

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
REVENUES AND SUPPORT:			
Contributions	\$ 57,895	\$ -	\$ 57,895
Grants	-	64,567	64,567
Memberships	13,270	-	13,270
Special event, net expenses of \$7,953	(2,748)	-	(2,748)
Program fees	54,427	-	54,427
Other	2,094	-	2,094
Net assets released from restrictions	<u>51,088</u>	<u>(51,088)</u>	<u>-</u>
Total revenues and support	176,026	13,479	189,505
EXPENSES:			
Programs, Promoting science, history and art	134,521	-	134,521
General and administrative	11,075	-	11,075
Fundraising	<u>9,892</u>	<u>-</u>	<u>9,892</u>
Total expenses	<u>155,488</u>	<u>-</u>	<u>155,488</u>
Change in net assets	20,538	13,479	34,017
Net assets, July 1, 2021	<u>671,622</u>	<u>17,371</u>	<u>688,993</u>
Net assets, June 30, 2022	<u>\$ 692,160</u>	<u>\$ 30,850</u>	<u>\$ 723,010</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, 2022

	<u>Program Costs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and payroll taxes	\$ 44,087	\$ 5,511	\$ 5,511	\$ 55,109
Honorariums and stipends	905	-	-	905
Professional services	5,578	310	310	6,198
Supplies	10,305	573	573	11,451
Utilities and telephone	9,944	552	552	11,048
Maintenance and repairs	14,949	830	830	16,609
Marketing, advertising and printing	10,655	592	592	11,839
Interest	10,651	1,183	-	11,834
Insurance	7,856	436	436	8,728
Depreciation	16,632	924	924	18,480
Miscellaneous	2,959	164	164	3,287
Total expenses	<u>\$ 134,521</u>	<u>\$ 11,075</u>	<u>\$ 9,892</u>	<u>\$ 155,488</u>

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, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets		\$ 34,017
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	\$ 18,480	
Decrease in accounts receivable	3,500	
Increase in accounts payable and accrued expenses	<u>2,426</u>	
Total adjustments		<u>24,406</u>
Net cash provided by operating activities		58,423
CASH FLOWS FROM INVESTING ACTIVITIES,		
Purchase of fixed assets and exhibits		(16,452)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Decrease in bank line of credit	(2,200)	
Principal repayments on long-term debt	<u>(3,195)</u>	
Net cash used by financing activities		<u>(5,395)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		36,576
CASH AND CASH EQUIVALENTS, July 1, 2021		<u>34,976</u>
CASH AND CASH EQUIVALENTS, June 30, 2022		<u>\$ 71,552</u>
SUPPLEMENTAL DISCLOSURES:		
Interest paid	\$ 11,834	
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, 2022

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, 2022

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 \$11,839.

Donated Services

The Center receives donated services from a variety of unpaid volunteers assisting in its programs. No amounts have been recorded in the Statement of Activities for recognition of 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 \$18,480 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.

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.

RAVEN HILL DISCOVERY CENTER
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2022, 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, 2022, 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, 2022 are:

Financial assets:	
Cash and cash equivalents	\$ 71,552
Less financial assets held to meet donor-imposed restrictions, Purpose restricted net assets	<u>(30,850)</u>
Amount available for general expenditures within one year	<u>\$ 40,702</u>

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, 2019.

RAVEN HILL DISCOVERY CENTER
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

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, 2022, the outstanding balance is \$13,983.

The Center also has long-term debt obligations secured by equipment, buildings and improvements, which consist of the following at June 30, 2022:

Note payable to individual at 3 percent interest to maturity at July 31, 2023.	\$ 41,462
Land contract payable, with monthly installments of \$1,061 including interest at 5 percent, maturing in 2049.	<u>188,961</u>
	<u>230,423</u>
Less portion due within one year	<u>(44,820)</u>
Total	<u>\$185,603</u>

The annual requirements to amortize all long-term debt outstanding as of June 30, 2022, including interest payments of \$174,813 are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 44,820	\$ 27,432	\$ 72,252
2024	3,530	9,200	12,730
2025	3,711	9,019	12,730
2026	3,900	8,830	12,730
2027	4,100	8,630	12,730
2028-32	23,869	39,781	63,650
2033-37	30,633	33,017	63,650
2038-42	39,313	24,337	63,650
2042-47	50,453	13,197	63,650
2048-49	<u>26,094</u>	<u>1,370</u>	<u>27,464</u>
Total	<u>\$ 230,423</u>	<u>\$ 174,813</u>	<u>\$ 405,236</u>

NOTE F - RELATED PARTIES

The land contract payable of \$188,961 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 \$18,060, which is included in accounts payable and accrued expenses. The terms of the loans to the Center are described in Note E.

RAVEN HILL DISCOVERY CENTER
NOTES TO FINANCIAL STATEMENTS
for the year ended June 30, 2022

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 April 3, 2023, the date that the financial statements were available to be issued.

NOTE H – NET ASSETS WITH DONOR RESTRICTIONS:

As of June 30, 2022, net assets with donor restrictions are available for the following purposes:

Purpose restrictions, available for spending, Programs	<u>\$ 30,850</u>
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