

**KIWANIS OF MICHIGAN
FOUNDATION, INC.
(a Michigan non-profit organization)**

FINANCIAL STATEMENTS
with
REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANT

SEPTEMBER 30, 2024 AND 2023

**KIWANIS OF MICHIGAN
FOUNDATION, INC.
(a Michigan non-profit organization)**

For the Years ended September 30, 2024 and 2023

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

Officers and Board of Directors
Kiwanis of Michigan Foundation, Inc.

Opinion

We have audited the accompanying financial statements of Kiwanis of Michigan Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kiwanis of Michigan Foundation, Inc. as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Kiwanis of Michigan Foundation, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Kiwanis of Michigan Foundation, Inc.'s ability to continue as a going concern within one year after the date that the 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 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. 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 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 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 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 Kiwanis of Michigan Foundation, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Kiwanis of Michigan Foundation, Inc.'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.

*Watts, Bosly
& Associates P.C.*

Southfield, Michigan
February 10, 2025

Kiwanis of Michigan Foundation, Inc.
(a Michigan non-profit organization)

STATEMENTS OF FINANCIAL POSITION

September 30,

| | <u>2024</u> | <u>2023</u> |
|-----------------------------------|----------------------------|----------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 232,462 | \$ 201,658 |
| Investments | 1,398,109 | 1,183,129 |
| Accounts receivable | - | 734 |
| Prepaid federal excise tax | <u>2,102</u> | <u>2,664</u> |
| Total current assets | 1,632,673 | 1,388,185 |
| Other assets | | |
| Copyright | <u>30</u> | <u>30</u> |
| Total Assets | <u><u>\$ 1,632,703</u></u> | <u><u>\$ 1,388,215</u></u> |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities | | |
| Accounts Payable | <u>\$ 189</u> | <u>\$ 8,081</u> |
| Total current liabilities | <u>189</u> | <u>8,081</u> |
| Net assets | | |
| Without donor restrictions: | | |
| Board designated | 872,421 | 736,751 |
| Without restriction | <u>234,405</u> | <u>197,005</u> |
| Total unrestricted net assets | 1,106,826 | 933,756 |
| With donor restrictions | <u>525,688</u> | <u>446,378</u> |
| Total net assets | <u>1,632,514</u> | <u>1,380,134</u> |
| Total Liabilities and Net Assets | <u><u>\$ 1,632,703</u></u> | <u><u>\$ 1,388,215</u></u> |

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

Kiwanis of Michigan Foundation, Inc.
(a Michigan non-profit organization)

STATEMENT OF ACTIVITIES

September 30, 2024

| | Without Donor Restrictions | With Donor Retrictions | Total |
|---------------------------------------|-------------------------------|---------------------------|---------------------|
| SUPPORT AND REVENUE: | | | |
| Club contributions | 126,425 | - | 126,425 |
| Other contributions | 9,286 | - | 9,286 |
| Memorials | 1,457 | - | 1,457 |
| Miscellaneous | 7,165 | - | 7,165 |
| Special divisional projects | 3,216 | - | 3,216 |
| Holiday greetings | 9,584 | - | 9,584 |
| Interest and dividends | 31,673 | 20,059 | 51,732 |
| Unrealized gain/(loss) on Investments | 142,721 | 70,871 | 213,592 |
| Realized gain/(loss) on investments | (1,329) | 820 | (509) |
| Special recognition projects | 27,964 | 6,331 | 34,295 |
| Net assets released from restrictions | 18,771 | (18,771) | - |
| | <u>376,933</u> | <u>79,310</u> | <u>456,243</u> |
| Total Support and Revenue | | | |
| | <u>376,933</u> | <u>79,310</u> | <u>456,243</u> |
| EXPENSES: | | | |
| Program Services | 187,015 | - | 187,015 |
| Management and general | 16,848 | - | 16,848 |
| | <u>203,863</u> | <u>-</u> | <u>203,863</u> |
| Total Expenses | | | |
| | <u>203,863</u> | <u>-</u> | <u>203,863</u> |
| Changes in Net Assets | 173,070 | 79,310 | 252,380 |
| Net Assets, Beginning of Period | 933,756 | 446,378 | 1,380,134 |
| Net Assets, End of Period | <u>\$ 1,106,826</u> | <u>\$ 525,688</u> | <u>\$ 1,632,514</u> |

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

Kiwanis of Michigan Foundation, Inc.
(a Michigan non-profit organization)

STATEMENT OF ACTIVITIES

September 30, 2023

| | Without Donor Restrictions | With Donor Retrictions | Total |
|---------------------------------------|-------------------------------|---------------------------|---------------------|
| SUPPORT AND REVENUE: | | | |
| Club contributions | 129,109 | - | 129,109 |
| Other contributions | 61,712 | - | 61,712 |
| Memorials | 3,160 | - | 3,160 |
| Miscellaneous | 1,876 | - | 1,876 |
| Special divisional projects | 2,351 | - | 2,351 |
| Holiday greetings | 13,633 | - | 13,633 |
| Interest and dividends | 37,919 | 19,633 | 57,552 |
| Unrealized gain/(loss) on Investments | 76,809 | 37,788 | 114,597 |
| Realized gain/(loss) on investments | 1,117 | 3,837 | 4,954 |
| Special recognition projects | 28,814 | 13,569 | 42,383 |
| Net assets released from restrictions | 28,651 | (28,651) | - |
| | <u>385,151</u> | <u>46,176</u> | <u>431,327</u> |
| Total Support and Revenue | | | |
| | 385,151 | 46,176 | 431,327 |
| EXPENSES: | | | |
| Program Services | 178,194 | - | 178,194 |
| Management and general | 15,075 | - | 15,075 |
| | <u>193,269</u> | <u>-</u> | <u>193,269</u> |
| Total Expenses | | | |
| | 193,269 | - | 193,269 |
| Changes in Net Assets | 191,882 | 46,176 | 238,058 |
| Net Assets, Beginning of Period | 741,874 | 400,202 | 1,142,076 |
| Net Assets, End of Period | <u>\$ 933,756</u> | <u>\$ 446,378</u> | <u>\$ 1,380,134</u> |

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

Kiwanis of Michigan Foundation, Inc.
(a Michigan non-profit organization)

STATEMENTS OF CASH FLOWS

September 30,

| | <u>2024</u> | <u>2023</u> |
|--|--------------------------|--------------------------|
| Cash Flows from Operating Activities: | | |
| Change in net assets | \$ 252,380 | \$ 238,058 |
| Adjustments to reconcile change in net assets to cash provided by (used in) operating activities: | | |
| Unrealized (gain)/loss on investments | (213,592) | (114,597) |
| Realized (gain)/loss on sale of investments | 509 | (4,954) |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 734 | (734) |
| Prepaid/accrued federal excise tax | 562 | 736 |
| Accounts payable | (7,892) | 7,328 |
| Deferred revenue | - | (225) |
| Net cash provided by operating activities | <u>32,701</u> | <u>125,612</u> |
| Cash Flows from Investing Activities: | | |
| Purchase of investments | (50,451) | (56,470) |
| Sale of investments | <u>48,554</u> | <u>49,100</u> |
| Net cash used in investing activities | <u>(1,897)</u> | <u>(7,370)</u> |
| Net increase/(decrease) in cash and cash equivalents | 30,804 | 118,242 |
| Cash and cash equivalents - Beginning of year | <u>201,658</u> | <u>83,416</u> |
| Cash and cash equivalents - End of year | <u><u>\$ 232,462</u></u> | <u><u>\$ 201,658</u></u> |

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

Kiwanis of Michigan Foundation, Inc.
(a Michigan non-profit organization)

STATEMENT OF FUNCTIONAL EXPENSES

September 30, 2024

| | Program Services | Management and General | Totals |
|---------------------------------|---------------------|---------------------------|-------------------|
| EXPENSES: | | | |
| Forney Clement Project - Mott | \$ 93,571 | \$ - | \$ 93,571 |
| Ben Dean Project - Mary FreeBed | 67,200 | - | 67,200 |
| Walter Ray Project - Children's | 22,000 | - | 22,000 |
| Special recognition | - | 531 | 531 |
| Administrative expense - other | - | 480 | 480 |
| District services | - | 1,800 | 1,800 |
| General office expense | - | - | - |
| Credit card and bank fees | - | 710 | 710 |
| Postage | 155 | - | 155 |
| Professional fees | - | 5,260 | 5,260 |
| Investment fees | 4,089 | 6,729 | 10,818 |
| Insurance | - | 756 | 756 |
| Federal excise tax | - | 582 | 582 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Expenses | <u>\$ 187,015</u> | <u>\$ 16,848</u> | <u>\$ 203,863</u> |

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

Kiwanis of Michigan Foundation, Inc.
(a Michigan non-profit organization)

STATEMENT OF FUNCTIONAL EXPENSES

September 30, 2023

| | Program Services | Management and General | Totals |
|---------------------------------|---------------------|---------------------------|-------------------|
| EXPENSES: | | | |
| Forney Clement Project - Mott | \$ 90,392 | \$ - | \$ 90,392 |
| Ben Dean Project - Mary FreeBed | 65,020 | - | 65,020 |
| Walter Ray Project - Children's | 19,000 | - | 19,000 |
| Special recognition | - | 958 | 958 |
| Administrative expense - other | - | 207 | 207 |
| District services | - | 1,125 | 1,125 |
| General office expense | - | 42 | 42 |
| Credit card and bank fees | - | 305 | 305 |
| Postage | 123 | - | 123 |
| Professional fees | - | 5,010 | 5,010 |
| Investment fees | 3,659 | 5,916 | 9,575 |
| Insurance | - | 756 | 756 |
| Federal excise tax | - | 756 | 756 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total Expenses | <u>\$ 178,194</u> | <u>\$ 15,075</u> | <u>\$ 193,269</u> |

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

Kiwanis of Michigan Foundation, Inc.
(a Michigan non-profit organization)

NOTES TO FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE A – NATURE OF ACTIVITIES

The Kiwanis of Michigan Foundation, Inc. (Foundation), assists in the financing of recreation and rehabilitation programs for patients under the supervision of hospitals and other institutions that are located within the Michigan District of Kiwanis International. To achieve their mission, the Foundation relies substantially on the contributions from individual clubs of the Michigan District of Kiwanis International.

Non-Profit Status:

Kiwanis of Michigan Foundation, Inc. is qualified as an organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). Effective, August 7, 1953, the Foundation operates as a private foundation subject to an excise tax on net investment income, as defined under Section 4942(j)(3) of the IRC. The IRC imposes an excise tax on private foundations of 1.39% of the net investment income (principally interest, dividends, and net realized gains, less expenses incurred on the production of investment income). The Foundation is also subject to IRC regulations governing required minimum expenditures for charitable purposes. The Foundation is also exempt from Michigan income tax under the state of Michigan Revenue and Taxation Code. Donors can deduct contributions made to the Foundation within the requirements of the IRC.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Foundation have been prepared in conformity with generally accepted accounting principles as applied to certain not-for-profit organizations.

A summary of the Foundation's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Basis of Accounting

The records are maintained and these financial statements have been prepared using the accrual basis of accounting.

2. Cash Equivalents

Cash and cash equivalents are defined as highly liquid investments with maturity of three months or less at the date of purchase.

3. Contributions

Contributions are recorded at fair value when received and recognized as revenue concurrently. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Kiwanis of Michigan Foundation, Inc.
(a Michigan non-profit organization)

NOTES TO FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

4. Use of Estimates

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America, which require management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

5. Basis of Presentation

Net assets, revenues, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

6. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in Without Restriction net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

7. Subsequent Events

The Foundation has evaluated subsequent events through February 10, 2025, the date the financial statements were available to be issued.

Kiwanis of Michigan Foundation, Inc.
(a Michigan non-profit organization)

NOTES TO FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE C - INCOME TAXES

The Foundation incurred current obligations for Federal excise taxes of \$562 and \$736 arising from net investment earnings, excluding unrealized gains and losses, for the years ended September 30, 2024 and 2023, respectively. The Foundation's current excise tax obligation for the years ended September 30, 2024 and 2023, was calculated using the statutory rate of 1.39%.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken and recognize a tax liability (or asset) if the organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The trustees believe it is no longer subject to tax examinations for years prior to 2019.

NOTE D - INVESTMENTS

The Foundation's balance of investments during 2024 and 2023 were designated without donor restrictions and with donor-imposed restrictions. Investments that represent 5% or more of the Foundation's net assets are separately identified.

| | 2024 | 2023 |
|---|---------------------|---------------------|
| <u>Mutual Funds: Without Donor Restrictions</u> | | |
| T Rowe Price Cap Appreciation Fund (PRWCX) | \$ 470,672 | \$ 384,680 |
| FPA Crescent Port Instl. Class SHS (FPACX) | 231,411 | 190,826 |
| Vanguard S&P 500 Growth (VOOG) | 82,870 | 59,242 |
| Pioneer Fundamental Growth (FUNYX) | 87,468 | 65,721 |
| Income Fund America (AMEFX) | - | 36,282 |
| Sub Total | <u>872,421</u> | <u>736,751</u> |
| <u>Mutual Funds: With Donor Restrictions</u> | | |
| T Rowe Price Cap Appreciation Fund (PRWCX) | \$ 258,004 | \$ 210,866 |
| Calamos Market Neutral Fund CL I (CMNIX) | 111,721 | 112,764 |
| FPA Crescent Port Instl. Class SHS (FPACX) | 83,413 | 70,592 |
| IShares Core S&P Growth (IUSG) | 72,550 | 52,156 |
| Sub Total | <u>525,688</u> | <u>446,378</u> |
| Total | <u>\$ 1,398,109</u> | <u>\$ 1,183,129</u> |

Kiwanis of Michigan Foundation, Inc.
(a Michigan non-profit organization)

NOTES TO FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE E – FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurement and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quote prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2024 and 2023.

Mutual funds: Valued at the net asset value (NAV) of shares held by the plan at year end.

Kiwanis of Michigan Foundation, Inc.
(a Michigan non-profit organization)

NOTES TO FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE E – FAIR VALUE MEASUREMENTS - Continued

| Investments Assets at Fair Value as of September 30, 2024 | | | | |
|--|---------------------|-------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investments | | | | |
| Mutual Funds | \$ 1,398,109 | \$ - | \$ - | \$ 1,398,109 |
| Total Investments at Fair Value: | <u>\$ 1,398,109</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,398,109</u> |

| Investments Assets at Fair Value as of September 30, 2023 | | | | |
|--|---------------------|-------------|-------------|---------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| Investments | | | | |
| Mutual Funds | \$ 1,183,129 | \$ - | \$ - | \$ 1,183,129 |
| Total Investments at Fair Value: | <u>\$ 1,183,129</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,183,129</u> |