

Mackinac Associates

FINANCIAL STATEMENTS

September 30, 2022

MACKINAC ASSOCIATES

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ANDERSON, TACKMAN & COMPANY, PLC
CERTIFIED PUBLIC ACCOUNTANTS

KINROSS OFFICE

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MICHIGAN & WISCONSIN

Independent Accountant's Review Report

To the Board of Trustees of
Mackinac Associates
PO Box 567
207 W. Sinclair Ave.
Mackinaw City, MI 49701

We have reviewed the accompanying financial statements of Mackinac Associates (a Michigan nonprofit organization), which comprise the statement of financial position as of September 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 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 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 the Mackinac Associates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

To the Board of Trustees
Mackinac Associates

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



Anderson, Tackman & Company, PLC
Certified Public Accountants
Kincheloe, Michigan

November 16, 2022

Financial Statements

Mackinac Associates

Statement of Financial Position September 30, 2022

ASSETS

Current Assets:

Cash - unrestricted	\$ 400,753
Cash - restricted	111,659
Other Receivables	5,149
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Total Current Assets	517,561
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Other Assets:

Investments - unrestricted	392,978
Investments - restricted	306,689
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Total Other Assets	699,667
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TOTAL ASSETS	\$ 1,217,228
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 35,406
Deferred Membership Dues	6,788
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Total Current Liabilities	42,194
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Net Assets:

Without Donor Restrictions	
Board Designated	7,634
Undesignated	749,052
With Donor Restrictions	418,348
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TOTAL NET ASSETS	1,175,034
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TOTAL LIABILITIES AND NET ASSETS	\$ 1,217,228
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See independent accountant's review report and accompanying notes to financial statements.

Mackinac Associates**Statement of Activities
For the Year Ended September 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:			
Contributions	\$ 332,133	\$ 12,013	\$ 344,146
Membership Dues	84,468	-	84,468
Grants	800	-	800
Special Events	16,960	-	16,960
Interest Income	92	10	102
Investment Income	(103,868)	(83,113)	(186,981)
Miscellaneous Income	1,357	-	1,357
Net Assets Released from Purpose Restriction	25,009	(25,009)	-
Total Support and Revenue	356,951	(96,099)	260,852
EXPENSES:			
Program Services	230,133	-	230,133
General and Administrative	82,169	-	82,169
Fundraising	89,767	-	89,767
Total Expenses	402,069	-	402,069
Changes in Net Assets	(45,118)	(96,099)	(141,217)
NET ASSETS, BEGINNING OF YEAR	801,804	514,447	1,316,251
NET ASSETS, END OF YEAR	\$ 756,686	\$ 418,348	\$ 1,175,034

See independent accountant's review report and accompanying notes to financial statements.

**Statement of Functional Expenses
For the Year Ended September 30, 2022**

	Program Services			Supporting Services		Total
	Park Projects & Improvements	Education	Community Outreach	Management and General	Fundraising	
Membership Benefits	\$ -	\$ -	\$ -	\$ -	\$ 58,998	\$ 58,998
MSHP Project Support	167,855	-	-	-	-	167,855
Insurance	-	-	-	2,658	-	2,658
Program Supplies	10,567	40,839	6,014	-	-	57,420
Supplies	-	-	-	934	2,599	3,533
Printing & Copying	-	-	-	-	9,470	9,470
Postage & Delivery	-	-	2,793	62	10,049	12,904
Meetings & Conferences	-	-	-	1,603	1,843	3,446
Office Expenses	-	-	913	3,541	4,310	8,764
Advertising & Promotion	-	-	1,152	50	1,275	2,477
Contracted Services	-	-	-	64,845	-	64,845
Professional Services	-	-	-	5,450	-	5,450
Bank Service Charges	-	-	-	2,857	407	3,264
Miscellaneous	-	-	-	169	816	985
TOTAL	\$ 178,422	\$ 40,839	\$ 10,872	\$ 82,169	\$ 89,767	\$ 402,069

See independent accountant's review report and accompanying notes to financial statements.

Cash Flows from Operating Activities

Change in net assets	\$ (141,217)
Adjustments to reconcile the change in net assets to net cash provided by operating activities:	
Realized and unrealized gains on investments	187,615
Cash provided (used) by changes in operating assets and liabilities:	
Accounts receivable	4,528
Accounts payable	24,768
Deferred membership dues	<u>(2,501)</u>
Net cash provided by operating activities	<u>73,193</u>
Net increase in cash	73,193
Cash and Restricted Cash, Beginning of Year	<u>439,219</u>
Cash and Restricted Cash, End of Year	<u><u>\$ 512,412</u></u>

See independent accountant's review report and accompanying notes to financial statements.

Notes to Financial Statements

NOTE A - DESCRIPTION OF ENTITY:

Mackinac Associates was established in 1980 as a Michigan Nonprofit Organization. The purpose of the Organization is to further the preservation, interpretation, and development of the historic sites and natural resources under the jurisdiction of the Mackinac Island State Park Commission in any manner which may be helpful; and further, to stimulate historical and environmental study and research; to sponsor the observance or commemoration of occasions of historical significance; and to enable the people of Michigan and the Midwest by membership in Mackinac Associates to identify themselves with the historical development of the Michilimackinac area.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**Basis of Accounting**

The Organization maintains its accounting records on the accrual basis, in accordance with U.S. generally accepted accounting principles. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net Assets Without Donor Restriction – 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 Restriction – 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 are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restriction unless use of the related asset is limited by donor-imposed restrictions. Expenses are recorded as decreases in net assets without donor restriction. Gains and losses on assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated passage of time has elapsed) are reported as reclassifications between the applicable classes of net assets.

Revenue and Revenue Recognition

Contributions - Contributions, including cash, other assets, and unconditional promises to give, are recognized as revenues in the period received. Contributions whose restrictions are met in the same period they are received are recorded as revenue in net assets with donor restrictions and net assets released from restrictions. Unconditional pledges with terms greater than one year are initially recorded at fair value based on their estimated future cash flows. Pledges are discounted to present value using a discount rate commensurate with the risk involved. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met. Gifts of assets other than cash are recorded at their estimated fair value.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Membership Dues - The Organization's members pay annual dues to be a member of Mackinac Associates and received admission to all Mackinac State Historic Parks sites. The performance obligation is to provide annual membership benefits. Revenues from annual membership dues is recognized over the term of the membership as the performance obligation is satisfied for each benefit received throughout the membership period.

The table below shows the activity in deferred membership dues:

Deferred Membership Dues, September 30, 2021	\$	9,289
Less: Previously Deferred Revenue Recognized		9,289
Cash Received for Membership Dues		81,966
Less: Current Revenue Recognized		<u>75,179</u>
Deferred Membership Dues, September 30, 2022	\$	<u><u>6,787</u></u>

The aggregate amount of contract performance obligation as of September 30, 2022 will be recognized as revenue in the next year.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements. These estimates and assumptions also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash, contribution and grants receivables, and accounts payable and accrued expenses approximate their fair values because of the relatively short maturity of these instruments.

Cash

For the purpose of the statement of financial position and the statement of cash flows, the Organization considers as cash all highly liquid investments with an initial maturity of three months or less.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**Investments and Fair Value**

Investments and Fair Value Investments, primarily consisting of mutual funds, are stated at fair value. Investments in equity securities and mutual funds with readily determinable values are valued based on quoted market prices in active markets in which the securities are traded. Gains and losses, both realized and unrealized, resulting from increases or decreases in the fair value of investments are reflected in the statements of activities as increases or decreases in net assets without donor restrictions unless the use was restricted by explicit donor stipulations.

The Organization applies the U.S. GAAP authoritative guidance for Fair Value Measurements and Disclosures, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. The standard describes three levels of inputs that may be used to measure fair value:

Level 1—Quoted prices in active markets for identical assets or liabilities.

Level 2—Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Valuation techniques used in fair value measurements need to maximize the use of observable inputs and minimize the use of unobservable inputs. A valuation method may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with those used by other market participants, the use of different methodologies or assumptions could result in different fair value measurements at the reporting date. There have been no changes in the methodologies used during the year ended September 30, 2022.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization has not established an allowance for uncollectible accounts since, in the opinion of management the amount is not significant.

Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Certain costs are attributed to more than one program or supporting function and, therefore, require allocation among the programs and supporting services benefited. Management believes their allocations are done on a reasonable and consistent basis. Most personnel costs, office expenses, professional services, and other expenses are identified with a specific program or supporting function at the time they are incurred and are reported accordingly. However, some of these expenses require allocation, which is done based on estimates of time and effort.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Contributed Services

A number of volunteers have donated significant amounts of their time to the Organization’s program service during the year; however, these donated services are not reflected in the financial statements because they do not meet the recognition criteria prescribed by generally accepted accounting principles.

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision or liability for federal taxes has been included in the accompanying financial statements. The Organization is exempt from federal income tax on all income except unrelated business income as noted under Section 511 of the Internal Revenue Code. Internal Revenue code section 513(a) defines an unrelated trade or business of an exempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. The Organization does not have any unrelated business income.

The Organization’s tax returns are generally subject to examination by the Internal Revenue Service for a period of three years from the respective filing deadlines of those returns.

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 the November 16, 2022.

NOTE C - CASH AND INVESTMENTS:

The financial position accounts and types of cash items are presented below:

<u>Financial Position</u> <u>Account</u>	<u>Amount</u>	<u>Cash Items</u>	<u>Amount</u>
Cash - Unrestricted	\$ 400,753	Checking and Savings Accounts	<u>\$ 512,412</u>
Cash - Restricted	<u>111,659</u>		
Total	<u>\$ 512,412</u>	Total	<u>\$ 512,412</u>

At year end, the carrying amount of deposits with financial institutions was \$539,993, which excludes deposits in transit and outstanding checks. 46% of the balance was covered by federal depository insurance.

NOTE C - CASH AND INVESTMENTS: (Continued)

Investments consist of the following on September 30, 2022 (all Level I):

	<u>Fair Value</u>
Mutual Funds	\$ 684,995
Stocks	<u>14,672</u>
Total	<u>\$ 699,667</u>

Of this amount, \$306,689 is restricted by donors for the purpose of education.

The following schedule summarizes the investment return for the year ended September 30, 2022:

Dividends/Capital Gain Distributions	\$ 634
Unrealized Gains	<u>(187,615)</u>
Total Investment Return	<u>\$ (186,981)</u>

NOTE D - CONCENTRATION RISK:

The Organization’s financial instruments that are exposed to concentrations of credit risk consist primarily of cash. The Organization placed its cash with high credit quality institutions. At times, balances may be in excess of the FDIC insurance limit.

NOTE E - FUNDRAISING AND SPECIAL EVENTS:

The Organization hosts an annual G. Mennen Williams dinner to procure support of the Organizations programs. The Organization also hosts various campaigns and events to support projects incurred during the year. Total fundraising expense for the year ended September 30, 2022 was \$89,767.

NOTE F - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS:

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, comprise the following as of September 30, 2022:

Cash	\$ 512,412
Less: donor-imposed restrictions	(111,659)
Investments	699,667
Less: donor-imposed restrictions	(306,689)
Other Receivables	<u>5,149</u>
	<u>\$ 798,880</u>

The Organization’s policy is to have liquid resources on hand to meet general expenditures as well as maintain an operating reserve to cover unforeseen expenses. The Organization’s cash flows fluctuate with donor giving and fundraising event attendance.

NOTE G - RELATED PARTY:

Mackinac Associates is a non-profit organization that was established to further the mission of the Mackinac Island State Park Commission (a governmental agency) and raise funds on their behalf. Mackinac Associates is a separate entity; however, as the Organization raises funds for the benefit of the Commission, these entities are considered to be related parties. The Organization receives certain donations which they must remit to the Commission in accordance with instructions from the donor. Approximately \$145,000 was remitted to the Commission during the fiscal year ending September 30, 2022. The amount payable to Mackinac Island State Park Commission at September 30, 2022 was \$34,166.

NOTE H - NET ASSETS:

The components of net assets were as follows on September 30, 2022:

Without Donor Restrictions:	
Board Designated – Education Fund	\$ 6,865
Board Designated – Wish List	<u>769</u>
Total Board Designated	<u>7,634</u>
Undesignated	<u>749,052</u>
Total Without Donor Restrictions	<u>756,686</u>
With Donor Restrictions:	
Education Fund	306,690
Florence Gould Grant Fund	80,944
Scout Barracks Fund	11,587
Accessibility Improvements	9,492
Dwight Wood Sprint Memorial Fund	6,300
Hazel D. DeRosa Memorial Fund	2,727
Archaeology Fund	515
Library Acquisition Fund	<u>93</u>
Total With Donor Restrictions	<u>418,348</u>
Total Net Assets	<u>\$ 1,175,034</u>