

BAY AREA WOMEN'S CENTER  
BAY CITY, MICHIGAN  
FINANCIAL STATEMENTS  
DECEMBER 31, 2022



**WEINLANDER FITZHUGH**  
Certified Public Accountants & Advisors



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**WEINLANDER FITZHUGH**  
Certified Public Accountants & Advisors

1600 Center Avenue • PO Box 775 • Bay City, MI 48707-0775  
1-800-624-2400 • 989-893-5577 • www.wf.cpa  
Bay City • Clare • Gladwin • West Branch

## INDEPENDENT AUDITOR'S REPORT

April 6, 2023

Board of Directors  
Bay Area Women's Center  
Bay City, Michigan

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Bay Area Women's Center (Organization), which comprise the statement of financial position as of December 31, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bay Area Women's Center as of December 31, 2022 and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

#### Basis for Opinion

We conducted our audit in accordance with U.S. generally accepted auditing standards (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Bay Area Women's Center and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 U.S. generally accepted accounting principles, 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 Bay Area Women's Center'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 GAAS and Government 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, misrepresentation or the override of internal control. Misstatements, including omissions, 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 GAAS and Government 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 Bay Area Women's Center'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 Bay Area Women's Center'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.



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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 6, 2023, on our consideration of Bay Area Women's Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Bay Area Women's Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bay Area Women's Center's internal control over financial reporting and compliance.

*Weinlander Fitzhugh*

BAY AREA WOMEN'S CENTER  
Statement of Financial Position  
December 31, 2022

ASSETS

<u>Current Assets</u>	
Cash and cash equivalents	\$ 1,106,496
Short-term investments	357,828
Receivables:	
Contributions receivable	100,690
Accounts receivable - federal and state grants and contracts	166,752
Prepaid expense	7,681
Total current assets	1,739,447
<u>Property and Equipment</u>	
Building	2,528,673
Land improvements	89,697
Furniture and fixtures	45,669
Computer equipment and software	30,248
Office equipment	60,818
	2,755,105
Accumulated depreciation	(1,461,671)
	1,293,434
Land	9,039
Total property and equipment	1,302,473
<u>Noncurrent Assets</u>	
Beneficial interest in assets held by Community Foundation	1,181
Total noncurrent assets	1,181
Total Assets	\$ 3,043,101

LIABILITIES AND NET ASSETS

<u>Current Liabilities</u>	
Accounts payable	\$ 20,144
Accrued payroll and payroll taxes	52,219
Deferred revenue	6,607
Other liabilities	1,639
Total current liabilities	80,609
<u>Net Assets</u>	
Without donor restrictions	2,858,052
With donor restrictions	104,440
Total net assets	2,962,492
Total Liabilities and Net Assets	\$ 3,043,101

See accompanying notes to financial statements.

BAY AREA WOMEN'S CENTER  
Statement of Activities  
For the Year Ended December 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Support</u>			
Contributions	\$ 359,428	\$ 22,695	\$ 382,123
In-kind revenue	21,094	0	21,094
United Way allocations	0	131,132	131,132
Special events:			
Gross special events revenue	114,351	0	114,351
Less direct expenses	(22,742)	0	(22,742)
Net special events	<u>91,609</u>	<u>0</u>	<u>91,609</u>
Total support	<u>472,131</u>	<u>153,827</u>	<u>625,958</u>
<u>Contracts:</u>			
Federal and state grants and contracts	<u>914,028</u>	<u>0</u>	<u>914,028</u>
<u>Services fees:</u>			
Program fees	<u>12,863</u>	<u>0</u>	<u>12,863</u>
<u>Other revenue</u>			
Net investment return	13,921	0	13,921
Unrealized loss on investments	(81,949)	0	(81,949)
Total other revenue	<u>(68,028)</u>	<u>0</u>	<u>(68,028)</u>
Net assets released from restriction- satisfaction of program restrictions	<u>165,303</u>	<u>(165,303)</u>	<u>0</u>
Total support and revenue	<u>1,496,297</u>	<u>(11,476)</u>	<u>1,484,821</u>
<u>Expenses</u>			
Program services:			
Domestic Violence	617,875	0	617,875
Community Service	51,926	0	51,926
Sexual Assault	322,124	0	322,124
Total program services	<u>991,925</u>	<u>0</u>	<u>991,925</u>
Support services:			
Management and general	314,192	0	314,192
Fund development	49,245	0	49,245
Total support services	<u>363,437</u>	<u>0</u>	<u>363,437</u>
Total expenses	<u>1,355,362</u>	<u>0</u>	<u>1,355,362</u>
Change in net assets	140,935	(11,476)	129,459
Net assets - beginning of year	<u>2,717,117</u>	<u>115,916</u>	<u>2,833,033</u>
Net assets - end of year	<u>\$ 2,858,052</u>	<u>\$ 104,440</u>	<u>\$ 2,962,492</u>

See accompanying notes to financial statements.



**BAY AREA WOMEN'S CENTER**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2022**

	<u>Total</u>	<u>Program Services</u>				<u>Supporting Services</u>		
		<u>Domestic Violence</u>	<u>Community Service</u>	<u>Sexual Assault</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Development</u>	<u>Total Supporting Services</u>
Salaries and wages	\$ 737,073	\$ 253,296	\$ 38,055	\$ 216,232	\$ 507,583	\$ 184,901	\$ 44,589	\$ 229,490
Employee benefits	64,165	16,294	4,822	12,360	33,476	29,791	898	30,689
Payroll taxes	58,222	20,354	2,611	17,790	40,755	14,539	2,928	17,467
Staff fees and contracts	1,865	144	0	102	246	1,619	0	1,619
Workers' compensation	1,093	420	46	323	789	304	0	304
Payroll preparation fees	765	0	0	0	0	765	0	765
Total salaries and related expenses	863,183	290,508	45,534	246,807	582,849	231,919	48,415	280,334
Specific assistance to individuals	168,856	152,142	0	16,566	168,708	148	0	148
Program supplies	69,464	52,518	362	14,473	67,353	1,910	201	2,111
Professional fees	30,391	6,856	0	2,117	8,973	21,418	0	21,418
Utilities	27,137	18,352	0	5,646	23,998	3,139	0	3,139
Fundraising expense	22,742	0	0	0	0	1,847	20,895	22,742
In-kind expense	21,094	21,094	0	0	21,094	0	0	0
Maintenance	15,250	11,424	0	2,803	14,227	1,023	0	1,023
Insurance	13,069	8,164	0	116	8,280	4,789	0	4,789
Office supplies	10,982	8,154	188	475	8,817	1,603	562	2,165
Telephone and answering service	9,852	2,379	0	824	3,203	6,171	478	6,649
Travel and meals	7,892	1,337	550	5,250	7,137	646	109	755
Dues and subscriptions	6,782	476	1,269	1,865	3,610	3,060	112	3,172
Conferences and education	6,651	1,425	585	3,737	5,747	904	0	904
Bank charges	5,184	7	0	0	7	5,036	141	5,177
Postage	4,391	0	0	0	0	3,317	1,074	4,391
Advertising and publicity	2,673	2,122	0	321	2,443	230	0	230
Equipment rent and maintenance	886	0	0	0	0	886	0	886
Other costs	837	0	0	0	0	837	0	837
Rent	823	823	0	0	823	0	0	0
Total before depreciation	1,288,139	577,781	48,488	301,000	927,269	288,883	71,987	360,870
Depreciation	89,965	40,094	3,438	21,124	64,656	25,309	0	25,309
Total functional expenses	1,378,104	617,875	51,926	322,124	991,925	314,192	71,987	386,179
Less expenses included with revenues on the statement of activities								
Direct special event expenses	(22,742)	0	0	0	0	0	(22,742)	(22,742)
Total expenses included in the expense section of statement of activities	<u>\$ 1,355,362</u>	<u>\$ 617,875</u>	<u>\$ 51,926</u>	<u>\$ 322,124</u>	<u>\$ 991,925</u>	<u>\$ 314,192</u>	<u>\$ 49,245</u>	<u>\$ 363,437</u>

See accompanying notes to financial statements.

BAY AREA WOMEN'S CENTER  
Statement of Cash Flows  
For the Year Ended December 31, 2022

<u>Cash Flows From Operating Activities</u>	
Change in net assets	\$ 129,459
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	89,965
Net unrealized loss on investments	81,949
Changes in operating assets and liabilities:	
Contributions receivable	111,923
Accounts receivable - federal and state grants and contracts	(169,432)
Accounts payable	(3,222)
Accrued payroll and payroll taxes	(23,982)
Deferred revenue	14
Net cash flows from operating activities	<u>216,674</u>
 <u>Cash Flows From Investing Activities</u>	
Purchase of equipment	(11,800)
Net change in investments	<u>(9,236)</u>
Net cash flows from investing activities	<u>(21,036)</u>
 Net change in cash	 195,638
 Cash and cash equivalents - beginning of year	 <u>910,858</u>
 Cash and cash equivalents - end of year	 <u>\$ 1,106,496</u>

See accompanying notes to financial statements.

**BAY AREA WOMEN’S CENTER**  
**Notes to Financial Statements**  
**For the Year Ended December 31, 2022**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The Bay Area Women’s Center (Organization) is a nonprofit organization established to provide counseling and shelter for domestic violence and sexual assault victims in Bay and Arenac Counties. The primary funding source is federal, state and local grants, along with allocations from the United Way of Bay County.

**Basis of Accounting**

The financial statements are prepared on the accrual basis of accounting. That is, revenue is recognized when earned and expenses when incurred.

**Estimates**

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

**Statement of Cash Flows**

For purposes of the statement of cash flows, cash equivalents include time deposits and certificates of deposit with original maturities of three months or less. Interest paid for the year was \$0. There were no non-cash activities during the year, except for donated services and goods described later.

**Investments**

Investments are recorded at fair market value as follows:

Cash and short-term investments - the carrying amount approximates fair value because of the short maturity of those instruments.

Long-term investments - the fair value of investments are generally based on quoted market prices.

**Accounts Receivable**

Accounts receivable are stated at the outstanding balance adjusted for any write-offs and the allowance for doubtful accounts. Management determines the allowance for doubtful accounts based on an evaluation of receivables, past and recent experience, current economic conditions, and other pertinent factors. The allowance for doubtful accounts is increased by the provision charged to operations and reduced by write-offs. There was no allowance for doubtful accounts as of December 31, 2022.

Receivables from contracts with customers are reported as accounts receivable – federal and state grants and contracts in the accompanying Statement of Financial Position. Contract liabilities are reported as deferred revenue in the accompanying Statement of Financial Position.

BAY AREA WOMEN'S CENTER  
Notes to Financial Statements  
For the Year Ended December 31, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable (Continued)**

The following table provides information about changes in contracts receivable as of December 31, 2022 and 2021:

	2022	2021
Contracts receivable	\$ 166,752	\$ 102,613

**Revenue and Revenue Recognition**

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. 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 restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Fundraising revenue is equal to the cost of direct benefit to the donors and contribution revenue for the difference. The Organization recognizes the contribution portion immediately and the exchange portion upon completion of the event. For the year ended December 31, 2022 the Organization recognized \$114,351 in gross fundraising revenue. Management has estimated the exchange portion of fundraising revenue to be \$11,435 and was recognized upon completion of the events. The remaining \$102,916 was considered to be contribution revenue and was recognized immediately.

Management has estimated the exchange portion of the sponsorships and ticket sales that occurred prior to December 31, 2022 was \$6,607. The following table provides information about changes in deferred revenue for the year ended December 31, 2022:

Deferred fundraising revenue, beginning of year	\$ 6,593
Revenue recognized that was included in deferred revenue at beginning of year	(6,593)
Increases in deferred revenue due to cash received during the year	6,607
Deferred fundraising revenue, end of year	\$ 6,607

The Organization contracts with several agencies, including governmental agencies, for funding to provide services related to the Organization's mission of providing counseling and shelter for domestic violence and sexual assault victims in Bay and Arenac Counties. Service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. Generally, the Organization bills the grantor agencies on a monthly basis after services have been performed. Revenue for these services is recognized at a point in time as the performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Organization and the stipulations of the grant contract. The Organization does not charge individuals who receive services. All grant contracts that the Organization has entered into have a stated annual maximum amount of reimbursement. The Organization has several ongoing grants funded through the Michigan Department of Health and Human Services.

BAY AREA WOMEN'S CENTER  
Notes to Financial Statements  
For the Year Ended December 31, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue and Revenue Recognition (Continued)**

For the year ended December 31, 2022 the Organization recognized revenue of \$914,028 from services that were provided at a point in time.

**Net Assets**

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor 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 (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

*Net assets with donor restrictions* - Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources must be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. 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.

**Contributed Services**

Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received, (a) create or enhance non-financial assets or, (b) require a specialized skill that is provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Organization received contributions of nonprofessional volunteers during the year with a value of \$167,038 primarily for the VOCA program which are not recorded in the statement of activities under U.S. generally accepted accounting procedures.

**Gifts-In-Kind (GIK)**

The Organization receives a significant amount of GIK. The GIK are recorded as contributions at their estimated fair value at the date of donation. The GIK are made up of clothing, household items, food, personal needs supplies and other supplies that are used for the Organizations Domestic Violence program. Total value of the GIK was \$21,094 for the year ended December 31, 2022.

**Fixed Assets and Depreciation**

The Organization capitalizes major expenditures for land, building and equipment at cost. Donations of land, buildings and equipment are recorded as support at their estimated fair value. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

BAY AREA WOMEN'S CENTER  
Notes to Financial Statements  
For the Year Ended December 31, 2022

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fixed Assets and Depreciation (Continued)**

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. The Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Depreciation is provided on a straight line basis over the estimated useful lives of the assets.

Building	10-40 years
Land improvements	10-20 years
Equipment	3-10 years

**Program Services**

The Organization's program services are segregated into three categories, as follows:

**Domestic Violence** - This program is focused on providing temporary counseling, emergency shelter and on-going support groups for victims of domestic violence and their families. No fees are charged to users. The program consists of two types, Domestic Violence Residential and Non-Residential. The first provides overnight support while the other is for single day services.

**Community Service** – This program provides financial and material assistance for the very low income families in Bay and Arenac counties.

**Sexual Assault and the Sexual Assault Nurse Examiners Programs** – The sexual assault program provides temporary counseling, emergency shelter and support groups to victims of sexual assault. No fees are charged to users. The Sexual Assault Nurse Examiners Program is a team composed of trained forensic nurses, law enforcement and advocates that respond to sexual assault victims seeking treatment after an assault, including pediatric victims of sexual abuse.

**Functional Allocation of Expenses**

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. Those expenses are allocated based on staff positions and grant requirements. Many costs are allocated based on fixed percentages based on time studies related to grant activities. Other expenses are either direct as is the case with specific assistance. Remaining expenses are allocated based on the judgement of management.

**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 date of the accompanying Independent Auditor's Report, which is the date the financial statements were available to be issued.

BAY AREA WOMEN'S CENTER  
Notes to Financial Statements  
For the Year Ended December 31, 2022

**NOTE 2 - LIQUIDITY AND AVAILABILITY**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, short term investments, long term investments, beneficial interest in endowment, and line of credit. See Note 6 for information about the Organization's line of credit.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of providing counseling and shelter for domestic violence and sexual assault victims as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, refer to the statement of cash flows which identifies the sources and uses of the Organization's cash and shows positive cash generated by operations for fiscal years 2022.

As of December 2022, the following tables show the total financial assets held by the Organization and the amounts of those financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Cash and cash equivalents	\$ 1,106,496
Short-term investments	357,828
Contributions receivable	100,690
Accounts receivable - federal and state grants and contracts	166,752
Beneficial interest in endowment	1,181
Total financial assets	<u>1,732,947</u>
Beneficial interest in endowment	(1,181)
Cash balance with purpose restrictions	(19,440)
Grants, contracts and contributions receivable with time restrictions	(85,000)
	<u>(105,621)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,627,326</u>

BAY AREA WOMEN'S CENTER  
Notes to Financial Statements  
For the Year Ended December 31, 2022

**NOTE 3 - INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments are stated at fair value and are summarized as follows as of December 31, 2022:

Money market	\$ 966
Mutual funds	180,729
Certificate of deposits	27,061
Stock and equities	<u>149,072</u>
 Totals	 <u><u>\$ 357,828</u></u>

Professional standards establish a framework for measuring 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under professional standards are described as follows:

- Level 1     Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2     Quoted prices in markets that are not considered to be active or financial statements for which all significant inputs are observable, either directly or indirectly.
- Level 3     Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The following table presents assets at fair value on a recurring basis during the period by level within the fair value hierarchy, as of December 31, 2022.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market	\$ 966	\$ 0	\$ 0	\$ 966
Mutual funds	180,729	0	0	180,729
Certificate of deposits	27,061	0	0	27,061
Stock and equities	<u>149,072</u>	<u>0</u>	<u>0</u>	<u>149,072</u>
	<u><u>\$ 357,828</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 357,828</u></u>

The following methods and assumptions were used to estimate the fair value of assets and liabilities in the table above:

The fair value of the Organization's stocks and equities is based on quoted market prices.



BAY AREA WOMEN'S CENTER  
Notes to Financial Statements  
For the Year Ended December 31, 2022

**NOTE 4 - RETIREMENT PLAN**

The Organization has a 403(b) deferred annuity plan (Plan) covering all employees upon completion of one year of service. The Organization's contributions are equal to 2% of the monthly compensation of the participating employees. Total expenses related to the Plan for the year ended December 31, 2022 were \$12,907.

**NOTE 5 - RESTRICTIONS ON ASSETS**

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to expenditure for specified purpose:

Program specific contributions	\$ 19,440
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Subject to the passage of time:

United Way receivable	65,000
Gerstacker grant	20,000
	85,000
	\$ 104,440

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended December 31, 2022:

Expiration of time restrictions	\$ 151,132
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Satisfaction of purpose restrictions:

Program specific contributions	14,171
	\$ 165,303

**NOTE 6 - LINE OF CREDIT**

The Organization has a \$100,000 line of credit with First State Bank. The interest rate will be equal to the Bank's index rate, not to exceed 7.5% per annum or the maximum rate allowed by applicable law. As of December 31, 2022, the balance of the line of credit is \$0.

**NOTE 7 - INCOME TAXES**

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization's income tax returns are subject to examination by the appropriate taxing jurisdictions. As of December 31, 2022, the Organization's federal tax return generally remains open for the last three years.

BAY AREA WOMEN'S CENTER  
Notes to Financial Statements  
For the Year Ended December 31, 2022

**NOTE 8 - ENDOWMENT FUND WITH BAY AREA COMMUNITY FOUNDATION**

The Organization is the beneficiary under an endowment fund agreement with the Bay Area Community Foundation (Foundation). A portion of the assets, \$1,181 is included in the statement of financial position of the Organization. The remaining portion, \$538,792 is included on the statement of financial position of the Foundation. The Organization does not exercise any control over the principal of the fund but, based on a formula, certain amounts of the fund may be distributed to and expended by the Organization.

Variance power has been granted to the Foundation for the assets in the endowment fund. If the Organization ceases to exist or no longer performs its functions under the provisions of the agreement, the Foundation shall continue to administer and disburse fund assets in a manner deemed appropriate.

The endowment fund includes funds designated by the Organization. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Organization to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Investment and spending policies are determined by the Foundation, in accordance with established guidelines adopted by the Foundation's governing board.

Income available for spending is determined by a total return system. The amount to be spent in the coming year is calculated each September 30th and is reviewed and approved by the Finance Committee annually. The calculation formula is as follows:

- a) Each year at September 30<sup>th</sup> a 12 quarter rolling average of the market value of each Fund is determined;
- b) The annual amount available to be spent is 5% of the market value calculated in "a" above.

The "income" that may be spent, as determined in this paragraph, may be drawn from both ordinary earned income (i.e., dividends, interest, rents, royalties, etc.) and earned and unearned appreciation.

**Endowment Net Asset Composition by Type of Fund as of December 31, 2022**

	Without Donor Restrictions
Board designated endowment funds	\$ 1,181

BAY AREA WOMEN'S CENTER  
Notes to Financial Statements  
For the Year Ended December 31, 2022

**NOTE 8 - ENDOWMENT FUND WITH BAY AREA COMMUNITY FOUNDATION**  
**(CONTINUED)**

**Changes in Endowment Net Assets for the Year Ended December 31, 2022**

	Without Donor Restrictions
Endowment net assets, beginning of the year	\$ 1,451
Investment return:	
Investment income	39
Net gain (loss) (realized and unrealized)	(301)
Total investment return	(262)
Administrative and investment fees	(8)
Total investment return	(8)
Endowment net assets, end of the year	\$ 1,181



**WEINLANDER FITZHUGH**  
Certified Public Accountants & Advisors

1600 Center Avenue • PO Box 775 • Bay City, MI 48707-0775  
1-800-624-2400 • 989-893-5577 • www.wf.cpa  
Bay City • Clare • Gladwin • West Branch

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*

April 6, 2023

Board of Directors  
Bay Area Women's Center  
Bay City, Michigan

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Bay Area Women's Center (Organization), which comprise the statement of financial position as of December 31, 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 and have issued our report thereon dated April 6, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Bay Area Women's Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of Bay Area Women's Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Bay Area Women's Center's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.



**WEINLANDER FITZHUGH**

Certified Public Accountants & Advisors

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Bay Area Women's Center's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Weinlander Fitzhugh*

BAY AREA WOMEN'S CENTER  
Summary Schedule of Prior Year Findings  
For the Year Ended December 31, 2022

There were no matters reported in the prior year's audit.