



FINANCIAL STATEMENTS

DECEMBER 31, 2021

	Page
Independent Auditor's Report	3 - 4
Financial Statements	
Statement of Financial Position	5
Statement of Activities - Current Year	6
Statement of Activities - Prior Year	7
Statement of Functional Expenses - Current Year	8
Statement of Functional Expenses - Prior Year	9
Statement of Cash Flows - Indirect Method	10
Notes to Financial Statements	11 - 13



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of SowHope
Rockford, MI

We have audited the accompanying financial statements of SowHope (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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 express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SowHope as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously reviewed SowHope's 2020 financial statements dated February 26, 2021. In our opinion, the summarized information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the reviewed financial statements from which it has been derived.

Morgan & Associates CPAs + Advisors

William T Morgan CPA

Grand Rapids, MI

March 25, 2022

SowHope
Statement of Financial Position
As of December 31, 2021

	2021	2020
Assets		
Current		
Cash and cash equivalents	668,587	555,799
Short term investments	10,286	5,456
Prepaid expenses	1,193	3,832
	680,066	565,087
Total assets	\$ 680,066	\$ 565,087
Liabilities and net assets		
Current		
Loans and debt	17,868	35,736
Accounts payable and accrued expenses	5,415	10,974
Total liabilities	23,283	46,710
Net assets		
Without donor restrictions		
Undesignated	656,783	518,377
With donor restrictions		
Total net assets	656,783	518,377
Total liabilities and net assets	\$ 680,066	\$ 565,087

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

SowHope
Statement of Activities
December 31, 2021

Without restrictions

Support and revenue

Contributions	\$ 522,324
Grant income	27,105
Investment income	994

Total support and revenue

550,423

Expenses

Program	370,444
Management and general	24,656
Fundraising	16,939

Total expenses

412,039

Prior period accounting adjustments	22
-------------------------------------	----

Change in net assets

138,406

Net assets at beginning of period

518,377

Net assets at ending of period

\$ 656,783

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

SowHope
Statement of Activities
December 31, 2020

Without restrictions

Support and revenue

Contributions	\$ 436,312
Grant income	25,683
Investment income	646

Total support and revenue

\$ 462,641

Expenses

Program	320,557
Management and general	25,084
Fundraising	10,599

Total expenses

356,240

Change in net assets

106,401

Net assets at beginning of period

411,976

Net assets at ending of period

\$ 518,377

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

SowHope
Statement of Functional Expenses
December 31, 2021

	Program	Management and General	Fundraising	Grand Total
Event expense	\$ -	\$ -	\$ 6,610	\$ 6,610
Advertising expense	2,225	556	-	2,781
Bank charges	33	8	-	41
Technology	2,051	513	-	2,564
Grants	230,510	-	-	230,510
Equipment	1,619	405	-	2,024
Telephone	938	235	-	1,173
Office expenses	3,314	829	-	4,143
Payroll / Taxes	118,040	19,182	10,329	147,550
Postage and delivery	1,825	456	-	2,281
Printing	84	21	-	105
Travel / Mileage	4,950	1,237	-	6,187
Occupancy	4,855	1,214	-	6,069
Total Expense	\$ 370,444	\$ 24,656	\$ 16,939	\$ 412,039

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

SowHope
Statement of Functional Expenses
December 31, 2020

	Program	Management and General	Fundraising	Grand Total
Event expense	\$ -	\$ -	\$ 1,270	\$ 1,270
Advertising expense	2,288	572	-	2,860
Bank charges	22	5	-	27
Technology	4,695	1,174	-	5,869
Grants	182,900	-	-	182,900
Equipment	4,874	1,219	-	6,093
Telephone	634	158	-	792
Office expenses	6,940	1,735	-	8,675
Payroll / Taxes	106,621	17,326	9,329	133,276
Postage and delivery	2,048	512	-	2,560
Printing	46	11	-	57
Travel / Mileage	4,634	1,158	-	5,792
Occupancy	4,855	1,214	-	6,069
Total Expense	\$ 320,557	\$ 25,084	\$ 10,599	\$ 356,240

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

SowHope
Statement of Cash Flows - Indirect Method
December 31, 2021

Cash flows from operating activities			
Change in net assets	\$	138,406	\$ 106,401
Change in:			
Short term investments		(4,830)	(5,456)
Prepaid expenses		2,639	1,194
Accounts payable and accrued expenses		(5,559)	(14,967)
Net cash provided by operating activities		<u>130,656</u>	<u>87,172</u>
Cash flows from financing activities			
Payments from loans payable		(17,868)	(17,868)
Net cash provided from financing activities		<u>(17,868)</u>	<u>(17,868)</u>
Change in cash		112,788	69,304
Cash, beginning of year		<u>555,799</u>	<u>486,495</u>
Cash, end of year	\$	668,587	\$ 555,799

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

SowHope's mission is "to inspire women around the world by promoting wellness, education, and economic opportunities."

BASIS OF ACCOUNTING

The financial statements of the SowHope have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

BASIS OF PRESENTATION

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 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 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 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.

Revenues are reported as increases in net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets. Expirations of temporarily restricted net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

CASH AND CASH EQUIVALENTS

For purposes of the financial statements, cash equivalents include all highly liquid investments with initial maturities of three months or less. Restricted cash is set aside for debt service as required by the debt instrument.

EQUIPMENT

Property and equipment are carried at cost, or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the respective assets.

INCOME TAX STATUS

The organization is a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for a charitable contribution deduction under Section 170 (b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). Management believes tax years 2018 through 2021, following administrative practice of taxing authorities, remain open and subject to review. Management believes that its income tax positions will be

sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on its financial condition, results of operations or cash flows. Accordingly, for all open tax years, the Organization has not recorded any reserves or related accruals for uncertain income tax positions on December 31, 2021 or 2020.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

EXPENSE ALLOCATIONS

All costs are allocated among the various programs and support services. Expenses that can be identified with a specific program or support service are directly allocated according to their natural expense classification. Certain expenses such as administration, accounting and occupancy are allocated and charged to various programs.

RECLASSIFICATIONS

Certain accounts from the prior year financial statements have been reclassified for the comparative purposes to conform to the presentation in the current year financial statements.

Decrease to net assets of \$21 brought this amount forward to increase net assets in current year financial statements.

FAIR VALUE MEASUREMENT OF ASSETS

The organization adopted the Financial Accounting Standards Board's (FASB) standards which provides a framework for measuring fair value under generally accepted accounting principles. The standard defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The standard for *Fair Value Measurements* establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement is determined based on the assumptions – referred to as inputs – which market participants would use in pricing the investment, as follows:

Level 1 inputs – observable quoted price in an active market for an identical investment;

Level 2 inputs – input that is observable for the investment, either directly or indirectly, other than quoted prices included in level 1;

Level 3 inputs – unobservable inputs for the investment, used only when observable inputs are not available.

The organization invests in publicly traded securities which are exposed to various risks such as interest rate, market, and credit risks. Due to the level of the risk associated with investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statement of financial position.

LIQUIDITY AND AVAILABILITY

The Organization has \$680,066 of financial assets available within one year of the balance sheet date consisting of cash of \$668,587, None of the cash is subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The Organization has a goal to maintain financial assets, which consist of cash on hand to meet 60 days of normal operating expenses, which are on average, approximately \$56,255. If the Organization has excess, they will attempt to purchase short-term treasury instruments.

Financial assets at year end		2021	
Cash and cash equivalents		\$ 668,587	
Short term investments		10,286	
Prepaid expenses		1,193	
		680,066	

NOTE 2 – COMMITMENTS AND CONTINGENCIES

The organization maintains cash balances at a financial institution located in Western Michigan. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000.

The organization has two credit cards, the balances and limits as of December 31, 2021 and 2020, are as follows.

	2021		2020
Maximum credit limit			
Card 1	\$ 22,700	\$	22,700
Card 2	22,000		22,000
Balance as of December 31st			
Card 1	986		632
Card 2	6		-

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

The organization has no assets which are donor restricted.

NOTE 4 – GOVERNING BOARD DESIGNATIONS

SowHope’s governing board has no designated funds as of December 31, 2021 and 2020.

NOTE 5 – ADVERTISING

The organization uses advertising to promote its programs among various audiences. The production costs of advertising are expensed as incurred. During the year ended December 31, 2021 and 2020, advertising costs totaled \$2,781 and \$2,860.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events were evaluated through March 25, 2022 which is the date of the financial statements were available to be issued.