



FINANCIAL STATEMENTS

DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of SowHope
Rockford, MI

Opinion

We have audited the accompanying financial statements of SowHope (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and 2021, 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 SowHope as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit 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 SowHope 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 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 SowHope'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 SowHope'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 SowHope'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.

Morgan & Associates CPAs + Advisors



Grand Rapids, MI
March 31, 2023

SowHope
Statement of Financial Position
As of December 31, 2022

	2022	2021
Assets		
Current		
Cash and cash equivalents	\$ 648,005	\$ 678,874
Prepaid expenses	3,580	1,193
Total current assets	651,585	680,067
Total assets	651,585	680,067
Liabilities and net assets		
Current		
Accounts payable and accrued expenses	14,456	5,416
Loans and debt	-	17,868
Total current liabilities	14,456	23,284
Total liabilities	14,456	23,284
Net assets		
Without donor restrictions		
Undesignated	637,129	656,783
Total net assets	637,129	656,783
Total liabilities and net assets	\$ 651,585	\$ 680,067

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

SowHope
Statement of Activities
December 31, 2022

Without restrictions

Support and revenue

Contributions	\$ 565,166
Investment income	1,732
Gifts in kind	7,061

Total support and revenue

573,959

Expenses

Program	526,456
Management and general	34,054
Fundraising	33,103

Total expenses

593,613

Change in net assets

(19,654)

Net assets at beginning of period

656,783

Net assets at ending of period

\$ 637,129

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	370,427
Management and general	25,496
Fundraising	16,094

Total expenses

412,017

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 Functional Expenses
December 31, 2022

	Program	Management and General	Fundraising	Grand Total
Event expense	\$ -	\$ -	\$ 23,045	\$ 23,045
Advertising expense	10,694	2,674	-	13,368
Bank charges	4,188	1,047	-	5,235
Technology	1,373	343	-	1,716
Grants	350,000	-	-	350,000
Equipment	4,571	1,143	-	5,714
Telephone	2,238	559	-	2,797
Office expenses	5,638	1,409	-	7,047
Payroll / Taxes	114,950	18,679	10,058	143,688
Postage and delivery	1,018	254	-	1,272
Printing	5	1	-	6
Travel / Mileage	17,180	4,295	-	21,475
Occupancy	4,855	1,214	-	6,069
Professional fees	9,536	2,384	-	11,920
Staff development	210	52	-	262
Total Expense	\$ 526,456	\$ 34,054	\$ 33,103	\$ 593,613

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	3,042	760	-	3,802
Technology	2,034	509	-	2,543
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	108,391	17,614	9,484	135,489
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
Professional fees	6,640	1,660	-	8,300
Total Expense	\$ 370,427	\$ 25,496	\$ 16,094	\$ 412,017

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

SowHope
Statement of Cash Flows - Indirect Method
December 31, 2022

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Cash flows from operating activities			
Change in net assets	\$	(19,654)	\$ 138,406
Change in:			
Prepaid expenses		(2,387)	2,640
Accounts payable and accrued expenses		9,040	(5,558)
Net cash provided by operating activities		<u>(13,001)</u>	<u>135,488</u>
Cash flows from financing activities			
Payments from loans payable		<u>(17,868)</u>	<u>(17,868)</u>
Net cash provided from financing activities		(17,868)	(17,868)
Change in cash		(30,869)	117,620
Cash, beginning of year		678,874	561,254
Cash, end of year	\$	<u>648,005</u>	\$ <u>678,874</u>

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.

GIFTS IN KIND

During the year ended December 31, 2022, SowHope received various donated items that are reflected in the statement of activities at their estimated fair value under gifts in kind.

Gifts in kind activity is as follows:

	December 31, 2022
	<hr/>
Donated items	7,061
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	\$ 7,061

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 2019 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, 2022 or 2021.

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.

Expense	Method of allocation
Salaries and wages	Time and effort
Payroll taxes	Time and effort
Occupancy	Square footage

REVENUE RECOGNITION

Unconditional promises to give are recognized as revenue in the period the promise was made. Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. 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.

Conditional grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures or deliverables, as defined in each contract, are met. Funds received but not yet earned are shown as Deferred Revenue. Expenditures under contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

Accounting Standard Update ASU No. 2014-09 - Revenue from Contracts with Customers (Topic 606), has been implemented in the financial statements and the disclosures. Revenue received from conditional contributions or grants with contractual agreements will be recorded as revenue only when the performance obligation is satisfied. Performance obligations that have not been satisfied will be recorded as a liability until the performance obligation is met. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

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 \$651,585 of financial assets available within one year of the balance sheet date consisting of cash of \$648,005, 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		2022
Cash and cash equivalents	\$	648,005
Short term investments		-
Prepaid expenses		3,580
	\$	651,585

NOTE 2 – COMMITMENTS AND CONTINGENCIES

The organization maintains cash balances at a financial institution located in Western Michigan and a sweep account through an independent bank. The total of the 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, 2022 and 2021, are as follows.

	2022	2021
Maximum credit limit		
Card 1	\$ 22,700	\$ 22,700
Card 2	\$ 22,000	\$ 22,000
Balance as of December 31st		
Card 1	\$ 9,764	\$ 986
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, 2022 and 2021.

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, 2022 and 2021, advertising costs totaled \$13,368 and \$2,781.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events were evaluated through March 31, 2023 which is the date of the financial statements were available to be issued.