# Writers Series of Traverse City

FINANCIAL STATEMENTS
AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT

December 31, 2024

Dennis, Gartland & Niergarth

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Business Advisors Since 1973

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# INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Writer's Series of Traverse City

We have reviewed the accompanying financial statements of the ***Writer's Series of Traverse City*** (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, 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 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 engagements 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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Board of Directors of
Writer's Series of Traverse City

***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.

*Dennis, Gartland & Niergarth*

Certified Public Accountants
Traverse City, Michigan

May 2, 2025

# Writers Series of Traverse City

STATEMENT OF FINANCIAL POSITION

December 31, 2024

| | |
|---|---|
| **ASSETS** | |
| **CURRENT ASSETS** | |
| Cash and equivalents | $ 135,012 |
| Investments | 525,533 |
| Accounts receivable | 7,806 |
| Total current assets | 668,351 |
| **PROPERTY AND EQUIPMENT,** net | 7,560 |
| **OTHER ASSETS** | |
| Endowment investments | 23,160 |
| Total assets | $ 699,071 |
| **LIABILITIES AND NET ASSETS** | |
| **CURRENT LIABILITIES** | |
| Accounts payable | $ 5,688 |
| Accrued expenses | 15,372 |
| Unearned grant revenue | 36,389 |
| Total liabilities | 57,449 |
| **NET ASSETS** | |
| Without donor restrictions | 618,462 |
| With donor restrictions | |
| Perpetual in nature | 23,160 |
| Total net assets | 641,622 |
| Total liabilities and net assets | $ 699,071 |

See Independent Accountant's Review Report.
The accompanying notes are an integral part of these financial statements.

# Writers Series of Traverse City

STATEMENT OF ACTIVITIES

For the year ended December 31, 2024

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| **REVENUES AND PUBLIC SUPPORT** | | | |
| Program service fees | $ 449,372 | $ - | $ 449,372 |
| Contributions and fundraising | 310,418 | - | 310,418 |
| Contributions of non-financial assets | 29,360 | - | 29,360 |
| Grants | 12,400 | 13,611 | 26,011 |
| Government grants | 8,750 | - | 8,750 |
| Special fundraising events, net of $17,785 expenses | 8,923 | - | 8,923 |
| Net investment income | 20,934 | 15,861 | 36,795 |
| Other revenue | 252 | - | 252 |
| Net assets released from restrictions | 157,871 | (157,871) | - |
| Total revenues and support | 998,280 | (128,399) | 869,881 |
| **EXPENSES** | | | |
| Program | 585,488 | - | 585,488 |
| Management and general | 261,152 | - | 261,152 |
| Fundraising | 36,359 | - | 36,359 |
| Total expenses | 882,999 | - | 882,999 |
| **CHANGE IN NET ASSETS** | 115,281 | (128,399) | (13,118) |
| **NET ASSETS**, beginning of year | 503,181 | 151,559 | 654,740 |
| **NET ASSETS**, end of year | $ 618,462 | $ 23,160 | $ 641,622 |

See Independent Accountant's Review Report.
The accompanying notes are an integral part of these financial statements.

# Writers Series of Traverse City

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2024

| | Program Services | Management and General | Fundraising | Total Expenses |
|---|---|---|---|---|
| Wages and salaries | $ 195,405 | $ 83,889 | $ 4,469 | $ 283,763 |
| Payroll taxes | 10,729 | 15,754 | - | 26,483 |
| Employee benefits | - | 4,009 | - | 4,009 |
| Depreciation | 2,268 | - | - | 2,268 |
| Event expenses | 375,736 | - | - | 375,736 |
| Consultant fees | - | 44,428 | 29,370 | 73,798 |
| Contracted services | 3,067 | 12,645 | 2,520 | 18,232 |
| Equipment rental | - | 1,376 | - | 1,376 |
| Supplies | - | 5,586 | - | 5,586 |
| Scholarship and awards | 2,351 | - | - | 2,351 |
| Bank fees | - | 15,776 | - | 15,776 |
| Professional fees | - | 14,731 | - | 14,731 |
| Meals and entertainment | - | 2,197 | - | 2,197 |
| Office expenses | - | 11,373 | - | 11,373 |
| Occupancy | - | 5,728 | - | 5,728 |
| Postage | - | 3,989 | - | 3,989 |
| Printing | - | 22,384 | - | 22,384 |
| Telephone | - | 2,138 | - | 2,138 |
| Insurance | - | 2,749 | - | 2,749 |
| Miscellaneous | - | 12,400 | - | 12,400 |
| Credit loss recovery | (4,068) | - | - | (4,068) |
| Total | $ 585,488 | $ 261,152 | $ 36,359 | $ 882,999 |

See Independent Accountant's Review Report.
The accompanying notes are an integral part of these financial statements.

# Writers Series of Traverse City

STATEMENT OF CASH FLOWS

For the year ended December 31, 2024

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Change in net assets | $ (13,118) |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities | |
| Depreciation | 2,268 |
| Net realized (gain) on investments | 335 |
| Net unrealized (gain) loss on investments | 8,694 |
| Changes in operating assets and liabilities which affect cash | |
| Accounts receivable | 3,674 |
| Accounts payable | (12,821) |
| Unearned revenue | 36,389 |
| Accrued expenses | (21,037) |
| Net cash flows from operating activities | 4,384 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Proceeds from the sale of investments | 80,881 |
| Purchase of investments | (204,624) |
| Net cash flows from investing activities | (123,743) |
| Net change in cash and equivalents | (119,359) |
| **CASH AND EQUIVALENTS,** beginning of year | 254,371 |
| **CASH AND EQUIVALENTS,** end of year | $ 135,012 |

## NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Nature of Business*

The Writers Series of Traverse City (the "Organization") is a nonprofit organization dedicated to engaging world-renowned authors in meaningful conversations in the Traverse City area that create a deeper understanding of life and literature. The Organization also hosts Raising Writers programs to instill the joy of reading and writing, while honing the literacy skills of area youth.

### *Basis of Presentation*

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions and restrictions imposed by specific fund agreements. Accordingly, net assets of the Organization 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.

**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 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.

### *Cash and Equivalents*

Cash and equivalents include demand deposits in a bank, money market funds and certificates of deposit with an original maturity of three months or less. Money market funds and certificates of deposit included in investment portfolios are classified as investments.

### *Investments*

Investments in equity securities with readily determinable fair values are measured at fair value in the statement of financial position. Fair value of marketable equity securities is based on quoted market prices as of the date of the statement of financial position. Contributed securities are recorded at fair value at the date of receipt and generally sold shortly thereafter. Changes in fair value of investments are recorded in the accompanying statement of activities as investment gains and losses. Realized gains and losses are determined based on specific cost identification.

***Concentrations of Credit Risk***

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and investments. The Organization maintains its cash in various bank accounts that, at times, may exceed federally insured limits. The Organization's cash accounts have been placed with high credit quality financial institutions. The Organization has not experienced, nor does it anticipate, any losses with respect to such accounts.

***Accounts Receivable***

Accounts receivable represent program guide sponsorships and are stated at the amount management expects to collect. No allowance for credit losses was recorded at December 31, 2024.

***Property and Equipment***

Land, building and equipment in excess of $5,000 are recorded at cost for purchased items and estimated fair value at date of donation for donated assets. Repair and maintenance costs are expensed as incurred. Depreciation is recorded using the straight-line method over the estimated useful lives of the respective assets as follows:

| | |
|---|---|
| Furniture, fixtures and equipment | 5 - 10 years |

***Revenue Recognition***

The Organization derives its revenues primarily from contributions and sponsorships, author event ticket sales and program service fees.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Contributions of noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and would typically need to be purchased if not provided by donation, are recorded at their estimated value.

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fund-raising, special events and office assistance. No amounts have been recognized in the statement of activities for such volunteer services.

Program service fees primarily consist of revenues from author events, writing classes and workshops. Revenues are recognized when the Organization satisfies its performance obligations. Performance obligations are satisfied over time for education classes as classes are taught throughout the fiscal year. Performance obligations are met at a point in time at the date of the author event or where control of merchandise from sales transfers to the customer. The Organization is generally not obligated to accept returned merchandise, so no allowance has been recorded.

Revenue from grants earned on a cost-reimbursement basis and program fees are recognized as revenue in the period in which the service is provided. Funds received in advance are deferred as liabilities and recognized when the related costs are incurred.

The Organization reports donor-restricted support whose restrictions are met in the same reporting period as support without donor restrictions.

***Advertising and Promotion Costs***

Advertising and promotional costs are expensed as incurred.

***Fair Value Measurements***

The Organization follows FASB ASC 820, *Fair Value Measurements*, which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements. FASB ASC 820, applies whenever other financial reporting standards require or permit assets or liabilities to be measured at fair value on a recurring basis. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability in the principal or more advantageous market for the asset or liability in an orderly transaction (i.e., not a forced transaction, such as a liquidation or distressed sale) between market participants at the measurement date. FASB ASC 820, clarifies that fair value should be based on the assumptions market participants would use when pricing an asset or liability and establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data. For assets and liabilities recorded at fair value, it is the Organization's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements for those financial instruments for which there is an active market.

***Functional Allocation of Expenses***

The costs of program and supporting services 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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

***Income Taxes***

The Organization is a tax-exempt organization pursuant to Section 501(c)(3) of the Internal Revenue Code. Although the Organization was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income". The Organization files information returns in the U. S. Federal jurisdiction. Management believes that all positions taken on such returns are supportable. With few exceptions, the Organization is no longer subject to U.S. Federal examinations by tax authorities for years before December 31, 2021.

***Related Party***

A co-founder and member of the board of directors has a familial relationship with the Executive Director and has a contractual agreement with the Organization for consulting services, consisting of guest hosting responsibilities at events, among other consulting work.

***Use of Estimates in the Preparation of Financial Statements***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting year. Actual results could differ from those estimates.

***Subsequent Events***

The Organization has evaluated subsequent events and transactions for potential recognition and disclosure through May 2, 2025, the date the financial statements were available to be issued.

## NOTE B - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following at December 31, 2024:

| | |
|---|---|
| Cash and equivalents | $ 135,012 |
| Investments | 525,533 |
| Accounts receivable | 7,806 |
| Totals | 668,351 |
| Less assets with donor restrictions | (23,160) |
| Available for general expenditure | $ 645,191 |

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for programs or projects critical to the mission, financial health, and growth of the Organization. Donor-restricted endowment funds are not available for general expenditure.

## NOTE C - CASH AND INVESTMENTS

*Cash and Equivalents*

The Organization maintains its cash balances at two financial institutions. The accounts at each financial institution are insured by the Federal Deposit Insurance Corporation up to $250,000. The Organization's cash balances were fully insured at December 31, 2024.

*Investments*

Brokerage accounts have insurance of $500,000 per broker, provided by the Securities Investor Protection Corporation ("SIPC"). At December 31, 2024, all of the Organization's brokerage account balances were fully insured.

## NOTE D - INVESTMENTS

The investments of the Organization are carried at fair value and consisted of the following at December 31, 2024:

| | |
|---|---|
| Cash equivalent | $ 2 |
| Certificate of deposit | 60,230 |
| Mutual funds - bond funds | 465,301 |
| Common stock | 23,160 |
| Total investments | $ 548,693 |
| Financial Statement Presentation: | |
| Investments | $ 525,533 |
| Endowment investments | 23,160 |
| | $ 548,693 |

Investment return (losses) consisted of the following as of December 31, 2024:

| | |
|---|---|
| Interest and dividends | $ 27,766 |
| Realized gains (losses) | 335 |
| Unrealized gains (losses) | 8,694 |
| Net investment return | $ 36,795 |

## NOTE E - FAIR VALUE

The Organization utilizes fair value measurements to record fair value adjustments to investments and to determine fair value disclosures. These assets are recorded at fair value on a recurring basis.

***Fair Value Hierarchy***

Under FASB ASC 820, the Organization groups its investments at fair value into three levels, based on the markets in which the investments are traded and the reliability of the assumptions used to determine fair value. These levels are:

**Level 1:** Valuation is based upon quoted prices for identical instruments traded in active markets. Level 1 securities include those traded on an active exchange, such as the New York Stock Exchange.

**Level 2:** Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market.

**Level 3:** Valuation is generated from model-based techniques that use at least one significant assumption not observable in the market. These unobservable assumptions reflect estimates that market participants would use in pricing the asset or liability.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets and liabilities at fair value:

Assets at Fair Value as of December 31, 2024

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Mutual funds - bond funds | $ 465,301 | $ - | $ - | $ 465,301 |
| Common stock | 23,160 | - | - | 23,160 |
| Total | $ 488,461 | $ - | $ - | $ 488,461 |

## NOTE F - ENDOWMENT

The Organization's endowment consists of a donor restricted individual stock donation, and has been established with the stipulation that the principal remain in a restricted fund that shall function as a quasi-endowment, or a fund functioning as an endowment. Quarterly yields from the quasi-endowment are to be reserved on a permanent or long-term basis for programs or projects critical to the mission, financial health and growth of the Organization. However, if or when the stock endowment becomes necessary to dissolve, it will require the unanimous vote of the Organization's Board of Directors. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

***Interpretation of Relevant Law***

The Organization is subject to the Michigan Uniform Prudent Management of Institutional Funds Act (UPMIFA) (Act 87 of 2009), and, thus, classifies amounts in its donor restricted endowment funds as net assets with donor restrictions because those net assets are restricted until the Organization appropriates such amounts for expenditure. The Organization has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund, and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with prudent measures required under law. Additionally, in accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purpose of the organization and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation (depreciation) of investments;
6. Other resources of the organization;
7. The investment policies of the foundation.

Following is a summary of the changes in the endowment net assets:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Endowment net assets as of December 31, 2023 | $ - | $ 151,559 | $ 151,559 |
| Investment return: | | | |
| Investment income | - | 410 | 410 |
| Net realized and unrealized gain | - | 15,451 | 15,451 |
| Net investment gain | - | 15,861 | 15,861 |
| Appropriation of endowment assets for expenditure | 144,260 | (144,260) | - |
| Expenditure of endowment assets or approval of distribution | (144,260) | - | (144,260) |
| Changes to endowment net assets | - | (128,399) | (128,399) |
| Endowment net assets as of December 31, 2024 | $ - | $ 23,160 | $ 23,160 |

## NOTE G - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2024:

| | |
|---|---|
| Furniture, fixtures and equipment | $ 11,340 |
| Less accumulated depreciation | (3,780) |
| Total property and equipment, net of accumulated depreciation | $ 7,560 |

Depreciation expense was $2,268 for the year ended December 31, 2024.

## NOTE H - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes as of December 31, 2024:

| | |
|---|---|
| Perpetual in nature - Endowment | $ 23,160 |

## NOTE I - CONTRIBUTIONS OF NON-FINANCIAL ASSETS

The Organization receives donated services and materials from vendors that have been recorded in the financial statements as in-kind contributions. The following is the value of the in-kind contributions recognized for the year ended December 31, 2024:

| | |
|---|---|
| Professional services | $ 29,360 |

## NOTE J - RELATED PARTIES

A co-founder and member of the board of directors has a familial relationship with the Executive Director and has a contractual agreement with the Organization for consulting services, consisting of guest hosting responsibilities at events, among other consulting work. Payment for these services were paid directly to him and his company, for a total consulting expense of $20,349 for the year ended December 31, 2024.