

FERRIS WHEEL INNOVATION CENTER  
D.B.A 100K IDEAS

FLINT, MICHIGAN

REPORT FOR THE YEAR ENDED DECEMBER 31, 2023



June 20, 2024

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Ferris Wheel Innovation Center, D.B.A 100K Ideas

**Opinion**

We have audited the accompanying financial statements of Ferris Wheel Innovation Center, D.B.A 100K Ideas, (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, 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 Ferris Wheel Innovation Center, D.B.A 100K Ideas, as of December 31, 2023, 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 Ferris Wheel Innovation Center, D.B.A 100K Ideas, 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 these 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 Ferris Wheel Innovation 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 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 Ferris Wheel Innovation 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 Ferris Wheel Innovation 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.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprise nonfinancial client achievement metrics and client demographic metrics but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

*Lewis & Knopf, P.C.*

LEWIS & KNOPF, P.C.  
CERTIFIED PUBLIC ACCOUNTANTS

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FERRIS WHEEL INNOVATION CENTER, D.B.A 100K IDEAS  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2023

	2023
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash and Cash Equivalents	\$4,267
Contributions and Grants Receivable	194,643
Total Current Assets	\$198,910
<u>FIXED ASSETS - NET</u>	0
<u>OTHER ASSETS</u>	
Operating Lease Right-Of-Use Asset	251,596
<u>TOTAL ASSETS</u>	\$450,506
<u>LIABILITIES AND NET ASSETS</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$37,665
Accrued Payroll	25,774
Lines of Credit	119,041
Operating Lease Liability - Current Portion	103,986
Total Current Liabilities	\$286,466
<u>LONG-TERM LIABILITIES</u>	
Lease Liability, Less Current Portion	153,167
<u>NET ASSETS</u>	
Without Donor Restrictions	
Undesignated (Deficit)	(91,913)
With Donor Restrictions	
Purpose Restrictions	102,786
Total Net Assets	\$10,873
<u>TOTAL LIABILITIES AND NET ASSETS</u>	\$450,506

See accompanying notes and auditor's opinion.



FERRIS WHEEL INNOVATION CENTER, D.B.A 100K IDEAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023		Total
	Without Donor Restrictions	With Donor Restrictions	
<u>REVENUE AND SUPPORT</u>			
Program Service Fees	\$23,372	\$0	\$23,372
Contributions	11,046	0	11,046
In-Kind Donations	30,000	0	30,000
Grants	616,615	114,500	731,115
Shops on Saginaw - Net	7,772	0	7,772
Other Revenue	5,711	0	5,711
Total Revenue and Support	<u>\$694,516</u>	<u>\$114,500</u>	<u>\$809,016</u>
Net Assets Released from Restrictions	52,240	(52,240)	0
Total Revenue	<u>\$746,756</u>	<u>\$62,260</u>	<u>\$809,016</u>
<u>EXPENSES</u>			
Functional Expenses:			
Program Services	998,371	0	998,371
Management and General	147,991	0	147,991
Fundraising	23,534	0	23,534
Total Expenses	<u>\$1,169,896</u>	<u>\$0</u>	<u>\$1,169,896</u>
Change in Net Assets	(\$423,140)	\$62,260	(\$360,880)
<u>NET ASSETS - BEGINNING OF YEAR</u>	<u>331,227</u>	<u>40,526</u>	<u>371,753</u>
<u>NET ASSETS (DEFICIT) - END OF YEAR</u>	<u>(\$91,913)</u>	<u>\$102,786</u>	<u>\$10,873</u>

See accompanying notes and auditor's opinion.

FERRIS WHEEL INNOVATION CENTER, D.B.A 100K IDEAS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023			
	Program Services	Management and General	Fundraising	Total
Salaries and Related Costs				
Salaries and Wages	\$490,154	\$56,146	\$7,275	\$553,575
Payroll Taxes	39,795	4,484	534	44,813
Employee Benefits	33,723	3,688	0	37,411
Total Payroll Expense	<u>\$563,672</u>	<u>\$64,318</u>	<u>\$7,809</u>	<u>\$635,799</u>
Advertising and Marketing	12,659	6,730	1,750	21,139
Awards and Grants	65,185	0	1,200	66,385
Conferences and Meetings	21,096	1,533	5,720	28,349
Dues and Subscriptions	21,087	1,496	49	22,632
Furniture and Equipment	39,544	12,525	0	52,069
Insurance	4,711	4,511	0	9,222
Interest	5,830	0	0	5,830
Miscellaneous	723	584	0	1,307
Occupancy	115,251	13,250	0	128,501
Office Expenses	4,106	1,683	0	5,789
Parking	1,140	2,970	0	4,110
Printing and Postage	1,293	1,101	57	2,451
Professional and Accounting Fees	134,637	35,735	6,861	177,233
Supplies	5,440	1,412	88	6,940
Telephone	1,997	143	0	2,140
Total Functional Expenses	<u>\$998,371</u>	<u>\$147,991</u>	<u>\$23,534</u>	<u>\$1,169,896</u>

See accompanying notes and auditor's opinion.

FERRIS WHEEL INNOVATION CENTER, D.B.A 100K IDEAS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023

	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>	
Change in Net Assets	(\$360,880)
Adjustments to Reconcile Change in Net Assets to Net Cash (Used In) Operating Activities:	
(Increase) in Assets:	
Contributions and Grants Receivable	(157,549)
Operating Lease Right-Of-Use Asset	(251,596)
Increase (Decrease) in Liabilities:	
Accounts Payable	28,583
Accrued Payroll	7,007
Operating Lease Liability	257,153
Net Cash (Used In) Operating Activities	(\$477,282)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>	
Draws on Lines of Credit	122,700
Principal repayments on Lines of Credit	(3,659)
Net Cash Provided By Financing Activities	\$119,041
<u>NET CHANGE IN CASH AND CASH EQUIVALENTS</u>	(\$358,241)
Cash and Cash Equivalents at Beginning of Year	362,508
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	\$4,267
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>	
Cash Paid for Interest	\$5,830

See accompanying notes and auditor's opinion.



FERRIS WHEEL INNOVATION CENTER, D.B.A 100K IDEAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Ferris Wheel Innovation Center, D.B.A 100K Ideas, (the "Organization") is a Michigan nonprofit organization based in Flint, Michigan. The Organization has been organized to provide experiential education and practical training to students, mainly in underprivileged, urban or rural areas as they are guided in aiding inventors, innovators, and entrepreneurs through the product development process from concept to market.

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

FINANCIAL STATEMENT 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 (or certain grantor) restrictions. The governing body has designated, from net assets without donor restrictions, net assets that are undesignated, net assets for an operating reserve, and board-designated assets.

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 CASH EQUIVALENTS

The Organization considers all highly liquid investments available for current use with a maturity date of ninety days or less at the date of purchase to be cash and cash equivalents.

ALLOWANCE FOR CREDIT LOSSES

The Organization's accounts receivable primarily consists of grants receivable. At each balance sheet date, the Organization determines an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. The estimate is calculated on a pooled basis where similar risk characteristics exist. The allowance estimate is derived from a review of the organization's historical losses based on the aging of receivables. The estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses. The allowance for credit losses was \$0 for the year ended December 31, 2023. Accounts receivable greater than 90 days old was \$0 for the years ended December 2023 and 2022, respectively.

CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents. The Organization limits the amount of credit exposure to any one financial institution and invests in accounts with high credit quality. At December 31, 2023, the Organization's bank balance was \$44,478. The bank balance is collateralized and insured up to \$250,000.

FERRIS WHEEL INNOVATION CENTER, D.B.A 100K IDEAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPERTY AND EQUIPMENT

Acquired assets are stated at cost and donated assets at fair market value at the time of donation. Expenditures for new acquisition, renewal, and betterments in excess of \$2,500, which increase productive capacity or prolong service lives of the equipment are capitalized. Maintenance and repairs that do not enhance the value or extend the useful life are expensed as incurred.

The Organization evaluates long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with accounting principles generally accepted in the United States of America.

Depreciation for financial reporting is computed using the straight-line method over the useful lives of the related assets.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. 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. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restriction when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies with donor restriction net assets to without donor restriction net assets at that time.

REVENUE RECOGNITION

Program service fees are accounted for in accordance with ASC 606. Revenue is recognized when earned. Program service fees are deferred to the applicable period in which the performance obligations are met. See Note 9 for additional information for revenue from contracts with customers.

Contributions and grants are accounted for in accordance with ASC 958. Contributions and grants are reported as revenue in the year in which payments are received and/or unconditional promise to give are made. Contributions and grants with conditional promises to give are not recognized until the conditions on which they depend have been substantially met. The amounts received are considered available for use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from restrictions in the statement of activities.

ADVERTISING COSTS

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was \$21,139 for the year ended December 31, 2023.

FUNCTIONAL EXPENSES

The costs of providing the various programs and other activities have been summarized on the functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the various programs and supporting services benefited. Grant, salaries and benefits, and other expenses are allocated using time and effort method. Occupancy, professional services, and depreciation are allocated using full time equivalent method.



FERRIS WHEEL INNOVATION CENTER, D.B.A 100K IDEAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAXES

Ferris Wheel Innovation Center, D.B.A 100K Ideas is a Michigan organization that qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, and classified by the Internal Revenue Service as other than a private foundation, as described in Section 509(a). The Organization files information returns in the U.S. Federal and Michigan jurisdictions.

The Organization does not have any accruals or uncertain tax positions that materially impact the financial statements. It is not anticipated that unrecognized tax benefits would significantly increase or decrease within the next twelve months of the reporting date.

ESTIMATES

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

LEASES

The Organization determines whether an arrangement is or contains a lease at lease inception. On the commencement date, operating leases are recorded as operating right-of-use (ROU) assets in the statements of financial position while finance leases are recorded as finance lease ROU assets. Lease liabilities represent the Organization's contractual obligation to make lease payments over the lease term.

For operating leases, the lease liability is measured as the present value of the lease payments over the lease term using either the rate implicit in the lease, if it is determinable, or the risk-free rate if the implicit rate is not determinable. Operating ROU assets are calculated as the present value of the remaining lease payments plus unamortized initial direct costs and prepayments of rent, less any unamortized lease incentives. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense is recognized on a straight-line basis over the lease term. The Organization has elected to not recognize a ROU asset and lease liability for leases with an initial term of 12 months or less but includes the expense associated with the short-term leases in the statements of income.

The Organization has elected to utilize a risk-free rate as the discount rate when determining the present value of remaining lease payments for operating leases. Additionally, the Organization has elected to not separate non-lease components from lease components and, instead, to account for each separate lease component and the related non-lease component as a single lease. For any related party leasing arrangements, the Organization has elected to use written terms and conditions for determining whether a lease exists and, if so, the classification and accounting for that lease.

2) PROPERTY AND EQUIPMENT

Major classifications of property and equipment and their respective depreciable lives are summarized below:

	2023	Depreciable Live (Years)
Furniture and Equipment	\$ 6,067	5 - 7
Less: Accumulated Depreciation	6,067	
<u>FIXED ASSETS – NET</u>	<u>\$ 0</u>	

Depreciation expense was \$0 for the year ended December 31, 2023.

FERRIS WHEEL INNOVATION CENTER, D.B.A 100K IDEAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

3) LIQUIDITY AND AVAILABILITY

The investment policy is designed to ensure adequate financial assets are available to meet general operating expenditures, liabilities, and other obligations as they become due. Financial assets available within one year of December 31, 2023 for general expenditure that are without donor or other restrictions limiting their use comprise the following:

	2023
Cash and Cash Equivalents	\$ 4,267
Contributions and Grants Receivable	194,643
Total Financial Assets – End of Year	\$ 198,910
Less: Financial assets unavailable for general expenditures within one year due to:	
Donor-imposed purpose restrictions	(102,786)
Total Financial Assets Available to meet cash needs for general expenditures within one year	\$ 96,124

As part of the liquidity management plan, the Organization’s goal is generally to maintain financial assets to meet 90 days of operating expenses.

4) LEASING ARRANGEMENTS

The company assesses whether an arrangement qualifies as a lease (i.e. conveys the right to control the use of an identified assets for a period of time in exchange for consideration) at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of 12 months or less are not recorded on the balance sheet. Lease expense is recognized for these leases on a straight-line basis over the lease term.

The Organization entered into an operating lease agreement for building space on 601 S. Saginaw St, Flint, MI in March 2023. The lease requires monthly payments of \$10,000 and expires February, 2026. The lease payments increase to \$11,667 per month beginning March, 2025.

Operating lease expense for the year ended December 31, 2023 was \$105,557. The balance is included in occupancy cost on the statement of functional expenses.

Supplemental cash flow information related to leases:

	2023
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from operating leases	\$ 90,000
Donations received in-kind (3 months X \$10,000 per month)	30,000
ROU assets obtained in exchange for new operating lease liabilities	327,693
Weighted-average remaining lease term in years for operating leases	2.17
Weighted-average discount rate for operating leases	8%

In-Kind Donation

The Organization received a \$30,000 credit for the first three months of rent. This credit is recorded as an in-kind donation and rent expense on the statement of activities.

FERRIS WHEEL INNOVATION CENTER, D.B.A 100K IDEAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

4) LEASING ARRANGEMENTS (Continued)

As of December 31, 2023, future operating lease payments are as follows:

YEAR ENDING DECEMBER 31,	AMOUNT
2024	\$ 120,000
2025	136,670
2026	23,334
Total Undiscounted Cash Flows	\$ 280,004
Less: Present Value Discount	(22,851)
<u>TOTAL LEASE LIABILITY</u>	<u>\$ 257,153</u>

5) LINES OF CREDIT

The Organization has a \$100,000 revolving line of credit agreement with Fifth Third Bank. The line of credit bears variable interest at the bank's prime rate. The line of credit is secured by substantially all of the Organization's assets. The balance as of December 31, 2023 is \$96,341.

The Organization has a \$22,700 line of credit agreement with American Express National Bank. The line expires in December, 2024. The line of credit bears variable interest at the bank's prime rate. The line of credit is secured by substantially all of the Organization's assets. The balance as of December 31, 2023 is \$22,700.

6) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes at December 31, 2023:

	2023
Subject to expenditure for specific purpose:	
Pitch Program	\$ 42,786
Entrepreneur Mentor Pilot	60,000
<u>TOTAL</u>	<u>\$ 102,786</u>

7) NET ASSETS RELEASED FROM DONOR RESTRICTIONS

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, 2023:

	2023
Satisfaction of purpose restriction:	
Pitch Programs	\$ 52,240

8) DISAGGREGATION OF REVENUE

The following summarizes revenue by type for the year ended December 31, 2023:

	2023
Revenue from contracts with customers	\$ 31,144
Grants and Contributions	772,161
Miscellaneous	5,711
<u>TOTAL REVENUE</u>	<u>\$ 809,016</u>



FERRIS WHEEL INNOVATION CENTER, D.B.A 100K IDEAS  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2023

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8) DISAGGREGATION OF REVENUE (Continued)

The revenue from contracts with customers for the year ended December 31, 2023 consists of:

	<u>2023</u>
Revenue earned at a point in time	<u>\$ 31,144</u>

Revenue earned at a point in time consists of Shops on Saginaw net sales, initial assessment fees, and hourly fees for providing local entrepreneurs an idea assessment binder as well as additional services such as logo creation, CAD drawing, creation of prototypes, test sales, supply chain research, and more. The assessment fee services are typically provided by appointment and payment for services is provided at exchange of assessment or at an hourly rate beyond that. Because those receiving the services are paying timely, there is no constraint.

9) SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the auditor's opinion, the date on which the financial statements were available to be issued.