United Way of
South Central Michigan

Calhoun | Clinton | Eaton | Ingham | Jackson | Kalamazoo

United Way

Years Ended
March 31, 2024
and 2023

Consolidated
Financial
Statements

Rehmann

UNITED WAY OF SOUTH CENTRAL MICHIGAN

Table of Contents

INDEPENDENT AUDITORS' REPORT

December 20, 2024

Board of Directors
United Way of South Central Michigan
Kalamazoo, Michigan

Opinion

We have audited the accompanying consolidated financial statements of ***United Way of South Central Michigan*** (a not-for-profit organization; the "Organization"), which comprise the consolidated statements of financial position as of March 31, 2024 and 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (the "consolidated financial statements").

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ***United Way of South Central Michigan*** as of March 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years 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 Independent Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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.

Change in Accounting Principle

As described in Note 1 to the consolidated financial statements, effective April 1, 2023, the Organization adopted Accounting Standards Codification Topic 326, *Measurement of Credit Losses on Financial Instruments.* Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 20, 2024, under a separate cover, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to solely 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 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 the Organization's internal control over financial reporting and compliance.

Rehmann Robson LLC

UNITED WAY OF SOUTH CENTRAL MICHIGAN

Consolidated Statement of Financial Position

ASSETS	March 31 2024	March 31 2023
Cash and cash equivalents	$ 6,197,382	$ 8,689,146
Certificate of deposit	456,188	445,718
Investments	11,781,121	10,031,483
Receivables:		
Pledges receivable, less allowance for uncollectible pledges	2,620,499	3,030,110
Grants receivable	3,823,137	2,306,576
Other receivables	38,093	575,330
Net operating right-of-use assets	279,940	444,081
Prepaid expenses and other assets	242,504	456,727
Beneficial interest in funds held at Community Foundations	4,397,435	3,951,306
Net property and equipment	2,030,582	2,156,230
Total assets	**$ 31,866,881**	**$ 32,086,707**
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 736,582	321,176
Donor designations payable	1,291,305	1,021,424
Allocations and grants payable	906,397	1,337,899
Accrued liabilities	574,009	525,564
Refundable advances on conditional contributions	610,331	1,098,339
Operating lease obligations	312,324	491,615
Accrued postretirement benefit	208,681	213,008
Total liabilities	**4,639,629**	**5,009,025**
Net assets		
Without donor restrictions	14,467,341	11,973,011
With donor restrictions	12,759,911	15,104,671
Total net assets	**27,227,252**	**27,077,682**
Total liabilities and net assets	**$ 31,866,881**	**$ 32,086,707**

The accompanying notes are an integral part of these consolidated financial statements.

UNITED WAY OF SOUTH CENTRAL MICHIGAN

Consolidated Statement of Activities

	Year Ended March 31					
	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restirctions	With Donor Restrictions	Total
Revenue, gains (losses) and other support						
Campaign results:						
Contributions	$ -	$ 8,373,401	$ 8,373,401	$ -	$ 8,215,555	$ 8,215,555
Donor designations	-	(3,044,488)	(3,044,488)	-	(1,522,134)	(1,522,134)
Allowance for uncollectible pledges	-	(749,070)	(749,070)	-	(123,992)	(123,992)
Net campaign results	-	4,579,843	4,579,843	-	6,569,429	6,569,429
Campaign results - prior year	1,556,574	-	1,556,574	697,022	-	697,022
Campaign results - future year	-	-	-	-	37,258	37,258
Grants	7,693,126	5,524,609	13,217,735	5,483,659	4,719,467	10,203,126
Investment return (loss), net	1,027,835	-	1,027,835	(314,445)	-	(314,445)
Distributions from Community Foundations	1,869	-	1,869	227,929	-	227,929
Change in value of beneficial interest in funds held by Community Foundations	620,396	-	620,396	(289,221)	-	(289,221)
Other contributions	900,000	-	900,000	-	-	-
Other revenue	499,342	-	499,342	481,283	-	481,283
Net assets released from restrictions	12,449,212	(12,449,212)	-	12,147,504	(12,147,504)	-
Total revenue, gains (losses) and other support	**24,748,354**	**(2,344,760)**	**22,403,594**	**18,433,731**	**(821,350)**	**17,612,381**
Expenses						
Program expenses:						
Allocations and grants	4,181,860	-	4,181,860	5,454,258	-	5,454,258
Community impact	5,662,211		5,662,211	4,654,013	-	4,654,013
Community service	354,400		354,400	323,380	-	323,380
Grants and initiatives	9,703,476	-	9,703,476	5,588,242	-	5,588,242
Total program expenses	19,901,947	-	19,901,947	16,019,893	-	16,019,893
Supporting services:						
Management and general	1,355,848	-	1,355,848	1,918,894	-	1,918,894
Fundraising	996,229	-	996,229	1,249,364	-	1,249,364
Total supporting services	2,352,077	-	2,352,077	3,168,258		3,168,258
Total expenses	**22,254,024**	**-**	**22,254,024**	**19,188,151**	**-**	**19,188,151**
Change in net assets	**2,494,330**	**(2,344,760)**	**149,570**	**(754,420)**	**(821,350)**	**(1,575,770)**
Net assets, beginning of year	11,973,011	15,104,671	27,077,682	12,727,431	15,926,021	28,653,452
Net assets, end of year	**$ 14,467,341**	**$ 12,759,911**	**$ 27,227,252**	**$ 11,973,011**	**$ 15,104,671**	**$ 27,077,682**

The accompanying notes are an integral part of these consolidated financial statements.

UNITED WAY OF SOUTH CENTRAL MICHIGAN

Consolidated Statement of Functional Expenses

Year Ended March 31, 2024

	Program Expenses					Supporting Services			
	Allocations	Community Impact	Community Service	Grants and Initiatives	Total Program Expenses	Management and General	Fundraising	Total Supporting Services	Total Expenses
Allocations and grants awarded	**$ 4,181,860**	**$ -**	**$ -**	**$ 9,703,476**	**$ 13,885,336**	**$ -**	**$ -**	**$ -**	**$ 13,885,336**
Personnel expenses									
Salaries and wages	-	2,372,686	202,635	-	2,575,321	364,667	502,393	867,060	3,442,381
Employee benefits	-	499,492	55,045	-	554,537	78,359	103,372	181,731	736,268
Payroll taxes	-	174,049	14,546	-	188,595	23,906	37,285	61,191	249,786
Total personnel expenses	**-**	**3,046,227**	**272,226**	**-**	**3,318,453**	**466,932**	**643,050**	**1,109,982**	**4,428,435**
Other expenses									
Contracted services	-	1,430,505	23,856	-	1,454,361	258,088	103,220	361,308	1,815,669
Supplies	-	69,907	1,507	-	71,414	27,043	4,013	31,056	102,470
Technology	-	207,880	-	-	207,880	367,224	32,861	400,085	607,965
Telephone	-	34,559	846	-	35,405	23,201	3,886	27,087	62,492
Postage and shipping	-	16,568	36	-	16,604	-	1,045	1,045	17,649
Printing, publications and promotions	-	29,035	7,603	-	36,638	4,582	61,758	66,340	102,978
Occupancy	-	184,253	13,967	-	198,220	40,511	34,919	75,430	273,650
Equipment rental and maintenance	-	62,801	5,182	-	67,983	77,927	13,759	91,686	159,669
Insurance	-	31,556	2,744	-	34,300	4,573	6,860	11,433	45,733
Special events	-	17,819	5,438	-	23,257	807	5,726	6,533	29,790
Transportation	-	34,847	5,432	-	40,279	7,976	10,408	18,384	58,663
Conferences and trainings	-	26,663	-	-	26,663	5,573	-	5,573	32,236
Membership dues	-	115,587	9,519	-	125,106	19,669	47,115	66,784	191,890
Sponsorships	-	1,150	1,000	-	2,150	3,878	10,000	13,878	16,028
Depreciation	-	129,588	5,044	-	134,632	8,405	12,611	21,016	155,648
Other	-	223,266	-	-	223,266	39,459	4,998	44,457	267,723
Total other expenses	**-**	**2,615,984**	**82,174**	**-**	**2,698,158**	**888,916**	**353,179**	**1,242,095**	**3,940,253**
Total expenses	**$ 4,181,860**	**$ 5,662,211**	**$ 354,400**	**$ 9,703,476**	**$ 19,901,947**	**$ 1,355,848**	**$ 996,229**	**$ 2,352,077**	**$ 22,254,024**

The accompanying notes are an integral part of these consolidated financial statements.

UNITED WAY OF SOUTH CENTRAL MICHIGAN

Consolidated Statement of Functional Expenses

Year Ended March 31, 2023

	Program Expenses					Supporting Services			
	Allocations	Community Impact	Community Service	Grants and Initiatives	Total Program Expenses	Management and General	Fundraising	Total Supporting Services	Total Expenses
Allocations and grants awarded	**$ 5,454,258**	**$ -**	**$ -**	**$ 5,588,242**	**$ 11,042,500**	**$ -**	**$ -**	**$ -**	**$ 11,042,500**
Personnel expenses									
Salaries and wages	-	1,732,165	162,126	-	1,894,291	889,413	670,679	1,560,092	3,454,383
Employee benefits	-	355,173	22,702	-	377,875	173,399	123,250	296,649	674,524
Payroll taxes	-	124,238	9,035	-	133,273	62,643	49,849	112,492	245,765
Total personnel expenses	**-**	**2,211,576**	**193,863**	**-**	**2,405,439**	**1,125,455**	**843,778**	**1,969,233**	**4,374,672**
Other expenses									
Contracted services	-	1,272,622	16,305	-	1,288,927	221,923	123,472	345,395	1,634,322
Supplies	-	25,667	1,632	-	27,299	19,857	5,204	25,061	52,360
Technology	-	378,189	38,438	-	416,627	121,353	50,264	171,617	588,244
Telephone	-	32,628	5,699	-	38,327	6,850	9,847	16,697	55,024
Postage and shipping	-	1,965	975	-	2,940	7,075	1,901	8,976	11,916
Printing, publications and promotions	-	33,017	8,764	-	41,781	10,194	99,211	109,405	151,186
Occupancy	-	65,016	14,766	-	79,782	34,556	21,746	56,302	136,084
Equipment rental and maintenance	-	79,035	17,859	-	96,894	29,143	27,204	56,347	153,241
Insurance	-	17,833	5,596	-	23,429	8,794	8,395	17,189	40,618
Special events	-	23,250	192	-	23,442	2,325	4,525	6,850	30,292
Transportation		22,249	2,603	-	24,852	15,233	10,595	25,828	50,680
Conferences and trainings	-	24,139	788	-	24,927	7,958	1,868	9,826	34,753
Membership dues	-	6,474	766	-	7,240	282,034	1,578	283,612	290,852
Sponsorships	-	11,512	500	-	12,012	1,678	-	1,678	13,690
Program	-	105,205	-	-	105,205	-	-	-	105,205
Depreciation	-	107,980	10,983	-	118,963	17,840	16,472	34,312	153,275
Other	-	235,656	3,651	-	239,307	6,626	23,304	29,930	269,237
Total other expenses	**-**	**2,442,437**	**129,517**	**-**	**2,571,954**	**793,439**	**405,586**	**1,199,025**	**3,770,979**
Total expenses	**$ 5,454,258**	**$ 4,654,013**	**$ 323,380**	**$ 5,588,242**	**$ 16,019,893**	**$ 1,918,894**	**$ 1,249,364**	**$ 3,168,258**	**$ 19,188,151**

The accompanying notes are an integral part of these consolidated financial statements.

UNITED WAY OF SOUTH CENTRAL MICHIGAN

Consolidated Statements of Cash Flows

	Year Ended March 31	
	2024	2023
Cash flows from operating activities		
Change in net assets	$ 149,570	$ (1,575,770)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	155,648	153,275
Amortization of right-of-use assets	164,141	47,428
Net realized and unrealized (gains) losses on investments	(605,498)	213,872
Change in value of beneficial interest in funds held by Community Foundations	(620,396)	289,221
Change in allowance for uncollectible on pledges receivable	(143,951)	(730,219)
Changes in operating assets and liabilities which (used) provided cash:		
Pledges receivable	553,562	1,069,375
Grants receivable	(1,516,561)	1,258,104
Other receivables	537,237	(283,840)
Employee retention tax credit receivable	-	162,388
Prepaid expenses and other assets	214,223	317,281
Accounts payable	415,406	(384,857)
Donor designations payable	269,881	348,393
Allocations and grants payable	(431,502)	(313,601)
Accrued liabilities	48,445	(105,262)
Refundable advances on conditional contributions	(488,008)	666,267
Operating lease obligations	(179,291)	(60,155)
Accrued postretirement benefit	(4,327)	(22,754)
Net cash flows (used in) provided by operating activities	**(1,481,421)**	**1,049,146**
Cash flows from investing activities		
(Purchase) redemption of certificate of deposit	(10,470)	283,324
Purchases of investments	(1,227,036)	(314,445)
Proceeds from sales of investments	82,896	500,235
Distributions from beneficial interest	174,267	261,082
Purchase of property and equipment	(30,000)	(194,186)
Net cash flows (used in) provided by investing activities	**(1,010,343)**	**536,010**
Net change in cash and cash equivalents	(2,491,764)	1,585,156
Cash and cash equivalents, beginning of year	8,689,146	7,103,990
Cash and cash equivalents, end of year	**$ 6,197,382**	**$ 8,689,146**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

The ***United Way of South Central Michigan*** (the "Organization") is a nonprofit charitable entity, incorporated on April 1, 2022, governed by a volunteer Board of Directors (the "Board"). The Organization licenses its name and trademark from United Way Worldwide and operates autonomously. This means that funds raised stay in, and support, local programming, initiatives and efforts for Calhoun, Clinton, Eaton, Ingham, Jackson, and Kalamazoo counties.

The Organization drives impact by leading shared efforts that engage diverse people, ideas, and resources, taking on the complex social issues that no single organization can solve alone. It raises funds, builds partnerships, recruits volunteers, invests in programs, and advocates for people in need in the south central Michigan region. The Organization focuses on delivering meaningful, measurable, sustainable, and equitable change for vulnerable individuals and families by achieving strategic goals in education, financial stability, health, and basic needs.

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

Consolidation

The consolidated financial statements include the accounts of United Way of South Central Michigan and its affiliates, United Way of Jackson County II, LLC ("UWJCII"), United Way of Jackson County III, Inc. ("UWJCIII"), and United Way Ventures, LLC ("Ventures"). All affiliates are nonprofit entities where the Organization has control through sole membership or through a controlling financial interest. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

Net assets, revenues, gains, losses and support 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 Restriction

Net assets available for use in general operations and are not subject to donor (or certain grantor) restrictions or donor-imposed restrictions that have expired. The Organization has board-designated net assets, which are net assets without donor restrictions that have been set aside for specific purposes by the Board, as reported within Note 9.

Net Assets With Donor Restriction

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, and are reported as net assets released from restrictions in the consolidated statements of activities.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of support, revenue and expenses during the year. Actual results could differ from those estimates.

Cash and Cash Equivalents and Certificate of Deposit

Cash and cash equivalents consist of demand deposits in banks, cash on hand, and investments with original maturities when purchased of less than three months. Certificates of deposit have maturities when purchased in excess of three months but less than twelve months. The Organization has not experienced any credit losses and does not believe it is exposed to any significant credit loss on certificates of deposit. The Organization maintains its deposits in several local financial institutions, which at times may exceed federally insured limits. Management does not believe the Organization is exposed to any significant interest rate or other financial risk as a result of these deposits.

Investments

Investments securities purchased are initially recorded at cost. Thereafter, the carrying values of such investments are adjusted to fair values which are determined using published exchange market quotations where applicable or estimated fair values provided by external investment managers or other sources. Net investment return/loss is reported in the consolidated statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external investment expenses.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in these consolidated financial statements.

Beneficial Interest in Funds Held at Community Foundations

Beneficial interest in funds held at Community Foundations includes amounts held by the Battle Creek Community Foundation ("BCCF"), Capital Region Community Foundation ("CRCF"), Jackson Community Foundation ("JCF") and the Kalamazoo Community Foundation ("KCF") (collectively, the "Community Foundations") for the benefit of the Organization. The fair value of the beneficial interest is determined by the Community Foundations. The unrealized appreciation (depreciation) in fair value is reflected on the consolidated statements of activities as change in value of beneficial interest.

Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3).

A description of each category in the fair value hierarchy is as follows:

Level 1: Valuation is based upon quoted prices for identical instruments traded in active markets.

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 the estimates of assumptions that market participants would use in pricing the asset or liability.

For a further discussion of Fair Value Measurements, refer to Note 3 to the consolidated financial statements.

Notes to Consolidated Financial Statements

Pledges Receivable and Campaign Revenue Recognition

Annual campaigns are conducted each year to support community investments in participating local programs. All contributions are considered without donor restrictions unless specifically restricted by the donor. Campaign collections and pledge receivables related to future campaigns are reported as with donor restrictions. The Organization carries its pledges receivable at the amount the Organization expects to collect from balances outstanding at year-end. The Organization has recorded an allowance for uncollectible pledges equal to management's estimate of pledges which ultimately will not be collected. This estimate is based on historical collection experience and current economic conditions. It is reasonably possible that the Organization's estimate of the allowance for uncollectible pledges will change. Uncollectible amounts that are still outstanding after management has used reasonable collection efforts are written off through a charge to the allowance for uncollectible pledges and a reduction in pledges receivable. All pledges receivable are expected to be collected within one year.

Support from Grants

Grants are considered conditional contributions and are recorded as revenue when all barriers thereof have been met. Grant support is recognized directly into net assets without donor restrictions as the restrictions are met in the same period that the revenue is recognized in the consolidated financial statements. Refundable advances on conditional contributions are recorded if monies are received but not expended. A grant receivable is recorded if all barriers thereof have been met but the related grant proceeds were not yet received at the end of the fiscal year. Management believes the receivables are fully collectible and, therefor, has not recorded an allowance as of March 31, 2024 or 2023.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Conditional promises to give - that is, those with a measurable performance or other barrier and right of return or right of release - are not recognized until the conditions on which they depend on have been met. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. When donor restrictions expire in the same reporting period as the contributions are received, the contributions are reported as without donor restrictions.

Conditional contributions are not recognized until the barriers are overcome by the Organization. As of March 31, 2024 and 2023, conditional grants total approximately $3,250,000 and $5,254,000 and will be recorded as support as the barriers within the agreements are met. Cash received in advance of barriers being met is recorded as a liability until the barriers are overcome by the Organization. As of March 31, 2024 and 2023, the Organization reported refundable advances on conditional contributions of $610,331 and $1,098,339, respectively on the consolidated statements of financial position.

Donor Designations Payable

Donor designations payable represent amounts received with specific donor designations to external organizations. Designated pledges are excluded from gross campaign support, and the related disbursements to specified agencies are excluded from allocations in the consolidated statements of activities. As required by GAAP, such amounts are reported as a liability until forwarded to the designated agency or other qualifying organization.

Contributed Services and Nonfinancial Assets

Contributed services and nonfinancial assets are recorded at fair value at the date of gift. No such contributions were received during the year ended March 31, 2024 or 2023; however, a substantial number of volunteers have donated significant amounts of time to the Organization's program services and its fundraising campaign. A total of approximately 5,000 volunteer hours were received by the Organization during 2024 and 2023.

Property and Equipment

Property and equipment is recorded at cost when purchased or at fair value at the date of donation. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. Management reviews these assets for impairment whenever events or changes in circumstances indicate the related carrying amount may not be recoverable.

Depreciation

Depreciation is computed using the straight-line method over the shorter of the estimated useful lives of the related assets or lease term, which range from three to 30 years.

Leases

The Organization's lease arrangements primarily relate to real estate, including corporate offices and, to a lesser extent, certain equipment and other assets. The Organization's leases generally have initial terms ranging from three to fifteen years and may include renewal or early-termination options. The Organization is typically required to make fixed minimum rent payments, variable rent payments, or a combination thereof, relating to its right to use an underlying leased asset. The Organization is also often required to pay for certain other costs that do not relate specifically to its right to use an underlying leased asset, but that are associated with the asset, including common area maintenance fees and/or certain other costs (referred to collectively herein as "non-lease components"), which may be fixed or variable in amount, depending on the terms of the respective lease agreement.

Management determines whether an arrangement contains a lease at the arrangement's inception. If a lease is determined to exist, its related term is assessed at lease commencement, once the underlying asset is made available by the lessor for the Organization's use. The Organization's assessment of the lease term reflects the non-cancellable period of the lease, inclusive of any rent-free periods and/or periods covered by early-termination options for which the Organization is not considered reasonably certain of exercising, as well as periods covered by renewal options for which it is considered reasonably certain of exercising. Management also determines lease classification as either operating or finance at lease commencement, which governs the pattern of expense recognition and the presentation thereof reflected in the statements of activities over the lease term.

For leases with a lease term exceeding 12 months, a lease liability is recorded on the Organization's statements of financial position at lease commencement reflecting the present value of its fixed payment obligations over such term. A corresponding right-of-use ("ROU") asset equal to the initial lease liability is also recorded, increased by any prepaid rent and/or initial direct costs incurred in connection with execution of the lease, and reduced by any lease incentives received. The Organization includes fixed payment obligations related to non-lease components in the measurement of ROU assets and lease liabilities, as it elects to account for lease and non-lease components together as a single lease component. Variable lease payments are not included in the measurement of ROU assets and lease liabilities. ROU assets associated with finance leases, if any, are presented separate from those associated with operating leases, and are included within net property and equipment on the Organization's consolidated statements of financial position. For purposes of measuring the present value of its fixed payment obligations for a given lease, the Organization uses the risk-free discount rate, determined based on information available at lease commencement, as rates implicit in its leasing arrangements are not readily determinable.

For operating leases, fixed lease payments are recognized as operating lease cost on a straight-line basis over the lease term. For leases with a lease term of 12 months or less (referred to as a "short-term lease"), any fixed lease payments are recognized on a straight-line basis over such term and are not recognized on the consolidated statements of financial position. Variable lease cost, if any, is recognized as incurred for all leases.

Management reviews these ROU assets for impairment whenever events or circumstances indicate that their carrying values may not be fully recoverable.

Income Taxes

The Organization and the related affiliates are not-for-profit organizations exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and are exempt from similar state and local taxes. Although the Organization and affiliates were granted an income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business income". The Organization has not been classified as a private foundation.

The Organization and affiliates analyze their income tax filing positions in the federal and state jurisdictions where they are required to file income tax returns, as well as all open tax years in these jurisdictions, to identify potential uncertain tax positions. The Organization and affiliates treat interest and penalties attributable to income taxes, and reflects any charges for such, to the extent they arise, as a component of its management and general expenses.

The Organization has evaluated its income tax filing positions of the merged organizations for fiscal years 2021 through 2024, the years which remain subject to examination as of March 31, 2024. The Organization concluded that there are no significant uncertain tax positions requiring recognition in the Organization's consolidated financial statements. The Organization does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next 12 months. The Organization does not have any amounts accrued for interest and penalties related to UTBs at March 31, 2024 and 2023, and is not aware of any claims for such amounts by federal or state income tax authorities.

Functional Allocation of Expenses

The cost of program and supporting services activities have been summarized on a functional basis in the consolidated statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and related expenses are allocated on the basis of time and effort. Occupancy is allocated on the basis of employee time and effort. Costs have been allocated between the various program and support services on several bases and estimates. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Concentrations

The Organization's annual fundraising campaigns are concentrated in the South Central counties of Michigan. Approximately 23 percent and 31 percent of the Organization's campaign revenue was donated by one company and their employees as of March 31, 2024 and 2023, respectively. Approximately 34 percent and 32 percent of the Organization's campaign pledges receivable are made up of three and two companies and their employees as of March 31, 2024 and 2023, respectively.

In addition, approximately 58 percent and 66 percent of the Organization's grants for the years ended March 31, 2024 and 2023, respectively were granted by one organization. As of March 31, 2024 and 2023, 87 percent and 96 percent, respectively of the Organization's grants receivable were granted by two and four organizations, respectively.

Change in accounting principle

The FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* in June 2016. The standard replaced the incurred loss impairment methodology with a new methodology that reflects current expected credit losses ("CECL") on financial assets, including accounts receivable and certain off-balance sheet commitments. The new methodology requires the measurement of all expected credit losses based on historical experience, current economic conditions, and reasonable and supportable forecasts. The standard also expands the required quantitative and qualitative disclosures for expected credit losses. On April 1, 2023, the Organization adopted the standard using a modified retrospective method. The adoption of this standard did not have a material impact on the consolidated financial statements or related disclosures.

Reclassification

Certain amounts as reported in the 2023 consolidated financial statements have been reclassified to conform with the 2024 presentation.

Subsequent Events

In preparing these consolidated financial statements, the Organization has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to March 31, 2024, the date of the consolidated statements of financial position presented herein, through December 20, 2024, the date these consolidated financial statements were available to be issued. No significant such events or transactions were identified.

Notes to Consolidated Financial Statements

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following at March 31:

	2024	2023
Cash and cash equivalents	$ 6,197,382	$ 8,689,146
Certificate of deposit	456,188	445,718
Investments	11,781,121	10,031,483
Pledges receivable, net	2,620,499	3,030,110
Grants receivable	3,823,137	2,306,576
Other receivables	38,093	575,330
Beneficial interest in funds held at Community Foundation	4,397,435	3,951,306
Financial assets - at year end	29,313,855	29,029,669
Less those unavailable for general expenditures within one year due to:		
Restricted by donor with time or purpose restrictic	12,759,911	15,104,671
Board designated net assets	6,773,297	6,161,921
Total financial assets available for general use within one year	**$ 9,780,647**	**$ 7,763,077**

The Organization is substantially supported by restricted contributions and grants. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Although the Organization does not intend to spend from board designated net assets for operations, certain board designated amounts could be made available, if necessary.

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in various short-term investments, including mutual funds.

The Organization has a committed line of credit, which it could draw upon if needed, as further described in Note 8.

3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

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

Following is a description of the valuation methodologies and key inputs used to measure financial assets recorded at fair value. The description includes an indication of the level of the fair value hierarchy in which the assets are classified.

Investments in money markets, mutual funds, and exchange traded funds are classified as Level 1 since the values are based on quoted prices in active markets.

The fair values of U.S. government obligations and U.S. corporate obligations were determined primarily based on Level 2 inputs. The Organization estimates the fair values of these investments using quoted prices and other market data for the same or comparable instruments and transactions in establishing the prices, discounted cash flow models, and other pricing models. These models are primarily industry-standard models that consider various assumptions, including time value and yield curve, as well as other relevant economic measures.

The beneficial interest in funds held by Community Foundations are further described in Note 11. The Organization is allocated its portion of the total fair values of the underlying securities held by the Community Foundations. The underlying securities held by the Community Foundations are classified as Level 3.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of investments could result in a different fair value measurement at the reporting date.

Notes to Consolidated Financial Statements

The following table sets forth by level, within the fair value hierarchy, the recorded amount of assets measured at fair value on a recurring basis as of March 31:

	Assets at Fair Value			
2024	**Level 1**	**Level 2**	**Level 3**	**Total**
Money markets	$ 1,346,415	$ -	$ -	$ 1,346,415
U.S. equity:				
Exchange traded funds	1,971,189	-	-	1,971,189
Mutual funds	932,962	-	-	932,962
U.S. fixed income:				
Mutual funds	1,853,616	-	-	1,853,616
Exchange traded funds	131,473			131,473
Foreign equity mutual funds	480,981	-	-	480,981
Foreign fixed-income mutual funds	49,346	-	-	49,346
U.S. government obligations	-	2,167,240	-	2,167,240
U.S. corporate obligations	-	2,847,899	-	2,847,899
Beneficial interest in funds held by Community Foundations	-	-	4,397,435	4,397,435
Total assets at fair value	**$ 6,765,982**	**$ 5,015,139**	**$ 4,397,435**	**$ 16,178,556**

	Assets at Fair Value			
2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Money markets	$ 309,422	$ -	$ -	$ 309,422
U.S. equity:				
Exchange traded funds	1,648,204	-	-	1,648,204
Mutual funds	406,072	-	-	406,072
U.S. fixed-income mutual funds	2,137,252	-	-	2,137,252
Foreign equity mutual funds	442,573	-	-	442,573
Foreign fixed-income mutual funds	55,658	-	-	55,658
U.S. government obligations	-	2,206,741	-	2,206,741
U.S. corporate obligations	-	2,825,561	-	2,825,561
Beneficial interest in funds held by Community Foundations	-	-	3,951,306	3,951,306
Total assets at fair value	**$ 4,999,181**	**$ 5,032,302**	**$ 3,951,306**	**$ 13,982,789**

There were no purchases, issuances or transfers into or out of level 3 investments during the years ended March 31, 2024 and 2023.

Notes to Consolidated Financial Statements

4. PLEDGES RECEIVABLE

Pledges receivable are related to capital campaign contributions with donor restrictions, and as of March 31 are expected to be collected as follows:

	2024	2023
Pledges:		
Current campaign	$ 3,232,322	$ 3,337,356
First prior campaign	444,266	431,862
Second prior campaign	-	460,932
Total pledges	3,676,588	4,230,150
Allowance for uncollectible pledges	(1,056,089)	(1,200,040)
Net pledges receivable	**$ 2,620,499**	**$ 3,030,110**

5. GRANTS RECEIVABLE

The Organization has received unconditional contributions, which will be payable over a number of years. The funds are to be primarily used for operations, community impact, community service, disaster relief, and 211 support. Upon initial recognition, the grants were discounted to present value using a discount rate of 2.5%.

Grants receivable are expected to be collected as follows at March 31:

	2024	2023
Less than one year	$ 2,310,121	$ 2,039,576
Over one year	1,666,666	315,000
Discount to present value	(153,650)	(48,000)
Total	**$ 3,823,137**	**$ 2,306,576**

Notes to Consolidated Financial Statements

6. PROPERTY AND EQUIPMENT

Net property and equipment consists of the following at March 31:

	2024	2023
Land	$ 609,364	$ 609,364
Land improvements	568,589	568,589
Buildings	1,022,431	1,022,431
Buildings improvements	2,941,971	2,941,971
Furniture, fixtures, and equipment	1,057,735	1,057,735
Leasehold improvements	13,450	13,450
Software	31,500	31,500
Vehicles	30,000	-
Total	6,275,040	6,245,040
Less accumulated depreciation	(4,244,458)	(4,088,810)
Net property and equipment	**$ 2,030,582**	**$ 2,156,230**

Depreciation expense was $155,648 and $153,275 in 2024 and 2023, respectively.

7. LEASES

The following table summarizes the composition of net lease cost during the year ended March 31:

	2024	2023
Operating lease cost	$ 174,365	$ 164,978
Short-term lease cost	32,902	23,549
Total lease cost	**$ 207,267**	**$ 188,527**

The following table summarizes other information related to the Organization's leases during the year ended March 31:

	2024	2023
Cash paid for amounts included in the measurement of lease obligations		
Operating cash flows from operating leases	$ 188,110	$ 179,110
Right-of-use assets obtained in exchange for new operating lease obligations	-	103,582
Weighted-average remaining lease term - operating leases	2.40 years	3.06 years
Weighted-average discount rate - operating leases	2.60%	2.60%

The following table presents a maturity analysis summary of the Organization's lease obligations recorded on the consolidated statements of financial position as of March 31:

Year	Non-Cancellable Operating Leases
2025	$ 143,110
2026	116,110
2027	62,481
Total lease payments	321,701
Less discount to present value	(9,377)
Total lease obligations	**$ 312,324**

8. LINE OF CREDIT

The Organization has a line of credit agreement with a bank. The Organization has available borrowings of approximately $2,000,000. Interest is payable monthly at a rate of 0.75 percent below the prime rate (an effective rate of 7.5 percent at March 31, 2024 and 2023) with a floor rate of 2.5 percent. The line of credit is unsecured. There was no outstanding balance at March 31, 2024 or 2023. The line of credit is due on demand.

Notes to Consolidated Financial Statements

9. BOARD DESIGNATED NET ASSETS

Designated net assets are net assets without donor restrictions that have been designated by the Organization's board for certain purposes. These designations are based on board actions, which can be altered or revoked at a future date.

The Organization had board designated net assets for the following purposes as of March 31:

	2024	2023
Beneficial interest in assets held at Community Foundations	$ 4,397,435	$ 3,951,306
Property and equipment fund	1,245,060	1,245,060
United Way of Battle Creek and Kalamazoo Region Endowment	1,130,802	965,555
Total board designated net assets	**$ 6,773,297**	**$ 6,161,921**
Changes in Board Designated Endowment Net Assets		
Beginning of year	$ 965,555	$ 1,028,593
Net investment gain (loss)	165,247	(63,038)
End of year	**$ 1,130,802**	**$ 965,555**

The Organization has adopted investment and spending policies to support the creation of board-designated endowment funds. These policies attempt to provide assurance of the continuous financial solvency of the Organization and to provide flexibility for new organizational directions. The primary investment objective is to provide capital preservation, with appropriate income generation and conservative growth as secondary concerns. The policies adopted by the Organization work together to achieve this objective.

The board-designated endowment funds are subject to Uniform Prudent Management of Institutional Funds Act (UPMIFA) based on the Organization's policy. The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets. To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Notes to Consolidated Financial Statements

10. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are comprised of the following purpose restrictions as of March 31:

	2024	2023
Net campaign results	$ 4,579,843	$ 6,569,429
Future campaign results	-	37,258
Small business loan fund	1,413,062	2,893,276
Disaster relief efforts	487,327	446,817
Community impact	6,279,679	5,157,891
Total net assets with donor restrictions	**$ 12,759,911**	**$ 15,104,671**

11. COMMUNITY FOUNDATIONS

The Organization has accounted for the transfer of such assets as a beneficial interest in funds held by Community Foundations. BCCF, CRCF, JCF, and KCF refer to such funds as agency fund endowments. Therefore, an asset has been established on the Organization's statements of financial position for the fair value of the funds, which is generally equivalent to the present value of future payments expected to be received by the Organization. The current value of these funds at March 31, 2024 and 2023 was $4,397,435 and $3,951,306, and is included in net assets without donor restrictions on the consolidated statements of financial position. The Organization had distributions of $174,267 and $261,082 from the agency funds during the year ended March 31, 2024 and 2023, respectively. The distributions were recorded as a reduction of the assets.

Several contributions have been made to these funds in addition to other funds held at the Community Foundations to benefit the Organization. Contributions can be made to the funds, but only expendable income is available to the Organization. The Community Foundations maintain variance power, which, as a result, requires that the assets they hold not be recorded as assets of the Organization. The fair market value of the funds held at Community Foundations for the benefit of the Organization was $6,911,166 and $5,978,617 at March 31, 2024 and 2023, respectively. Earnings are available for distribution to the Organization at the discretion of the foundations and are, therefore, not reflected as revenue in the consolidated financial statements until received by the Organization. The Organization received distributions totaling $1,869 and $227,929 from the Community Foundations related to these funds during the year ended March 31, 2024 and 2023, respectively. The distributions are included in the consolidated statements of activities as Distributions from Community Foundations.

Notes to Consolidated Financial Statements

12. RETIREMENT PLAN

Substantially all employees of the Organization participate in a defined contribution pension plan. Substantially all employees are immediately eligible under the plan and are fully vested after three years of service. Contributions, equal to 10 percent of compensation, as defined, amounted to approximately $287,000 and $298,000 for the years ended March 31, 2024 and 2023, respectively.

13. POSTRETIREMENT BENEFIT PAYABLE

The Organization provides certain health care benefits for eligible retired employees. The Organization will pay the portion of the insurance premium equal to 80 percent of the cost of Medicare supplemental coverage from its general assets, with the remainder of the premium to be paid by the retiree.

The Organization has recognized the unfunded status of the postretirement plan in the consolidated statements of financial position. The Organization does not fund the obligation with any assets.

The plan obligations are measured as of the date of the employer's statements of financial position, as well as certain effects on net periodic benefit cost of the next fiscal year from the delayed recognition of the gains or losses and prior service costs or credits. The Organization's measurement date has historically been March 31. In addition, there are currently no amounts of estimated net loss or prior service cost for the plan that are required to be amortized.

The components of net periodic benefit cost and accrued postretirement benefit payable consist of the following:

	2024	2023
Service cost	$ -	-
Interest cost at 7%	8,769	5,613
Actual costs different than projected	6,345	(11,003)
Net postretirement benefit cost	15,114	(5,390)
Current year premiums paid	(19,441)	(17,364)
Total	(4,327)	(22,754)
Accrued postretirement benefits payable		
Beginning of year	213,008	235,762
End of year	**$ 208,681**	**$ 213,008**

Notes to Consolidated Financial Statements

The actuarial assumptions used to compute the plan's net postretirement benefit cost for the years ended March 31 are as follows:

	2024	2023
Weighted-average discount rate	4.92%	4.53%
Mortality	RP-2014 Mortality Table	RP-2014 Mortality Table
Health care trend rate:		
Assumed for next year	5.5% per annum	5.5% per annum
Rate to which rate declines	4.5% per annum	4.5% per annum
Year of ultimate rate	2028	2027

The estimated benefits expected to be paid in each of the next five fiscal years, and the aggregate for the five fiscal years thereafter, are as follows:

Year	Amount
2025	$ 20,952
2026	20,888
2027	20,695
2028	20,258
2029	19,687
2029-2033	85,869

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