

**United Way of  
South Central Michigan**



Calhoun | Clinton | Eaton | Ingham | Jackson | Kalamazoo

Years Ended  
March 31, 2025  
and 2024

Consolidated  
Financial  
Statements

**Rehmann**

# UNITED WAY OF SOUTH CENTRAL MICHIGAN

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## INDEPENDENT AUDITORS' REPORT

November 25, 2025

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

### Report on the Audit of the Consolidated Financial Statements

#### *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, 2025 and 2024, 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, 2025 and 2024, 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 audits in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standard applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the 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 audits. 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 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 GAAS and *Government 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 GAAS 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 November 25, 2025, 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.

A handwritten signature in black ink that reads "Rehmann Lobson LLC". The signature is written in a cursive, flowing style.

# UNITED WAY OF SOUTH CENTRAL MICHIGAN

## Consolidated Statement of Financial Position

	March 31	
	2025	2024
<b>ASSETS</b>		
Cash	\$ 7,486,481	\$ 6,197,382
Certificate of deposit	761,641	456,188
Investments	12,209,560	11,781,121
Receivables		
Pledges receivable, less allowance for uncollectible pledges	1,856,915	2,620,499
Grants receivable	3,231,463	3,823,137
Other receivables	249,048	38,093
Net operating right-of-use assets	154,456	279,940
Prepaid expenses and other assets	107,287	242,504
Beneficial interest in funds held at Community Foundations	4,306,186	4,397,435
Net property and equipment	2,595,735	2,030,582
<b>Total assets</b>	<b>\$ 32,958,772</b>	<b>\$ 31,866,881</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 916,366	736,582
Donor designations payable	1,905,711	1,291,305
Allocations and grants payable	83,550	906,397
Accrued liabilities	598,115	782,690
Refundable advances on conditional contributions	539,406	610,331
Operating lease obligations	175,372	312,324
<b>Total liabilities</b>	<b>4,218,520</b>	<b>4,639,629</b>
<b>Net assets</b>		
Without donor restrictions	15,398,609	14,467,341
With donor restrictions	13,341,643	12,759,911
<b>Total net assets</b>	<b>28,740,252</b>	<b>27,227,252</b>
<b>Total liabilities and net assets</b>	<b>\$ 32,958,772</b>	<b>\$ 31,866,881</b>

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					
	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, gains (losses) and other support</b>						
Campaign results						
Contributions	\$ -	\$ 6,689,115	\$ 6,689,115	\$ -	\$ 8,373,401	\$ 8,373,401
Donor designations	-	(2,206,793)	(2,206,793)	-	(3,044,488)	(3,044,488)
Allowance for uncollectible pledges	-	(233,579)	(233,579)	-	(749,070)	(749,070)
Net campaign results	-	4,248,743	4,248,743	-	4,579,843	4,579,843
Campaign results - prior year	1,704,528	-	1,704,528	1,556,574	-	1,556,574
Campaign results, net - future year	-	980,632	980,632	-	-	-
Grants	267,320	12,135,601	12,402,921	7,693,126	5,524,609	13,217,735
Investment returns, net	636,747	-	636,747	1,027,835	-	1,027,835
Distributions from Community Foundations	312,009	-	312,009	1,869	-	1,869
Change in value of beneficial interest in funds held by Community Foundations	250,388	-	250,388	620,396	-	620,396
Other contributions	150,000	-	150,000	900,000	-	900,000
Designation fees	285,655	-	285,655	126,118	-	126,118
Other revenue	490,837	-	490,837	373,224	-	373,224
Net assets released from restrictions	16,783,244	(16,783,244)	-	12,449,212	(12,449,212)	-
<b>Total revenue, gains (losses) and other support</b>	<b>20,880,728</b>	<b>581,732</b>	<b>21,462,460</b>	<b>24,748,354</b>	<b>(2,344,760)</b>	<b>22,403,594</b>
<b>Expenses</b>						
Program expenses						
Allocations and grants	3,304,223	-	3,304,223	4,181,860	-	4,181,860
Community impact	5,133,685	-	5,133,685	5,662,211	-	5,662,211
Community service	178,894	-	178,894	354,400	-	354,400
Grants and initiatives	8,423,262	-	8,423,262	9,703,476	-	9,703,476
Total program expenses	17,040,064	-	17,040,064	19,901,947	-	19,901,947
Supporting services						
Management and general	1,873,798	-	1,873,798	1,355,848	-	1,355,848
Fundraising	1,035,598	-	1,035,598	996,229	-	996,229
Total supporting services	2,909,396	-	2,909,396	2,352,077	-	2,352,077
<b>Total expenses</b>	<b>19,949,460</b>	<b>-</b>	<b>19,949,460</b>	<b>22,254,024</b>	<b>-</b>	<b>22,254,024</b>
<b>Change in net assets</b>	<b>931,268</b>	<b>581,732</b>	<b>1,513,000</b>	<b>2,494,330</b>	<b>(2,344,760)</b>	<b>149,570</b>
Net assets, beginning of year	14,467,341	12,759,911	27,227,252	11,973,011	15,104,671	27,077,682
<b>Net assets, end of year</b>	<b>\$ 15,398,609</b>	<b>\$ 13,341,643</b>	<b>\$ 28,740,252</b>	<b>\$ 14,467,341</b>	<b>\$ 12,759,911</b>	<b>\$ 27,227,252</b>

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, 2025

	Program Expenses				Supporting Services			Total Expenses	
	Allocations	Community Impact	Community Service	Grants and Initiatives	Total Program Expenses	Management and General	Fundraising		Total Supporting Services
<b>Allocations and grants awarded</b>	<u>\$ 3,304,223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,423,262</u>	<u>\$ 11,727,485</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,727,485</u>
<b>Personnel expenses</b>									
Salaries and wages	-	1,611,265	109,950	-	1,721,215	794,387	654,120	1,448,507	3,169,722
Employee benefits	-	431,731	36,985	-	468,716	183,337	121,461	304,798	773,514
Payroll taxes	-	131,961	7,670	-	139,631	43,175	48,623	91,798	231,429
<b>Total personnel expenses</b>	<u>-</u>	<u>2,174,957</u>	<u>154,605</u>	<u>-</u>	<u>2,329,562</u>	<u>1,020,899</u>	<u>824,204</u>	<u>1,845,103</u>	<u>4,174,665</u>
<b>Other expenses</b>									
Contracted services	-	1,646,749	2,448	-	1,649,197	436,627	12,175	448,802	2,097,999
Supplies	-	35,475	323	-	35,798	28,325	5,242	33,567	69,365
Technology	-	252,395	6,536	-	258,931	191,971	7,545	199,516	458,447
Telephone	-	30,200	222	-	30,422	21,444	2,733	24,177	54,599
Postage and shipping	-	3,867	-	-	3,867	19,080	681	19,761	23,628
Printing, publications and promotions	-	52,008	2,012	-	54,020	23,614	93,238	116,852	170,872
Occupancy	-	90,029	-	-	90,029	789	-	789	90,818
Equipment rental and maintenance	-	79,615	-	-	79,615	88,249	-	88,249	167,864
Insurance	-	56,309	-	-	56,309	10,068	-	10,068	66,377
Special events	-	63,477	2,000	-	65,477	356	24,845	25,201	90,678
Transportation	-	31,016	4,522	-	35,538	10,640	17,593	28,233	63,771
Conferences and trainings	-	35,829	2,850	-	38,679	15,020	4,160	19,180	57,859
Membership dues	-	170,660	-	-	170,660	3,373	24,027	27,400	198,060
Sponsorships	-	10,175	500	-	10,675	-	10,300	10,300	20,975
Depreciation	-	160,825	-	-	160,825	-	-	-	160,825
Other	-	240,099	2,876	-	242,975	3,343	8,855	12,198	255,173
<b>Total other expenses</b>	<u>-</u>	<u>2,958,728</u>	<u>24,289</u>	<u>-</u>	<u>2,983,017</u>	<u>852,899</u>	<u>211,394</u>	<u>1,064,293</u>	<u>4,047,310</u>
<b>Total expenses</b>	<u>\$ 3,304,223</u>	<u>\$ 5,133,685</u>	<u>\$ 178,894</u>	<u>\$ 8,423,262</u>	<u>\$ 17,040,064</u>	<u>\$ 1,873,798</u>	<u>\$ 1,035,598</u>	<u>\$ 2,909,396</u>	<u>\$ 19,949,460</u>

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			Total Expenses	
	Allocations	Community Impact	Community Service	Grants and Initiatives	Total Program Expenses	Management and General	Fundraising		Total Supporting Services
<b>Allocations and grants awarded</b>	<b>\$ 4,181,860</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,703,476</b>	<b>\$ 13,885,336</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,885,336</b>
<b>Personnel expenses</b>									
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
<b>Total personnel expenses</b>	<b>-</b>	<b>3,046,227</b>	<b>272,226</b>	<b>-</b>	<b>3,318,453</b>	<b>466,932</b>	<b>643,050</b>	<b>1,109,982</b>	<b>4,428,435</b>
<b>Other expenses</b>									
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
<b>Total other expenses</b>	<b>-</b>	<b>2,615,984</b>	<b>82,174</b>	<b>-</b>	<b>2,698,158</b>	<b>888,916</b>	<b>353,179</b>	<b>1,242,095</b>	<b>3,940,253</b>
<b>Total expenses</b>	<b>\$ 4,181,860</b>	<b>\$ 5,662,211</b>	<b>\$ 354,400</b>	<b>\$ 9,703,476</b>	<b>\$ 19,901,947</b>	<b>\$ 1,355,848</b>	<b>\$ 996,229</b>	<b>\$ 2,352,077</b>	<b>\$ 22,254,024</b>

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	
	2025	2024
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,513,000	\$ 149,570
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	160,825	155,648
Amortization of right-of-use assets	125,484	164,141
Net realized and unrealized gains on investments	(221,372)	(605,498)
Change in value of beneficial interest in funds held by Community Foundations	(250,388)	(620,396)
Change in allowance for uncollectible on pledges receivable	191,036	(143,951)
Changes in operating assets and liabilities which (used) provided cash		
Pledges receivable	572,548	553,562
Grants receivable	591,674	(1,516,561)
Other receivables	(210,955)	537,237
Prepaid expenses and other assets	135,217	214,223
Accounts payable	179,784	415,406
Donor designations payable	614,406	269,881
Allocations and grants payable	(822,847)	(431,502)
Accrued liabilities	(184,575)	44,118
Refundable advances on conditional contributions	(70,925)	(488,008)
Operating lease obligations	(136,952)	(179,291)
<b>Net change in cash from operating activities</b>	<b>2,185,960</b>	<b>(1,481,421)</b>
<b>Cash flows from investing activities</b>		
Purchase of certificate of deposit	(305,453)	(10,470)
Purchase of investments	(580,331)	(1,227,036)
Proceeds from sales of investments	373,264	82,896
Distributions from beneficial interest	341,637	174,267
Purchase of property and equipment	(725,978)	(30,000)
<b>Net change in cash from investing activities</b>	<b>(896,861)</b>	<b>(1,010,343)</b>
<b>Net change in cash</b>	<b>1,289,099</b>	<b>(2,491,764)</b>
Cash, beginning of year	6,197,382	8,689,146
<b>Cash, end of year</b>	<b>\$ 7,486,481</b>	<b>\$ 6,197,382</b>

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

# UNITED WAY OF SOUTH CENTRAL MICHIGAN

## 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.

# UNITED WAY OF SOUTH CENTRAL MICHIGAN

## Notes to Consolidated Financial Statements

### *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 Certificate of Deposit*

Cash 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 losses on these certificates of deposit. The Organization maintains its deposits and certificates of deposit 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 or certificates of deposit.

### *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. Certificates of deposit are maintained with financial institutions with high credit ratings and also are fully covered by FDIC Insurance at March 31, 2025 and 2024.

# UNITED WAY OF SOUTH CENTRAL MICHIGAN

## Notes to 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.

# UNITED WAY OF SOUTH CENTRAL MICHIGAN

## 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.

### *Contributions and Grants*

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.

Grants are considered conditional contributions and are recorded as support when all barriers thereof have been met. Grant support is recognized as without donor restrictions if the restrictions are met in the same period that the support is recognized in the consolidated financial statements. 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, therefore, has not recorded an allowance as of March 31, 2025 or 2024.

Conditional grants are not recognized until the barriers are overcome by the Organization. As of March 31, 2025, conditional grants total approximately \$2,120,000, 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, 2025 and 2024, the Organization reported refundable advances on conditional contributions of \$539,406 and \$610,331, respectively, on the consolidated statements of financial position.

# UNITED WAY OF SOUTH CENTRAL MICHIGAN

## Notes to Consolidated Financial Statements

### *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, 2025 or 2024; 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 2025 and 2024.

### *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 determines if an arrangement is a lease at inception and considers classification of leases as operating or finance. Operating leases are included in net operating lease right-of-use ("ROU") assets and operating lease obligations on the Organization's consolidated statements of financial position.

Operating lease ROU assets and operating lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. As most of the Organization's leases do not provide an implicit rate, the Organization uses the risk free rate based on the information available at commencement date in determining the present value of future payments. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Operating lease expense for minimum lease payments is recognized on a straight-line basis over the lease term. Variable rent payments related to operating leases are expensed as incurred. The Organization's variable lease payments primarily consist of common area maintenance and other costs.

# UNITED WAY OF SOUTH CENTRAL MICHIGAN

## Notes to Consolidated Financial Statements

The Organization has elected to exclude short-term leases from the recognition requirements of Accounting Standards Codification ("ASC") 842, *Leases*. A lease is short-term if, at the commencement date, it has a term of less than or equal to one year. Lease expense related to short-term leases is recognized on a straight-line basis over the lease term.

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.

Management has analyzed the Organization's income tax filing positions in the federal and state jurisdictions where it is required to file income tax returns, for all open tax years in these jurisdictions, to identify potential uncertain tax positions.

The Organization has evaluated its income tax filing positions for fiscal years 2022 through 2025, the years which remain subject to examination as of March 31, 2025. 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, 2025 and 2024, 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 consolidated 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. Other expenses 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.

# UNITED WAY OF SOUTH CENTRAL MICHIGAN

## Notes to Consolidated Financial Statements

### *Concentrations*

The Organization's annual fundraising campaigns are concentrated in the South Central counties of Michigan. Approximately 33 percent and 23 percent of the Organization's campaign revenue was donated by one company and their employees as of March 31, 2025 and 2024, respectively. Approximately 41 percent and 34 percent of the Organization's campaign pledges receivable are made up of two and three companies and their employees as of March 31, 2025 and 2024, respectively.

In addition, approximately 64 percent and 58 percent of the Organization's grants for the years ended March 31, 2025 and 2024, respectively, were granted by two organizations.

### *Reclassification*

Certain amounts as reported in the 2024 consolidated financial statements have been reclassified to conform with the 2025 presentation. Certain revenues included in other revenue in 2024 were reclassified designation fees in 2025.

### *Subsequent Events*

In June 2025, the Organization acquired certain assets of Albion-Homer United Way. Albion-Homer United Way contributed all the assets to the Organization with an approximate value of \$330,000. The Organization completed this acquisition in order to advance the Organization's and the broader United Way mission. Costs related to this acquisition that were incurred by the Organization in fiscal year 2026, were not significant.

In preparing these consolidated financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to the most recent consolidated statement of financial position presented herein, through the date these consolidated financial statements were available to be issued.

# UNITED WAY OF SOUTH CENTRAL MICHIGAN

## 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:

	2025	2024
Cash and cash equivalents	\$ 7,486,481	\$ 6,197,382
Certificate of deposit	761,641	456,188
Investments	12,209,560	11,781,121
Pledges receivable, net	1,856,915	2,620,499
Grants receivable	3,231,463	3,823,137
Other receivables	249,048	38,093
Beneficial interest in funds held at Community Foundation	<u>4,306,186</u>	<u>4,397,435</u>
Financial assets - at year end	30,101,294	29,313,855
Less those unavailable for general expenditures within one year due to		
Restricted by donor with time or purpose restrictions	13,341,643	12,759,911
Board designated net assets	<u>6,729,103</u>	<u>6,773,297</u>
<b>Total financial assets available for general use within one year</b>	<b><u>\$ 10,030,548</u></b>	<b><u>\$ 9,780,647</u></b>

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.

# UNITED WAY OF SOUTH CENTRAL MICHIGAN

## Notes to Consolidated Financial Statements

### 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.

## UNITED WAY OF SOUTH CENTRAL MICHIGAN

### 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:

2025	Assets at Fair Value			
	Level 1	Level 2	Level 3	Total
Money markets	\$ 1,404,738	\$ -	\$ -	\$ 1,404,738
U.S. equity				
Exchange traded funds	1,618,324	-	-	1,618,324
Mutual funds	855,508	-	-	855,508
U.S. fixed income				
Mutual funds	2,231,373	-	-	2,231,373
Exchange traded funds	122,590	-	-	122,590
Foreign equity mutual funds	380,509	-	-	380,509
Foreign fixed-income mutual funds	26,145	-	-	26,145
U.S. government obligations	-	2,740,625	-	2,740,625
U.S. corporate obligations	-	2,829,748	-	2,829,748
<b>Total investments</b>	<b>6,639,187</b>	<b>5,570,373</b>	<b>-</b>	<b>12,209,560</b>
Beneficial interest in funds held by Community Foundations	-	-	4,306,186	4,306,186
<b>Total assets at fair value</b>	<b>\$ 6,639,187</b>	<b>\$ 5,570,373</b>	<b>\$ 4,306,186</b>	<b>\$ 16,515,746</b>

# UNITED WAY OF SOUTH CENTRAL MICHIGAN

## Notes to Consolidated Financial Statements

2024	Assets at Fair Value			
	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
<b>Total investments</b>	<b>6,765,982</b>	<b>5,015,139</b>	<b>-</b>	<b>11,781,121</b>
Beneficial interest in funds held by Community Foundations	-	-	4,397,435	4,397,435
<b>Total assets at fair value</b>	<b>\$ 6,765,982</b>	<b>\$ 5,015,139</b>	<b>\$ 4,397,435</b>	<b>\$ 16,178,556</b>

There were no purchases, issuances or transfers into or out of level 3 investments during the years ended March 31, 2025 and 2024.

### 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:

	2025	2024
Pledges		
Current campaign	\$ 2,258,145	\$ 3,232,322
First prior campaign	463,823	444,266
Total pledges	2,721,968	3,676,588
Allowance for uncollectible pledges	(865,053)	(1,056,089)
<b>Net pledges receivable</b>	<b>\$ 1,856,915</b>	<b>\$ 2,620,499</b>

# UNITED WAY OF SOUTH CENTRAL MICHIGAN

## Notes to Consolidated Financial Statements

### 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:

	2025	2024
Less than one year	\$ 3,385,113	\$ 2,310,121
Over one year	-	1,666,666
Discount to present value	(153,650)	(153,650)
<b>Total</b>	<b><u>\$ 3,231,463</u></b>	<b><u>\$ 3,823,137</u></b>

### 6. PROPERTY AND EQUIPMENT

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

	2025	2024
Land	\$ 609,364	\$ 609,364
Land improvements	568,589	568,589
Buildings	1,022,431	1,022,431
Buildings improvements	2,966,021	2,941,971
Furniture, fixtures, and equipment	1,057,735	1,057,735
Leasehold improvements	96,613	13,450
Software	31,500	31,500
Vehicles	648,765	30,000
Total	7,001,018	6,275,040
Less accumulated depreciation	(4,405,283)	(4,244,458)
<b>Net property and equipment</b>	<b><u>\$ 2,595,735</u></b>	<b><u>\$ 2,030,582</u></b>

Depreciation expense was \$160,825 and \$155,648 in 2025 and 2024, respectively.

# UNITED WAY OF SOUTH CENTRAL MICHIGAN

## Notes to Consolidated Financial Statements

### 7. 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 following table summarizes the composition of net lease cost during the year ended March 31:

	2025	2024
Operating lease cost	\$ 131,643	\$ 174,365
Short-term lease cost	33,369	32,902
<b>Total lease cost</b>	<b>\$ 165,012</b>	<b>\$ 207,267</b>

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

	2025	2024
Cash paid for amounts included in the measurement of lease obligations		
Operating cash flows from operating leases	\$ 143,110	\$ 188,110
Weighted-average remaining lease term - operating leases	1.52 years	2.40 years
Weighted-average discount rate - operating leases	2.57%	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
2026	\$ 116,110
2027	62,481
Total lease payments	178,591
Less discount to present value	(3,219)
<b>Total lease obligations</b>	<b>\$ 175,372</b>

# UNITED WAY OF SOUTH CENTRAL MICHIGAN

## Notes to Consolidated Financial Statements

### 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 7.0 percent and 7.5 percent at March 31, 2025 and 2024) with a floor rate of 2.5 percent. The line of credit is unsecured. There was no outstanding balance at March 31, 2025 or 2024. The line of credit is due on demand.

### 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:

	2025	2024
Beneficial interest in assets held at Community Foundations	\$ 4,306,186	\$ 4,397,435
Property and equipment fund	1,245,060	1,245,060
Grant allocations	1,177,857	1,130,802
<b>Total board designated net assets</b>	<b><u>\$ 6,729,103</u></b>	<b><u>\$ 6,773,297</u></b>

### 10. NET ASSETS WITH DONOR RESTRICTIONS

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

	2025	2024
Net campaign results	\$ 4,248,743	\$ 4,579,843
Future campaign results	980,632	-
Small business loan fund	1,388,004	1,413,062
Disaster relief efforts	532,595	487,327
Community impact	6,191,669	6,279,679
<b>Total net assets with donor restrictions</b>	<b><u>\$ 13,341,643</u></b>	<b><u>\$ 12,759,911</u></b>

# UNITED WAY OF SOUTH CENTRAL MICHIGAN

## Notes to Consolidated Financial Statements

### 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 consolidated 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, 2025 and 2024 was \$4,306,186 and \$4,397,435, respectively, and is included in net assets without donor restrictions on the consolidated statements of financial position. The Organization had distributions of \$341,637 and \$174,267 from the agency funds during the year ended March 31, 2025 and 2024, respectively. The distributions were recorded as a reduction of the assets.

Several contributions have been made to these funds by third parties 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 \$6,956,193 and \$6,911,166 at March 31, 2025 and 2024, 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 \$312,009 and \$1,869 from the Community Foundations related to these funds during the year ended March 31, 2025 and 2024, respectively. The distributions are included in the consolidated statements of activities as Distributions from Community Foundations.

### 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 \$343,000 and \$287,000 for the years ended March 31, 2025 and 2024, respectively.

