



Services for Older Citizens, Inc.
d/b/a The Helm at the Boll Life Center

Financial Statements
September 30, 2025 and 2024

Cohen & Co[®]

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SERVICES FOR OLDER CITIZENS, INC. D/B/A THE HELM AT THE BOLL LIFE CENTER

SEPTEMBER 30, 2025 AND 2024

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Independent Auditor's Report

Board of Directors
Services for Older Citizens, Inc.
d/b/a The Helm at the Boll Life Center

Opinion

We have audited the financial statements of Services for Older Citizens, Inc. d/b/a The Helm at the Boll Life Center (The Helm) (the Organization), which comprise the statement of financial position as of September 30, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 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.

Akron, Ohio
May 12, 2026

Cohen & Company Ltd.

STATEMENT OF FINANCIAL POSITION

SEPTEMBER 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 269,125	\$ 202,796
Current portion of pledges and grants receivable - Net	147,209	135,845
Lease contribution receivable - Net	164,835	171,435
Prepaid expenses	<u>27,671</u>	<u>21,462</u>
	608,840	531,538
PLEDGES AND GRANTS RECEIVABLE - NET	500	40,200
PROPERTY AND EQUIPMENT - NET	1,904,077	1,708,492
INVESTMENTS	<u>1,678,760</u>	<u>1,533,667</u>
	<u>\$ 4,192,177</u>	<u>\$ 3,813,897</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 38,605	\$ 33,113
Accrued liabilities	90,591	34,815
Deferred revenue	<u>453,047</u>	<u>455,911</u>
	<u>582,243</u>	<u>523,839</u>
NET ASSETS		
Without donor restrictions	2,986,565	2,636,056
With donor restrictions	<u>623,369</u>	<u>654,002</u>
	<u>3,609,934</u>	<u>3,290,058</u>
	<u>\$ 4,192,177</u>	<u>\$ 3,813,897</u>

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

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2025

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE			
Contributions and pledges	\$ 189,181		\$ 189,181
Program and other service fees	251,840		251,840
Foundation and other grants	992,243		992,243
Development revenue	97,344		97,344
Program management fees - PAATS	30,000		30,000
In-kind donations - Property and equipment	365,287		365,287
Interest income	16,404		16,404
Other income - Net	158,677		158,677
Investment income - Net	<u>58,935</u>	<u>40,756</u>	<u>99,691</u>
	2,159,911	40,756	2,200,667
NET ASSETS RELEASED FROM RESTRICTIONS	<u>71,389</u>	<u>(71,389)</u>	
TOTAL SUPPORT AND REVENUE	<u>2,231,300</u>	<u>(30,633)</u>	<u>2,200,667</u>
FUNCTIONAL EXPENSES			
Program services	1,407,741		1,407,741
Management and general	126,082		126,082
Fundraising	<u>346,968</u>		<u>346,968</u>
	<u>1,880,791</u>		<u>1,880,791</u>
CHANGE IN NET ASSETS	350,509	(30,633)	319,876
NET ASSETS - BEGINNING OF YEAR	<u>2,636,056</u>	<u>654,002</u>	<u>3,290,058</u>
NET ASSETS - END OF YEAR	<u>\$ 2,986,565</u>	<u>\$ 623,369</u>	<u>\$ 3,609,934</u>

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

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2024

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE			
Contributions and pledges	\$ 275,546		\$ 275,546
Program and other service fees	208,427		208,427
Foundation and other grants	928,304		928,304
Development revenue	92,606		92,606
Program management fees - PAATS	24,000		24,000
In-kind donations - Property and equipment	5,400		5,400
Interest income	7,524		7,524
Other income	19,100		19,100
Investment income - Net	<u>42,476</u>	<u>72,232</u>	<u>114,708</u>
	1,603,383	72,232	1,675,615
NET ASSETS RELEASED FROM RESTRICTIONS	<u>64,921</u>	<u>(64,921)</u>	
TOTAL SUPPORT AND REVENUE	<u>1,668,304</u>	<u>7,311</u>	<u>1,675,615</u>
FUNCTIONAL EXPENSES			
Program services	1,112,452		1,112,452
Management and general	114,030		114,030
Fundraising	<u>288,412</u>		<u>288,412</u>
	<u>1,514,894</u>		<u>1,514,894</u>
CHANGE IN NET ASSETS	153,410	7,311	160,721
NET ASSETS - BEGINNING OF YEAR	<u>2,482,646</u>	<u>646,691</u>	<u>3,129,337</u>
NET ASSETS - END OF YEAR	<u>\$ 2,636,056</u>	<u>\$ 654,002</u>	<u>\$ 3,290,058</u>

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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2025

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and wages	\$ 670,045	\$ 91,991	\$ 57,141	\$ 819,177
Payroll taxes	53,523	7,324	4,558	65,405
Employee benefits	76,411	2,259	9,645	88,315
Event and facilities expenses	174,835		155,042	329,877
Advertising and public relations	37,829		42,408	80,237
Conferences and meetings	166		174	340
Dues and membership	7,141		444	7,585
Insurance	11,011	3,426	9,964	24,401
Marketing	12,355		650	13,005
Miscellaneous	591	4	42	637
Occupancy	178,956			178,956
Office expenses	25,263	225		25,488
Postage	2,471	352	147	2,970
Printing	1,590	260	95	1,945
Professional fees	58,143	10,921	4,427	73,491
Rent expense	14,630	2,115	883	17,628
Telephone and internet	16,525			16,525
Transportation and travel	190	63		253
Volunteer recognition	1,749	177	285	2,211
Depreciation	64,317	6,965	14,067	85,349
Bad debt expense			46,996	46,996
	<u>\$ 1,407,741</u>	<u>\$ 126,082</u>	<u>\$ 346,968</u>	<u>\$ 1,880,791</u>

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

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED SEPTEMBER 30, 2024

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Salaries and wages	\$ 562,338	\$ 77,204	\$ 47,956	\$ 687,498
Payroll taxes	42,374	5,684	3,617	51,675
Employee benefits	80,505	2,808	10,297	93,610
Event and facilities expenses	135,085		119,793	254,878
Advertising and public relations	55,700		62,811	118,511
Conferences and meetings	483		509	992
Dues and membership	9,798		625	10,423
Insurance	10,363	3,224	9,441	23,028
Marketing			11,710	11,710
Miscellaneous	466	4	33	503
Occupancy	50,340	6,753	4,297	61,390
Office expenses	33,939	343		34,282
Postage	2,170	314	131	2,615
Printing	1,464	232	89	1,785
Professional fees	37,956	7,207	2,883	48,046
Rent expense	14,505	2,097	874	17,476
Telephone and internet	9,022	1,304	544	10,870
Transportation and travel	33	11		44
Volunteer recognition	1,273	129	210	1,612
Depreciation	64,638	6,716	12,592	83,946
	<u>\$ 1,112,452</u>	<u>\$ 114,030</u>	<u>\$ 288,412</u>	<u>\$ 1,514,894</u>

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

STATEMENTS OF CASH FLOWS

YEARS ENDED SEPTEMBER 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
CASH FLOW (USED IN) PROVIDED FROM OPERATING ACTIVITIES		
Change in net assets	\$ 319,876	\$ 160,721
Adjustments to reconcile change in net assets to net cash flow (used in) provided from operating activities:		
Depreciation	85,349	83,946
Loss on disposal of property and equipment	828	
Unrealized and realized gains on investments	(220,307)	(82,138)
Increase in CFSEM	(40,756)	(72,231)
In-kind donations - Property and equipment	(238,763)	(5,400)
Change in allowance for bad debts	42,000	(10,000)
Change in lease contribution receivable	6,600	6,600
Increase (decrease) in cash caused by changes in current items:		
Pledges and grants receivable - Net	(13,664)	3,277
Prepaid expenses	(6,209)	4,934
Accounts payable	5,492	(12,332)
Accrued liabilities	55,776	5,687
Deferred revenue	(2,864)	132,124
Net cash flow (used in) provided from operations	<u>(6,642)</u>	<u>215,188</u>
CASH FLOW PROVIDED FROM (USED IN) INVESTING ACTIVITIES		
Purchases of property and equipment	(42,999)	(12,015)
Sales of investments	355,900	59,318
Purchases of investments	(257,360)	(865,717)
CFSEM income distributions	17,430	17,621
	<u>72,971</u>	<u>(800,793)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	66,329	(585,605)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>202,796</u>	<u>788,401</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 269,125</u>	<u>\$ 202,796</u>
NON-CASH INVESTING ACTIVITY		
In-kind donations - Property and equipment	<u>\$ 238,763</u>	<u>\$ 5,400</u>

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

NOTES TO THE FINANCIAL STATEMENTS

1. NATURE OF BUSINESS

Services for Older Citizens, Inc. d/b/a The Helm at the Boll Life Center (The Helm or the Organization), provides informational and referral resources and programmatic activities to the senior citizens and handicapped of the five Grosse Pointe and Harper Woods municipalities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Estimates

Management uses estimates and assumptions in preparing its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used, and such differences may be material.

Cash and Cash Equivalents

The Organization considers highly liquid investments with original maturity dates of three months or less, to be cash equivalents. The Organization maintains balances in various cash accounts which may, at times, exceed the amount of related federal insurance. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash.

Revenue Recognition

Contributions

Revenue from promises to give in the future are recorded at fair value using a probability weighted, discount rate adjusted present value model. Contributions with donor-imposed time or purpose restrictions are reported as revenue with donor restrictions. All other contributions are reported as revenue without donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions whose restrictions are met in the year received are recorded as revenue without donor restrictions.

In-kind Contributions

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

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (continued)

In-kind Contributions (continued)

The Organization recorded revenue of \$365,287 and \$5,400 for the years ended September 30, 2025 and 2024, respectively, for the value of donated equipment and renovations to its facility that were directly funded by the County of Wayne. The donated equipment and renovations were valued by the donor. The in-kind contributions were retained as property and equipment and not monetized.

No amounts have been recorded in the financial statements for donated services. However, many individuals volunteer their time and perform a variety of tasks that assist The Organization in its programs.

Employee Retention Tax Credit

During the year ended September 30, 2025, the Organization obtained government assistance through the Employee Retention Tax Credits program (ERTC) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and the Consolidated Appropriations Act, 2021 (CAA). The Organization accounts for such credits as a conditional contribution. Accordingly, proceeds from such credits are recorded as revenue in the period when management determines that the associated barrier has been met.

ERTCs are refundable tax credits against certain employment taxes equal to a percentage of qualified wages an eligible employer pays to employees, as defined in the CARES Act and CAA. The Organization received \$138,696 of such credits during the year ended September 30, 2025. The amounts received are recognized in other income - net in the accompanying statement of activities.

While the Organization's ERTCs have not been selected, eligibility for grants and accuracy of the claim calculation made under the ERTC program are subject to subsequent review by the federal government for a period of up to five years from the date the underlying amended payroll tax returns were filed.

Pledges and Grants Receivable

Pledges and grants are recorded as revenue at the time the commitment is made by the donor or grantor. Pledges and grants with a commitment greater than one year are recorded at their net present value using the Organization's risk-free interest rate. It is the Organization's policy to record specific reserves for pledges deemed uncollectible and a general reserve for all other pledges and grants receivable.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Beneficial Use of Property

The Organization and its facilities are located in a building that it leases from the Henry Ford Medical Center at below market rates. The lease was executed in a prior year, and the Organization recorded a contribution receivable and related revenue in the year of execution, based upon an estimated fair value of the property obtained from Henry Ford Medical Center. The receivable is discounted to net present value and is amortized to rent expense annually over the term of the lease (see Note 11).

Property and Equipment

Property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the date of donation based upon what the related asset would cost if purchased in the same condition. Depreciation of property and equipment is provided by use of the straight-line method over the estimated useful lives of the assets as follows:

Building improvements	15 - 40 years
Computers and software	5 - 10 years
Furniture and equipment	5 - 10 years

The Organization capitalizes single or groups of similar expenditures with an original cost in excess of \$5,000 that have a useful life of one year or more. Lesser amounts are expensed as incurred and included in the accompanying statement of activities. Gains and losses from the sale or disposal of property and equipment are recorded in the statement of activities.

Investments

Beneficial Interest - Community Foundation Assets

Included with investments in the statement of financial position is the fair value of a fund held and managed with the Community Foundation of Southeast Michigan (CFSEM) (an unrelated non-profit foundation). The fund was established by the Organization engaging in a "reciprocal transfer," as defined by GAAP. A "reciprocal transfer" involves a resource provider (the Organization) contributing assets to a recipient entity (CFSEM) and designating itself as the beneficiary of those assets and any income generated therefrom. The Organization granted "variance power" to CFSEM, whereby CFSEM has the duty and power to modify any restriction or condition on the distribution of the contributed funds if, in the judgment of CFSEM's Board of Trustees, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with CFSEM's charitable mission.

GAAP requires that the fair value of the reciprocal transfer, plus any undistributed earnings thereon, be included as an asset in the Organization's statement of financial position. GAAP also requires that the original net asset classification of the underlying funds transferred be maintained. The fair value is adjusted annually based on the fair value of the fund, as reported by CFSEM.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments (continued)

Other Investments

Investments not held at the CFSEM at September 30, 2025 and 2024, are carried at fair value. Investments in securities with readily determinable fair values are reported at quoted market values. Realized and unrealized gains or losses are reflected in the accompanying statement of activities.

Investment income consists of interest and dividend income and net realized and unrealized gains and losses and is reported net of investment expenses in the statement of activities as increases or decreases in net assets without donor restrictions unless restricted by the donor.

Deferred Revenue

Deferred revenue primarily consists of revenue received for special events that took place subsequent to September 30, 2025 and 2024, respectively.

Classification of Net Assets

The Organization's net assets are classified as follows depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets:

- Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.
- With Donor Restrictions - Net assets subject to donor-imposed purpose restrictions (including endowment amounts restricted in perpetuity), or restrictions that expire with the passage of time.

Functional Allocation of Expenses

The statements of activities and functional expenses report certain categories of expenses that are attributable to both program and supporting functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, and related costs, which are allocated on the basis of estimates of time and effort, as well as facility and other property costs, which are allocated on a square footage and related asset value basis.

Income Taxes

The Organization is a Michigan not-for-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (continued)

The Organization recognizes and discloses uncertain tax positions in accordance with GAAP. As of and for the years ended September 30, 2025 and 2024, The Organization did not have a liability for unrecognized tax benefits.

Reclassifications

Certain September 30, 2024, balances were reclassified to conform to the September 30, 2025, financial statement presentation. These reclassifications have no effect on the previously recorded change in net assets.

Subsequent Events

Management has evaluated subsequent events through May 12, 2026, the date the financial statements were available to be issued.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets comprise the following amounts at September 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 269,125	\$ 202,796
Pledges and grants receivable - Net	147,709	176,045
Investments	<u>1,678,760</u>	<u>1,533,667</u>
Total financial assets	<u>\$ 2,095,594</u>	<u>\$ 1,912,508</u>

The table below reflects adjustment to the Organization's financial assets as of September 30, 2025 and 2024, for amounts not available for general expenditures within one year due to contractual or donor-imposed restrictions or internal designations. The Organization considers all of its programmatic, general and administrative, and fundraising expenses to be its annual expenditures.

	<u>2025</u>	<u>2024</u>
Financial assets	\$ 2,095,594	\$ 1,912,508
Less amounts not available due to:		
Pledges due in more than one year	(500)	(40,200)
Beneficial interest at community foundation	(438,515)	(415,189)
Board designated quasi endowment	<u>(762,701)</u>	<u>(436,227)</u>
Financial assets available within one year for general expenditures	<u>\$ 893,878</u>	<u>\$ 1,020,892</u>

NOTES TO THE FINANCIAL STATEMENTS

3. LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

The Organization manages its liquidity by considering anticipated program, grant, and contribution revenue against anticipated general expenses. The Organization expects future revenue in the next twelve months to cover general expenditures. Additionally, the Organization maintains a line of credit with a bank to manage unanticipated liquidity needs (see Note 8).

4. PLEDGES AND GRANTS RECEIVABLE - NET

Pledges and grants receivable - net consists of the following as of September 30:

	<u>2025</u>	<u>2024</u>
Due in less than one year	\$ 147,209	\$ 135,845
Due in one to five years	500	40,200
	<u>\$ 147,709</u>	<u>\$ 176,045</u>

Unconditional promises to give due in more than one year are discounted to estimated present value at the time the promises are made. The discount was not significant as of and for the years ended September 30, 2025 and 2024, respectively.

Pledges and grants receivable are shown net of allowances of \$52,000 and \$10,000 at September 30, 2025 and 2024, respectively.

5. PROPERTY AND EQUIPMENT - NET

Property and equipment comprise the following assets as of September 30:

	<u>2025</u>	<u>2024</u>
Building Improvements	\$ 2,617,205	\$ 2,335,202
Computers and software	28,379	46,528
Furniture and equipment	<u>203,128</u>	<u>206,628</u>
	2,848,712	2,588,358
Less: Accumulated depreciation	<u>(944,635)</u>	<u>(879,866)</u>
	<u>\$ 1,904,077</u>	<u>\$ 1,708,492</u>

6. FAIR VALUE MEASUREMENTS

The various inputs that may be used to determine the fair value of the Organization's assets and liabilities are summarized in three broad levels:

- Level 1 Quoted prices in active markets for identical securities
- Level 2 Other significant observable inputs (including quoted prices for similar securities, interest rates, credit risk, etc.)
- Level 3 Significant unobservable inputs (including the Organization's own assumptions used to determine value)

NOTES TO THE FINANCIAL STATEMENTS

6. FAIR VALUE MEASUREMENTS (Continued)

Equity securities are valued at the closing price reported on the active market on which the individual securities are traded, and mutual funds are valued at the net asset value of shares held at year end.

Assets measured at fair value on a recurring basis are comprised of the following at September 30, 2025:

Description	Level 1	Level 2	Level 3	Total
Money market funds	\$ 278,307			\$ 278,307
Beneficial interest - CFSEM			\$ 438,515	438,515
Stocks, options and exchange traded funds	471,224			471,224
Mutual funds	490,714			490,714
	\$ 1,240,245	\$	\$ 438,515	\$ 1,678,760

Assets measured at fair value on a recurring basis are comprised of the following at September 30, 2024:

Description	Level 1	Level 2	Level 3	Total
Money market funds	\$ 511,725			\$ 511,725
Beneficial interest - CFSEM			\$ 415,189	415,189
Stocks, options and exchange traded funds	233,766			233,766
Mutual funds	372,987			372,987
	\$ 1,118,478	\$	\$ 415,189	\$ 1,533,667

The reconciliation of The Organization's Level 3 assets measured at fair value on a recurring basis for the years ended September 30, 2025 and 2024, is presented in Note 7 and is the same as the change in its endowment assets.

7. ENDOWMENT ASSETS

The Organization's beneficial interest in the CFSEM (the Fund) consists of a reciprocal transfer it made of assets with donor (permanent) restrictions, along with accumulated undistributed earnings. The Fund also includes third-party donations which are excluded from these financial statements because CFSEM was granted explicit variance power over such donations.

The funds are held in perpetuity at the CFSEM solely for the benefit of the Organization. Annual distributions are anticipated to be made by CFSEM based on its income distribution policies.

CFSEM has calculated the market value of the two components of the account balance as follows:

	2025	2024
Reciprocal transfer plus accumulated earnings	\$ 438,515	\$ 415,189
Third party donations (not included in these financial statements)	61,319	49,851
	\$ 499,834	\$ 465,040

NOTES TO THE FINANCIAL STATEMENTS

7. ENDOWMENT ASSETS (Continued)

The Board of Directors has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, The Organization classifies as net assets with donor restrictions not subject to appropriation or expenditure (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is classified as net assets with donor restrictions will be released from restrictions when those amounts are appropriated for expenditure by The Organization in a manner consistent with the standard of prudence prescribed by SPMIFA.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Return Objectives and Risk Parameters

Because of the reciprocal transfer nature of The Organization's endowment funds, its investment and spending policies for endowment assets are tied directly to those of CFSEM. The Organization's management believes that CFSEM's investment and distribution policies seek to maintain the purchasing power of the endowment assets.

Strategies Employed for Achieving Objectives

Because of the reciprocal transfer nature of The Organization's endowment funds, its strategies employed for achieving objectives are tied directly to those of CFSEM. The Organization's management believes that CFSEM's investment policies result in a total return strategy, in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Spending Policy and How the Investment Objectives Relate to Spending Policy

The endowment assets are governed by CFSEM's spending policy that allows for the allocation of interest and dividends earned to operating expenses in accordance with donor restrictions. Management believes that CFSEM's spending policies do not allow for funds designated as permanently restricted endowments to be reduced below their initial contribution basis.

NOTES TO THE FINANCIAL STATEMENTS

7. ENDOWMENT ASSETS (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy (continued)

Further, the spending policy anticipates that the growth of values over time will allow for the allocation of interest and dividends earned to operating expenses without the need to draw from the corpus of the original gift.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or State of Michigan Prudent Management of Institutional Funds Act (SPMIFA) requires The Organization to retain as a fund of perpetual duration. There were no deficiencies of this nature at September 30, 2025 and 2024.

Changes in endowment net assets (which also represents the changes in Level 3 investment assets at fair value) for the years ended September 30, 2025 and 2024, are summarized as follows:

	Net Assets With Donor Restrictions
Endowment net assets - October 1, 2024	\$ 360,578
Net investment income	72,232
CFSEM distributions, equal to appropriations	<u>(17,621)</u>
Endowment net assets - September 30, 2024	415,189
Net investment income	40,756
CFSEM distributions, equal to appropriations	<u>(17,430)</u>
Endowment net assets - September 30, 2025	<u>\$ 438,515</u>

8. LINE OF CREDIT

The Organization maintains a \$25,000 revolving line of credit with a financial institution. The line of credit requires monthly interest-only payments and is secured by unspecified assets of the Organization. As of September 30, 2025 and 2024, there were no outstanding borrowings.

9. BOARD-DESIGNATED NET ASSETS

At September 30, 2025 and 2024, net assets without donor restrictions bear the following board-designations:

	2025	2024
Allocated to property and equipment	\$ 1,904,077	\$ 1,708,492
Operational reserve	117,698	107,429
Quasi-endowment fund	<u>762,701</u>	<u>436,227</u>
	<u>\$ 2,784,476</u>	<u>\$ 2,252,148</u>

NOTES TO THE FINANCIAL STATEMENTS

10. NET ASSETS WITH DONOR RESTRICTIONS

At September 30, 2025 and 2024, net assets with donor restrictions are restricted for the following purposes:

	<u>2025</u>	<u>2024</u>
Endowment assets (held at CFSEM)	\$ 300,000	\$ 300,000
Unappropriated endowment earnings (held at CFSEM)	138,515	115,189
Beneficial use of real estate	164,835	171,435
Long-term pledges and grants receivable	500	40,200
Endowment creation	9,519	9,519
Facility buildout	10,000	10,000
Other		7,659
	<u>\$ 623,369</u>	<u>\$ 654,002</u>

11. BENEFICIAL USE OF PROPERTY / CONTRIBUTION RECEIVABLE

The Organization's operating and administrative facilities are located in a leased building. The terms of the lease require monthly rent payments of \$1 through June 2043. The Organization has estimated the rental value to be \$1,000 per month for the term of the lease. Accordingly, the difference between the fair value of the property's rental value and the stated amount of the lease payment at the date of the lease was recognized as contribution revenue and a corresponding contribution receivable discounted to present value.

The contribution receivable is summarized as follows at September 30:

	<u>2025</u>	<u>2024</u>
Long-term contribution receivable	\$ 202,000	\$ 214,000
Less: Discount to net present value	<u>(37,165)</u>	<u>(42,565)</u>
Ending balance	<u>\$ 164,835</u>	<u>\$ 171,435</u>

Imputed rent incurred related to this lease agreement amounted to \$12,000 for the years ended September 30, 2025 and 2024.

12. EMPLOYEE BENEFIT PLAN

The Organization sponsors a 403(b) plan under which all eligible employees are permitted to contribute up to a stipulated percentage of gross compensation, up to a maximum determined by the Internal Revenue Code. There were no employer contributions made to the plan for the years ended September 30, 2025 and 2024.

13. SUBSEQUENT EVENT

Effective October 1, 2025, the Organization entered into a six-year contract with the Grosse Pointe - Harper Woods Adult Active Commission (Commission) to provide senior services to community members. The Organization will receive compensation equal to 89.7% of the collected senior services property tax millage. The Commission may reallocate up to 5% of the total compensation, as needed, in year two through six of the contract.