

**MINISTRY WITH  
COMMUNITY**

**MINISTRY WITH COMMUNITY, INC.**

**FINANCIAL STATEMENTS**

**For the Years Ended September 30, 2023 and 2022**

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## **INDEPENDENT AUDITOR'S REPORT**

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Ministry with Community, Inc.  
Kalamazoo, Michigan

### **Opinion**

We have audited the accompanying financial statements of Ministry with Community (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, 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 Ministry with Community, Inc. as of September 30, 2023 and 2022, 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 Opinions**

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

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **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 opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

*Sigfried Crandall P.C.*

January 30, 2024

**Ministry with Community, Inc.**  
**Statements of Financial Position**  
**September 30, 2023 and 2022**

**ASSETS**

	<u>2023</u>	<u>2022</u>
Current Assets		
Cash and cash equivalents	\$ 904,698	\$ 576,982
United Way receivables	52,200	52,200
Promises to give	594,000	390,000
Prepaid expenses	41,100	40,284
Total Current Assets	<u>1,591,998</u>	<u>1,059,466</u>
Property and Equipment		
Land, buildings, and equipment - net of accumulated depreciation	<u>4,293,506</u>	<u>4,437,071</u>
Other Assets		
Long-term promises to give, net discount	-	1,008,000
Beneficial interest in assets held by Kalamazoo Community Foundation	48,805	43,152
Investments held for endowments	3,952,800	3,475,469
Total Other Assets	<u>4,001,605</u>	<u>4,526,621</u>
<b>Total Assets</b>	<b><u>\$ 9,887,109</u></b>	<b><u>\$ 10,023,158</u></b>

**LIABILITIES AND NET ASSETS**

Current Liabilities		
Accounts payable	\$ 34,856	\$ 41,714
Accrued expenses	75,401	80,448
Total Current Liabilities	<u>110,257</u>	<u>122,162</u>
Net Assets		
Without donor restrictions	4,671,076	4,973,727
Board-designated endowments	2,038,601	1,783,720
Total Net Assets Without Donor Restrictions	<u>6,709,677</u>	<u>6,757,447</u>
With donor restrictions	<u>3,067,175</u>	<u>3,143,549</u>
Total Net Assets	<u>9,776,852</u>	<u>9,900,996</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 9,887,109</u></b>	<b><u>\$ 10,023,158</u></b>

The Accompanying Notes are an Integral Part of these Financial Statements

**Ministry with Community, Inc.**  
**Statements of Activities**  
**For the Years Ended September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Net Assets Without Donor Restrictions</b>		
Support and Revenue		
Individual donations	\$ 667,844	\$ 669,289
In-kind donations	123,961	123,179
Investment income on endowments	233,513	(385,748)
Foundations	520,215	627,567
United Way	17,393	14,331
Business donations	49,533	50,703
Church donations	31,831	64,102
Governments	43,297	50,500
Change in beneficial interest	5,653	(7,572)
Charitable organization donations	15,321	15,757
Rental Income	4,400	5,200
Other Income	9,511	66
Total Support and Revenue	<u>1,722,472</u>	<u>1,227,374</u>
Net assets released from restrictions	490,424	104,600
Total Support, Revenue, and Reclassifications	<u>2,212,896</u>	<u>1,331,974</u>
Expenses		
Program Services		
Drop-in center	454,829	367,362
Front desk	356,518	414,659
Meals program	533,784	472,397
Other program services	542,274	283,323
Total Program Services	<u>1,887,405</u>	<u>1,537,741</u>
Fundraising	196,752	181,183
Administration	176,509	174,937
Total Expenses	<u>2,260,666</u>	<u>1,893,861</u>
Change in Net Assets Without Restrictions	<b>(47,770)</b>	<b>(561,887)</b>
<b>Net Assets with Donor Restrictions</b>		
Investment income on endowments	222,450	(367,290)
Foundations	77,000	1,398,000
United Way	69,600	69,600
Contributions and grants	45,000	-
Net assets released from restrictions	<u>(490,424)</u>	<u>(104,600)</u>
Change in Net Assets With Restrictions	<u>(76,374)</u>	<u>995,710</u>
<b>Change in net assets</b>	<b>(124,144)</b>	<b>433,823</b>
Net Assets - Beginning of Year	<u>9,900,996</u>	<u>9,467,173</u>
<b>Net Assets - End of Year</b>	<b><u>\$ 9,776,852</u></b>	<b><u>\$ 9,900,996</u></b>

The Accompanying Notes are an Integral Part of these Financial Statements

**Ministry with Community, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended September 30, 2023**

	Program Services				Total Program Services	Fundraising	General & Administration	Total
	Drop-In Center	Front Desk	Meals Program	Other Program Services				
Salaries and wages	\$ 135,122	\$ 224,058	\$ 200,923	\$ 399,446	\$ 959,549	\$ 128,749	\$ 77,640	\$ 1,165,938
Depreciation	72,537	15,834	43,310	12,667	144,348	5,123	36,809	186,280
Client food	6,576	-	188,282	-	194,858	-	-	194,858
Employee benefits	23,828	19,661	18,832	44,737	107,058	14,526	6,634	128,218
Client personal needs and assistance	41,263	7,332	-	13,846	62,441	-	-	62,441
Utilities	49,132	5,881	16,087	4,705	75,805	1,903	13,673	91,381
Payroll taxes	11,867	25,573	17,726	30,788	85,954	9,669	6,823	102,446
Office expense	1,233	32,973	153	13,712	48,071	14,253	7,565	69,889
Supplies	30,592	12,494	29,611	176	72,873	-	-	72,873
Repairs and maintenance	19,063	3,549	9,489	3,723	35,824	980	7,542	44,346
Professional fees	16,060	2,953	-	-	19,013	-	8,760	27,773
Insurance	17,935	3,208	8,776	2,567	32,486	1,038	7,458	40,982
Printing and copying	59	-	-	-	59	12,192	-	12,251
Postage	7,804	-	-	-	7,804	3,027	-	10,831
Telephone	488	2,601	-	1,084	4,173	759	488	5,420
Bank charges	1,398	-	-	20	1,418	-	2,306	3,724
Dues and subscriptions	350	-	575	20	945	652	750	2,347
Staff development	17,850	120	20	14,783	32,773	1,500	-	34,273
Vehicle and travel	1,634	-	-	-	1,634	-	61	1,695
Fundraising	-	-	-	-	-	2,241	-	2,241
Staff uniforms	-	281	-	-	281	-	-	281
Advertising	-	-	-	-	-	140	-	140
Volunteer recognition	38	-	-	-	38	-	-	38
<b>Total</b>	<b>\$ 454,829</b>	<b>\$ 356,518</b>	<b>\$ 533,784</b>	<b>\$ 542,274</b>	<b>\$ 1,887,405</b>	<b>\$ 196,752</b>	<b>\$ 176,509</b>	<b>\$ 2,260,666</b>

The Accompanying Notes are an Integral Part of these Financial Statements



**Ministry with Community, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended September 30, 2022**

	Program Services				Total Program Services	Fundraising	General & Administration	Total
	Drop-In Center	Front Desk	Meals Program	Other Program Services				
Salaries and wages	\$ 104,691	\$ 287,657	\$ 162,058	\$ 167,184	\$ 721,590	\$ 121,797	\$ 73,664	\$ 917,051
Depreciation	72,715	15,888	43,459	12,711	144,773	5,140	36,936	186,849
Client food	-	-	166,193	-	166,193	-	-	166,193
Employee benefits	18,335	12,077	14,550	21,115	66,077	11,843	9,687	87,607
Payroll taxes	9,313	26,983	14,696	14,137	65,129	9,217	5,974	80,320
Utilities	33,536	7,320	20,024	5,856	66,736	2,368	17,018	86,122
Client personal needs and assistance	37,206	5,825	-	43,282	86,313	-	-	86,313
Office expense	6,655	26,653	21	11,714	45,043	9,069	4,980	59,092
Repairs and maintenance	17,284	6,542	12,315	2,997	39,138	1,212	8,708	49,058
Supplies	22,033	4,233	31,196	-	57,462	-	-	57,462
Professional fees	24,545	14,711	-	-	39,256	-	7,800	47,056
Insurance	12,192	2,661	7,279	2,129	24,261	861	6,186	31,308
Staff development	799	733	-	900	2,432	-	-	2,432
Printing and copying	515	-	-	-	515	11,381	22	11,918
Postage	1,490	58	-	58	1,606	5,472	-	7,078
Telephone	476	2,540	-	1,058	4,074	741	476	5,291
Bank charges	933	39	-	39	1,011	-	2,941	3,952
Dues and subscriptions	1,689	-	535	-	2,224	450	500	3,174
Fundraising	-	-	-	-	-	1,527	-	1,527
Vehicle and travel	2,165	-	71	143	2,379	-	45	2,424
Staff uniforms	711	739	-	-	1,450	-	-	1,450
Volunteer recognition	79	-	-	-	79	105	-	184
<b>Total</b>	<b>\$ 367,362</b>	<b>\$ 414,659</b>	<b>\$ 472,397</b>	<b>\$ 283,323</b>	<b>\$ 1,537,741</b>	<b>\$ 181,183</b>	<b>\$ 174,937</b>	<b>\$ 1,893,861</b>

The Accompanying Notes are an Integral Part of these Financial Statements

**Ministry with Community, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended September 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (124,144)	\$ 433,823
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	186,280	186,849
Depreciation (appreciation) in beneficial interest assets	(5,653)	7,572
Net investment return	(455,963)	753,038
Change in operating assets:		
Promises to give	804,000	(1,388,000)
Prepaid expenses	(816)	(9,747)
Change in operating liabilities:		
Accounts payable	(6,858)	18,188
Accrued expenses	(5,047)	19,016
Net Cash Provided by Operating Activities	<u>391,799</u>	<u>20,739</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Deposits to investments held in endowment	(21,368)	(10,066)
Purchases of property and equipment	<u>(42,715)</u>	<u>(10,762)</u>
Net Cash Used in Investing Activities	<u>(64,083)</u>	<u>(20,828)</u>
<b>Change in Cash and Cash Equivalents</b>	<b>327,716</b>	<b>(89)</b>
Cash and Cash Equivalents at Beginning of Year	<u>576,982</u>	<u>577,071</u>
<b>Cash and Cash Equivalents at End of Year</b>	<b><u>\$ 904,698</u></b>	<b><u>\$ 576,982</u></b>

The Accompanying Notes are an Integral Part of these Financial Statements

**Ministry with Community, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended September 30, 2023 and 2022**

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**NOTE A – Summary of Significant Accounting Policies**

Nature of Activities

Ministry with Community, Inc. (the Organization) was incorporated June 12, 1985, as a Michigan non-profit corporation. The purpose of the Organization is to provide a range of basic and intensive services to meet the physical and emotional needs of people with low, very low, and no income. These services are promoted through inter-agency cooperation and advocacy. Activities and Services are open to all persons in the community without regard to race, color, national origin, religion, age, sex, gender identity, sexual orientation, disability, veteran status, marital status, familial status, height, weight, or arrest record.

Drop-In Center

The drop-in center is open, 7 days a week, 365 days a year. Laundry facilities, private shower rooms, lockers, a mailing address, and phone access are provided for members.

Front Desk

The front desk provides the Organization's operations of a resources desk where members can sign up for a variety of services and activities such as receiving personal hygiene supplies and checking mail. The front desk also provides security services to monitor the building for the safety of members, employees, and volunteers.

Meals Program

Breakfast and lunch are provided to members daily. A large portion of the food served is received as donations from Hungry for Christ, a 501(c)(3) organization based in Hamilton, MI. The Organization purchases food not donated, such as the most essential nutrients like proteins, milk, and oils.

Other Program Services/ Birth Certificate/Identification Program

Using staff and the active support of area agencies and volunteers, the Organization offers on-site classes and individual sessions to improve opportunities for member economic independence. The goal of the program is to assist members with the challenges they face, to empower members to initiate and maintain a clean and sober life, to improve communication skills, and to learn about basic health care awareness. All programs are oriented towards increasing member interest in self-improvement.

The Organization assists members in acquiring copies of birth certificates and Michigan identification cards. Birth certificates and identification cards are an essential part of becoming more and are vital documents for members attempting to obtain a job or legitimate housing.

**Ministry with Community, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended September 30, 2023 and 2022**

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**NOTE A – Summary of Significant Accounting Policies (Continued)**

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

*Net Assets without Donor Restrictions* – Net assets available for use in general and not subject to donor (or certain grantor) restrictions

*Net Assets with Donor Restrictions* – Net assets subject to donor-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 stipulate time has elapsed, when the stipulated purpose for which the resource has been fulfilled, or both.

Cash and Cash Equivalents

The Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Revenue Recognition and Contributions

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Promises to give are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit history with donors and the donors' current financial position.

Land, Buildings, and Equipment

It is the Organization's policy to capitalize land, buildings, and equipment over \$2,000. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the assets.

**Ministry with Community, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended September 30, 2023 and 2022**

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**NOTE A – Summary of Significant Accounting Policies (Continued)**

Investments

Investments of the Organization are maintained with an outside investment management company. Investments are stated at their fair values. The fair value of U.S. Government securities, corporate debt securities, and certificates of deposit are based on quoted market prices in active markets for identical assets, and the fair value of mutual funds and money market funds are based on quoted net asset values of the shares held by the Organization at year-end.

Estimates

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

Paid Time Off

Employees earn paid time off (PTO) according to a schedule based on length of employment. Accrued PTO is limited to a maximum of 240 hours per employee for full-time employees and 100 hours per employee for part-time employees and may be carried over at year-end. Employees forfeit the balance of their unused PTO upon termination. Included in accrued expenses is a provision for accrued paid time off. The Organization records the accrual based on employees' actual hours accrued and current rate of pay, net of estimated future forfeiture. The accrued amount for paid time off totaled \$26,582 and \$33,862 as of September 30, 2023 and 2022, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis. Accordingly, certain costs have been allocated among the programs and supporting service benefited. Occupancy costs are allocated based on the building space used by the respective program. Certain repair and maintenance expenses are directly allocated. Office expenses are allocated based on staff hours that use office equipment. Personnel and all other expenses are allocated based on estimated time and effort.

Tax Status

The Internal Revenue Service has determined the Organization to be exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

Donated Materials and Services

Donated materials are reflected as contributions in the accompanying financial statements at their estimated values as of the date of receipt. The value of donated services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization. The value of their time is not reflected in the accompanying financial statements because the volunteer's time does not meet the criteria for recognition.

Advertising Costs

**Ministry with Community, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended September 30, 2023 and 2022**

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All advertising costs are expensed in the period in which they are incurred.

**NOTE A – Summary of Significant Accounting Policies (Continued)**

Adopted Accounting Pronouncements

The Organization adopted ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* for the Organization's September 30, 2022 year-end; which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The adoption of this new guidance has been applied on a retrospective basis.

The Organization adopted Financial Accounting Standards Board ("FASB") Accounting Standards Update 2016-02, "Leases (Topic 842)" ("ASU 2016-02") on October 1, 2022. The new standard establishes a right-of-use model ("ROU") that requires a lessee to recognize an ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of income. Management has adopted this new guidance and has applied it on a retrospective basis and did not have an effect on the financial statements.

**NOTE B – Liquidity and Availability**

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash	\$ 904,698	\$ 576,982
United Way receivables	52,200	52,200
Promises to give, net of allowances	594,000	390,000
Spendable portion of endowments	<u>328,431</u>	<u>291,157</u>
Total	<u>\$ 1,879,329</u>	<u>\$ 1,310,339</u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

**NOTE C – Concentrations**

**Credit risk:** The Organization maintains its cash balances in local banks. Amounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times throughout the year balances may exceed the FDIC limits. At September 30, 2023 the amount in excess of FDIC limits was \$655,650.

**Market value risk:** The Organization invests funds with a professional fund manager, who invests in various types of marketable securities. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. Thus, it is at least reasonably possible that changes in the near term could materially affect investment balances and the amounts reported in the financial

**Ministry with Community, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended September 30, 2023 and 2022**

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statements.

**NOTE D – Promises to Give**

Promises to give as of September 30 consists of the following:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 594,000	\$ 390,000
Receivable in one to five years	-	1,085,000
Less discount	-	(77,000)
Total grants receivable	<u>\$ 594,000</u>	<u>\$ 1,398,000</u>

Promises to give due in more than one year are recognized at fair value, using present value techniques and a discount rate of 7%, when the donor makes an unconditional promise to give to the Organization. The discount for future year grants receivable totaled \$77,000 for the year ended September 30, 2022. There was no discount deemed necessary for the year ended September 30, 2023 because all receivables were expected to be collected within 12 months.

**NOTE E – Property and Equipment**

Property and equipment consisted of the following at September 30:

	<u>2023</u>	<u>2022</u>
Land	\$ 454,486	\$ 454,486
Buildings	4,492,471	4,474,922
Furniture and fixtures	611,355	590,050
Computers, printers, and copy machine	106,279	105,006
Vehicles	17,376	17,376
	<u>5,681,967</u>	<u>5,641,840</u>
Accumulated depreciation	<u>(1,388,461)</u>	<u>(1,204,769)</u>
Total Land, Buildings and Equipment	<u>\$ 4,293,506</u>	<u>\$ 4,437,071</u>

**Ministry with Community, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended September 30, 2023 and 2022**

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**NOTE F – Beneficial Interest in Assets held by Kalamazoo Community Foundation**

Beneficial Interest in Assets Held at Community Foundation

The Organization has recognized its rights to the assets held by a recipient organization (Kalamazoo Community Foundation) on behalf of the Organization. The Organization has recognized these rights by recording its beneficial interest in Kalamazoo Community Foundation (KCF) assets. Income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in the increase or decrease in unrestricted net assets. Distributions received from the fund are subject to KCF spending policies and are recorded as decreases in beneficial interest in assets held at community foundation. The Organization has granted conditional variance power to KCF that allows KCF to re-designate the assets if the Organization ceases to exist.

The change in the Organization's beneficial interest held at community foundation was as follows during the years ended September 30:

	<u>2023</u>	<u>2022</u>
Beneficial interest in assets held beginning of year	\$ 43,152	\$ 50,724
Investment Income (loss)	5,653	(7,572)
Distributions	-	-
Beneficial interest in assets held end of year	<u>\$ 48,805</u>	<u>\$ 43,152</u>

Additionally, the Organization has been named as a beneficiary organization of three other endowments held at KCF. These endowments do not meet the requirements for the Organization to recognize its rights in a beneficial interest; accordingly, the assets are not recorded in the statements of financial position. These endowments were established to act as a depository for gifts, conveyances, and other transfers received directly from donors intended to benefit the Organization. The fair value of these assets totaled \$1,363,165 and \$1,202,602 at September 30, 2023 and 2022, respectively. The Organization does not have direct access to these funds. No revenue is recorded until the Organization is notified of awarded grants by KCF.



**Ministry with Community, Inc.**  
**Notes to the Financial Statements**  
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**NOTE G – Financial Instruments and Fair Value Measurements**

Financial accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table summarizes the investments at September 30, 2023:

	Total	Quoted Prices in Active Markets (Level 1)	Prices with Other Observable Inputs (Level 2)	Prices with Unobservable Inputs (Level 3)
Investments:				
Money market accounts	\$ 396,295	\$ 396,295	\$ -	\$ -
Exchange traded funds	1,779,500	1,779,500	-	-
Mutual funds - equities	1,069,175	1,069,175	-	-
Mutual funds - fixed income	707,830	707,830	-	-
<b>Total Investments</b>	<b>\$ 3,952,800</b>	<b>\$ 3,952,800</b>	<b>\$ -</b>	<b>\$ -</b>

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**NOTE G – Financial Instruments and Fair Value Measurements (Continued)**

The following table summarizes the investments at September 30, 2022:

	Total	Quoted Prices in Markets (Level 1)	Prices with Other Inputs (Level 2)	Prices with Inputs (Level 3)
Investments:				
Money market accounts	\$ 407,800	\$ 407,800	\$ -	\$ -
Exchange traded funds	1,494,476	1,494,476	-	-
Mutual funds - equities	896,397	896,397	-	-
Mutual funds - fixed income	676,796	676,796	-	-
Total Investments	<u>\$ 3,475,469</u>	<u>\$ 3,475,469</u>	<u>\$ -</u>	<u>\$ -</u>

**NOTE H – Endowment Funds**

The Organization bases net asset classification of its endowments on the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted in the State of Michigan. The Organization's endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as an endowment. The Board of Directors designated net assets without donor restrictions to act as a general endowment fund to support the present and future needs of the Organization. Since this amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions. In 2008, a perpetual endowment fund was established with a gift of approximately 1 million dollars to support the operations of the Organization. This amount, along with subsequent restricted endowment donations, is classified and reported as net assets with donor restrictions. The donor intended the gift to be perpetual; however, with a super majority vote of the board, the Organization may have access to amounts in excess of the spendable amount.

*Endowment Investment and Spending Policies:* The Organization has adopted investment and spending policies, approved by the Board of Directors. The investment policy statement adopted by the Organization includes spending guidelines based on a 4.5% spending rate applied to a twenty-quarter average value of the endowment fund. The Organization's endowment and investment policies, coupled with the spending guidelines incorporated in the investment policy for endowment assets, are intended to generate sufficient long-term growth of capital without undue exposure to risk. The Organization targets a diversified asset allocation that places an emphasis on equity-based and fixed income investments to achieve its long-term objectives within prudent risk parameters.

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**NOTE H – Endowment Funds (Continued)**

Changes in endowment net assets for the year ended September 30, 2023, are as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net asset, beginning of year	<u>\$ 1,783,720</u>	<u>\$ 1,691,749</u>	<u>\$3,475,469</u>
Deposits/(Withdrawals)	25,080	-	25,080
Investment return:			
Interest and dividends	38,046	36,351	74,397
Net appreciation	212,570	202,293	414,863
Advisor fees	<u>(20,815)</u>	<u>(16,194)</u>	<u>(37,009)</u>
Endowment net asset, end of year	<u>\$ 2,038,601</u>	<u>\$ 1,914,199</u>	<u>\$3,952,800</u>

Changes in endowment net assets for the year ended September 30, 2022, are as follows:

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Endowment net asset, beginning of year	<u>\$ 2,159,402</u>	<u>\$ 2,059,039</u>	<u>\$4,218,441</u>
Deposits/(Withdrawals)	10,000	-	10,000
Investment return:			
Interest and dividends	34,549	32,861	67,410
Net depreciation	(402,383)	(383,195)	(785,578)
Advisor fees	<u>(17,848)</u>	<u>(16,956)</u>	<u>(34,804)</u>
Total investment return	<u>(385,682)</u>	<u>(367,290)</u>	<u>(752,972)</u>
Endowment net asset, end of year	<u>\$ 1,783,720</u>	<u>\$ 1,691,749</u>	<u>\$3,475,469</u>

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**NOTE I – Net Assets with Donor Restrictions**

Net assets with donor restrictions of the Organization consist of the following for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Time restricted	\$ 1,137,200	\$ 1,450,200
Use restricted:		
Wellness Grant	14,176	-
Garden and building art	<u>1,600</u>	<u>1,600</u>
Total use restricted	<u>15,776</u>	<u>1,600</u>
Endowment earnings restricted for operations	663,837	441,387
Perpetual endowment	<u>1,250,362</u>	<u>1,250,362</u>
Total endowment	<u>1,914,199</u>	<u>1,691,749</u>
 Total Net Assets with Donor Restrictions	 <u>\$ 3,067,175</u>	 <u>\$ 3,143,549</u>

**NOTE J – Retirement Plan**

Ministry with Community, Inc. offers a 403(b) Thrift Plan (the Plan) for all employees. Employees who have completed six months of employment are eligible for an employer match of 100% up to 3% of earnings. Contributions to the Plan totaled \$16,680 and \$12,560 during the years ended September 30, 2023 and 2022, respectively.

**NOTE K – In-Kind Donations**

The Organization has recorded in-kind donations and expenditures under the following categories for the years ended September 30:

	<u>2023</u>	<u>2022</u>
In-kind support and expenditures:		
Client food	\$ 84,569	\$ 89,381
Client personal needs and assistance	11,075	10,830
Client clothing	<u>28,317</u>	<u>22,968</u>
 Total In-kind support and expenditures	 <u>\$ 123,961</u>	 <u>\$ 123,179</u>

Contributed food was utilized for drop-in services as well in disaster relief situations. Contributed personal needs and assistance support was used for drop-in services and in disaster relief situations. Contributed clothing was used for drop-in services as well in disaster relief situations. Contributed nonfinancial assets did not have any donor-imposed restrictions.

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***NOTE M – Subsequent Events***

Management has evaluated subsequent events through January 30, 2024 the date on which the financial statements were available to be issued.