

COMMUNITY UNLIMITED, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2021

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Community Unlimited, Inc.
Union City, Michigan**

July 11, 2022

We have audited the accompanying financial statements of Community Unlimited, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Unlimited, Inc. as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Taylor, Plant & Watkins, P.C.
TAYLOR, PLANT & WATKINS, P.C.
COLDWATER, MICHIGAN

COMMUNITY UNLIMITED, INC.

**STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021**

ASSETS

Cash	\$ 30,038
Cash - restricted	228,261
Accounts receivable	66,827
Prepaid expenses	5,777
Equipment at cost, less accumulated depreciation of \$113,971 in 2021	<u>2,871</u>
Total assets	<u>\$ 333,774</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 11,483
Accrued expenses	<u>97,997</u>
Total liabilities	109,480

NET ASSETS

Without donor restrictions	(3,967)
With donor restrictions	<u>228,261</u>
Total net assets	<u>224,294</u>
Total liabilities and net assets	<u>\$ 333,774</u>

See accompanying notes to
financial statements

COMMUNITY UNLIMITED, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Grants	\$ -	\$1,683,916	\$1,683,916
Contributions	1,268	18,337	19,605
Youth activities	-	18,643	18,643
Interest income	307	-	307
Net assets released from restrictions	1,730,039	(1,730,039)	-
Total revenues and other support	1,731,614	(9,143)	1,722,471
EXPENSES			
Program services			
Child and Adult Care Food Program	37,996	-	37,996
Great Start Readiness Program	1,659,329	-	1,659,329
Other Youth Activities	50,452	-	50,452
Total expenses	1,747,777	-	1,747,777
INCREASE (DECREASE) IN NET ASSETS	(16,163)	(9,143)	(25,306)
NET ASSETS - BEGINNING OF YEAR	12,196	237,404	249,600
NET ASSETS - END OF YEAR	\$ (3,967)	\$ 228,261	\$ 224,294

See accompanying notes to
financial statements

COMMUNITY UNLIMITED, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>CACFP</u>	<u>GSRP</u>	<u>Other Youth Activities</u>	<u>Total</u>
Salaries	\$ -	\$1,028,068	\$ 27,478	\$1,055,546
Payroll taxes	-	89,060	2,660	91,720
Employee benefits	-	80,177	3,309	83,486
Retirement	-	23,033	-	23,033
Youth activities	-	54,978	-	54,978
Supplies	-	-	8,219	8,219
Food	37,951	9,692	3,139	50,782
Transportation	45	168,686	1,206	169,937
Professional fees	-	9,477	222	9,699
Office	-	7,923	829	8,752
Repairs and maintenance	-	118,681	2,493	121,174
Insurance	-	6,519	378	6,897
Dues and subscriptions	-	574	323	897
Licenses and permits	-	2,263	-	2,263
Training	-	11,698	-	11,698
Depreciation	-	15,763	-	15,763
Utilities	-	7,490	123	7,613
Advertising	-	145	-	145
Rent	-	23,560	-	23,560
Miscellaneous	-	1,542	73	1,615
	<u>\$ 37,996</u>	<u>\$1,659,329</u>	<u>\$ 50,452</u>	<u>\$1,747,777</u>

See accompanying notes to
financial statements

COMMUNITY UNLIMITED, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

CASH FLOWS FROM OPERATING ACTIVITIES

Increase (decrease) in net assets \$ (25,306)

Adjustments to reconcile the increase (decrease) in net assets
to net cash provided (used) by operating activities:

Depreciation 15,763

Decrease (increase) in:

 Accounts receivable (66,533)

 Prepaid expenses (36)

Increase (decrease) in:

 Accounts payable 4,028

 Accrued expenses 38,098

Net cash provided (used) by
operating activities (33,986)

CASH FLOWS PROVIDED BY FINANCING ACTIVITIES

Repayment of Small Business Administration loan (81,268)

NET INCREASE (DECREASE) IN CASH (115,254)

CASH AND RESTRICTED CASH - BEGINNING 373,553

CASH AND RESTRICTED CASH - ENDING \$ 258,299

See accompanying notes to
financial statements

COMMUNITY UNLIMITED, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2021

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

Nature of activities – Community Unlimited, Inc. is a nonprofit corporation established to promote and oversee programs for children and adolescents that integrate aspects of character development with school and community primarily for people in the Branch and Calhoun County, Michigan area. The Organization is supported primarily through grant contracts with the State of Michigan Department of Education. Revenues received from the Department of Education amounted to approximately 97% of the total revenue.

Basis of presentation – The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Basis of accounting – The financial statements have been prepared on the accrual basis.

Cash and cash equivalents – For purposes of the statement of cash flows, management considers all liquid investments with an original maturity date of three months or less to be cash equivalents.

Accounts receivable – The Organization has established policies for extending credit, however, due to Organizations’ favorable collection history, historical trends and other information, no allowance for doubtful accounts is deemed necessary. Bad debt expense for the year ended September 30, 2021 amounted to \$0.

COMMUNITY UNLIMITED, INC.

**NOTES TO FINANCIAL STATEMENTS – Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES - Continued

Land, buildings and equipment – All acquisitions of land, buildings and equipment and all expenditures for repairs, maintenance, or betterments that materially prolong the useful lives of assets are capitalized. Accounting principles generally accepted in the United States of America require that fixed assets be recorded at cost.

Donated services – No amounts have been reflected in the financial statements for donated services. The Organization did not have any donated services in the current year.

Income taxes – The Organization is public charity exempt from Federal income taxes under the Internal Revenue Service regulation 501 (c) (3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization has determined no unrelated business activity exists for the year ended September 30, 2021. The Organization believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Advertising – Advertising costs are expensed as incurred. Advertising expense for the year ended September 30, 2021 amounted to \$145.

Estimates – Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

Cost allocation – The costs of the Organizations programs and supporting services have been reported on the functional basis. The schedule of functional expenses requires allocation of certain costs among the various services based on estimates by management. The Organization allocates all cost to programs therefore no fundraising or general and administrative expenses are presented.

New Accounting Pronouncement - On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Community Unlimited, Inc. has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Subsequent events – The Organization evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through the auditors' opinion date.

COMMUNITY UNLIMITED, INC.

**NOTES TO FINANCIAL STATEMENTS – Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE B – CASH

The Organization uses local financial institutions for cash purposes. The account maintained in the financial institutions is a checking account. The carrying amount of the Organization's cash at September 30, 2021 was \$258,299 and the bank balance was \$275,899. The differences between the balances are the result of deposits in transit and checks issued but not yet presented for payment. The amount of \$25,899 is considered uninsured at September 30, 2021.

NOTE C – LIQUITY AND AVAILABILITY OF RESOURCES

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Organization invests cash in excess of requirements in short-term investments. All of the Organizations current assets are available for general use within one year of the balance sheet.

NOTE D – EQUIPMENT

Depreciation included in the increase in net assets for the year ended September 30, 2021 amounted to \$15,763. Depreciation has been recorded on the straight line method.

Equipment	\$ 116,842
Less, accumulated depreciation	<u>113,971</u>
Undepreciated cost	<u><u>\$ 2,871</u></u>

A building was donated to the Organization, but at the dissolution of the Organization, the building reverts back to the original owner. Therefore, the Organization does not capitalize any significant repairs or improvements as they do not feel it adds future value to the Organization.

NOTE E – NOTE PAYABLE SMALL BUSINESS ADMINISTRATION

The Organization received a Payroll Protection Program (PPP) loan. After calculation of the amount used the Organization paid \$81,268 of the \$260,973 received.

COMMUNITY UNLIMITED, INC.

**NOTES TO FINANCIAL STATEMENTS – Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

NOTE F – RENT

The Organization leases various facilities and classrooms for program services. These are classified as operating leases and are renewed on a year-to-year basis. The rent expense amounted to \$23,560 for the year ended September 30, 2021.

NOTE G – PROFIT SHARING PLAN

The Organization has established a qualified cash or deferred compensation plan under section 401(k) of the Internal Revenue Code. Under the plan, employees may elect to defer a portion of their salary, subject to Internal Revenue Service limits. The Organization is currently contributing a match of all employee contributions up to 2% of wages limited to the amount deferred. Qualified employees also participate in a 2% profit sharing plan. Contributions included in the increase in net assets for the year ending September 30, 2021 amounted to \$23,033.