

COMMUNITY UNLIMITED, INC.

FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

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INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Community Unlimited, Inc.
Coldwater, Michigan**

December 28, 2022

Opinion

We have audited the accompanying financial statements of Community Unlimited, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and cash flows for the year 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 Community Unlimited, Inc. as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Unlimited, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Community Unlimited, Inc. 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 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 Community Unlimited, Inc. and affiliate'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 Community Unlimited, Inc. and affiliate'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.

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

COMMUNITY UNLIMITED, INC.

**STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022**

ASSETS

| | |
|--|--------------------------|
| Cash | \$ 12,752 |
| Cash - restricted | 234,515 |
| Accounts receivable | 35,488 |
| Prepaid expenses | 6,612 |
| Equipment at cost, less accumulated depreciation of \$116,842 in 2022 | <u>-</u> |
| Total assets | <u><u>\$ 289,367</u></u> |

LIABILITIES AND NET ASSETS

LIABILITIES

| | |
|-------------------|---------------|
| Accounts payable | \$ 12,783 |
| Accrued expenses | <u>42,794</u> |
| Total liabilities | 55,577 |

NET ASSETS

| | |
|-------------------------------------|--------------------------|
| Without donor restrictions | (725) |
| With donor restrictions | <u>234,515</u> |
| Total net assets | <u>233,790</u> |
| Total liabilities and net assets | <u><u>\$ 289,367</u></u> |

See accompanying notes to
financial statements

COMMUNITY UNLIMITED, INC.

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | Without Donor Restrictions | With Donor Restrictions | Total |
|--|---------------------------------------|------------------------------------|--------------|
| REVENUE AND OTHER SUPPORT | | | |
| Grants | \$ - | \$2,014,076 | \$2,014,076 |
| Contributions | 1,119 | 103,532 | 104,651 |
| Youth activities | - | 36,219 | 36,219 |
| Interest income | 283 | - | 283 |
| Net assets released from restrictions | 2,147,573 | (2,147,573) | - |
| Total revenues and other support | 2,148,975 | 6,254 | 2,155,229 |
| EXPENSES | | | |
| Program services | | | |
| Child and Adult Care Food Program | 118,285 | - | 118,285 |
| Great Start Readiness Program | 1,899,927 | - | 1,899,927 |
| Out-of-School Time Grant | 66,813 | - | 66,813 |
| Other Youth Activities | 60,708 | - | 60,708 |
| Total expenses | 2,145,733 | - | 2,145,733 |
| INCREASE (DECREASE) IN NET ASSETS | 3,242 | 6,254 | 9,496 |
| NET ASSETS - BEGINNING OF YEAR | (3,967) | 228,261 | 224,294 |
| NET ASSETS - END OF YEAR | \$ (725) | \$ 234,515 | \$ 233,790 |

See accompanying notes to
financial statements

COMMUNITY UNLIMITED, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | <u>CACFP</u> | <u>GSRP</u> | <u>OST</u> | <u>Other Youth Activities</u> | <u>Total</u> |
|---------------------------------|-------------------|---------------------|------------------|-----------------------------------|--------------------|
| Salaries | \$ 4,148 | \$ 1,143,623 | \$ 58,195 | \$ 26,005 | \$1,231,971 |
| Payroll taxes | 368 | 103,391 | 5,499 | 2,726 | 111,984 |
| Employee benefits | - | 124,927 | - | 3,524 | 128,451 |
| Retirement | - | 26,886 | - | 589 | 27,475 |
| Youth activities | - | 120,469 | 440 | 4,406 | 125,315 |
| Supplies | 802 | - | 1,120 | 10,944 | 12,866 |
| Food | 103,382 | 22,875 | - | 3,138 | 129,395 |
| Transportation | - | 99,288 | - | 1,273 | 100,561 |
| Donated services and facilities | - | 88,077 | - | - | 88,077 |
| Professional fees | - | 10,259 | - | 1,059 | 11,318 |
| Office | - | 6,903 | - | 850 | 7,753 |
| Repairs and maintenance | 9,585 | 72,108 | - | 3,114 | 84,807 |
| Insurance | - | 6,948 | 416 | 1,163 | 8,527 |
| Dues and subscriptions | - | 1,754 | - | 300 | 2,054 |
| Licenses and permits | - | 2,391 | 705 | 968 | 4,064 |
| Training | - | 23,220 | 400 | 367 | 23,987 |
| Depreciation | - | 2,871 | - | - | 2,871 |
| Utilities | - | 7,976 | - | 170 | 8,146 |
| Advertising | - | 173 | - | - | 173 |
| Rent | - | 35,280 | - | 100 | 35,380 |
| Miscellaneous | - | 508 | 38 | 12 | 558 |
| | <u>\$ 118,285</u> | <u>\$ 1,899,927</u> | <u>\$ 66,813</u> | <u>\$ 60,708</u> | <u>\$2,145,733</u> |

See accompanying notes to
financial statements

COMMUNITY UNLIMITED, INC.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|--------------------------|
| Increase (decrease) in net assets | \$ 9,496 |
| Adjustments to reconcile the increase (decrease) in net assets to net cash provided (used) by operating activities: | |
| Depreciation | 2,871 |
| Decrease (increase) in: | |
| Accounts receivable | 31,339 |
| Prepaid expenses | (835) |
| Increase (decrease) in: | |
| Accounts payable | 1,300 |
| Accrued expenses | <u>(55,203)</u> |
| Net cash provided (used) by operating activities | (11,032) |
| CASH AND RESTRICTED CASH - BEGINNING | <u>258,299</u> |
| CASH AND RESTRICTED CASH - ENDING | <u><u>\$ 247,267</u></u> |

See accompanying notes to
financial statements

COMMUNITY UNLIMITED, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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 94% 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, 2022 amounted to \$0.

COMMUNITY UNLIMITED, INC.

**NOTES TO FINANCIAL STATEMENTS – Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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, 2022. 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, 2022 amounted to \$173.

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.

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.

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, 2022**

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 \$247,267 and the bank balance was \$331,920. The differences between the balances are the result of deposits in transit and checks issued but not yet presented for payment. The amount of \$81,920 is considered uninsured at September 30, 2022.

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, 2022 amounted to \$2,871. Depreciation has been recorded on the straight line method.

| | |
|--------------------------------|--------------------|
| Equipment | \$ 116,842 |
| Less, accumulated depreciation | <u>116,842</u> |
| Undepreciated cost | <u><u>\$ -</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 – DONATED SERVICES AND FACILITIES

The Organization uses portions of the Union City Elementary and Middle Schools for program services. The School District provide all utilities, maintenance and some equipment. Amounts have been reflected in these statements as contributed revenue and corresponding donated services and facilities expense for the fair value of donated services and facilities. The donated services and facilities amounted to \$88,077 for the year ended September 30, 2022.

COMMUNITY UNLIMITED, INC.

**NOTES TO FINANCIAL STATEMENTS – Continued
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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 \$35,380 for the year ended September 30, 2022.

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, 2022 amounted to \$27,475.



December 28, 2022

To the Board of Directors of
Community Unlimited, Inc.
Coldwater, Michigan

We have audited the financial statements of Community Unlimited, Inc. for the year ended September 30, 2022 and we will issue our report thereon dated December 28, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practice

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Community Unlimited, Inc. are described in Note to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2022. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Classification of expenses for specific program spending.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 28, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

In planning and performing our audit of the financial statements of Community Unlimited, Inc. as of and for the year ended September 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered Community Unlimited, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This information is intended solely for the information and use of management, of Community Unlimited, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

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