THE ARC COMMUNITY ADVOCATES

FINANCIAL STATEMENTS

For the Years Ended December 31, 2024 and 2023

SEBER TANS, PLC
CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

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SEBER TANS, PLC

CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board and Management of
The Arc Community Advocates
Kalamazoo, MI

Opinion

We have reviewed the accompanying financial statements of The Arc Community Advocates (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of The Arc Community Advocates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Seber Tans, PLC

Seber Tans, PLC
Kalamazoo, Michigan
February 11, 2026

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The Arc Community Advocates
Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	$ 210,335	$ 189,254
Cash restricted	16,341	25,585
Contracts receivable	49,000	42,500
Grants receivable	11,378	300,000
Prepaid expenses	3,662	6,306
Total Current Assets	290,716	563,645
Fixed Assets		
Furniture and fixtures	13,650	13,650
Office equipment	24,211	24,211
Leasehold improvements	14,341	14,341
Total Fixed Assets	52,202	52,202
Accumulated depreciation	(33,990)	(30,018)
Net Fixed Assets	18,212	22,184
Other Assets		
Investments - Board Designated Endowment	75,474	67,799
Beneficial Interest in Assets Held by Community Foundation	381,348	343,483
Operating Lease Right-of-Use Asset	84,341	99,539
Total Other Assets	541,163	510,821
Total Assets	**$ 850,091**	**$ 1,096,650**

The Accompanying Notes are an Integral Part of These Financial Statements.

The Arc Community Advocates
Statements of Financial Position
December 31, 2024 and 2023

	2024	2023
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 18,627	$ 6,339
Accrued payroll and other payroll liabilities	30,521	22,029
Right-of-use operating lease liability	14,455	14,067
Total Current Liabilities	63,603	42,435
Right-of-Use Operating Lease Liability, Net of Current Portion	71,091	85,546
Total Liabilities	134,694	127,981
Net Assets		
Without donor restrictions	388,062	374,604
Without donor restrictions - board designated	75,474	67,799
Total Net Assets Without Donor Restrictions	463,536	442,403
With donor restrictions	251,861	526,266
Total Net Assets	715,397	968,669
Total Liabilities and Net Assets	**$ 850,091**	**$ 1,096,650**

The Accompanying Notes are an Integral Part of These Financial Statements.

The Arc Community Advocates
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2024 and 2023

	2024	2023
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues and Support		
MAF contract support	$ 3,450	$ 2,000
Grants	67,866	126,500
Contributions	53,019	67,286
Fundraising	14,502	13,090
Investment income	45,539	53,143
Other income	4,855	1,274
Total Revenue and Support	189,231	263,293
Net assets released from restriction	441,161	269,947
Total Revenue, Support, and Reclassifications	630,392	533,240
Expenses		
Program services	418,115	341,952
Administrative	139,562	118,252
Fundraising	51,582	38,524
Total Expenses	609,259	498,728
Change in Net Assets Without Donor Restrictions	21,133	34,512
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	166,756	464,000
Net assets released from restrictions	(441,161)	(269,947)
Change in Net Assets with Donor Restrictions	(274,405)	194,053
Change in Net Assets	**(253,272)**	**228,565**
Net Assets, Beginning of Year	968,669	740,104
Net Assets, End of Year	**$ 715,397**	**$ 968,669**

The Accompanying Notes are an Integral Part of These Financial Statements.

The Arc Community Advocates
Statement of Functional Expenses
For the Year Ended December 31, 2024

	PROGRAM	SUPPORT SERVICES		
	Advocacy	Administrative	Fundraising	Grand Total
Staff Related Expenses				
Payroll and payroll taxes	$ 215,942	$ 63,870	$ 24,332	$ 304,144
Benefits	98,713	29,197	11,123	139,033
Other Expenses				
Advertising	13,904	958	-	14,862
Conferences and training	23,934	17,424	-	41,358
Contract services	1,171	-	-	1,171
Dues and payments to affiliates	8,534	-	-	8,534
Fundraising	-	-	9,198	9,198
Insurance	1,593	1,170	488	3,251
Postage	352	104	40	496
Printing	2,575	762	290	3,627
Professional fees	-	11,285	-	11,285
Rent and utilities	10,220	7,509	3,129	20,858
Repair and maintenance	1,018	748	312	2,078
Supplies	2,060	1,514	631	4,205
Computer and technology	5,091	1,506	574	7,171
Telephone and internet	2,839	2,085	869	5,793
Travel and meetings	8,980	-	-	8,980
Client support	19,243	-	-	19,243
Depreciation	1,946	1,430	596	3,972
Total Expenses	**$ 418,115**	**$ 139,562**	**$ 51,582**	**$ 609,259**

The Accompanying Notes are an Integral Part of These Financial Statements.

The Arc Community Advocates
Statement of Functional Expenses
For the Year Ended December 31, 2023

	PROGRAM	SUPPORT SERVICES		
	Advocacy	Administrative	Fundraising	Grand Total
Staff Related Expenses				
Payroll and payroll taxes	$ 205,690	$ 60,838	$ 23,176	$ 289,704
Benefits	23,844	7,052	2,687	33,583
Other Expenses				
Advertising	965	92	-	1,057
Conferences and training	8,517	6,830	-	15,347
Contract services	28,975	9,450	1,600	40,025
Dues and payments to affiliates	4,670	-	-	4,670
Fundraising	-	-	4,923	4,923
Insurance	1,379	1,013	422	2,814
Postage	102	30	11	143
Printing	1,586	469	179	2,234
Professional fees	-	19,074	-	19,074
Rent and utilities	9,016	6,624	2,760	18,400
Repair and maintenance	947	696	290	1,933
Supplies	1,262	926	386	2,574
Computer and technology	5,657	1,673	637	7,967
Telephone and internet	2,798	2,055	857	5,710
Travel and meetings	11,973	-	-	11,973
Client support	32,625	-	-	32,625
Depreciation	1,946	1,430	596	3,972
Total Expenses	**$ 341,952**	**$ 118,252**	**$ 38,524**	**$ 498,728**

The Accompanying Notes are an Integral Part of These Financial Statements.

The Arc Community Advocates
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (253,272)	$ 228,565
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	3,972	3,972
Right-of-use asset amortization -operating lease	15,198	15,628
Endowment fund net investment income	(7,674)	(8,249)
Change in beneficial interest	(37,864)	(40,894)
(Increase) decrease in		
Contracts receivable	(6,500)	5,500
Grants receivable	288,623	(168,000)
Prepaid expenses	2,643	(3,213)
Operating lease liability	(14,067)	(16,211)
Increase (decrease) in:		
Accounts payable	12,287	2,779
Accrued wages and payroll liabilities	8,492	7,928
Net Cash Provided by Operating Activities:	11,838	27,805
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	214,838	187,034
Cash, Cash Equivalents and Restricted Cash, End of Year	**$ 226,676**	**$ 214,839**
Reconciliation of Cash, Cash Equivalents, and Restricted Cash Reported in the Statement of Financial Position		
Cash and cash equivalents	$ 210,335	$ 189,254
Cash restricted	16,341	25,585
	$ 226,676	$ 214,839

The Accompanying Notes are an Integral Part of These Financial Statements.

NOTE A – Nature of Activities and Significant Accounting Policies

Nature of Activities

The Arc Community Advocates' (The Arc) mission is "through individual/family and systems advocacy and community collaboration, we assist persons with developmental disabilities to access needed service/supports, participate in community life, and learn to advocate and achieve greater self-sufficiency. We exist as an advocacy organization to make it possible for each person with a developmental disability to participate fully in all aspects of community and to support the efforts of each individual to determine his/her own future". The Arc is primarily funded through service contracts, contributions, and grant funding.

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to not-for-profit organizations.

Fair Values

The Arc estimates that the fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded on the statement of financial position.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents are defined as cash on hand, in checking, amounts held with electronic giving processors and in savings accounts.

Cash Restricted

Cash restricted represents amounts, required by a donor, to be held in a separate bank account. The cash is restricted for financial aid to families with permanently disabled children who desire to maintain the family unit by caring for the child in their home.

Investments

Investments are reported in the statement of financial position at fair value, which is determined using quoted market prices. Unrealized gains and losses are included in the change in net assets.

Contracts Receivable

Contracts receivable represents amounts committed to The Arc through an agreement with The Arc Michigan to provide special education advocacy and foster care support services from October 1, 2024 through September 30, 2025, paid in quarterly installments. Contracts receivable are stated at the amount management expects to collect from outstanding balances. Management believes all balances are collectible based on past history of collectability and accordingly has not recorded a valuation allowance.

***NOTE A* – Nature of Activities and Significant Accounting Policies (Continued)**

Right-of-Use Leased Assets and Liabilities

Right-of-use leased assets and the related liabilities are recognized at the lease commencement date and represent our right to use an underlying asset and lease obligations for the lease term. Right-of-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right-of-use use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

Fixed Assets

Fixed assets are stated at cost or estimated fair value, if donated. The Arc has adopted a policy to capitalize purchases and donations of items valued at $2,500 or more and with an estimated useful life of three years or more. Depreciation expense includes the depreciation of assets held under a capital lease. Depreciation is computed using the straight-line method over the estimated useful lives ranging from 3 to 9 years. Maintenance and repairs are expensed as incurred.

Revenues

The Organization recognizes revenues from exchange transactions, primarily event sponsorships and registrations, as the services are provided to the customer.

Contributions are recorded as revenue when an unconditional promise to give has been made. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. All donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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 statements of activities as net assets released from restrictions.

Financial Statement Presentation

U.S. GAAP requires the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets Without Donor Restrictions – Net assets that represent expendable funds available for operations which are not otherwise limited by donor restrictions.

Net Assets with Donor Restrictions – Net assets that consist of contributed funds subject to specific donor-imposed restrictions contingent upon specific performance of a future event or a specific passage of time before the organization may spend the funds.

***NOTE A* – Nature of Activities and Significant Accounting Policies (Continued)**

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the combined statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Staff related	Time and effort
Postage	Time and effort
Printing	Time and effort
Rent and utilities	Square footage; time and effort
Supplies	Square footage; time and effort
Telephone and internet	Square footage; time and effort
Depreciation	Square footage; time and effort

Advertising

The Arc uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2024 and 2023, was $14,862 and $1,057, respectively.

Income Taxes

The Arc qualifies as a tax-exempt organization as defined under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal, state, or local income taxes has been recorded. Tax returns remain statutorily open for review by tax authorities.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

***NOTE B* – Liquidity and Availability of Financial Assets**

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the statement of financial position, comprise the following at December 31:

	2024	2023
Cash and cash equivalents	$ 210,335	$ 189,254
Contracts and grants receivable	-	100,000
Endowment spending-rate distributions	3,194	3,051
Distributions from beneficial interest	35,000	25,000
Total	$ 248,529	$ 317,305

***NOTE B* – Liquidity and Availability of Financial Assets (Continued)**

The Organization also has a $50,000 line of credit available to meet short-term needs. The Organization's outstanding balance on the line of credit was $0 at December 31, 2024 and 2023, respectively.

The Organization's board-designated endowment balance is $75,474 and $67,799 at December 31, 2024 and 2023, respectively. The endowment fund is subject to an annual spending rate of 5 percent of a 20-quarter rolling average of the market value of the endowment fund assets as described in Note D. Although the Organization does not intend to spend from this board-designed endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

***NOTE C* – Investments – Board Designated Endowment**

Investments – board designated endowment consisted of the following at December 31:

	2024	
	Cost	Fair Value
Exchange traded funds equity	$ 22,097	$ 46,526
Mutual funds equity international	5,799	7,491
Mutual funds - fixed income	18,404	17,361
Money market funds	4,096	4,096
	$ 50,396	$ 75,474

	2023	
	Cost	Fair Value
Exchange traded funds	$ 20,282	$ 37,477
Mutual funds	8,879	10,056
Mutual funds - fixed income	17,808	16,838
Money market funds	3,428	3,428
	$ 50,397	$ 67,799

Fair values for all investments are determined by reference to quoted prices in active markets of identical assets, which is a level 1 input per FASB ASC 820-10.

Board designated endowment investment income consists of the following for the years ended December 31:

	2024	2023
Investment income	$ 1,773	$ 1,532
Net realized and unrealized gain	7,402	8,217
Investment fees	(1,500)	(1,500)
	$ 7,675	$ 8,249

NOTE D – Unrestricted Net Assets – Board Designated Endowment

During 2016, the Board of Directors had designated $50,000 of unrestricted net assets as a general endowment fund to support the mission of the Arc. Since that amount resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

The Arc's spendable withdrawals from the endowment fund for a calendar year shall be determined as of September 30, immediately preceding such calendar year and will be equal to 5 percent of a 20-quarter rolling average of the market value of the endowment fund assets.

It is the desire of the Arc to consider a portion of the initial investment of $50,000 in the calculation of the 20-quarter average market value. Therefore, for purposes of calculating the 20-quarter average, market value of the endowment, it will be assumed that 90% of the initial investment of $50,000 had been on deposit as of March 31, 2016, and for each preceding calendar quarter used in the calculation.

To achieve that objective, the Arc has adopted an investment policy that provides for long-term growth of principal without undue exposure to risk. The primary focus will be on long-term capital appreciation, and income generation will be a secondary concern. A diversified investment structure which includes equities, fixed income and cash equivalents is to be utilized in order to provide participation in rising markets, while mitigating risk in falling markets.

Composition of and changes in endowment net assets were as follows for the years ended December 31:

	2024	2023
Board designated endowment net assets, beginning of year	$ 67,799	$ 59,550
Investment income		
Interest and dividends	1,773	1,532
Administrative expenses	(1,500)	(1,500)
Net realized and unrealized gain	7,402	8,217
Net investment income	7,675	8,249
Board designated endowment Net assets, end of year	$ 75,474	$ 67,799

NOTE E – Beneficial Interest

Amounts shown as beneficial interest in assets held by the community foundation represent monies placed with the Kalamazoo Community Foundation by the Arc, specifying itself as the beneficiary. The fund is an organizational endowment maintained for the organizational support of the Arc, in which the Arc maintains variance power. The net income of the fund shall be paid and distributed to the Arc annually, or more or less frequently as agreed upon by the Foundation and the Arc. The fair value of the fund is based on the fair value of fund investments as reported by the community foundation and are Level 3 measurements, significant unobservable inputs. The total fund balance of $381,348 and $343,483 is reported as an asset of the Arc for the years ended December 31, 2024 and 2023, respectively.

***NOTE E* – Beneficial Interest (Continued)**

Activity for the years ended December 31, was as follows:

	2024	2023
Balance - beginning of year	$ 343,483	$ 302,589
Net investment earnings, gains and losses	39,092	46,112
Grants paid	-	(4,000)
Administrative expenses	(1,227)	(1,218)
Balance - End of Year	$ 381,348	$ 343,483

***NOTE F* – Other Funds Held by Kalamazoo Community Foundation**

The Kalamazoo Community Foundation maintains certain endowment funds for the benefit of the Arc. These funds do not meet the accounting criteria for recording the assets in the Arc's financial statements. The net income of the funds shall be paid and distributed to the Arc annually, or more or less frequently as agreed upon by the Foundation and the Arc. Spendable earnings disbursed to the Arc were $0 and $88,000 for the years ended December 31, 2024 and 2023, respectively and were recorded as grants in the statements of activities. The principal may not be accessed by the Arc. These funds totaled $2,530,478 and $2,273,094 at December 31, 2024 and 2023, respectively.

***NOTE G* – Operating Lease**

The Arc leases its office space under long-term non-cancelable operating lease agreement. The lease expires January 2027, with an option to renew through January 2030, and the Organization is certain to exercise the renewal option. The Arc includes in the determination of the right-of-use asset and lease liabilities any renewal options when the options are reasonable certain to be exercised. The Arc's operating lease provides for increases in future minimum annual rental payments. The Arc has elected the option to use the risk-free rate determined using a period comparable to the lease term as the discount rate for the lease where the implicit rate is not readily determinable. The risk-free rate has been applied to the lease for office space. The Arc has elected the short-term lease exemption for all leases with a term of 12 months or less for existing operating leases to not recognize the right-of-use asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

The following table summarizes supplemental cash flow information for the years ended December 31:

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 17,040	$ 16,472
Noncash activities involving right-of-use assets obtained in exchange for lease liabilities	$ -	$ 98,237

***NOTE G* – Operating Lease (Continued)**

The following table summarizes the Organization's total costs under the operating lease, as well as additional related financial information for December 31:

	2024	2023
Operating lease cost (included in rent and utilities expense)	$ 18,171	$ 15,889
Remaining lease term - operating lease, in years	5	6
Discount rate - operating lease	3.80%	3.80%

The future minimum lease payments under noncancelable operating leases with terms greater than one year are listed below as of December 31:

Years Ending December 31:	
2025	$ 17,480
2026	18,015
2027	18,555
2028	19,117
Thereafter	21,337
	94,504
Less interest	(8,958)
Present value of lease liabilities	$ 85,546

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

Net assets with donor restrictions result from donor stipulations that contributed assets be used for specific purposes or are limited by a time or purpose restriction. Net assets with donor restrictions are restricted for the following purposes at December 31:

	2024	2023
Financial assistance	$ 16,341	$ 25,585
Special education advocacy	-	33,103
Family and individual advocacy	50,520	80,000
Operational support	185,000	210,000
Foster care	-	48,303
Wellness	-	129,275
	$ 251,861	$ 526,266

***NOTE I* – Retirement Plan**

The Arc provides a 403(b)-plan covering all employees. Under the plan, the Arc will contribute a discretionary percentage of the eligible employee's compensation. Employer contributions under this plan totaled $5,261 and $5,493 at December 31, 2024 and 2023, respectively.

***NOTE J* – Subsequent Events**

Subsequent events were evaluated through the date the financial statements were available to be issued.