THE ARC COMMUNITY ADVOCATES

FINANCIAL STATEMENTS

For the Years Ended December 31, 2025 and 2024

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

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, 2025 and 2024, 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
August 5, 2026

The Arc Community Advocates
Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	$ 72,331	$ 210,335
Cash restricted	2,665	16,341
Contracts receivable	25,000	49,000
Grants receivable	171,378	11,378
Prepaid expenses	6,522	3,662
Total Current Assets	277,896	290,716
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	(37,963)	(33,990)
Net Fixed Assets	14,239	18,212
Other Assets		
Investments - Board Designated Endowment	86,592	75,474
Beneficial Interest in Assets Held by Community Foundation	448,339	381,348
Operating Lease Right-of-Use Asset	51,744	84,341
Total Other Assets	586,675	541,163
Total Assets	**$ 878,810**	**$ 850,091**
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$ 2,486	$ 18,627
Accrued payroll and other payroll liabilities	21,628	30,521
Right-of-use operating lease liability	16,262	14,455
Total Current Liabilities	40,376	63,603
Right-of-Use Operating Lease Liability, Net of Current Portion	36,592	71,091
Total Liabilities	76,968	134,694
Net Assets		
Without donor restrictions	505,829	388,062
Without donor restrictions - board designated	86,592	75,474
Total Net Assets Without Donor Restrictions	592,421	463,536
With donor restrictions	209,421	251,861
Total Net Assets	801,842	715,397
Total Liabilities and Net Assets	**$ 878,810**	**$ 850,091**

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, 2025 and 2024

	2025	2024
NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenues and Support		
MAF contract support	$ 1,000	$ 3,450
Grants	128,250	67,866
Contributions	75,113	53,019
Fundraising	10,385	14,502
Investment income	78,110	45,539
Other income	6,340	4,855
Total Revenue and Support	299,198	189,231
Net assets released from restriction	465,196	441,161
Total Revenue, Support, and Reclassifications	764,394	630,392
Expenses		
Program services	451,440	418,115
Administrative	139,117	139,562
Fundraising	44,952	51,582
Total Expenses	635,509	609,259
Change in Net Assets Without Donor Restrictions	128,885	21,133
NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	422,756	166,756
Net assets released from restrictions	(465,196)	(441,161)
Change in Net Assets with Donor Restrictions	(42,440)	(274,405)
Change in Net Assets	**86,445**	**(253,272)**
Net Assets, Beginning of Year	715,397	968,669
Net Assets, End of Year	**$ 801,842**	**$ 715,397**

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, 2025

	PROGRAM	SUPPORT SERVICES		
	Advocacy	Administrative	Fundraising	Grand Total
Staff Related Expenses				
Payroll and payroll taxes	$ 239,465	$ 70,828	$ 26,982	$ 337,275
Benefits	40,821	12,074	4,600	57,495
Other Expenses				
Advertising	1,589	431	-	2,020
Conferences and training	8,089	18,239	-	26,328
Dues and payments to affiliates	5,019	-	-	5,019
Fundraising	-	-	6,736	6,736
Insurance	1,913	1,405	586	3,904
Postage	174	51	20	245
Printing	1,301	385	147	1,833
Professional fees	-	21,435	-	21,435
Rent and utilities	10,096	7,418	3,091	20,605
Repair and maintenance	700	514	214	1,428
Supplies	1,425	1,047	436	2,908
Computer and technology	6,106	1,806	688	8,600
Telephone and internet	2,795	2,054	856	5,705
Travel and meetings	6,325	-	-	6,325
Client support	123,676	-	-	123,676
Depreciation	1,946	1,430	596	3,972
Total Expenses	**$ 451,440**	**$ 139,117**	**$ 44,952**	**$ 635,509**

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
Statements of Cash Flows
For the Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 86,445	$ (253,272)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	3,972	3,972
Right-of-use asset amortization -operating lease	15,508	15,198
Endowment fund net investment income	(11,119)	(7,674)
Change in beneficial interest	(66,991)	(37,864)
Lease modification	(463)	-
(Increase) Decrease in		
Contracts receivable	24,000	(6,500)
Grants receivable	(160,000)	288,623
Prepaid expenses	(2,860)	2,643
Operating lease liability	(15,139)	(14,067)
Increase (Decrease) in:		
Accounts payable	(16,141)	12,287
Accrued wages and payroll liabilities	(8,892)	8,492
Net Cash (Used in) Provided by Operating Activities:	(151,680)	11,838
Cash, Cash Equivalents and Restricted Cash, Beginning of Year	226,676	214,838
Cash, Cash Equivalents and Restricted Cash, End of Year	**$ 74,996**	**$ 226,676**
Reconciliation of Cash, Cash Equivalents, and Restricted Cash Reported in the Statement of Financial Position		
Cash and cash equivalents	$ 72,331	$ 210,335
Cash restricted	2,665	16,341
	$ 74,996	$ 226,676

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, 2025 through September 30, 2026, 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 15 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
Occupancy	Square footage; time and effort
Supplies	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, 2025 and 2024, was $2,020 and $14,862, 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:

	2025	2024
Cash and cash equivalents	$ 72,331	$ 210,335
Contracts and grants receivable	121,378	-
Endowment spending-rate distributions	3,440	3,194
Distributions from beneficial interest	47,000	35,000
Total	$ 244,149	$ 248,529

***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 line is payable on demand and bears interest at prime plus 1%. The outstanding balance was $0 at December 31, 2025 and 2024.

The Organization's board-designated endowment balance is $86,592 and $75,474 at December 31, 2025 and 2024, 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:

	2025	
	Cost	Fair Value
Equities	$ 57,554	$ 63,938
Fixed Income	17,953	17,826
Money market funds	4,828	4,828
	$ 80,335	$ 86,592

	2024	
	Cost	Fair Value
Equities	$ 27,896	$ 54,017
Fixed Income	18,404	17,361
Money market funds	4,096	4,096
	$ 50,396	$ 75,474

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.

***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.

***NOTE D* -- Unrestricted Net Assets – Board Designated Endowment (Continued)**

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:

	2025	2024
Board Designated Endowment		
Net assets, beginning of year	$ 75,474	$ 67,799
Investment income		
Interest and dividends	2,319	1,773
Administrative expenses	(1,500)	(1,500)
Net realized and unrealized gain	10,299	7,402
Net Investment Income	11,118	7,675
Board Designated Endowment		
Net Assets, End of Year	$ 86,592	$ 75,474

***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 $448,339 and $381,348 is reported as an asset of the Arc for the years ended December 31, 2025 and 2024, respectively.

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

	2025	2024
Balance - Beginning of Year	$ 381,348	$ 343,483
Net investment earnings, gains and losses	68,218	39,092
Administrative expenses	(1,227)	(1,227)
Balance - End of Year	$ 448,339	$ 381,348

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 $100,000 and $0 for the years ended December 31, 2025 and 2024, respectively and were recorded as grants in the statements of activities. The principal may not be accessed by the Arc. These funds totaled $2,880,358 and $2,530,478 at December 31, 2025 and 2024, respectively.

NOTE G – Operating Lease

The Arc leases its office space under long-term non-cancelable operating lease agreement. The lease expires January 2029. 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:

	2025	2024
Cash Paid for Amounts Included in the Measurement of Lease Liabilities:		
Operating cash flows from operating leases	$ 17,480	$ 17,040

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

	2025	2024
Operating lease cost (included in rent and utilities expense)	$ 17,386	$ 18,171
Remaining lease term - operating lease, in years	3	5
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:	
2026	$ 18,004
2027	18,048
2028	18,543
2029	1,544
	56,139
Less interest	(3,285)
Present Value of Lease Liabilities	$ 52,854

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:

	2025	2024
Financial assistance	$ 2,665	$ 16,341
Special education advocacy	35,378	-
Family and individual advocacy	11,378	50,520
Operational support	160,000	185,000
	$ 209,421	$ 251,861

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 $6,207 and $5,261 at December 31, 2025 and 2024, respectively.

NOTE J – Subsequent Events

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