

Disability Advocates of
Kent County

Audited Financial Statements

For the years ended
September 30, 2024 and
2023



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Management of
Disability Advocates of Kent County
Grand Rapids, MI

We have audited the accompanying financial statements of Disability Advocates of Kent County (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024 and 2023, and the related statements of activities, functional expenses, 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 Disability Advocates of Kent County as of September 30, 2024 and 2023, 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 Opinion

We conducted our audits 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 Disability Advocates of Kent County and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Disability Advocates of Kent County's 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, including omissions, 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 Disability Advocates of Kent County'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 Disability Advocates of Kent County'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.

Jason F. Clausen, P.C

Fraser, MI
January 22, 2025

DISABILITY ADVOCATES OF KENT COUNTY
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2024 AND 2023

	2024	2023
<u>Assets</u>		
<u>Current assets</u>		
Cash and cash equivalents	\$ 512,583	\$ 780,348
Certificates of deposit	498,819	498,741
Accounts receivable:		
Program services receivable	170,402	93,343
Contributions receivable	105,000	198,863
Grants receivable, current	453,553	285,955
Prepaid expenses	9,880	50,052
Total current assets	1,750,237	1,907,302
<u>Fixed assets</u>		
Net property and equipment	1,359,673	1,219,161
<u>Other assets</u>		
Certificate of deposit, long-term	14,308	-
Net financing right-of-use assets	1,559,312	1,801,715
Grants receivable, net of current portion	-	200,000
Total other assets	1,573,620	2,001,715
<u>Total Assets</u>	4,683,530	5,128,178
<u>Liabilities</u>		
<u>Current liabilities</u>		
Accounts payable	41,039	55,954
Accrued compensation and withholdings	124,360	110,685
Deferred revenue	90,868	69,500
Financing lease liability, current	38,433	87,627
Total current liabilities	294,700	323,766
<u>Other liabilities</u>		
Financing lease liability, net of current	1,609,820	1,648,252
Total liabilities	1,904,520	1,972,018
<u>Net assets</u>		
Net assets without donor restrictions	2,146,390	2,086,278
Net assets with donor restrictions	632,620	1,069,882
Total net assets	2,779,010	3,156,160
<u>Total liabilities and net assets</u>	\$ 4,683,530	\$ 5,128,178

See independent auditor's report and notes to the financial statements

DISABILITY ADVOCATES OF KENT COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	2024			2023
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Government grants	\$1,592,226	\$ -	\$ 1,592,226	\$1,468,991
Other grants	86,225	70,000	156,225	741,373
Contributions	140,049	2,036	142,085	209,398
Special events, net of direct costs totaling \$61,280 and \$44,987	74,313	-	74,313	69,089
Donated goods and services	6,895	-	6,895	10,369
Program service revenue	577,287	-	577,287	631,778
Miscellaneous revenue	25,210	-	25,210	46,385
Net assets released from restrictions	509,298	(509,298)	-	-
Total revenue and other support	3,011,503	(437,262)	2,574,241	3,177,383
<u>Expense</u>				
Program services	2,591,650	-	2,591,650	2,710,302
Management and general	273,120	-	273,120	279,327
Fundraising	86,621	-	86,621	106,397
Total expenses	2,951,391	-	2,951,391	3,096,026
Change in net assets	60,112	(437,262)	(377,150)	81,357
Net assets, beginning of period	2,086,278	1,069,882	3,156,160	3,074,803
Net assets, end of period	\$2,146,390	\$ 632,620	\$ 2,779,010	\$3,156,160

See independent auditor's report and notes to the financial statements

DISABILITY ADVOCATES OF KENT COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

<u>Description</u>	<u>Program</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2024 Total</u>	<u>2023 Total</u>
Compensation:					
Salaries and wages	\$ 1,380,596	\$ 184,986	\$ 43,871	\$ 1,609,453	\$ 1,615,544
Payroll taxes	107,048	13,538	3,900	124,486	127,967
Benefits	240,013	31,472	8,584	280,069	262,538
Retirement	40,234	5,830	1,269	47,333	43,670
Subtotal	1,767,891	235,826	57,624	2,061,341	2,049,719
Operational Expenses:					
Consulting and contractual services	103,469	2,966	1,389	107,824	192,361
Consumer pass-through equipment	283,215	-	-	283,215	322,029
Office expense	37,994	1,976	9,216	49,186	33,736
Occupancy	10,498	1,231	265	11,994	9,848
Telephone and Internet	15,684	1,699	453	17,836	16,943
Insurance	12,131	1,559	417	14,107	10,695
Travel	33,369	142	434	33,945	36,048
Conference and workshop	14,265	666	443	15,374	18,128
Communications/events	51,479	1,208	478	53,165	101,254
Fundraising	-	-	6,163	6,163	3,169
Professional services	3,970	476	84	4,530	10,095
Interest on financing lease liability	42,534	5,426	1,449	49,409	54,773
Amortization of right-of-use asset	59,327	7,674	2,047	69,048	117,427
Depreciation	87,143	8,824	3,384	99,351	50,971
Equipment lease	4,692	606	162	5,460	5,460
Donated goods and services	5,422	-	1,473	6,895	10,369
Other operations	38,917	2,841	996	42,754	28,432
Operational expense subtotal	2,572,000	273,120	86,477	2,931,597	3,071,457
Percentage of total operational expenses	88%	9%	3%	100%	100%
Capital campaign:					
Fundraising	-	-	144	144	200
Computer expenses	2,397	-	-	2,397	1,884
Construction expenses	6,968	-	-	6,968	3,339
Signage/moving/other	10,285	-	-	10,285	19,146
Capital campaign subtotal	19,650	-	144	19,794	24,569
Total	\$ 2,591,650	\$ 273,120	\$ 86,621	\$ 2,951,391	\$ 3,096,026

See independent auditor's report and notes to the financial statements

DISABILITY ADVOCATES OF KENT COUNTY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<u>Cash flows from operating activities</u>		
Change in net assets	\$ (377,150)	\$ 81,357
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	168,399	168,398
Interest income on certificates of deposit	(14,386)	(10,164)
<u>Changes in operating assets and liabilities</u>		
(Increase) Decrease in:		
Program services receivable	(77,059)	151,272
Grants receivable	32,402	(434,670)
Contributions receivable	93,863	239,187
Prepaid expense	40,172	(29,747)
Increase (Decrease) in:		
Accounts payable	(14,915)	19,833
Accrued compensation and withholdings	13,675	4,747
Deferred revenue	21,368	14,664
Net cash provided by (used in) operating activities	(113,631)	204,877
<u>Cash flows from investing activities</u>		
Cash paid for property and equipment	(66,508)	(17,075)
Purchase of certificates of deposit	-	(475,000)
Net cash provided by (used in) investing activities	(66,508)	(492,075)
<u>Cash flows from financing activities</u>		
Cash paid on financing lease liability	(87,626)	(153,926)
Net cash provided by (used in) financing activities	(87,626)	(153,926)
Net increase (decrease) in cash and cash equivalents	(267,765)	(441,124)
Cash and cash equivalents, beginning of period	780,348	1,221,472
Cash and cash equivalents, end of period	\$ 512,583	\$ 780,348
Total cash paid for interest during the fiscal year	\$ 49,409	\$ 54,773

See independent auditor's report and notes to the financial statements

DISABILITY ADVOCATES OF KENT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 1 – NATURE OF ACTIVITIES

Disability Advocates of Kent County (the "Organization") is a nonprofit organization dedicated to working alongside people with disabilities as they seek to lead self-directed lives and advocate for accessible and welcoming communities for all. The service area covers primarily Kent County, but also covers four other counties in Western Michigan. The Organization is primarily supported through government and private grants, contracts and services with various agencies, and donations.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Classification of Net Assets

The Organization prepares its financial statements in accordance with FASB ASC 958-205, "Financial Statements of Not-for-Profit Organizations". Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. As permitted under the provisions of FASB 958-605, the Organization records donor-restricted contributions whose restrictions have been satisfied in the same reporting period as unrestricted support in such year.

Grants and Contributions

Support from grantors and contributors is recognized when promised and recorded as unrestricted or donor-restricted support, depending on the existence and/or nature of any donor restrictions. Support from grantors with restrictions is reported as net assets with donor restrictions and is then reclassified to net assets without donor restrictions upon satisfaction of the restrictions.

Current Financial Assets

The Organization has \$1,740,357 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure consisting of cash of \$512,583, certificates of deposit of \$498,819, and the current portion of program services, grants, and contributions receivable totaling \$728,955. Certain grants receivable amounts are subject to donor restrictions as outlined in Note 10. The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$520,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

Contributed Goods and Services

The Organization receives donations in-kind such as durable medical equipment and supplies, and items for fundraising events. Donations are recorded at fair values as revenues and expenses at the time they are received. The value of donations in-kind were \$6,895 and \$10,369 for the years ended September 30, 2024, and 2023, respectively.

In addition, the Organization receives services from volunteers who give of their time. This volunteer work does not meet the requirements for recognition in GAAP and is therefore not included in the financial statements.

DISABILITY ADVOCATES OF KENT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES
(CONTINUED)**

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 disclosure. Accordingly, actual results could differ from those estimates.

Revenue

The Organization reports revenue in accordance with Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Grant awards accounted for as exchange transactions are recorded as revenue when the performance obligations of services provided and expenditures incurred are satisfied and recognizes revenue for the transfer of promised services in an amount that reflects the consideration for which the Organization expects to be entitled according to the terms and conditions of the grant awards.

From time to time there are services performed and expenses incurred that are unpaid at the end of a period. Unpaid balances on revenues earned under the terms of grant awards are carried as accounts receivable. These balances totaled \$778,161 as of October 1, 2023 and \$728,955 as of September 30, 2024. There was no impairment or credit loss associated with these balances during the year ended September 30, 2024.

Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements. The prior three tax years remain open for examination.

Functional Reporting of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to program and supporting services. Indirect expenses are allocated using the Direct Allocation Method as noted in Appendix IV of 2 CFR 200.

Cash and Cash Equivalents

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

Accounts, Grants and Contributions Receivable

Accounts, grants and contributions receivable are stated at unpaid balances less an allowance for doubtful accounts. The Organization reviews accounts receivable periodically for collectability and establishes an allowance for doubtful accounts and records bad debt when deemed necessary. The allowance for doubtful accounts was \$0 as of September 30, 2024, and 2023.

Deferred Revenue

Deferred revenue is recorded for payments received prior to fiscal year end for events and services provided in the following fiscal year. The balance of deferred revenue as of September 30, 2024, and 2023, was \$90,868 and \$69,500 respectively.

See independent auditor's report and financial statements

DISABILITY ADVOCATES OF KENT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES
(CONTINUED)**

Property and Equipment

Property and equipment are carried at cost at the date of purchase or fair market value at date of donation. Additions with a cost over \$5,000 are charged to property accounts while maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently. When property is retired or disposed of, the recorded value is removed from the accounts. Gains and losses from disposals are included in earnings. Depreciation is computed on the straight-line method over the estimated life of the assets.

Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to concentration of credit risk, consist principally of temporary cash investments and accounts receivable. The Organization places its temporary cash investments with financial institutions. The Organization has determined that current operational cash needs will occasionally result in balances in excess of insured limits. At September 30, 2024, and 2023 balances in excess of federally insured limits were \$221,107 and \$317,367, respectively. Accounts receivable are currently considered fully collectible.

Leases

The Organization records leases according to ASC 842, Accounting for Leases. ASC 842 requires that both operating and finance type leases be reported as a right-of-use asset with a corresponding lease liability on the balance sheet if the lease term is greater than 12 months. Additional information is disclosed in Note 6.

Advertising

The Organization expenses advertising as incurred. The total expense for the years ended September 30, 2024, and 2023 were \$0 and \$2,125 respectively.

Accrued Paid Time off

Accrued paid time off (PTO) may be used for vacation, sick or personal time off. Employees may carry a maximum of 10 days of PTO over to a new fiscal year. Upon termination employees will be paid a maximum of 10 days of PTO time from accrued PTO. As of September 30, 2024, and 2023, accrued PTO balances were \$42,972 and \$42,972 respectively.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 248,159	\$ 6,267
Leasehold Improvements	1,357,879	1,291,371
Computer Equipment and Software	<u>7,350</u>	<u>7,350</u>
Total	\$ 1,613,388	\$ 1,304,988
Less: Accumulated depreciation	<u>253,715</u>	<u>85,827</u>
Net property and equipment	<u>\$ 1,359,673</u>	<u>\$ 1,219,161</u>

Depreciation expense for the fiscal years ended September 30, 2024, and 2023, was \$99,351 and \$50,971, respectively.

See independent auditor's report and financial statements

DISABILITY ADVOCATES OF KENT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 4 – CERTIFICATES OF DEPOSIT

The Organization had a 60-month C.D. that matured September 25, 2023, with a credit union. The annual percentage yield was 1.8%. The original deposit was \$12,643 on September 25, 2018, and had a maturity value of \$13,823. This amount was renewed into a 60-month C.D. that matures on September 25, 2028, with an annual percentage yield of 3.445% and has a current value of \$14,308.

The Organization had a 12-month C.D. that matured March 27, 2024, with a credit union. The annual percentage yield was 4.15%. The original deposit was \$50,000 on March 27, 2023, and had a maturity value of \$52,074. The amount was renewed into a 12-month C.D. that matures on April 26, 2025, with an annual percentage yield of 4.74% and has a current value of \$53,306.

The Organization had a 12-month C.D. that matured March 8, 2024, with a bank. The annual percentage yield was 4.75%. The original deposit was \$425,000 on March 8, 2023, and had a maturity value of \$445,244. The amount was renewed into a 12-month C.D. that matures on March 8, 2025, with an annual percentage yield of .12% and has a current value of \$445,513.

NOTE 5 – FAIR VALUE MEASUREMENTS

Generally Accepted Accounting principles 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 under Generally Accepted Accounting Principles 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 this asset or liability.

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lower level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

DISABILITY ADVOCATES OF KENT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 5 – FAIR VALUE MEASUREMENTS (CONTINUED)

Following is a description of the valuation methodologies used for assets measured at fair value:

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investments are stated at their fair values, and consist of certificates of deposit at September 30, 2024 as follows:

		In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Levels 3)
<u>September 30, 2024</u>	<u>Fair Value</u>			
Certificates of deposit	<u>\$ 513,127</u>	<u>\$ -0-</u>	<u>\$ 513,127</u>	<u>\$ -0-</u>

Investments are stated at their fair values, and consist of certificates of deposit at September 30, 2023 as follows:

		In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Levels 3)
<u>September 30, 2023</u>	<u>Fair Value</u>			
Certificates of deposit	<u>\$ 498,741</u>	<u>\$ -0-</u>	<u>\$ 498,741</u>	<u>\$ -0-</u>

Interest income for the years ended September 30, 2024, and 2023, was \$23,797 and \$4,362, respectively.

NOTE 6 – LEASES

Financing right-of-use assets consist of the following:

<u>Description</u>	<u>2024</u>	<u>2023</u>
Office space	\$ 1,726,178	\$ 1,726,178
Office furnishings	<u>-0-</u>	<u>241,892</u>
Total	\$ 1,726,178	\$ 1,968,070
Less: Accumulated amortization	<u>166,866</u>	<u>166,355</u>
Net financing right-of-use asset	<u>\$ 1,559,312</u>	<u>\$ 1,801,715</u>

Office Space Lease

The Organization leases office space under a financing lease agreement. The lease had a commencement date of May 1, 2022, and has a 60-month term, with options to renew four additional 60-month terms for a total of 300 months. The lease calls for monthly payments of \$6,896 to begin 60 days after commencement. The monthly rate will increase by 1.5% on

See independent auditor's report and financial statements

DISABILITY ADVOCATES OF KENT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 6 – LEASES (CONTINUED)

each yearly anniversary of the commencement date. The Organization plans to exercise all four options on the lease.

A financing right-of-use asset was obtained in exchange for the new financing lease liability in the amount of \$1,726,178 which was calculated using a risk-free discount rate of 2.93%. The risk-free discount rate was set at the U.S. Treasury 10-year yield curve rate. The asset is being amortized over 25 years, and amortization expense for the year ended September 30, 2024, was \$69,048.

Following is a reconciliation of undiscounted future payments to the financing lease liability at September 30, 2024:

Total undiscounted future payments under the financing lease	\$ 2,297,226
Discount rate of 2.93% applied to future lease payments	<u>(648,973)</u>
Financing lease liability	<u>\$ 1,648,253</u>

Office Furnishings Lease

The Organization leased office furnishings under a financing lease agreement with an inception date of May 25, 2022. The lease had a 24-month term calling for monthly payments of \$10,418.

A finance right-of-use asset was obtained in exchange for the new finance lease liability in the amount of \$241,892 which was calculated using a discount rate of 4.17% as stated in the lease contract. The lease was fully paid and title to the asset was transferred to DAKC. The book value and related accumulated depreciation of the asset is now presented in property and equipment.

Operating equipment lease

The Organization leases office equipment under an operating lease agreement with an inception date of October 27, 2020. The lease has a 48-month term calling for monthly payments of \$455. Lease expense for the years ended September 30, 2024, and 2023 under this agreement was \$5,460 and \$5,460, respectively.

Future minimum payments for the leases described above as of September 30, 2024, for the next five years are as follows:

Fiscal Year	Amount
2025	86,672
2026	87,510
2027	88,822
2028	<u>90,155</u>
Total	<u>\$ 353,158</u>

NOTE 7 – RETIREMENT PLAN

The Organization offers its employees a 401(k) retirement plan. Under this plan, the employer offers a matching contribution up to a maximum of 3% of the employee's wages. For the years ended September 30, 2024, and 2023, the total amount contributed to the plan was \$45,000 and \$41,094, respectively.

See independent auditor's report and financial statements

DISABILITY ADVOCATES OF KENT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 8 – CONCENTRATIONS

The Organization has a substantial concentration of revenue from reimbursable government grants, government agency grants, and private grants.

For the year ended September 30, 2024, 62% of the Organization's revenue came from reimbursable government grants, 22% came from government agency contracts, and 11% came from contributions.

For the year ended September 30, 2023, 46% of the Organization's revenue came from reimbursable government grants, 20% came from government agency contracts, and 10% came from contributions.

The loss of funding from some of these sources could have a material impact on the operations of the Organization.

NOTE 9 – CAPITAL CAMPAIGN

During the year ended September 30, 2021, the Board of Directors of the Organization approved the move of its offices to be a part of the Special Olympics Michigan Inclusion Campus in the year ending September 30, 2022. To fund the cost of the remodeling of that space, and to fund an expansion of its Home Accessibility Services, the Board also approved a \$2.5 million capital campaign. During the year ended September 30, 2024, the campaign had net assets with donor restrictions of \$253,328. During the year ended September 30, 2023, the campaign released net assets with donor restrictions of \$229,394.

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes:

<u>Restricted purpose:</u>	<u>2024</u>	<u>2023</u>
Advocacy Programs	\$ 360,182	\$ 535,955
Occupational Therapy Services Program	7,805	41,936
Staff Training and Scholarships	11,305	11,305
Capital Campaign	<u>253,328</u>	<u>480,687</u>
Total	<u>\$ 632,620</u>	<u>\$ 1,069,883</u>

NOTE 11 – COMPARATIVE STATEMENTS

Certain amounts shown for the year ended September 30, 2023, in the accompanying financial statements are included to provide a basis for comparison with 2024 and present summarized totals only. Accordingly, 2023 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2023, from which the summarized information was derived.

DISABILITY ADVOCATES OF KENT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED SEPTEMBER 30, 2024 AND 2023

NOTE 12 – DATE OF MANAGEMENT’S REVIEW

These financial statements and accompanying notes have been reviewed by management through the date of this report, which is the date the financial statements were available to be issued.