

**Drop-In Self-Help Center, Inc.
dba/SHARE Center**

**Financial Statements
Years Ended September 30, 2022 and 2021**

FISHER SPIEGEL KUNKLE & GERBER, P.L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

**Drop-In Self-Help Center, Inc.
dba/SHARE Center**

**Financial Statements
Years Ended September 30, 2022 and 2021**

Drop-In Self-Help Center, Inc. dba/SHARE Center

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Independent Auditors' Report

To the Board of Directors
Drop-In Self-Help Center, Inc. dba/SHARE Center

Opinion

We have audited the accompanying financial statements of Drop-In Self-Help Center, Inc. dba/SHARE Center (a nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, of functional expenses, and of cash flows for the years 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 Drop-In Self-Help Center, Inc. dba/SHARE Center as of September 30, 2022 and 2021, and the change in their net assets and 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 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 Drop-In Self-Help Center, Inc. dba/SHARE Center 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 these 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 Drop-In Self-Help Center, Inc. dba/SHARE Center'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 opinions. 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 Drop-In Self-Help Center, Inc. dba/SHARE Center'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 Drop-In Self-Help Center, Inc. dba/SHARE Center'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.

Fisher Spiegel Kunkle & Gerber, P.L.L.C.

FISHER SPIEGEL KUNKLE & GERBER, P.L.L.C.

Battle Creek, Michigan
October 13, 2023

Drop-In Self-Help Center, Inc. dba/SHARE Center

Statements of Financial Position

September 30,	2022	2021
ASSETS		
Current assets		
Cash	\$ 173,503	\$ 115,817
Accounts receivable	534,886	161,958
Prepaid expenses and other assets	3,006	2,654
Total current assets	711,395	280,429
Fixed assets		
Land	27,500	27,500
Buildings and improvements	374,611	355,568
Equipment and furnishings	110,922	92,705
Capital lease	0	16,462
	513,033	492,235
Less accumulated depreciation	(329,311)	(314,781)
Less accumulated amortization	0	(16,462)
Fixed assets, net	183,722	160,992
Total assets	\$ 895,117	\$ 441,421
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable	\$ 15,813	\$ 8,022
Accrued wages	19,189	12,056
Total current liabilities	35,002	20,078
Net assets		
With donor restrictions	464,844	52,565
Without donor restrictions		
Operations	211,549	207,786
Capital assets, net of accumulated depreciation	183,722	160,992
Total net assets	860,115	421,343
Total liabilities and net assets	\$ 895,117	\$ 441,421

Drop-In Self-Help Center, Inc. dba/SHARE Center

Statement of Activities
Year Ended September 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support and operating revenue:			
Contract income - Summit Pointe	\$ 337,620	\$ 0	\$ 337,620
In-kind	102	0	102
Grant income - United Way	54,712	48,937	103,649
Grant income - Other	87,750	415,500	503,250
Contributions	28,864	0	28,864
Interest earned	5	0	5
Other income	35	0	35
Net assets reclassified from restrictions: satisfaction of program restrictions	52,158	(52,158)	0
Total support, revenue and reclassifications	561,246	412,279	973,525
Expenses:			
Drop-In Center	336,444	0	336,444
Community meals	129,269	0	129,269
Management and general	65,233	0	65,233
Fundraising	3,807	0	3,807
Total expenses	534,753	0	534,753
Changes in net assets	26,493	412,279	438,772
Net assets, beginning of year	368,778	52,565	421,343
Net assets, end of year	\$ 395,271	\$ 464,844	\$ 860,115

Drop-In Self-Help Center, Inc. dba/SHARE Center

Statement of Activities
Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and operating revenue:			
Contract income - Summit Pointe	\$ 299,058	\$ 0	\$ 299,058
In-kind	3,500	0	3,500
Grant income - United Way	36,887	52,564	89,451
Grant income - Other	20,311	0	20,311
Contributions	16,961	0	16,961
Interest earned	12	0	12
Rental income	5,466	0	5,466
Other income	34	0	34
Contract revenue	47,063	0	47,063
Net assets reclassified from restrictions: satisfaction of program restrictions	76,529	(76,529)	0
Total support, revenue and reclassifications	505,821	(23,965)	481,856
Expenses:			
Drop-In Center	270,707	0	270,707
Community meals	105,171	0	105,171
BC Homeless shelter	75,290	0	75,290
Management and general	57,469	0	57,469
Fundraising	2,470	0	2,470
Total expenses	511,107	0	511,107
Changes in net assets	(5,286)	(23,965)	(29,251)
Net assets, beginning of year	374,064	76,530	450,594
Net assets, end of year	\$ 368,778	\$ 52,565	\$ 421,343

Drop-In Self-Help Center, Inc. dba/SHARE Center

Statement of Functional Expenses Year Ended September 30, 2022

	Program Expenses				Total
	Drop-In Center	Community Meals	Management and General	Fundraising	
Staff related expenses					
Salaries and wages	\$ 211,334	\$ 57,780	\$ 3,666	\$ 2,507	\$ 275,287
Payroll taxes	17,636	4,830	306	198	22,970
Insurance - health	24,050	1,582	435	0	26,067
Insurance - employment	470	118	0	0	588
Employee procurement	2,555	0	0	0	2,555
Staff appreciation	351	0	0	0	351
Continuing education	1,270	0	0	0	1,270
Insurance - worker's comp	1,317	971	39	0	2,327
Program related expenses					
Activities	0	23,371	0	0	23,371
Consumer needs	8,965	0	0	0	8,965
Supplies	6,984	30	0	0	7,014
Technology expense	5,776	0	0	0	5,776
Travel, meetings and training	341	1,000	0	0	1,341
Facility related expenses					
Equipment lease	3,696	0	0	0	3,696
Insurance	6,251	4,120	330	0	10,701
Janitorial services	0	0	0	0	0
License & fees	0	759	0	0	759
Maintenance	9,814	6,279	950	101	17,144
Security	3,659	2,595	283	81	6,618
Telephone	4,295	919	306	85	5,605
Utilities	10,953	9,389	1,565	447	22,354
Trash removal	1,983	3,682	0	0	5,665
Operational expenses					
Advertising and marketing	744	2,050	0	63	2,857
Credit card fees and bank charges	0	0	141	15	156
Dues and subscriptions	875	58	200	0	1,133
Office supplies	4,507	0	(248)	310	4,569
Professional fees	40	0	55,828	0	55,868
Legal	0	0	0	0	0
Other expenses					
Depreciation	7,856	8,013	1,432	0	17,301
Miscellaneous	0	0	0	0	0
Loss on asset disposal	722	1,723	0	0	2,445
Total	\$ 336,444	\$ 129,269	\$ 65,233	\$ 3,807	\$ 534,753

Drop-In Self-Help Center, Inc. dba/SHARE Center

Statement of Functional Expenses Year Ended September 30, 2021

	Program Expenses					Total
	Drop-In Center	Community Meals	BC Homeless Shelter	Management and General	Fundraising	
Staff related expenses						
Salaries and wages	\$ 158,996	\$ 51,104	\$ 61,014	\$ 1,765	\$ 485	\$ 273,364
Payroll taxes	14,570	5,726	6,472	153	62	26,983
Insurance - health	13,022	2,668	5,069	445	0	21,204
Insurance - employment	484	121	0	0	0	605
Employee procurement	503	0	30	0	0	533
Staff appreciation	360	0	0	0	0	360
Continuing education	0	0	0	0	0	0
Insurance - worker's comp	177	(25)	263	366	0	781
Program related expenses						
Activities	0	10,621	0	0	0	10,621
Consumer needs	9,521	0	0	0	0	9,521
Supplies	5,136	676	85	0	0	5,897
Technology expense	4,307	175	0	0	1,188	5,670
Travel, meetings and training	145	421	0	0	0	566
Facility related expenses						
Equipment lease	4,118	0	0	0	0	4,118
Insurance	5,596	3,871	644	683	0	10,794
Janitorial services	3,360	3,316	0	1,211	158	8,045
License & fees	20	0	0	0	0	20
Maintenance	10,028	4,074	0	1,330	78	15,510
Security	2,679	2,249	0	366	41	5,355
Telephone	4,576	821	0	287	82	5,766
Utilities	12,570	7,903	0	2,011	376	22,860
Trash removal	1,575	2,925	0	0	0	4,500
Operational expenses						
Advertising and marketing	1,048	1,217	0	0	0	2,265
Credit card fees and bank charges	12	0	0	102	0	114
Dues and subscriptions	797	0	0	200	0	997
Office supplies	2,396	128	0	0	0	2,524
Professional fees	3,000	0	1,713	45,854	0	50,567
Legal	4,242	0	0	0	0	4,242
Other expenses						
Depreciation	7,303	7,180	0	2,612	0	17,095
Miscellaneous	0	0	0	64	0	64
Loss on asset disposal	166	0	0	0	0	166
Total	\$ 270,707	\$ 105,171	\$ 75,290	\$ 57,469	\$ 2,470	\$ 511,107

Drop-In Self-Help Center, Inc. dba/SHARE Center

Statements of Cash Flows

Years Ended September 30,	2022	2021
Cash flows from operating activities		
Change in net assets	\$ 438,772	\$ (29,251)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	17,301	17,095
Donations of fixed assets	0	(3,500)
Loss on asset disposal	2,445	166
(Increase) decrease in:		
Accounts receivable	(372,928)	34,003
Prepaid expenses	(352)	4,926
Increase (decrease) in:		
Accounts payable	7,797	(13,318)
Accrued wages	7,133	(2,918)
Payroll liabilities	(6)	6
Deferred revenue	0	(2,344)
Accrued payables	0	(19,550)
Net cash (used in) provided by operating activities	100,162	(14,685)
Cash flows from investing activities		
Purchase of fixed assets	(42,476)	0
Proceeds from sale of fixed assets	0	300
Net cash (used in) provided by investing activities	(42,476)	300
Net change in cash and cash equivalents	57,686	(14,385)
Cash and cash equivalents, at beginning of year	115,817	130,202
Cash and cash equivalents, at end of year	\$ 173,503	\$ 115,817

Drop-In Self-Help Center, Inc. dba/SHARE Center

Notes to Financial Statements

1. **Nature of Entity and Significant Accounting Policies**

Nature of business - Drop-In Self-Help Center, Inc. dba/SHARE Center, ("the Center") is a non-profit organization formed to provide a support network and counseling services through group interaction for the people of the Battle Creek, Michigan area. The Center's mission is to promote and facilitate optimal lifestyle changes through self-help principles by:

- Providing a self-help, mutual support group,
- Operating a resource, information, and referral center,
- Advocating for the civil and legal rights of people with problems associated with mental and emotional afflictions, and
- Acting as a vehicle to aid in acquiring self-advocacy skills.

The Center receives its funding primarily from the Calhoun County Community Mental Health Board (also known as Summit Pointe), and donations from the public. Meals are funded by United Way of Battle Creek/Kalamazoo.

Reporting entity - In accordance with accounting principles generally accepted in the United States of America these financial statements present all of the Center's funds and activities. The criteria established for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included.

Basis of accounting - The financial statements are prepared using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are accrued.

Financial Statement Presentation - For presentation of financial statements, net assets and revenue, gains, expenses, and losses are classified as without donor restrictions and with donor restrictions, based upon the following criteria:

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.

Cash and cash equivalents - Cash and cash equivalents include cash on hand, cash in banks, and certificates of deposit.

Drop-In Self-Help Center, Inc. dba/SHARE Center

Notes to Financial Statements

1. **Nature of Entity and Significant Accounting Policies - Continued**

Promises to Give - Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Center uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributions - Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the absence or existence and nature of any donor restrictions.

Functional Allocation of Expense - The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, which are allocated on the basis of estimates of time and effort, as well as depreciation and occupancy, which are allocated on a square footage basis.

Revenue and Revenue Recognition - Contract revenue - Summit Pointe is recognized over the period of time, in this case, monthly stipend from Summit Pointe. Grant income from United Way for community meals is recognized over a period that the meal program is operational. Other grant income is recognized when amounts have been expended on the program and billed monthly for providing services for BC Homeless Shelter.

Rental income warehouse is generally recognized based on the time period the lessee requires.

Accounting Pronouncements - The Financial Accounting Standards Board issued Topic 842 "Leases", a new accounting for leases that will be effective in 2021. A lessor should recognize in the statement of financial position a liability for the present value of leases and an right of use asset representing its right to use the asset over the lease term. The Organization will implement the new standard in fiscal 2023.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU requires expanded

Drop-In Self-Help Center, Inc. dba/SHARE Center

Notes to Financial Statements

1. Nature of Entity and Significant Accounting Policies - Continued

disclosures and for additional presentation of nonfinancial assets to improve transparency and is effective for annual periods beginning after June 15, 2021. The Organization implemented in fiscal 2022 with no major changes.

Prepaid expenses - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Inventories - The Center does not recognize as an asset inventories of supplies. The cost of these supplies is considered immaterial to the financial statements and the quantities are not prone to wide fluctuation from year to year. The costs of supplies are expensed when purchased.

Capital assets - Capital assets, which include land, buildings, building improvements, equipment and furnishings, computer and technology and capital leases are reported in the financial statements. Capital assets are defined by the Center as individual assets with an initial cost equal to or more than \$500 and an estimated useful life in excess of one year.

Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Some of the capital assets were donated to the Center. Donated capital assets consist mainly of used office equipment that does not have significant value and accordingly is not recorded on the books of the Center.

Capital assets of the Center are depreciated using the straight-line and double declining method over the following estimated useful lives:

Assets	Years
Land	Not depreciated
Buildings and improvements	15-39 straight line
Equipment and furnishings	5-12 double declining
Computers and technology	5 double declining
Capital lease	5 straight line

Contributed services - During the current fiscal year the value fo contributed services meeting the requirements of FASB Accounting Standards Codification (ASC 958-605) for recognition in the financial statements was not material and has not been recorded.

Drop-In Self-Help Center, Inc. dba/SHARE Center

Notes to Financial Statements

1. **Nature of Entity and Significant Accounting Policies - Continued**

Grants and contracts - Support received under grants and contracts with other non-profit organizations is recorded as public support when the direct costs are incurred. Reimbursement of indirect costs relating to such grants and contracts is recorded as public support. Accounts receivables represent amounts due from other non-profit organizations for expenditures incurred but not yet reimbursed.

Income taxes - The Center is a not-for-profit organization and is exempt from tax under Section 501(c)(3) of the Internal Revenue Code and is not considered a private foundation. All tax returns review statutorily open for examination.

Use of estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Advertising - The Center expenses all advertising costs when the advertisement occurs. Advertising expenses for the years ended September 30, 2022 and 2021 were \$2,857 and \$2,265, respectively.

Subsequent events - Subsequent events have been evaluated through October 13, 2023, which is the date the financial statements were available to be issued.

In December 2019, a novel strain of coronavirus was reported in Wuhan, China. The World Health Organization has declared the outbreak to constitute a "Public Health Emergency of International Concern." The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our customers, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact Organization's financial condition or results of operations is uncertain.

2. **Cash and Cash Equivalents**

The carrying amount of the Center's bank balance was \$172,991 and \$120,248 at September 30, 2022 and 2021, respectively. Cash balances were fully insured by the FDIC at September 30, 2022 and 2021.

Drop-In Self-Help Center, Inc. dba/SHARE Center

Notes to Financial Statements

3. **Compensated Absences**

Vacation pay is earned at a rate of 5 days per year for the first 2 years (21 days for leadership staff) of employment, 10 days per year for employees with 2-4 years of employment (21 days for leadership staff), and 15 days per year for subsequent years (26 days per year for leadership staff). Vacation pay can be accumulated up to two times the annual vacation amount and is paid upon termination unless the employee has been employed less than six months. The vacation pay is paid at the employee's base rate at the time the vacation is taken.

Payment of vacation pay is not expected to exceed a normal year's accumulation.

At September 30, 2022 and 2021, a liability of \$8,629 and \$3,200, respectively, was recorded and included in accrued payroll.

4. **Compliance Audits**

All governmental grants are subject to a transactional and compliance audit by the grantors or their representatives. Therefore, an indeterminable contingency exists for expenditures that may be disallowed by the granting agencies.

5. **Leases**

The Center leases certain equipment with future minimum rental payments under operating leases as follows:

Year ending September 30,

2022	\$ 1,470
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Total rental expense under all lease agreements was \$3,696 and \$4,118 for the years ended September 30, 2022 and 2021, respectively.

6. **Net Assets With Donor Restrictions**

Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. 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 Statement of Activities as net assets released from restrictions. The net assets with donor restrictions are restricted as follows:

September 30,	2022	2021
ID Fund	\$0	\$11,282
City of Battle Creek ARPA	331,504	0
UW Meals program	48,938	37,656
Disaster relief	406	3,627
US HUD	20,383	0
Employment benefits coach	63,613	0
	<u>\$464,844</u>	<u>\$52,565</u>

Drop-In Self-Help Center, Inc. dba/SHARE Center

Notes to Financial Statements

7. Major Customers

The Organization received 60% and 59% of its revenue from Summit Pointe and 19% and 22% of its revenue from United Way of Greater Battle Creek/Kalamazoo for its related meal program for the years ended September 30, 2022 and 2021, respectively. At September 30, 2022 and 2021, the Summit Pointe receivable was \$94,224 and \$102,437 and United Way of Battle Creek/Kalamazoo was \$48,938 and \$48,938, respectively.

8. Liquidity and Availability of Financial Assets

The following reflects the Center's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	September 30,	2022	2021
Financial assets at year-end	\$	708,389	\$ 277,775
Less those unavailable for general expenditures within one year, due to:			
Donor-restricted to purchase of equipment		(214,000)	0
Donor-restricted for future years		(57,064)	0
Financial assets available to meet cash needs for general expenditure within one year	\$	437,325	\$ 277,775

The Center has certain donor restricted net assets that are available for general expenditures within one year of September 30, 2022 and 2021. Because the restrictions on the net assets are expected to be met by conducting the normal program activities in the upcoming year, they have been included in the total above for financial assets at year end.

The Center manages its liquidity and reserves in order to operate within a prudent range of financial soundness and stability and to fund near term and long-term needs utilizing budgets and monthly monitoring.

