United Way of Southwest Michigan

ANNUAL REPORT
December 31, 2025

KRUGGEL LAWTON CPA
St. Joseph, MI

United Way of Southwest Michigan

St. Joseph, Michigan

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C O N T E N T S

KRUGGEL LAWTON CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
United Way of Southwest Michigan
St. Joseph, MI

Opinion

We have audited the accompanying financial statements of United Way of Southwest Michigan (a nonprofit organization), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and 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 United Way of Southwest Michigan as of December 31, 2025 and 2024, 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 United Way of Southwest Michigan 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 United Way of Southwest Michigan'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 Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of United Way of Southwest Michigan'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 United Way of Southwest Michigan'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.

Respectfully submitted,

Kruggel, Lawton & Company, LLC

Certified Public Accountants

St. Joseph, Michigan
June 18, 2026

United Way of Southwest Michigan

St. Joseph, Michigan

STATEMENTS OF FINANCIAL POSITION

December 31, 2025

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash, cash equivalents, and restricted cash	281,985	558,988
Investments	822,569	1,376,691
Pledges receivable, net	1,513,365	1,874,081
Other receivables	174,760	7,538
Prepaid expenses	26,682	37,515
Other current assets	605	1,061
Total Current Assets	2,819,966	3,855,874
PROPERTY AND EQUIPMENT		
Building	350,967	350,963
Building improvements	450,899	452,473
Furniture and equipment	124,007	196,541
Vehicles	18,136	18,136
Total	944,009	1,018,113
Accumulated Depreciation	406,265	464,939
Net Property and Equipment	537,744	553,174
OTHER ASSETS		
Beneficial interest in assets held at Community Foundations	261,728	234,472
TOTAL ASSETS	**3,619,438**	**4,643,520**
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	235,741	75,863
Allocations and other pledges payable	770,950	1,537,028
Due to designated agencies	14,043	89,815
Other accruals	43,097	35,931
TOTAL LIABILITIES	**1,063,831**	**1,738,637**
NET ASSETS		
Without donor restrictions	937,271	1,022,035
With donor restrictions	1,618,336	1,882,848
TOTAL NET ASSETS	**2,555,607**	**2,904,883**
TOTAL LIABILITIES AND NET ASSETS	**3,619,438**	**4,643,520**

The Notes to Financial Statements are an integral part of this statement.

United Way of Southwest Michigan

St. Joseph, Michigan

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUES			
Program service fees	11,949	0	11,949
Campaign and related contributions of financial assets	0	2,395,011	2,395,011
Less: donor designations	0	(31,485)	(31,485)
Net campaign and related contributions of financial assets	0	2,363,526	2,363,526
Other contributions of financial assets	411,457	0	411,457
Grants, other	0	529,035	529,035
Investment return, net	156,943	0	156,943
Donor designation fees	0	3,799	3,799
Change in beneficial interest in assets held by Community Foundations	27,255	0	27,255
Loss on disposal of assets	(222)	0	(222)
Total Public Support and Revenues	607,382	2,896,360	3,503,742
Net assets released from restrictions:			
Satisfaction of restrictions	3,160,872	(3,160,872)	0
FUNCTIONAL EXPENSES			
Program	2,748,601	0	2,748,601
Administrative	475,823	0	475,823
Fundraising	553,398	0	553,398
Communication and marketing	75,196	0	75,196
Total Functional Expenses	3,853,018	0	3,853,018
CHANGE IN NET ASSETS	**(84,764)**	**(264,512)**	**(349,276)**
NET ASSETS, BEGINNING OF YEAR	**1,022,035**	**1,882,848**	**2,904,883**
NET ASSETS, END OF YEAR	**937,271**	**1,618,336**	**2,555,607**

The Notes to Financial Statements are an integral part of this statement.

United Way of Southwest Michigan

St. Joseph, Michigan

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUES			
Program service fees	36,664	0	36,664
Campaign and related contributions of financial assets	20,828	2,669,686	2,690,514
Less: donor designations	0	(27,181)	(27,181)
Net campaign and related contributions of financial assets	20,828	2,642,505	2,663,333
Other contributions of financial assets	171,265	0	171,265
Grants, other	0	380,182	380,182
Investment return, net	136,347	0	136,347
Donor designation fees	0	4,054	4,054
Change in beneficial interest in assets held by Community Foundations	12,440	0	12,440
Gain on disposal of assets	20,162	0	20,162
Total Public Support and Revenues	397,706	3,026,741	3,424,447
Net assets released from restrictions:			
Satisfaction of restrictions	4,090,532	(4,090,532)	0
FUNCTIONAL EXPENSES			
Program	3,561,060	0	3,561,060
Administrative	597,658	0	597,658
Fundraising	475,873	0	475,873
Communication and marketing	84,067	0	84,067
Total Functional Expenses	4,718,658	0	4,718,658
CHANGE IN NET ASSETS	**(230,420)**	**(1,063,791)**	**(1,294,211)**
NET ASSETS, BEGINNING OF YEAR	**1,252,455**	**2,946,639**	**4,199,094**
NET ASSETS, END OF YEAR	**1,022,035**	**1,882,848**	**2,904,883**

The Notes to Financial Statements are an integral part of this statement.

United Way of Southwest Michigan

St. Joseph, Michigan

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2025

		Supporting Services				
	Program Services	Administrative	Fundraising	Communication and Marketing	Total Supporting Services	Total Expenses
Salaries	319,864	276,578	253,793	13,306	543,677	863,541
Employee health and retirement benefits	42,079	28,223	31,704	908	60,835	102,914
Payroll taxes and other employee costs	24,524	21,398	19,513	984	41,895	66,419
Allocations and grants	1,497,158	0	0	0	0	1,497,158
Supplies	316,375	1,651	103,410	463	105,524	421,899
Telephone	951	3,008	621	0	3,629	4,580
Postage	4,149	2,774	1,504	0	4,278	8,427
Occupancy	13,997	19,492	12,164	0	31,656	45,653
Equipment	14,720	24,734	43,588	5,675	73,997	88,717
Local travel	4,538	3,248	1,576	138	4,962	9,500
Volunteer and staff developments/training	1,342	1,568	621	2,480	4,669	6,011
Marketing and public relations	14,812	4,239	7,860	50,890	62,989	77,801
Organizational dues	22,109	32,340	14,677	0	47,017	69,126
Professional fees	458,926	45,949	53,938	276	100,163	559,089
Depreciation	13,057	10,621	8,429	76	19,126	32,183
Total Expenses	2,748,601	475,823	553,398	75,196	1,104,417	3,853,018

The Notes to Financial Statements are an integral part of this statement.

United Way of Southwest Michigan

St. Joseph, Michigan

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2024

		Supporting Services				
	Program Services	Administrative	Fundraising	Communication and Marketing	Total Supporting Services	Total Expenses
Salaries	405,283	343,282	294,531	21,658	659,471	1,064,754
Employee health and retirement benefits	40,575	40,633	45,200	1,537	87,370	127,945
Payroll taxes and other employee costs	30,485	26,380	22,393	1,612	50,385	80,870
Allocations and grants	2,603,630	0	0	0	0	2,603,630
Supplies	345,022	5,020	38,347	312	43,679	388,701
Telephone	722	1,287	459	0	1,746	2,468
Postage	1,471	776	1,314	0	2,090	3,561
Occupancy	14,679	21,709	11,317	0	33,026	47,705
Equipment	13,228	5,561	34,098	2,933	42,592	55,820
Local travel	5,714	2,099	2,052	48	4,199	9,913
Volunteer and staff developments/training	1,926	798	0	0	798	2,724
Marketing and public relations	4,102	2,137	8,182	55,192	65,511	69,613
Organizational dues	4,680	54,206	2,392	775	57,373	62,053
Professional fees	75,452	82,201	6,429	0	88,630	164,082
Interest	0	266	0	0	266	266
Depreciation	14,091	11,303	9,159	0	20,462	34,553
Total Expenses	3,561,060	597,658	475,873	84,067	1,157,598	4,718,658

The Notes to Financial Statements are an integral part of this statement.

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	(349,276)	(1,294,211)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	32,183	34,553
Unrealized capital gains/losses	(25,047)	(71,617)
Realized (gain)/loss on investments	(92,153)	(222)
(Gain)/loss on disposal of assets	222	(20,162)
Change in beneficial interest in assets held by Community Foundations	(27,255)	(12,440)
Adjustments for changes in operating assets and liabilities:		
Pledges receivable, net	360,716	852,649
Other receivables	(167,222)	20,288
Prepaid expenses	10,833	25,351
Other current assets	455	(743)
Accounts payable	159,878	6,034
Allocations and other pledges payable	(766,078)	76,778
Due to designated agencies	(75,772)	13,464
Other accruals	7,166	(2,446)
Net Cash Flows Used In Operating Activities	(931,350)	(372,724)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property and equipment	(222)	92,885
Purchase of property and equipment	(16,975)	(3,955)
Proceeds from sale of investments	935,211	971,368
Purchase of investments	(263,667)	(670,966)
Net Cash Flows From Investing Activities	654,347	389,332
CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH	(277,003)	16,608
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF YEAR	558,988	542,380
CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	**281,985**	**558,988**
SUPPLEMENTARY DISCLOSURE OF NONCASH INVESTING ACTIVITIES:		
Interest paid	0	266

The Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

NATURE OF BUSINESS

The mission of United Way of Southwest Michigan ("United Way" or the "Organization") is to improve lives by mobilizing the caring power of our communities. Through generous giving, advocating and volunteering of individuals, family and corporate partners, United Way is able to create long-term sustainable impact in the areas of Education, Income, Health and Basic Needs.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of the Organization have been prepared on the accrual basis.

The Organization adheres to Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, which sets standards for reporting on financial statements of not-for-profit organizations. FASB ASC 958-205 requires the classification and presentation of net assets in two categories: net assets with donor restrictions and net assets without donor restrictions.

Net assets without donor restrictions are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors (the "Board").

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

USE OF ESTIMATES

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

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments without donor restrictions with an initial maturity of three months or less to be cash equivalents. Cash is held at local banks and is insured up to the limits of the Federal Deposit Insuance Corporation ("FDIC"). It is common throughout the course of operations for the Organization's cash balances to exceed the insured limit.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Accounts receivable is presented net of the allowance for credit losses (doubtful accounts). Management considers historical and forward-looking factors in its determination of the allowance including historical and anticipated customer performance, an aged analysis of receivables, current economic conditions and reasonable and supportable forecasts of future events and economic conditions. Any customer account with an unpaid balance after the due date on the customer invoice is considered past due and is addressed in accordance with the Organization's written procedures for past due accounts. Interest is not normally charged on past due accounts. Currently, management has determined the value of an allowance for credit losses (doubtful accounts) is immaterial and the recording of such balance is not considered necessary.

PLEDGES RECEIVABLE

The Organization uses the allowance method to determine uncollectible unconditional pledges receivable. The allowance is based on management's analysis of specific promises made. Unconditional pledges that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges that are expected to be received after one year are recorded at net present value of their estimated future cash flows. The discounts on those amounts are computed using the risk-free interest rates applicable to the years in which the pledges are received. Amortization of the discount is included in contribution revenue. Conditional pledges are not included as support until the conditions are substantially met. For each annual campaign, any remaining uncollectible pledge balances are written off after two years.

INVESTMENTS

In accordance with the requirements of Accounting for Certain Investments Held by Not-for-Profit Organizations Topic of FASB ASC 958-320, the Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at fair value in the Statements of Financial Position. Gains and losses are reflected as increases or decreases in the net assets without donor restrictions unless the donor or relevant laws place restrictions on the gains and losses. Donated securities are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received.

FAIR VALUE MEASUREMENTS

Management accounts for all assets and liabilities that are measured and reported on a fair value basis under the Fair Value Measurements and Disclosures Topic of FASB ASC 820. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The framework for measuring fair value establishes a 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).

PROPERTY AND EQUIPMENT

Donations of property and equipment are recorded as current support at their estimated fair market value unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service. Net assets with donor restrictions are reclassified to net assets without donor restrictions at that time. The Organization did not receive donated assets for the years ended December 31, 2025 and 2024, respectively.

Purchased property and equipment are stated at cost. Expenditures for additions, improvements and replacements are added to the property and equipment accounts. The Organization's fixed asset capitalization policy is to capitalize long-lived assets with a cost greater than $1,000. Repairs and maintenance are charged to expense as incurred. When equipment is retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the respective accounts and any gains or losses arising from the disposition are reflected in income. Depreciation is provided for over the estimated useful lives of the assets using the straight-line method. Depreciation expense was $32,183 and $34,553 for the years ended December 31, 2025 and 2024, respectively. A summary of the range of lives by asset category follows:

Buildings	39 years
Building improvements	5 - 30 years
Furniture and equipment	3 - 15 years
Vehicles	7 years

REVENUE RECOGNITION

Contract Services:
The Organization generates contract revenue from fees for providing services in accordance with contracts made with several other nonprofit organizations. The Organization recognizes revenue from these contracts on a ratable basis over the contract term beginning on the date service commences. Such income is reported as “Program” in the Revenues section of the Statements of Activities. The contract terms generally are on an annual basis that matches the reporting period and are billed in installments. Any amounts that are earned but not yet collected by year-end are reported in “Other receivables”.

CONTRIBUTIONS OF FINANCIAL ASSETS

Contributions, including promises to give, are recorded when the contribution is deemed unconditional. Contributions are reflected in the financial statements at the earlier of the transfer of the assets or at the time an unconditional promise to give is made.

Contributions received are considered to be available for current use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support that increases net assets with donor restrictions. A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration, 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. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restrictions are met in the year in which the contributions are received.

NOTES TO FINANCIAL STATEMENTS
December 31, 2025 and 2024

Deferred revenue for grants is recorded when cash payments are being received in advance of the Organization's performance.

DONOR DESIGNATIONS

Annual campaign gifts in which the Organization agrees to transfer the gift to another beneficiary, as designated by the donor, constitute agency transactions and are deducted from gross campaign results to arrive at contribution revenue. In accordance with United Way Worldwide membership requirements, these designations are presented as part of gross campaign contributions and gross allocations to agencies on the Statements of Activities, but are then deducted to arrive at the Organization's actual revenue and expense under GAAP.

CONCENTRATION OF CREDIT RISK

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of pledges receivable. Due to the nature of the Organization's business, pledges receivable can be concentrated among a few customers from time to time. Approximately 57% and 61% of the Organization's outstanding pledges receivable as of December 31, 2025 and 2024, respectively, was due from two customers. The Financial Instruments Topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 825) identifies this as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The Organization's concentration of credit risk with respect to pledges receivable is generally limited due to the diversity of customers in terms of geographic areas, repetitive well established customers, and management's continual monitoring of credit risks associated with specific customers.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the program and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated between program and supporting services based on personnel time and space utilized for the related activities.

Expenses that are allocated include the following:

Expense	Method of Allocation
Salaries and wages, employee benefits, payroll taxes, other employee costs	Time and effort
Supplies, occupancy, equipment, volunteer and staff development/training, marketing and public relations, organizational dues, professional fees, depreciation	Estimated actual usage

All other expenses are allocated based on estimated actual usage or direct assignment.

INCOME TAXES

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Internal Revenue Service ("IRS") has determined that the Organization is not a private foundation within the meaning of Section 509(a).

The Income Taxes Topic, FASB ASC 740, clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements. FASB ASC 740 requires an entity to disclose the nature of uncertain tax positions taken, if any, when filing its income tax return utilizing a two-step process to recognize and measure any uncertain tax positions taken. The entity recognizes a tax benefit only if it is more likely than not the position would be sustained in a tax examination, with a tax examination being presumed to occur. No tax benefit will be recorded on tax positions not meeting the more likely than not test. Interest and penalties accrued or incurred, if any, as a result of applying FASB ASC 740 will be recorded to interest expense and other expense, respectively.

Based on its evaluation, the Organization has concluded that there are no uncertain tax positions requiring recognition in its financial statements. The Organization's evaluation was performed for all federal and state tax periods still subject to examination. The Organization's 2022 through 2024 federal and state exempt organization returns remain subject to examination by the IRS and state taxing authorities.

NOTE 2 - LIQUIDITY AND AVAILABILITY

As of December 31, 2025 and 2024, the Organization has working capital of $1,756,135 and $2,117,237, and average days cash on hand of 26 and 43 at December 31, 2025 and 2024, respectively.

The table below represents financial assets available for general expenditures within one year at December 31:

Financial assets at year end:

	2025	2024
Cash	281,985	558,988
Investments	822,569	1,376,691
Pledges receivable, net	1,513,365	1,874,081
Total financial assets:	2,617,919	3,809,760
Less amounts not available to be used within one year:		
Restricted Cash	119,014	98,582
Financial assets available to meet general expenditures within one year:	2,498,905	3,711,178

The Organization has certain donor restricted assets limited to use which are available for general expenditure within one year in the normal course of operations (Note 8). Accordingly, these assets have been included in the quantitative information above for financial assets to meet general expenditures within one year.

NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable consist of campaign and community impact initiative contributions. The receivable consisted of the following as of December 31:

	2025	2024
Receivables in less than one year - pledges	1,593,016	1,956,769
Less: allowance for uncollectible pledges	(79,651)	(82,688)
Net unconditional promises to give	1,513,365	1,874,081

NOTE 4 - ALLOCATIONS AND OTHER PLEDGES PAYABLE

In June 2024, the Organization made unconditional pledges to agency programs to be paid for the period beginning July 1, 2024 through June 30, 2025. Additionally, the Organization made other pledge commitments to non-agency programs. Accordingly, a liability of $770,950 and $1,537,028 existed as of December 31, 2025 and 2024, respectively, representing unconditional amounts pledged and not yet paid as of that date.

NOTE 5 - FAIR VALUE MEASUREMENTS

The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Basis of Fair Value Measurement

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices for similar assets or liabilities in active markets or identical assets or liabilities in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As required by FASB ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The Organization utilized the market approach to approximate its value of Level 3 investments. Given a pool of assets whose total is known, the Organization can approximate its share of the total pooled investments value using rates of return applied to known contribution amounts. The Organization used fund statements provided by Berrien Community Foundation and Michigan Gateway Community Foundation (together, the "Community Foundations") that include detail of contributions and withdrawals to adjust the fair value of its assets. The Organization is familiar with the Community Foundations and their investment base which includes a variety of investments including domestic and global equities, private equity and real estate, fixed income securities, cash, and other investments. The investments are classified as Level 3 since the fund agreements provide for the irrevocable transfer of assets to the Community Foundations. The Organization's methodologies did not change for the years ended December 31, 2025 and 2024.

The following table presents the Organization's fair value hierarchy for the Organization's investment assets at fair value, as of December 31, 2025:

	Quoted Prices In Active Markets (Level 1)	Prices With Other Observable (Level 2)	Prices With Unobservable Inputs (Level 3)	Total
Cash, cash equivalents, and restricted cash				
Certificate of deposit	0	37,373	0	37,373
Investments				
Mutual funds	822,569	0	0	822,569
Beneficial interest in assets held by Community Foundations	0	0	261,728	261,728
Total	822,569	37,373	261,728	1,121,670

The following table presents the Organization's fair value hierarchy for the Organization's investment assets at fair value, as of December 2024:

	Quoted Prices In Active Markets (Level 1)	Prices With Other Observable (Level 2)	Prices With Unobservable Inputs (Level 3)	Total
Cash, cash equivalents, and restricted cash				
Certificate of deposit	0	36,328	0	36,328
Investments				
Mutual funds	1,376,691	0	0	1,376,691
Beneficial interest in assets held by Community Foundations	0	0	234,472	234,472
Total	1,376,691	36,328	234,472	1,647,491

Investment return for the years ended December 31:

	2025	2024
Interest and dividends	50,082	79,504
Realized gains	92,153	222
Unrealized gains	25,047	71,617
Investment management fees	(10,339)	(14,996)
Total	156,943	136,347

NOTE 6 - BENEFICIAL INTEREST IN ASSETS HELD BY THE COMMUNITY FOUNDATIONS

The Organization has established charitable agency endowed funds with both Community Foundations. The funds are designated to promote and enhance the program activities in the area served by the Organization. The established funds will provide a mechanism for receiving and maintaining gifts to continue the growth of the endowment funds and their earnings.

The Organization is following FASB ASC 958-605, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others. This statement establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer these assets, the return on investment of these assets or both to another entity that is specified by the donor.

The statement specifically requires that if a not-for-profit organization ("NPO") establishes a fund at a Community Foundation with its own funds and specifies itself as the beneficiary of that fund, the NPO must account for the transfer of such assets as a beneficial interest in the funds held by the Community Foundations. The Community Foundations refer to such funds as agency funds.

The Community Foundations maintain variance power and legal ownership of agency endowed and non-endowed funds and as such continues to report the funds as assets of the Community Foundations. However, in accordance with the statement, an asset has been established for the fair value of the funds, which is generally equivalent to the present value of the future payment expected to be received by the Organization.

The Community Foundations also hold donor advised endowment funds contributed by others in the Organization's name. However, these funds are assets of the Community Foundations and, as such, are not included in the financial statements of the Organization. The fair value of those funds was $85,940 and $74,851 as of December 31, 2025 and 2024.

The Organization has recorded additions and reductions to the agency endowment and nonendowment funds through Revenues.

NOTE 7 - BOARD DESIGNATED NET ASSETS

Included in net assets without donor restrictions are assets that have been board designated for the following at December 31:

	2025	2024
Investments	822,569	1,376,691
Beneficial interest in assets held by Community Foundations	261,728	234,472
Total	1,084,297	1,611,163

The Organization has adopted an operating reserve policy that requires the Board to set aside a portion of available unrestricted net assets at the end of each fiscal year to fund a Board designated operating reserve. The policy also establishes a target balance of the reserve as follows:

A. Target balance for UWSM Administration Budget – reserve is net assets of 50% (6 months) of prior fiscal year expenses.

B. Target balance for Community Impact – Funded Partners – reserve is net assets of 25% (3 months) of prior fiscal year expenses.

C. Target balance for Community Impact – Core Funding – reserve is net assets of 25% (3 months) of prior fiscal year expenses.

The current amount of Board designated investments exceeds the targeted operating reserve.

Additional designations have been determined by the Board and represent amounts that are to be used for the specified purpose. The designations for the Impact Fund for 2025 were designated on January 1, 2025, and represent amounts approved to be distributed to grantee agencies at the discretion of management.

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with Donor Restrictions consist of the following at December 31:

	2025	2024
Monies collected for pledges	0	0
Pledges receivable, net	1,513,365	1,874,081
Less: Due to designated agencies	(14,043)	(89,815)
Other cash with donor restrictions:		
Southwest Michigan Cares	50,248	43,354
Disaster relief	0	1,136
Emergency relief	0	758
Health Endowment Fund	6,186	6,182
Kellogg's - Hunger Program	0	1,000
DeGroot Family Fund	4,624	0
DPIL	53,610	0
BCAN - For CTE Project	0	1,281
Hopeful Home Fund	4,346	4,346
2025 Event Sponsorship	0	40,525
Subtotal	1,618,336	1,882,848

NOTE 9 - ENDOWMENTS

The Organization's endowments consist of board-designated endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has interpreted the State Prudent Management Investment Fiduciary Act ("SPMIFA") as requiring realized and unrealized gains of net assets with donor restrictions invested in perpetuity (if any) to be retained in a restricted net asset classification until appropriated by the board of directors for expenditure unless explicitly stated otherwise in the gift instrument. In addition, the Board has interpreted SPMIFA to appropriate as much of net appreciation of net assets with donor restrictions invested in perpetuity (if any) as is prudent considering the duration and preservation of the endowment fund, the purposes of the Organization and endowment fund, general economic conditions, effect of inflation or deflation, expected total return on its investments, and the investment policy of the Organization.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a stream of funding to support a portion of operations under the specified terms of the underlying endowment agreements, while seeking to preserve the endowment assets in perpetuity. In establishing this policy, the Organization considered the long term expected return on its endowments. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity.

Asset allocation policies at Berrien Community Foundation ("BCF") and Michigan Gateway Community Foundation ("MGCF") include the following assets classes: equities, fixed income securities, reat estate and other diversifying investments as defined.

All such endowed funds are considered Board designated net assets and are included in Net Assets Without Donor Restrictions in the Statement of Financial Position as of December 31, 2025.

The following table summarizes the activity in the funds during the year ended December 31, 2025:

	Michigan Gateway Community Foundation	Berrien Community Foundation	Total
Beginning balance	198,809	35,663	234,472
Interest and dividends	2,840	891	3,731
Realized gains	0	822	822
Unrealized gains	30,176	3,737	33,913
Grants/Scholarships	(10,012)	0	(10,012)
Administrative fees	(841)	(357)	(1,198)
Ending balance	220,972	40,756	261,728

The following table summarizes the activity in the funds during the year ended December 31, 2024:

	Michigan Gateway Community Foundation	Berrien Community Foundation	Total
Beginning balance	183,405	31,701	215,106
Interest and dividends	6,091	751	6,842
Realized gains	10,341	436	10,777
Unrealized gains	11,166	3,063	14,229
Grants/Scholarships	(9,937)	0	(9,937)
Administrative fees	(2,257)	(288)	(2,545)
Ending balance	198,809	35,663	234,472

NOTE 10 - RETIREMENT PLAN

The Organization maintains a qualified pension plan under section 403(b) of the Internal Revenue Code. The plan covers substantially all of its employees. Contributions are at the discretion of the Board. The Organization incurred expenses of $26,163 and $37,208 for the years ended December 31, 2025 and 2024, respectively.

NOTE 11 - CONCENTRATIONS

Contributions of financial assets from donors of the Organization that account for more than 10% of the Organization’s contributions and related pledges receivable balance are as follows as of and for the years ended December 31, 2025 and 2024:

	2025		2024	
	% of Campaign Revenue	Pledges Receivable, Net	% of Campaign Revenue	Pledges Receivable, Net
Donor A	34%	$382,486	36%	$ 546,409
Donor B	23%	$486,844	35%	$ 597,909

NOTE 12 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through June 18, 2026, the date the financial statements were available to be issued. No events or transactions occurred during this period which require recognition or disclosure in the financial statements.