

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

**Financial Statements
Years Ended September 30, 2023 and 2022**

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, 2023 and 2022, 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, 2023 and 2022, 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.

Battle Creek, Michigan

January 9, 2025

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

Statements of Financial Position

September 30,	2023	2022
ASSETS		
Current assets		
Cash	\$ 43,887	\$ 173,503
Accounts receivable	635,457	534,886
Prepaid expenses and other assets	2,760	3,006
Total current assets	682,104	711,395
Fixed assets		
Land	27,500	27,500
Buildings and improvements	535,770	374,611
Equipment and furnishings	167,673	110,922
	730,943	513,033
Less accumulated depreciation	(338,669)	(329,311)
Fixed assets, net	392,274	183,722
Total assets	\$ 1,074,378	\$ 895,117
LIABILITIES AND NET ASSETS		
Liabilities		
Current liabilities		
Accounts payable	\$ 28,675	\$ 15,813
Accrued wages	38,901	19,189
Total current liabilities	67,576	35,002
Net assets		
With donor restrictions	430,743	464,844
Without donor restrictions		
Operations	183,785	211,549
Capital assets, net of accumulated depreciation	392,274	183,722
Total net assets	1,006,802	860,115
Total liabilities and net assets	\$ 1,074,378	\$ 895,117

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

Statement of Activities
Year Ended September 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and operating revenue:			
Contract income - Summit Pointe	\$ 352,341	\$ 0	\$ 352,341
In-kind	521	0	521
Grant income - United Way	25,612	178,750	204,362
Grant income - Other	61,031	178,919	239,950
Contributions	99,382	0	99,382
Interest earned	67	0	67
Other income	35	0	35
Net assets reclassified from restrictions: satisfaction of program restrictions	391,770	(391,770)	0
Total support, revenue and reclassifications	930,759	(34,101)	896,658
Expenses:			
Drop-In Center	515,150	0	515,150
Community meals	153,850	0	153,850
Management and general	74,967	0	74,967
Fundraising	6,004	0	6,004
Total expenses	749,971	0	749,971
Changes in net assets	180,788	(34,101)	146,687
Net assets, beginning of year	395,271	464,844	860,115
Net assets, end of year	\$ 576,059	\$ 430,743	\$ 1,006,802

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 Functional Expenses Year Ended September 30, 2023

	Program Expenses				Total
	Drop-In Center	Community Meals	Management and General	Fundraising	
Staff related expenses					
Salaries and wages	\$ 279,505	66736\$	3997\$	3941\$	\$ 354,179
Payroll taxes	23,652	5,794	322	312	30,080
Insurance - health	38,983	2,043	1,022	0	42,048
Insurance - employment	470	118	0	0	588
Employee procurement	823	0	0	0	823
Contract labor	490	0	0	0	490
Continuing education	4,434	30	0	0	4,464
Insurance - worker's comp	700	443	146	0	1,289
Program related expenses					
Activities	173	28,168	0	0	28,341
Consumer needs	1,880	0	0	0	1,880
Supplies	15,306	1,831	20	0	17,157
Technology expense	2,076	15	0	0	2,091
Travel, meetings and training	2,156	1,164	13	0	3,333
Facility related expenses					
Rent/storage	83	83	0	0	166
Equipment lease	3,408	0	0	0	3,408
Insurance	6,092	4,468	957	0	11,517
License & fees	40	717	0	0	757
Maintenance	81,470	10,689	512	146	92,817
Security	5,544	4,455	518	148	10,665
Telephone	5,628	922	310	90	6,950
Utilities	11,234	9,629	1,604	460	22,927
Trash removal	2,545	4,537	0	0	7,082
Operational expenses					
Advertising and marketing	4,000	2,643	0	0	6,643
Credit card fees and bank charges	3	0	0	102	105
Dues and subscriptions	945	55	(3)	0	997
Office supplies	4,282	297	100	805	5,484
Professional fees	0	0	63,998	0	63,998
Legal	1,100	0	0	0	1,100
Other expenses					
Depreciation	11,236	9,013	1,451	0	21,700
Loss on asset disposal	6,892	0	0	0	6,892
Total	\$ 515,150	\$ 153,850	\$ 74,967	\$ 6,004	\$ 749,971

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

Statements of Cash Flows

Years Ended September 30,	2023	2022
Cash flows from operating activities		
Change in net assets	\$ 146,687	\$ 438,772
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	21,700	17,301
Loss on asset disposal	6,892	2,445
(Increase) decrease in:		
Accounts receivable	(100,571)	(372,928)
Prepaid expenses	247	(352)
Increase (decrease) in:		
Accounts payable	12,862	7,797
Accrued wages	19,712	7,133
Payroll liabilities	0	(6)
Net cash (used in) provided by operating activities	107,529	100,162
Cash flows from investing activities		
Purchase of fixed assets	(237,145)	(42,476)
Net cash (used in) provided by investing activities	(237,145)	(42,476)
Net change in cash and cash equivalents	(129,616)	57,686
Cash and cash equivalents, at beginning of year	173,503	115,817
Cash and cash equivalents, at end of year	\$ 43,887	\$ 173,503

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.

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

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.

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

Notes to Financial Statements

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

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.

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.

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

Notes to Financial Statements

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

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, 2023 and 2022 were \$6,643 and \$2,857, respectively.

Subsequent events - Subsequent events have been evaluated through January 9, 2025, which is the date the financial statements were available to be issued.
 - 2. Cash and Cash Equivalents**

The carrying amount of the Center's bank balance was \$49,385 and \$172,991 at September 30, 2023 and 2022, respectively. Cash balances were fully insured by the FDIC at September 30, 2023 and 2022.
 - 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, 2023 and 2022, a liability of \$12,325 and \$8,629, respectively, was recorded and included in accrued wages.
 - 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.

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

Notes to Financial Statements

5. **Leases** Total rental expense under all lease agreements was \$3,409 and \$3,696 for the years ended September 30, 2023 and 2022, 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,	2023	2022
Women's Group	\$500	\$0
City of Battle Creek ARPA	156,343	331,504
UW Meals program	178,750	48,938
Disaster relief	202	406
US HUD	32,360	20,383
Employment benefits coach	33,577	63,613
Battle Creek Foundation meal program	3,511	0
Michigan Nonprofit meal program	25,000	0
Shower Campaign	500	0
	\$430,743	\$464,844

7. **Major Customers** The Organization received 38% and 60% of its revenue from Summit Pointe and 8% and 19% of its revenue from United Way of Greater Battle Creek/Kalamazoo for its related meal program for the years ended September 30, 2023 and 2022, respectively. At September 30, 2023 and 2022, the Summit Pointe receivable (payable) was (\$7,789) and \$94,224 and United Way of Battle Creek/Kalamazoo was \$129,813 and \$48,938, respectively.

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

Notes to Financial Statements

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,	2023	2022
Financial assets at year-end	\$ 679,344	\$ 708,389
Less those unavailable for general expenditures within one year, due to:		
Donor-restricted to purchase of equipment	0	(214,000)
Donor-restricted for future years	(16,201)	(57,064)
Financial assets available to meet cash needs for general expenditure within one year	\$ 663,143	\$ 437,325

The Center has certain donor restricted net assets that are available for general expenditures within one year of September 30, 2023 and 2022. 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.

