BLUE WATER COMMUNITY ACTION

ANNUAL FINANCIAL REPORT
with Supplementary Information

FOR THE YEARS ENDED
SEPTEMBER 30, 2023 AND 2022

BLUE WATER COMMUNITY ACTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Blue Water Community Action
Port Huron, Michigan

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Blue Water Community Action (the "Agency") (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022; 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 Blue Water Community Action as of September 30, 2023 and 2022 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 and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audits 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 misstatements, 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 the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 and *Government 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatements 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 the Agency'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 judgement, there are conditions or events considered in the aggregate that raise substantial doubt about the Agency'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financials statements as a whole. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements; certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves; and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects on revenues and expenses to children's and community services programs on page 20 due to recognition of donated services and capital asset purchases in the year of acquisition, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2024 on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

UHY LLP

Port Huron, Michigan
February 27, 2024

BLUE WATER COMMUNITY ACTION

STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022

	2023	2022
ASSETS		
Current Assets:		
Cash	$ 539,135	$ 272,626
Receivables -		
Grants	452,897	787,236
Prepaid expenses	28,510	14,136
Total current assets	1,020,542	1,073,998
Restricted Assets:		
Cash -		
Custodial accounts	271,996	289,539
USDA reserve	88,856	88,856
Inventory - Homes	68,586	68,586
Total restricted assets	429,438	446,981
Land, building, and equipment, net of accumulated depreciation	1,781,635	1,981,360
Total Assets	$ 3,231,615	$ 3,502,339
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 66,550	$ 122,252
Accrued payroll and related liabilities	52,392	89,071
Accrued vacation	39,435	54,143
Note payable, current portion	34,087	33,619
Refundable advances	71,301	59,611
Total current liabilities	263,765	358,696
Liabilities Payable from Restricted Assets:		
Due to participants - Custodial accounts	271,996	289,539
Loan payable	68,586	68,586
Total liabilities payable from restricted assets	340,582	358,125
Long-term Liabilities:		
Note payable, less current portion	1,285,032	1,318,330
Total Liabilities	1,889,379	2,035,151
Net Assets:		
With Donor Restrictions	135,411	135,876
Without Donor Restrictions	1,206,825	1,331,312
Total Net Assets	1,342,236	1,467,188
Total Liabilities and Net Assets	$ 3,231,615	$ 3,502,339

See Notes to Financial Statements

BLUE WATER COMMUNITY ACTION

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED 2023 AND 2022

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support:			
Grants:			
Children's Services	$ 4,616,440	$ -	$ 4,616,440
Community Services	2,707,952	-	2,707,952
Other Services	-	5,154	5,154
	7,324,392	5,154	7,329,546
Contributions:			
Direct/indirect	15,903	29,168	45,071
In-kind contributions	43,365	-	43,365
	59,268	29,168	88,436
Other Revenues:			
Fees	82,264	-	82,264
Other	162,720	-	162,720
Interest	299	-	299
	245,283	-	245,283
Net Assets Released from Restrictions:			
Satisfaction of program restrictions	34,787	(34,787)	-
Total Revenues, Gains, and Other Support	7,663,730	(465)	7,663,265
Expenses:			
Program services	6,963,770	-	6,963,770
Supporting services	824,447	-	824,447
Total Expenses	7,788,217	-	7,788,217
Change in Net Assets	(124,487)	(465)	(124,952)
Net assets at beginning of year	1,331,312	135,876	1,467,188
Net assets at end of year	$ 1,206,825	$ 135,411	$ 1,342,236

See Notes to Financial Statements

2022		
Without Donor Restrictions	With Donor Restrictions	Total
$ 4,796,618	$ -	$ 4,796,618
6,852,113	-	6,852,113
-	-	-
11,648,731	-	11,648,731
9,888	40,814	50,702
59,531	-	59,531
69,419	40,814	110,233
81,386	-	81,386
150,246	-	150,246
102	-	102
231,734	-	231,734
18,134	(18,134)	-
11,968,018	22,680	11,990,698
11,006,848	-	11,006,848
615,889	-	615,889
11,622,737	-	11,622,737
345,281	22,680	367,961
986,031	113,196	1,099,227
$ 1,331,312	$ 135,876	$ 1,467,188

BLUE WATER COMMUNITY ACTION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Program Services			
	Children's Services Programs	Community Services Programs	Other Programs	Total
Wages and salaries	$ 2,539,467	$ 587,799	$ 44,593	$ 3,171,859
Fringe benefits	744,606	205,857	5,953	956,416
	3,284,073	793,656	50,546	4,128,275
Communication	29,280	5,769	4,816	39,865
Contracted services	284,224	1,065,180	2,746	1,352,150
Equipment	33,310	6,496	709	40,515
Occupancy	187,081	51,382	42,119	280,582
Other	35,594	14,025	78,202	127,821
Staff development	45,934	8,043	13	53,990
Supplies	97,740	47,175	16,375	161,290
Travel	22,987	6,755	29	29,771
Specific assistance	124,080	379,145	14,702	517,927
In-kind expenses -				
Donated facilities	43,249	-	-	43,249
Donated goods and other	116	-	-	116
Interest	-	-	52,610	52,610
Depreciation	14,581	4,028	117,000	135,609
Total Expenses	$ 4,202,249	$ 2,381,654	$ 379,867	$ 6,963,770

See Notes to Financial Statements

Supporting Services: Management and General	Total Program and Supporting Services
$ 511,690	$ 3,683,549
95,627	1,052,043
607,317	4,735,592
4,775	44,640
73,533	1,425,683
39,275	79,790
42,398	322,980
39,544	167,365
2,699	56,689
14,826	176,116
80	29,851
-	517,927
-	43,249
-	116
-	52,610
-	135,609
$ 824,447	$ 7,788,217

BLUE WATER COMMUNITY ACTION

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Program Services			
	Children's Services Programs	Community Services Programs	Other Programs	Total
Wages and salaries	$ 2,613,144	$ 652,676	$ 42,883	$ 3,308,703
Fringe benefits	749,457	207,224	6,809	963,490
	3,362,601	859,900	49,692	4,272,193
Communication	33,300	7,241	2,772	43,313
Contracted services	237,143	930,677	523	1,168,343
Equipment	23,852	15,228	811	39,891
Occupancy	195,946	44,795	28,931	269,672
Other	64,661	11,966	11,286	87,913
Staff development	52,827	9,902	22	62,751
Supplies	120,030	15,738	16,703	152,471
Travel	17,256	4,504	123	21,883
Specific assistance	123,920	4,552,446	1,700	4,678,066
In-kind expenses -				
Donated facilities	59,531	-	-	59,531
Interest	-	-	53,097	53,097
Depreciation	15,391	4,232	78,101	97,724
Total Expenses	$ 4,306,458	$ 6,456,629	$ 243,761	$ 11,006,848

See Notes to Financial Statements

Supporting Services	
Management and General	Total Program and Supporting Services
$ 359,457	$ 3,668,160
83,073	1,046,563
442,530	4,714,723
3,923	47,236
74,945	1,243,288
6,964	46,855
32,175	301,847
38,313	126,226
3,461	66,212
13,560	166,031
18	21,901
-	4,678,066
-	59,531
-	53,097
-	97,724
$ 615,889	$ 11,622,737

BLUE WATER COMMUNITY ACTION

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities:		
Change in Net Assets	$(124,952)	$ 367,961
Adjustments to reconcile change in net assets to net cash provided by (used In) operating activities:		
Depreciation expense	135,609	97,724
Loss on disposal of assets	64,116	-
Changes in assets and liabilities:		
(Increase) Decrease in -		
Receivables	334,339	(243,005)
Prepaid expenses	(14,374)	(7,544)
Increase (Decrease) in -		
Accounts payable	(55,702)	(61,399)
Accrued liabilities	(51,387)	(8,953)
Due to participants - custodial accounts	(17,543)	60,782
Refundable advances	11,690	(363,568)
Net Cash Provided by (Used In) Operating Activities	281,796	(158,002)
Cash Flows from Investing Activities:		
Purchase of building and equipment	-	(291,361)
Cash Flows from Financing Activities:		
Payment on note	(32,830)	(32,343)
Increase (Decrease) in cash	248,966	(481,706)
Cash and restricted cash at beginning of year	651,021	1,132,727
Cash and restricted cash at end of year	$ 899,987	$ 651,021
Reconciliation of Statement of Financial Position:		
Cash	$ 539,135	$ 272,626
Restricted Cash -		
Custodial accounts	271,996	289,539
USDA Reserve	88,856	88,856
	$ 899,987	$ 651,021
Supplemental Disclosures of Cash Flow Information:		
Interest paid	$ 52,610	$ 53,097

See Notes to Financial Statements

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

DESCRIPTION OF ORGANIZATION:

Blue Water Community Action (the "Agency") is a nonprofit organization created to plan, establish, coordinate, and carry out programs to promote health, education, and welfare of needy St. Clair County residents and to apply for, receive, administer, and disburse funds for such purposes as provided under the Economic Opportunity Act of 1964, as amended, and the Community Services Act of 1974, PA 230, 1991, of the State of Michigan, and other federal, state, and local programs. No part of any earnings shall benefit any member or private individual. In case of dissolution of this Organization, all assets shall be permanently dedicated to another qualified 501(c)(3) organization.

SIGNIFICANT ACCOUNTING POLICIES:

The Agency's accounting policies conform to accounting principles generally accepted in the United States of America. The following is a summary of policies that are considered significant to the Agency:

BASIS OF ACCOUNTING - The financial statements of the Agency are reported on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations.

BASIS OF PRESENTATION - Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) Statement 958, *Financial Statements of Not-for-Profit Organizations*. In accordance with ASC 958, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objective of the Agency. These net assets may be used at the discretion of management.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donors. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

A description of the types of programs utilized by the Agency is as follows:

Children's Services - reporting activity for comprehensive preschool experiences designed to prepare children from prenatal to age 5, including children with disabilities, for social success.

Community Services - reporting activity for various services for low-income residents of St. Clair County, including financial assistance, health and nutrition services, and housing and energy services.

Other - reporting activity for services not covered above, including debt management, corporate activities, and special events.

CASH - The Agency cash consists of cash on hand and time/demand deposits.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

GRANT RECEIVABLE - Grant receivable consists of amounts due from funding sources as of September 30 for the reimbursement of allowable grant expenditures for services and goods provided by the Agency.

RESTRICTED ASSETS - The Agency has restricted assets pertaining to cash held for participants under agency agreements that are a part of the Money Management Program. The deposits are maintained in a separate account, offset by a corresponding liability. The Agency's personnel in the Money Management Program manage the finances of program participants.

Other restricted assets include inventory consisting of a home that has a lifetime lease attached and cash held specifically for a reserve as required by the USDA loan.

MORTGAGES RECEIVABLE - Mortgage receivables are carried at unpaid principal balances. The Agency considers a loan to be delinquent when it has been past due for fifteen (15) days. At September 30, 2023 and 2022, there were no loans considered to be delinquent. Interest on mortgage receivables is recognized over the term of the loan and is calculated using the simple-interest method on principal amounts outstanding.

CAPITAL ASSETS - Capital assets consist of building, building improvements, and equipment are stated at cost at the date of purchase or at estimated fair value at the date of donation. Capital assets are defined as assets with an estimated useful life in excess of one year and an initial individual cost of $5,000 or more. Major additions are capitalized, while maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently. Gains and losses from disposals are included in earnings. Depreciation is computed on the straight-line method over the life of the assets.

The estimated useful lives of the assets are as follows:

Building and building improvements	40 years
Transportation equipment (buses)	7 years
Vehicles	5 years
Office equipment	5 years

INVENTORY - Inventory represents a home. Inventory is valued at the lower of cost or net realizable value with cost determined on the specific identification method.

ACCRUED VACATION - Individual employees have vested rights upon termination of employment to receive payments for unused vacation under limits and conditions specified in the personnel policies of the Agency.

REFUNDABLE ADVANCES - Refundable advances represent unexpended grant funds received at the Agency's year-end. The funds are approved for use in future or ongoing programs and are not earned in the current year.

INCOME TAXES - The Agency is a nonprofit organization and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

REVENUE RECOGNITION - The major source of revenue for the Agency is from grants. The Agency receives grants and contracts from governmental and nonprofit organizations to provide a variety of services to the public based on specific requirements. Such grants and contracts are nonreciprocal transactions and include conditions stipulated by the grantor agencies and are, therefore, accounted for as conditional contributions. Receivables are recognized for any unreimbursed grant expenses/units of service and deferred revenues for any advances received before conditions have been met.

Contributions are recorded at the time of receipt or as a receivable, when there is sufficient evidence in the form of verifiable documentation that an unconditional promise was received.

FUNCTIONAL EXPENSES - The cost of providing program and other activities have been summarized on a functional basis in the statement of activities. Certain costs that are directly identifiable with a program or support service are charged directly to the program or support service benefitting. The Agency operates predominately on federal and state grants and does not perform fundraising, other than special events related directly to the grant programs. Indirect expenditures have been allocated based on:

a) Building and occupancy costs are allocated on the basis of square footage.

b) Any other costs not directly allocable to a specific program (i.e., administration costs) are spread over all programs based on a percentage of hours worked of direct program personnel or number of transactions.

DONATIONS -

Goods, Facilities, and Other Items - Donations of goods, facilities and other items are recorded as in-kind contributions at their estimated fair value of the donation in the accounting period in which they were received. The related expenses are recognized in the same period as the revenue as an offsetting entry.

Services - No amounts have been recorded in the financial statements for donated services by individuals other than professionals. The Agency pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Agency with specific assistance programs and various Agency assignments. The Agency estimates the fair value of these donated services as $40,160 and $58,456 for the years ended September 30, 2023 and 2022, respectively.

ESTIMATES - In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

ADVERTISING - The Agency's policy is to expense advertising costs for the promotion of programs as the costs are incurred. Advertising expense for the years ending September 30, 2023 and 2022 was $4,598 and $10,220, respectively.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

SUBSEQUENT EVENTS - In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through February 27, 2024, the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES:

Financial assets available for general expenditures (that is, without donor or other restrictions limiting their use) within one year of the financial position date is composed of the following:

	2023	2022
Cash	$ 539,135	$ 272,626
Grant receivables	452,897	787,236
	992,032	1,059,862
Less - Net assets subject to program service restrictions by the donor	46,555	47,020
	$ 945,477	$ 1,012,842

The Agency maintains a cash reserve as required by USDA. The balance at September 30, 2023 and 2022 is $88,856.

NOTE 3 - CASH AND INVESTMENTS:

Deposits -

At September 30, 2023, the Agency had deposits with financial institutions with a bank balance of $421,574, of which $384,116 was insured with the remaining $37,458 uninsured and uncollateralized. At September 30, 2022, the Agency had deposits with financial institutions with a bank balance of $440,302, of which $383,839 was insured with the remaining $56,463 uninsured and uncollateralized.

Investments -

As of September 30, 2023 and 2022, the Agency had book balances of $493,774 and $227,756, respectively, and bank balances of $509,874 and $324,981, respectively, invested in repurchase agreements ("Repos"), which are short-term debt obligations of the bank. This investment is presented as cash since the Agency may deposit and withdraw cash at any time without prior notice or penalty. The bank pledges AAA-Rated U.S. Government-backed security at 105% of the principal balance. The Repo obligations have a maturity of the next business day immediately following the day in which such Repo was traded (purchased).

The Agency categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets, inputs other than quoted prices that are observable, or market-corroborated inputs; and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. The Repos are considered a Level 2.

NOTE 4 - GRANTS RECEIVABLE:

Grants receivable consists of amounts due from funding sources as of September 30 as follows:

	2023	2022
Head Start	$ 9,504	$ 243,707
Michigan Department of Health and Human Services	384,068	424,005
Michigan Department of Education	-	22,385
Blue Water Area Transportation	7,781	20,176
Michigan State Housing Development Authority	9,944	10,759
Other	41,600	66,204
	$ 452,897	$ 787,236

NOTE 5 - CAPITAL ASSETS:

The following is a summary of capital assets at September 30:

	2023	2022
Land	$ 150,000	$ 150,000
Building and building improvements	1,589,955	1,589,955
Vehicles	117,633	117,633
Office equipment	232,807	415,106
Construction in progress	-	38,000
	2,090,395	2,310,694
Accumulated depreciation	(308,760)	(329,334)
	$ 1,781,635	$ 1,981,360

Depreciation expense for the years ended September 30, 2023 and 2022 was $135,609 and $97,724, respectively.

NOTE 6 - GRANT AWARDS:

Grant revenues are recognized as they are earned rather than at the time of award since they are considered a conditional promise to give. The Agency had the following significant amounts available for the program year remaining which have not been earned and reported as of September 30:

	2023	2022
Weatherization Assistance Program	$ 675,064	$ 212,730
Head Start Program	28,739	4,580,074
Community Services Block Grant	134,418	207,408
Housing Programs	-	1,405,998
Port Huron Men’s Shelter	109,353	-
Other	62,922	-
	$ 1,010,496	$ 6,406,210

NOTE 7 - LONG-TERM DEBT:

Loan Payable -

On August 7, 2006, the Agency received a loan from Community Foundation of St. Clair County in the amount of $68,586 to purchase 833 Division Street in connection with the Oak Crest project. The loan bears no interest and is not payable until the lifetime lease of 833 Division Street tenants ends. The loan is payable from restricted assets.

Note Payable -

On October 5, 2018, the Agency entered into a note agreement to finance the purchase and renovations of their operating facility in the amount of $1,500,000. Payments of $7,120 are due monthly with an annual interest rate not to exceed 3.875% until October 5, 2048. The obligation is secured by the real property and business assets of the Agency. The outstanding balance as of September 30, 2023 is $1,319,119.

The maturities of the note payable as of September 30, 2023 are as follows:

September 30,	Amount
2024	$ 34,087
2025	35,594
2026	37,018
2027	38,499
2028	39,912
2029-2033	225,400
2034-2038	274,258
2039-2043	333,708
2044-2047	300,643
	$ 1,319,119

NOTE 8 - LEASES:

The Agency entered into lease agreements to rent out a portion of its operating facility classified as operating leases under ASU 2016-02 effective in the Agency's 2023 fiscal year with the following municipal and not-for-profit entities:

On September 15, 2019, the Agency entered into a lease agreement with Visiting Nurse Association Health Services, a non-profit organization. The lease was through September 30, 2020 and was extended for 5 years with monthly rental payments of $6,650 due the first day of the month with $3,694 relating to the lease of the building. The Agency received rental income of $44,328 and $79,955 during the years ended September 30, 2023 and 2022, respectively.

On February 4, 2020, the Agency entered into a lease agreement with Community Enterprises of St. Clair County, a non-profit organization. The lease is through January 31, 2025 with monthly rental payments of $4,838 through February 2021 and $5,329 thereafter with $4,828 relating to the lease of the building. The Agency received rental income of $57,936 and $63,231 for the years ended September 30, 2023 and 2022, respectively.

NOTE 8 - LEASES - (cont'd):

The future payments for the years ended September 30 are as follows:

2024	$ 102,264
2025	63,640
	$ 165,904

NOTE 9 - PENSION PLANS:

403(b)/401(k) Plan -

All employees of the Agency are eligible to participate in the Community Action Agency of St. Clair County ERISA 403(b) Plan. Effective September 1, 2022, the Agency closed the 403(b) Plan and established a 401(k) Plan for all employees. The Plans provide for individual contributions based on the applicable dollar limit adjusted each year by the IRS. The Agency provides a 100% matching contribution up to 3% of the participants' salary and a 50% matching contribution up to 5% of the participants' salary. During the years ended September 30, 2023 and 2022, the Agency contributed $100,355 and $75,597, respectively, to the Plans.

NOTE 10 - CONTINGENT LIABILITIES:

In the normal course of operations, the Agency participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement, which may arise as a result of these audits, cannot be reasonably determined at this time, although management believes the amount, if any, would not be material.

It was communicated to the Agency that Michigan Department of Education is terminating and disqualifying Blue Water Community Action from the Child and Adult Care Food Program effective October 20, 2023.

NOTE 11 - NET ASSETS WITH DONOR RESTRICTIONS:

Restricted revenues in which the net assets must be used for specific programs or loan reserve requirements. The following is a summary of the net assets with lender and donor restrictions at September 30:

	2023	2022
Walk for Warmth	$ 32,936	$ 38,698
Backpack Giveaway	13,619	8,322
USDA Reserve	88,856	88,856
	$ 135,411	$ 135,876

NOTE 12 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS:

In 2023, Blue Water Community Action's operations were concentrated in childhood development programs with the major activity being the Head Start funded by the U.S. Department of Health and Human Services. The Head Start program funding of $4,193,344 represents 55% of total Agency revenue and support for the year ended September 30, 2023.

For 2022, the Head Start Program represented $4,308,133, or 36% of total revenue or support. The Covid-19 Emergency Rental Assistance program funded by the U.S. Department of Treasury represented $4,379,016 or 36% of total Agency revenue in 2022.

The Head Start receivables at September 30, 2022 totaled $243,707 or 31% of total receivables.

These programs operate in a heavily regulated environment. The operations are subject to the administrative directives, rules and regulations of the federal government. Such administrative directives, rules and regulations are subject to change by an Act of Congress or an administrative change mandated by one of the U.S. Departments. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

NOTE 13 - CHANGE IN FUNDING/ORGANIZATION:

In August 2023, the Office of Head Start (OHS) suspended without advance notice all Federal financial assistance under Head Start Act to the Agency. This suspension was noted to continue for 30 days. The suspension was then extended on September 8, 2023 for another 30 days. At a special meeting of the Agency's board, they voted to relinquish all Head Start funding effective September 11, 2023. They Agency also relinquished all childcare licensing in September 2023. At September 30, 2023 there were no operating children activities at the Agency. The Children's Services reflect $4,659,805 in revenues and expenses in 2023 and $4,856,149 and $4,662,986 in revenues and expenses, respectively in 2022.

SUPPLEMENTARY FINANCIAL INFORMATION

BLUE WATER COMMUNITY ACTION

ALL PROGRAMS
COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Children's Services	Community Services	Other Programs	Total 2023	Total 2022
Revenues, gains, and other support:					
Grants and awards -					
Federal	$ 4,347,648	$ 1,764,241	$ -	$ 6,111,889	$ 10,721,329
State	268,792	385,862	-	654,654	422,486
Local	-	557,849	5,154	563,003	504,916
Contributions -					
Direct/indirect	-	1,196	43,875	45,071	50,702
In-kind -					
Donated facilities	43,249	-	-	43,249	59,531
Donated goods and other	116	-	-	116	-
Donated services	40,160	-	-	40,160	58,456
Fees	-	3,057	79,207	82,264	81,386
Other	-	10,471	152,249	162,720	150,246
Interest	-	-	299	299	102
Total revenues, gains, and other support	4,699,965	2,722,676	280,784	7,703,425	12,049,154
Expenses:					
Wages and salaries	2,824,233	795,951	63,365	3,683,549	3,668,160
Fringe benefits	797,640	244,400	10,003	1,052,043	1,046,563
Communication	31,760	7,762	5,118	44,640	47,236
Contracted services	330,582	1,083,578	11,523	1,425,683	1,436,451
Equipment	53,755	23,187	2,848	79,790	145,053
Occupancy	206,464	63,009	53,507	322,980	301,847
Other	56,573	30,177	80,615	167,365	126,226
Staff development	47,856	8,783	50	56,689	66,212
Supplies	105,929	53,260	16,927	176,116	166,031
Travel	22,987	6,821	43	29,851	21,901
Specific assistance	124,080	379,145	14,702	517,927	4,678,066
In-kind expenses -					
Donated facilities	43,249	-	-	43,249	59,531
Donated goods and other	116	-	-	116	-
Donated services	40,160	-	-	40,160	58,456
Interest	-	-	52,610	52,610	53,097
Depreciation	14,581	4,028	117,000	135,609	97,724
Total Expenses	4,699,965	2,700,101	428,311	7,828,377	11,972,554
Revenues, gains, and other support over (under) expenses	-	22,575	(147,527)	(124,952)	76,600
Adjustments to convert results of operations to GAAP:					
Add (Less):					
Purchase of capitalized equipment	-	-	-	-	98,198
Building improvements	-	-	-	-	193,163
In-kind donated services	40,160	-	-	40,160	58,456
In-kind donated services	(40,160)	-	-	(40,160)	(58,456)
Net increase (decrease) in net assets	$ -	$ 22,575	$(147,527)	$(124,952)	$ 367,961

BLUE WATER COMMUNITY ACTION

CHILDREN'S SERVICES PROGRAMS
COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Head Start		Early Head Start		
	Full Year - Part Day (PA 22) 10/1/22 - 8/31/23	Closeout	Full Year - Part Day (PA 22) 10/1/22 - 8/31/23	Carryforward	Total
Revenues, gains, and other support:					
Grants and awards -					
Federal	$ 2,229,123	$ 1,011	$ 976,127	$ 988,084	$ 4,194,345
State	-	-	-	-	-
Donations -					
Donated facilities	43,249	-	-	-	43,249
Donated goods and other	-	-	116	-	116
Donated services	28,952	-	11,208	-	40,160
Total Revenues, gains, and other support	2,301,324	1,011	987,451	988,084	4,277,870
Expenses:					
Wages and salaries	1,300,019	-	585,738	728,243	2,614,000
Fringe benefits	363,142	-	226,355	153,333	742,830
Communication	22,090	-	9,577	-	31,667
Contracted services	194,841	-	23,353	91,484	309,678
Equipment	39,336	1,011	12,881	-	53,228
Occupancy	155,001	-	49,161	-	204,162
Other	40,286	-	12,645	408	53,339
Staff development	37,481	-	10,052	-	47,533
Supplies	58,370	-	27,174	14,616	100,160
Travel	7,256	-	15,569	-	22,825
Specific assistance	157	-	204	-	361
In-kind expenses -					
Donated facilities	43,249	-	-	-	43,249
Donated goods and other	-	-	116	-	116
Donated services	28,952	-	11,208	-	40,160
Depreciation	11,144	-	3,418	-	14,562
Total Expenses	2,301,324	1,011	987,451	988,084	4,277,870
Revenues, gains, and other support over expenses	$ -	$ -	$ -	$ -	$ -

GSRP	Blue Water Area Transportation Contract	USDA Child Care Food Program	Total 2023	Total 2022
$ -	$ 7,786	$ 145,517	$ 4,347,648	$ 4,525,065
234,400	34,392	-	268,792	271,553
-	-	-	43,249	59,531
-	-	-	116	-
-	-	-	40,160	58,456
234,400	42,178	145,517	4,699,965	4,914,605
166,054	31,315	12,864	2,824,233	2,823,787
45,569	7,453	1,788	797,640	798,762
-	59	34	31,760	35,336
21,072	(711)	543	330,582	475,596
107	65	355	53,755	27,699
1,406	693	203	206,464	213,945
160	2,800	274	56,573	84,473
-	310	13	47,856	55,065
31	138	5,600	105,929	125,378
1	56	105	22,987	17,266
-	-	123,719	124,080	123,920
-	-	-	43,249	59,531
-	-	-	116	-
-	-	-	40,160	58,456
-	-	19	14,581	15,391
234,400	42,178	145,517	4,699,965	4,914,605
$ -	$ -	$ -	$ -	$ -

BLUE WATER COMMUNITY ACTION

COMMUNITY SERVICES PROGRAMS
COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2022

	CSBG	SCCHD Eviction Diversion	Weatherization Holistic Homes	WAP BIL	WAP LIHEAP Weatherization
Revenues, gains, and other support:					
Grants and awards -					
Federal	$ 384,982	$ 12,500	$ -	$ 304,655	$ 193,753
State	-	12,500	-	-	-
Local	-	-	67,708	-	-
Contributions -					
Direct/indirect	-	-	-	-	-
Fees	-	-	-	-	-
Other	-	-	-	-	3,121
Total Revenues, gains, and other support	384,982	25,000	67,708	304,655	196,874
Expenses:					
Wages and salaries	225,285	4,260	-	133,667	37,434
Fringe benefits	79,294	739	-	44,207	7,043
Communication	2,817	-	-	1,166	320
Contracted services	7,000	-	56,906	85,790	144,473
Equipment	8,777	-	-	2,170	1,400
Occupancy	17,834	-	-	12,156	3,286
Other	14,089	-	-	2,700	1,884
Staff development	3,706	-	-	2,207	57
Supplies	23,981	1	-	18,445	461
Travel	206	-	-	1,515	184
Specific assistance	-	20,000	-	-	-
Depreciation	1,993	-	-	632	332
Total Expenses	384,982	25,000	56,906	304,655	196,874
Revenues, gains, and other support over (under) expenses	$ -	$ -	$ 10,802	$ -	$ -

WAP DOE Weatherization	SEMCO Direct	Homebuyer Education	MSHDA Family Self-Sufficiency	MSHDA HEP	MSHDA HUD	County Rehabilitation
$ 215,217	$ -	$ -	$ -	$ -	$ 71,522	$ -
-	-	-	13,380	20,133	-	-
-	403,901	-	-	-	-	11,662
-	-	-	-	-	-	-
-	-	3,057	-	-	-	-
-	-	-	-	-	-	-
215,217	403,901	3,057	13,380	20,133	71,522	11,662
64,092	3,268	2,288	9,955	16,335	49,748	538
18,687	1,068	136	1,411	2,390	12,393	189
675	61	7	34	447	75	-
121,662	387,943	23	462	193	1,632	9,883
771	646	53	253	121	567	-
1,288	299	19	211	200	615	-
4,792	312	16	180	223	469	-
1,278	11	1	19	7	795	-
1,038	128	457	443	92	3,357	-
928	9	1	5	10	801	21
-	-	-	393	105	1,033	-
6	21	1	14	10	37	-
215,217	393,766	3,002	13,380	20,133	71,522	10,631
$ -	$ 10,135	$ 55	$ -	$ -	$ -	$ 1,031

BLUE WATER COMMUNITY ACTION

COMMUNITY SERVICES PROGRAMS
COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2022

	MSHDA MIHAF	Commodity Supplemental Food Program	DTE EEAP	PSH Statewide Leasing	PSH Dedicated Plus
Revenues, gains, and other support:					
Grants and awards -					
Federal	$ 8,100	$ 6,644	$ -	$ 36,274	$ 36,880
State	-	-	-	-	9,428
Local	-	-	8,003	-	-
Contributions -					
Direct/indirect	-	71	-	-	-
Fees	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues, gains, and other support	8,100	6,715	8,003	36,274	46,308
Expenses:					
Wages and salaries	6,701	5,256	245	7,160	12,020
Fringe benefits	807	1,160	48	4,143	2,364
Communication	43	-	7	38	53
Contracted services	58	-	6,901	848	933
Equipment	101	62	26	518	687
Occupancy	122	50	20	287	308
Other	98	155	20	314	444
Staff development	23	14	-	100	81
Supplies	40	11	6	211	435
Travel	90	7	1	372	61
Specific assistance		-	-	22,260	28,892
Depreciation	17	-	1	23	30
Total Expenses	8,100	6,715	7,275	36,274	46,308
Revenues, gains, and other support over (under) expenses	$ -	$ -	$ 728	$ -	$ -

Rapid Rehousing	MSHDA ESG	MSHDA ESG CARES	MSHDA Street Outreach	MSHDA CERA II	MSHDA EHV	Salvation Army ESP
$ 34,192	$ -	$ 158,886	$ -	$ 176,555	$ 8,018	$ -
7,826	310,376	-	12,219	-	-	-
-	-	-	-	-	-	21,575
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
42,018	310,376	158,886	12,219	176,555	8,018	21,575
11,082	78,863	1,742	7,600	115,283	1,146	1,159
2,214	28,741	1	882	35,986	95	214
69	418	125	1,027	320	-	34
798	98,594	20,901	198	2,473	-	252
635	2,304	659	1	3,204	-	152
348	4,371	1,266	10	9,328	5,777	154
380	1,503	327	11	839	-	91
76	95	117	16	173	-	5
484	330	269	891	2,011	71	68
124	678	108	1,581	92	-	22
25,777	94,180	133,265	-	6,386	1,000	19,415
31	299	106	2	460	-	9
42,018	310,376	158,886	12,219	176,555	8,089	21,575
$ -	$ -	$ -	$ -	$ -	$(71)	$ -

BLUE WATER COMMUNITY ACTION

COMMUNITY SERVICES PROGRAMS
COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Housing Projects	Port Huron Men's Shelter	United Way Men's Shelter	HOME ARP
Revenues, gains, and other support:				
Grants and awards -				
Federal	$ -	$ 89,499	$ -	$ 26,564
State	-	-	-	-
Local	-	-	45,000	-
Contributions -				
Direct/indirect	-	1,125	-	-
Fees	-	-	-	-
Other	7,350	-	-	-
Total Revenues, gains, and other support	7,350	90,624	45,000	26,564
Expenses:				
Wages and salaries	736	-	-	88
Fringe benefits	175	-	-	13
Communication	24	-	-	2
Contracted services	-	90,647	45,000	8
Equipment	75	-	-	5
Occupancy	5,053	-	-	7
Other	1,328	-	-	2
Staff development	2	-	-	-
Supplies	30	-	-	-
Travel	5	-	-	-
Specific assistance	-	-	-	26,439
Depreciation	4	-	-	-
Total Expenses	7,432	90,647	45,000	26,564
Revenues, gains, and other support over (under) expenses	$(82)	$(23)	$ -	$ -

Total	
2023	2022
$ 1,764,241	$ 6,196,264
385,862	150,933
557,849	504,916
1,196	500
3,057	6,146
10,471	4,550
2,722,676	6,863,309
795,951	790,196
244,400	237,826
7,762	8,961
1,083,578	953,202
23,187	116,204
63,009	57,854
30,177	28,846
8,783	11,048
53,260	23,495
6,821	4,511
379,145	4,552,446
4,028	4,232
2,700,101	6,788,821
$ 22,575	$ 74,488

BLUE WATER COMMUNITY ACTION

OTHER PROGRAMS
COMBINING STATEMENT OF REVENUES AND EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Corporate Fund	EOC Debt Management Services - Fees	Back Pack Giveaway	Walk for Warmth
Revenues, gains, and other support:				
Grants and awards -				
Local	$ -	$ -	$ 5,154	$ -
Contributions -				
Direct/indirect	14,707	-	15,917	13,251
Fees	-	79,207	-	-
Other	152,249	-	-	-
Interest	299	-	-	-
Total Revenues, gains, and other support	167,255	79,207	21,071	13,251
Expenses:				
Wages and salaries	6,649	54,487	860	1,369
Fringe benefits	1,367	8,231	161	244
Communication	1,005	2,783	358	972
Contracted services	9,674	1,834	(17)	32
Equipment	1,078	1,550	65	155
Occupancy	51,972	1,375	71	89
Other	72,307	8,228	23	57
Staff development	14	34	-	2
Supplies	220	523	14,220	1,964
Travel	14	26	2	1
Specific assistance	551	-	28	14,123
Interest	52,610	-	-	-
Depreciation	116,856	136	3	5
Total Expenses	314,317	79,207	15,774	19,013
Revenues, gains, and other support over (under) expenses	$(147,062)	$ -	$ 5,297	$(5,762)

Total	
2023	2022
$ 5,154	$ -
43,875	50,202
79,207	75,240
152,249	145,696
299	102
280,784	271,240
63,365	54,177
10,003	9,975
5,118	2,939
11,523	7,653
2,848	1,150
53,507	30,048
80,615	12,907
50	99
16,927	17,158
43	124
14,702	1,700
52,610	53,097
117,000	78,101
428,311	269,128
$(147,527)	$ 2,112