BLUE WATER COMMUNITY ACTION

ANNUAL FINANCIAL REPORT
AND
SUPPLEMENTARY INFORMATION

For the years ended September 30, 2024 and 2023

BLUE WATER COMMUNITY ACTION

TABLE OF CONTENTS

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, 2024 and 2023; 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, 2024 and 2023 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 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 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.

To the Board of Directors
Blue Water Community Action

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.

To the Board of Directors
Blue Water Community Action

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial 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, 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 March 5, 2025 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
March 5, 2025

BLUE WATER COMMUNITY ACTION
STATEMENTS OF FINANCIAL POSITION
September 30, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	**$ 588,284**	$ 539,135
Receivables - grants	**349,433**	452,897
Prepaid expenses	**30,574**	28,510
Total current assets	**968,291**	1,020,542
RESTRICTED ASSETS		
Cash -		
Custodial accounts	**221,565**	271,996
USDA reserve	**88,856**	88,856
Inventory - homes	**68,586**	68,586
Total restricted assets	**379,007**	429,438
LAND, BUILDING, AND EQUIPMENT, net of accumulated depreciation	**1,675,771**	1,781,635
Total assets	**$ 3,023,069**	$ 3,231,615
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	**$ 77,577**	$ 66,550
Accrued payroll and related liabilities	**24,380**	52,392
Accrued vacation	**46,155**	39,435
Note payable, current portion	**35,628**	34,087
Refundable advances	**159,475**	71,301
Total current liabilities	**343,215**	263,765
LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Due to participants - custodial accounts	**221,565**	271,996
Loan payable	**68,586**	68,586
Total liabilities payable from restricted assets	**290,151**	340,582
LONG-TERM LIABILITIES		
Note payable, less current portion	**1,248,546**	1,285,032
Total liabilities	**1,881,912**	1,889,379
NET ASSETS		
With donor restrictions	**106,104**	135,411
Without donor restrictions	**1,035,053**	1,206,825
Total net assets	**1,141,157**	1,342,236
Total liabilities and net assets	**$ 3,023,069**	$ 3,231,615

BLUE WATER COMMUNITY ACTION
STATEMENTS OF ACTIVITIES
For the years ended 2024 and 2023

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Grants -			
Children's services	$ 11,601	$ -	$ 11,601
Community services	2,664,950	-	2,664,950
Other services	-	-	-
	2,676,551	-	2,676,551
Contributions -			
Direct/indirect	4,197	24,997	29,194
In-kind contributions	-	-	-
	4,197	24,997	29,194
Other revenues -			
Fees	82,161	-	82,161
Other	298,379	-	298,379
Interest	321	-	321
	380,861	-	380,861
Net assets released from restrictions -			
Satisfaction of program restrictions	54,304	(54,304)	-
Total revenues, gains, and other support	3,115,913	(29,307)	3,086,606
EXPENSES			
Program services	2,566,218	-	2,566,218
Supporting services	721,467	-	721,467
Total expenses	3,287,685	-	3,287,685
CHANGE IN NET ASSETS	(171,772)	(29,307)	(201,079)
NET ASSETS, beginning of year	1,206,825	135,411	1,342,236
NET ASSETS, end of year	$ 1,035,053	$ 106,104	$ 1,141,157

2023		
Without Donor Restrictions	With Donor Restrictions	Total
$ 4,616,440	$ -	$ 4,616,440
2,707,952	-	2,707,952
-	5,154	5,154
7,324,392	5,154	7,329,546
15,903	29,168	45,071
43,365	-	43,365
59,268	29,168	88,436
82,264	-	82,264
162,720	-	162,720
299	-	299
245,283	-	245,283
34,787	(34,787)	-
7,663,730	(465)	7,663,265
6,963,770	-	6,963,770
824,447	-	824,447
7,788,217	-	7,788,217
(124,487)	(465)	(124,952)
1,331,312	135,876	1,467,188
$ 1,206,825	$ 135,411	$ 1,342,236

BLUE WATER COMMUNITY ACTION
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2024

	Program Services				Supporting Services	
	Children's Services Programs	Community Services Programs	Other Programs	Total	Management and General	Total Program and Supporting Services
Wages and salaries	$ 470	$ 548,966	$ 51,821	$ 601,257	$ 414,807	$ 1,016,064
Fringe benefits	396	208,516	9,703	218,615	100,885	319,500
	866	757,482	61,524	819,872	515,692	1,335,564
Communication	2	8,542	4,309	12,853	6,525	19,378
Contracted services	530	1,012,203	-	1,012,733	97,660	1,110,393
Equipment	455	7,711	1,888	10,054	21,085	31,139
Occupancy	-	47,058	101,300	148,358	45,128	193,486
Other	2	12,695	45,291	57,988	28,554	86,542
Staff development	37	7,201	1	7,239	701	7,940
Supplies	8	13,762	22,097	35,867	5,567	41,434
Travel	-	6,357	52	6,409	555	6,964
Specific assistance	-	283,152	15,334	298,486	-	298,486
Interest	-	-	50,495	50,495	-	50,495
Depreciation	72	6,372	99,420	105,864	-	105,864
Total expenses	$ 1,972	$ 2,162,535	$ 401,711	$ 2,566,218	$ 721,467	$ 3,287,685

BLUE WATER COMMUNITY ACTION

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended September 30, 2023

	Program Services				Supporting Services	
	Children's Services Programs	Community Services Programs	Other Programs	Total	Management and General	Total Program and Supporting Services
Wages and salaries	$ 2,539,467	$ 587,799	$ 44,593	$ 3,171,859	$ 511,690	$ 3,683,549
Fringe benefits	744,606	205,857	5,953	956,416	95,627	1,052,043
	3,284,073	793,656	50,546	4,128,275	607,317	4,735,592
Communication	29,280	5,769	4,816	39,865	4,775	44,640
Contracted services	284,224	1,065,180	2,746	1,352,150	73,533	1,425,683
Equipment	33,310	6,496	709	40,515	39,275	79,790
Occupancy	187,081	51,382	42,119	280,582	42,398	322,980
Other	35,594	14,025	78,202	127,821	39,544	167,365
Staff development	45,934	8,043	13	53,990	2,699	56,689
Supplies	97,740	47,175	16,375	161,290	14,826	176,116
Travel	22,987	6,755	29	29,771	80	29,851
Specific assistance	124,080	379,145	14,702	517,927	-	517,927
In-kind expenses -						
Donated facilities	43,249	-	-	43,249	-	43,249
Donated goods and other	116	-	-	116	-	116
Interest	-	-	52,610	52,610	-	52,610
Depreciation	14,581	4,028	117,000	135,609	-	135,609
Total expenses	$ 4,202,249	$ 2,381,654	$ 379,867	$ 6,963,770	$ 824,447	$ 7,788,217

BLUE WATER COMMUNITY ACTION
STATEMENTS OF CASH FLOWS
For the years ended 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$ (201,079)**	$ (124,952)
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
Depreciation expense	**105,864**	135,609
Loss on disposal of assets	**-**	64,116
Changes in assets and liabilities:		
(Increase) decrease in -		
Receivables	**103,464**	334,339
Prepaid expenses	**(2,064)**	(14,374)
Increase (decrease) in -		
Accounts payable	**11,027**	(55,702)
Accrued liabilities	**(21,292)**	(51,387)
Due to participants - custodial accounts	**(50,431)**	(17,543)
Refundable advances	**88,174**	11,690
NET CASH PROVIDED BY OPERATING ACTIVITIES	**33,663**	281,796
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on note	**(34,945)**	(32,830)
Increase (decrease) in cash	**(1,282)**	248,966
CASH AND RESTRICTED CASH, beginning of year	**899,987**	651,021
CASH AND RESTRICTED CASH, end of year	**$ 898,705**	$ 899,987
RECONCILIATION OF STATEMENT OF FINANCIAL POSITION		
Cash	**$ 588,284**	$ 539,135
Restricted cash -		
Custodial accounts	**221,565**	271,996
USDA reserve	**88,856**	88,856
	$ 898,705	$ 899,987
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	**$ 50,495**	$ 52,610

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.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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
Vehicles	5 years
Office equipment	5 years

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 for the year ended September 30, 2023.

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, 2024 and 2023 was $369 and $4,598, respectively.

Subsequent Events - In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through March 5, 2025, 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:

	2024	2023
Cash	$ 588,284	$ 539,135
Grant receivables	349,433	452,897
	937,717	992,032
Less - net assets subject to program service restrictions by the donor	17,248	46,555
	$ 920,469	$ 945,477

The Agency maintains a cash reserve as required by USDA. The balance at September 30, 2024 and 2023 is $88,856.

NOTE 3 - CASH AND INVESTMENTS

Deposits

At September 30, 2024, the Agency had deposits with financial institutions with a bank balance of $368,843, which was fully insured. 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.

Investments

As of September 30, 2024 and 2023, the Agency had book balances of $540,252 and $493,774, respectively, and bank balances of $569,989 and $509,874, 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).

NOTE 3 - CASH AND INVESTMENTS (Continued)

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:

	2024	2023
Head Start	$ -	$ 17,285
Michigan Department of Health and Human Services	163,244	384,068
Michigan State Housing Development Authority	10,969	9,944
U.S. Department of Housing and Urban Development	62,310	-
Other	112,910	41,600
	$ 349,433	$ 452,897

NOTE 5 - CAPITAL ASSETS

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

	2024	2023
Land	$ 150,000	$ 150,000
Building and building improvements	1,589,955	1,589,955
Vehicles	117,633	117,633
Office equipment	232,807	232,807
	2,090,395	2,090,395
Accumulated depreciation	(414,624)	(308,760)
	$ 1,675,771	$ 1,781,635

Depreciation expense for the years ended September 30, 2024 and 2023 was $105,864 and $135,609, 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:

	2024	2023
Weatherization assistance program	$ 912,468	$ 675,064
Head Start program	-	28,739
Community services block grant	-	134,418
Housing programs	302,416	-
Port Huron Men's Shelter	-	109,353
Utility assistance	172,489	-
Diaper bank	109,550	-
Other	109,064	62,922
	$ 1,605,987	$ 1,010,496

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, 2024 is $1,284,174.

NOTE 7 - LONG-TERM DEBT (Continued)

The maturities of the note payable as of September 30, 2024 are as follows:

September 30,	Amount
2025	$ 35,628
2026	37,054
2027	38,536
2028	39,950
2029	41,676
2030-2034	234,644
2035-2039	285,504
2040-2044	347,363
2045-2047	223,819
	$ 1,284,174

NOTE 8 - LEASES

The Agency has lease agreements to rent out a portion of its operating facility classified as operating leases under ASU 2016-02 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 during the years ended September 30, 2024 and 2023.

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 $5,329 with $4,828 relating to the lease of the building. The Agency received rental income of $57,936 for the years ended September 30, 2024 and 2023.

On October 1, 2023, the Agency entered into a lease agreement with Community Development Institute Head Start, a non-profit organization. The lease is effective until a new successor of Head Start is named with monthly rental payments of $11,132. The Agency received rental income of $133,584 for the year ended September 30, 2024.

On August 1, 2024, the Agency entered into a lease agreement with Virtual Learning Academy of St. Clair County, a non-profit organization. The lease is through June 30, 2034 with monthly rental payments of $4,950 with $4,125 relating to the lease of the building. The Agency received rental income of $8,250 for the year ended September 30, 2024.

NOTE 8 - LEASES (Continued)

The future payment for the year ended September 30 is as follows:

2025	$ 158,595

NOTE 9 - PENSION PLANS

401(k) Plan

All employees of the Agency are eligible to participate in the 401(k) Plan. The Plan provides 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, 2024 and 2023, the Agency contributed $28,388 and $100,355, 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.

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:

	2024	2023
Walk for Warmth	$ 17,248	$ 32,936
Backpack giveaway	-	13,619
USDA reserve	88,856	88,856
	$ 106,104	$ 135,411

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. The Agency no longer operates in childhood development programs.

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 $11,601 in revenues and $22,816 in expenses in 2024 and $4,699,965 in revenues and expenses in 2023.

SUPPLEMENTARY FINANCIAL INFORMATION

BLUE WATER COMMUNITY ACTION
ALL PROGRAMS
COMBINING STATEMENT OF REVENUES AND EXPENSES
For the year ended September 30, 2024
With comparative totals for the year ended September 30, 2023

	Children's Services	Community Services	Other Programs	Total 2024	Total 2023
REVENUES, GAINS, AND OTHER SUPPORT					
Grants and awards -					
Federal	$ 11,601	$ 1,657,689	$ -	$ 1,669,290	$ 6,111,889
State	-	317,912	-	317,912	654,654
Local	-	689,349	-	689,349	563,003
Contributions:					
Direct/indirect	-	365	28,829	29,194	45,071
In-kind -					
Donated facilities	-	-	-	-	43,249
Donated goods and other	-	-	-	-	116
Donated services	-	-	-	-	40,160
Fees	-	3,888	78,273	82,161	82,264
Other	-	8,584	289,795	298,379	162,720
Interest	-	-	321	321	299
Total revenues, gains, and other support	11,601	2,677,787	397,218	3,086,606	7,703,425
EXPENSES					
Wages and salaries	9,469	883,643	122,952	1,016,064	3,683,549
Fringe benefits	2,613	291,705	25,182	319,500	1,052,043
Communication	102	13,760	5,516	19,378	44,640
Contracted services	7,865	1,059,864	42,664	1,110,393	1,425,683
Equipment	926	24,580	5,633	31,139	79,790
Occupancy	733	84,254	108,499	193,486	322,980
Other	831	34,908	50,803	86,542	167,365
Staff development	72	7,735	133	7,940	56,689
Supplies	116	17,684	23,634	41,434	176,116
Travel	17	6,786	161	6,964	29,851
Specific assistance	-	283,152	15,334	298,486	517,927
In-kind expenses -					
Donated facilities	-	-	-	-	43,249
Donated goods and other	-	-	-	-	116
Donated services	-	-	-	-	40,160
Interest	-	-	50,495	50,495	52,610
Depreciation	72	6,372	99,420	105,864	135,609
Total expenses	22,816	2,714,443	550,426	3,287,685	7,828,377
Revenues, gains, and other support under expenses	(11,215)	(36,656)	(153,208)	(201,079)	(124,952)
ADJUSTMENTS TO CONVERT RESULTS OF OPERATIONS TO GAAP					
ADD (LESS)					
Purchase of capitalized equipment	-	-	-	-	98,198
Building improvements	-	-	-	-	193,163
In-kind donated services	-	-	-	-	58,456
In-kind donated services	-	-	-	-	(58,456)
NET INCREASE (DECREASE) IN NET ASSETS	$ (11,215)	$ (36,656)	$ (153,208)	$ (201,079)	$ 166,409

BLUE WATER COMMUNITY ACTION
CHILDREN'S SERVICES PROGRAMS
COMBINING STATEMENT OF REVENUES AND EXPENSES
For the year ended September 30, 2024
With comparative totals for the year ended September 30, 2023

	Head Start		Early Head Start	Total	
	Full Year - Part Day (PA 22) 10/1/2022 - 8/31/2023	Closeout	Full Year - Part Day (PA 22) 10/1/2022 - 8/31/2023	2024	2023
REVENUES, GAINS, AND OTHER SUPPORT					
Grants and awards -					
Federal	$ 5,006	$ 2,991	$ 3,604	$ 11,601	$ 4,347,648
State	-	-	-	-	268,792
Donations -					
Donated facilities	-	-	-	-	43,249
Donated goods and other	-	-	-	-	116
Donated services	-	-	-	-	40,160
Total revenues, gains, and other support	5,006	2,991	3,604	11,601	4,699,965
EXPENSES					
Wages and salaries	3,981	2,595	2,893	9,469	2,824,233
Fringe benefits	1,270	356	987	2,613	797,640
Communication	57	3	42	102	31,760
Contracted services	1,040	6,430	395	7,865	330,582
Equipment	669	12	245	926	53,755
Occupancy	386	50	297	733	206,464
Other	436	19	376	831	56,573
Staff development	35	15	22	72	47,856
Supplies	65	2	49	116	105,930
Travel	9	-	8	17	22,986
Specific assistance	-	-	-	-	124,080
In-kind expenses -					
Donated facilities	-	-	-	-	43,249
Donated goods and other	-	-	-	-	116
Donated services	-	-	-	-	40,160
Depreciation	39	6	27	72	14,581
Total expenses	7,987	9,488	5,341	22,816	4,699,965
Revenues, gains, and other support over expenses	$ (2,981)	$ (6,497)	$ (1,737)	$ (11,215)	$ -

BLUE WATER COMMUNITY ACTION
COMMUNITY SERVICES PROGRAMS
COMBINING STATEMENT OF REVENUES AND EXPENSES
For the year ended September 30, 2024
With comparative totals for the year ended September 30, 2023

	CSBG	CDBG - Eviction and Utility	HUD PSH	MDHHS LWUA	Weatherization Deferral
REVENUES, GAINS, AND OTHER SUPPORT					
Grants and awards -					
Federal	$ 449,463	$ 17,500	$ 190,108	$ 27,511	$ 141,857
State	-	-	-	-	-
Local	-	-	-	-	-
Contributions - direct/indirect	-	-	-	-	-
Fees	-	-	-	-	-
Other	-	-	-	-	-
Total revenues, gains, and other support	449,463	17,500	190,108	27,511	141,857
EXPENSES					
Wages and salaries	304,770	-	77,357	6,244	52,168
Fringe benefits	88,521	-	42,042	2,110	13,588
Communication	3,151	-	1,360	139	400
Contracted services	15,187	-	5,979	6,950	63,479
Equipment	6,636	-	2,691	231	1,542
Occupancy	20,304	-	7,599	1,358	8,929
Other	5,833	-	5,419	47	435
Staff development	2,072	-	648	-	129
Supplies	1,498	-	1,334	251	710
Travel	373	-	816	-	37
Specific assistance	-	18,395	44,200	10,010	-
Depreciation	1,118	-	663	171	440
Total expenses	449,463	18,395	190,108	27,511	141,857
Revenues, gains, and other support over (under) expenses	$ -	$ (895)	$ -	$ -	$ -

Weatherization Holistic Homes	WAP BIL	WAP LIHEAP Weatherization	WAP DOE Weatherization	SEMCO Direct	Homebuyer Education	MSHDA Family Self-Sufficiency
$ -	$ 94,494	$ 208,963	$ 405,146	$ -	$ -	$ -
-	-	-	-	-	-	17,650
-	-	-	-	533,274	-	-
-	-	-	-	-	-	-
-	-	-	-	-	3,888	-
-	-	-	2,184	-	-	-
-	94,494	208,963	407,330	533,274	3,888	17,650
870	44,862	37,931	143,386	31,059	1,563	12,553
223	16,025	9,686	52,058	6,271	481	1,258
9	1,931	522	980	618	27	372
5,456	12,126	151,071	188,352	450,395	142	261
45	2,934	1,212	1,951	1,023	64	63
74	9,449	3,201	6,056	2,468	143	387
144	485	1,104	6,981	1,437	544	77
6	98	703	2,685	32	8	15
5	5,996	1,987	2,442	277	25	60
3	50	1,205	1,879	359	3	1
-	-	-	-	-	-	852
4	538	341	560	215	10	24
6,839	94,494	208,963	407,330	494,154	3,010	15,923
$ (6,839)	$ -	$ -	$ -	$ 39,120	$ 878	$ 1,727

BLUE WATER COMMUNITY ACTION
COMMUNITY SERVICES PROGRAMS
COMBINING STATEMENT OF REVENUES AND EXPENSES
For the year ended September 30, 2024
With comparative totals for the year ended September 30, 2023

	MSHDA HEP	MSHDA HUD	County Rehabilitation	MSHDA MIHAF	Commodity Supplemental Food Program
REVENUES, GAINS, AND OTHER SUPPORT					
Grants and awards -					
Federal	$ -	$ 37,000	$ -	$ -	$ 5,147
State	27,848	-	-	150	-
Local	-	-	42,389	-	-
Contributions - direct/indirect	-	-	-	-	75
Fees	-	-	-	-	-
Other	-	-	-	-	-
Total revenues, gains, and other support	27,848	37,000	42,389	150	5,222
EXPENSES					
Wages and salaries	25,041	20,824	442	40	580
Fringe benefits	7,740	9,352	157	31	1,071
Communication	1,284	119	-	3	494
Contracted services	2,566	1,699	35,923	13	616
Equipment	1,853	720	-	16	391
Occupancy	6,139	2,401	-	26	538
Other	2,294	1,157	-	10	1,082
Staff development	770	210	-	4	40
Supplies	830	115	-	3	198
Travel	22	4	-	-	26
Specific assistance	828	97	-	-	-
Depreciation	514	302	-	4	186
Total expenses	49,881	37,000	36,522	150	5,222
Revenues, gains, and other support over (under) expenses	$ (22,033)	$ -	$ 5,867	$ -	$ -

Diaper Bank	Diaper Bank TANF	DTE EEAP	Rapid Rehousing	MSHDA ESG	MSHDA Street Outreach	Salvation Army ESP
$ -	$ 33,600	$ -	$ 34,951	$ -	$ -	$ 6,804
3,909	-	-	8,119	241,971	18,265	-
-	-	17,251	-	-	-	14,796
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
3,909	33,600	17,251	43,070	241,971	18,265	21,600
2,570	5,085	1,803	6,461	92,151	12,063	1,403
430	812	482	4,091	31,575	2,736	9
35	35	34	335	1,158	642	30
-	-	14,424	356	104,125	302	105
6	13	88	326	2,236	160	75
113	111	179	1,855	6,913	1,333	373
-	-	214	339	2,737	94	49
-	-	10	12	150	19	4
2	15	31	89	1,592	96	10
-	2	4	88	1,043	778	75
737	27,511	-	28,897	46,022	-	19,440
16	16	13	221	893	42	27
3,909	33,600	17,282	43,070	290,595	18,265	21,600
$ -	$ -	$ (31)	$ -	$ (48,624)	$ -	$ -

BLUE WATER COMMUNITY ACTION
COMMUNITY SERVICES PROGRAMS
COMBINING STATEMENT OF REVENUES AND EXPENSES
For the year ended September 30, 2024
With comparative totals for the year ended September 30, 2023

	Housing Projects	United Way Housing	United Way Utility Assistance	HOME ARP	Community Foundation Hygiene
REVENUES, GAINS, AND OTHER SUPPORT					
Grants and awards -					
Federal	$ -	$ -	$ -	$ 5,145	$ -
State	-	-	-	-	-
Local	-	51,639	30,000	-	-
Contributions - direct/indirect	-	-	-	-	290
Fees	-	-	-	-	-
Other	6,300	-	-	-	100
Total revenues, gains, and other support	6,300	51,639	30,000	5,145	390
EXPENSES					
Wages and salaries	2,627	-	-	(210)	-
Fringe benefits	737	-	-	219	-
Communication	56	-	-	26	-
Contracted services	337	-	-	-	-
Equipment	158	-	-	146	-
Occupancy	4,028	-	-	277	-
Other	4,375	-	-	51	-
Staff development	12	-	-	108	-
Supplies	47	-	-	27	44
Travel	6	-	-	12	-
Specific assistance	-	51,639	30,000	4,458	66
Depreciation	23	-	-	31	-
Total expenses	12,406	51,639	30,000	5,145	110
Revenues, gains, and other support	$ (6,106)	$ -	$ -	$ -	$ 280

Total	
2024	2023
$ 1,657,689	$ 1,764,241
317,912	385,862
689,349	557,849
365	1,196
3,888	3,057
8,584	10,471
2,677,787	2,722,676
883,643	795,951
291,705	244,400
13,760	7,762
1,059,864	1,083,578
24,580	23,187
84,254	63,009
34,908	30,177
7,735	8,783
17,684	53,259
6,786	6,822
283,152	379,145
6,372	4,028
2,714,443	2,700,101
$ (36,656)	$ 22,575

BLUE WATER COMMUNITY ACTION
OTHER PROGRAMS
COMBINING STATEMENT OF REVENUES AND EXPENSES
For the year ended September 30, 2024
With comparative totals for the year ended September 30, 2023

	Corporate Fund	EOC Debt Management Services - Fees	Back Pack Giveaway	Walk for Warmth	Total 2024	Total 2023
REVENUES, GAINS, AND OTHER SUPPORT						
Grants and awards - local	$ -	$ -	$ -	$ -	$ -	$ 5,154
Contributions - direct/indirect	3,832	-	11,975	13,022	28,829	43,875
Fees	(24)	78,297	-	-	78,273	79,207
Other	289,795	-	-	-	289,795	152,249
Interest	321	-	-	-	321	299
Total revenues, gains, and other support	293,924	78,297	11,975	13,022	397,218	280,784
EXPENSES						
Wages and salaries	60,727	47,407	7,075	7,743	122,952	63,365
Fringe benefits	9,833	12,872	950	1,527	25,182	10,003
Communication	1,197	3,803	157	359	5,516	5,118
Contracted services	39,093	2,921	178	472	42,664	11,523
Equipment	2,295	2,794	224	320	5,633	2,848
Occupancy	98,928	7,518	1,461	592	108,499	53,507
Other	38,564	9,852	142	2,245	50,803	80,615
Staff development	50	55	9	19	133	50
Supplies	2,663	1,682	19,174	115	23,634	16,927
Travel	99	48	5	9	161	43
Specific assistance	74	-	-	15,260	15,334	14,702
Interest	50,495	-	-	-	50,495	52,610
Depreciation	98,698	648	25	49	99,420	117,000
Total expenses	402,716	89,600	29,400	28,710	550,426	428,311
Revenues, gains, and other support under expenses	$ (108,792)	$ (11,303)	$ (17,425)	$ (15,688)	$ (153,208)	$ (147,527)