BLUE WATER COMMUNITY ACTION

ANNUAL FINANCIAL REPORT
AND
SUPPLEMENTARY INFORMATION

For the years ended September 30, 2025 and 2024

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, 2025 and 2024; 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, 2025 and 2024 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 within one year after the date that the financial statements are available to be issued.

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 February 24, 2026 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 24, 2026

BLUE WATER COMMUNITY ACTION
STATEMENTS OF FINANCIAL POSITION
September 30, 2025 and 2024

	2025	2024
ASSETS		
CURRENT ASSETS		
Cash	**$ 239,345**	$ 588,284
Receivables - grants	**415,424**	349,433
Prepaid expenses	**15,315**	30,574
Total current assets	**670,084**	968,291
RESTRICTED ASSETS		
Cash -		
Custodial accounts	**227,212**	221,565
USDA reserve	**88,856**	88,856
Inventory - homes	**68,586**	68,586
Total restricted assets	**384,654**	379,007
LAND, BUILDING, AND EQUIPMENT, net of accumulated depreciation	**1,568,074**	1,675,771
Total assets	**$ 2,622,812**	$ 3,023,069
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	**$ 21,105**	$ 77,577
Accrued payroll and related liabilities	**44,838**	24,380
Accrued vacation	**42,100**	46,155
Note payable, current portion	**37,054**	35,628
Refundable advances	**61,793**	159,475
Total current liabilities	**206,890**	343,215
LIABILITIES PAYABLE FROM RESTRICTED ASSETS		
Due to participants - custodial accounts	**227,212**	221,565
Loan payable	**68,586**	68,586
Total liabilities payable from restricted assets	**295,798**	290,151
LONG-TERM LIABILITIES		
Note payable, less current portion	**1,210,160**	1,248,546
Total liabilities	**1,712,848**	1,881,912
NET ASSETS		
With donor restrictions	**90,068**	106,104
Without donor restrictions	**819,896**	1,035,053
Total net assets	**909,964**	1,141,157
Total liabilities and net assets	**$ 2,622,812**	$ 3,023,069

BLUE WATER COMMUNITY ACTION
STATEMENTS OF ACTIVITIES
For the years ended 2025 and 2024

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Grants -			
Children's services	$ -	$ -	$ -
Community services	3,238,704	-	3,238,704
Other services	-	17,915	17,915
	3,238,704	17,915	3,256,619
Contributions - direct/indirect	6,626	23,887	30,513
Other revenues -			
Fees	78,655	172	78,827
Other	390,451	140	390,591
Interest	199	-	199
	469,305	312	469,617
Net assets released from restrictions -			
Satisfaction of program restrictions	58,150	(58,150)	-
Total revenues, gains, and other support	3,772,785	(16,036)	3,756,749
EXPENSES			
Program services	3,278,318	-	3,278,318
Supporting services	709,624	-	709,624
Total expenses	3,987,942	-	3,987,942
CHANGE IN NET ASSETS	(215,157)	(16,036)	(231,193)
NET ASSETS, beginning of year	1,035,053	106,104	1,141,157
NET ASSETS, end of year	$ 819,896	$ 90,068	$ 909,964

2024		
Without Donor Restrictions	With Donor Restrictions	Total
$ 11,601	$ -	$ 11,601
2,664,950	-	2,664,950
-	-	-
2,676,551	-	2,676,551
4,197	24,997	29,194
82,161	-	82,161
298,379	-	298,379
321	-	321
380,861	-	380,861
54,304	(54,304)	-
3,115,913	(29,307)	3,086,606
2,566,218	-	2,566,218
721,467	-	721,467
3,287,685	-	3,287,685
(171,772)	(29,307)	(201,079)
1,206,825	135,411	1,342,236
$ 1,035,053	$ 106,104	$ 1,141,157

BLUE WATER COMMUNITY ACTION
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended September 30, 2025

	Program Services			Supporting Services	Total
	Community Services Programs	Other Programs	Total	Management and General	Program and Supporting Services
Wages and salaries	$ 555,509	$ 76,103	$ 631,612	$ 392,092	$ 1,023,704
Fringe benefits	197,981	14,331	212,312	156,324	368,636
	753,490	90,434	843,924	548,416	1,392,340
Communication	10,148	2,428	12,576	5,047	17,623
Contracted services	1,470,734	-	1,470,734	46,220	1,516,954
Equipment	6,442	1,248	7,690	20,790	28,480
Occupancy	69,401	157,822	227,223	64,250	291,473
Other	13,215	65,077	78,292	20,056	98,348
Staff development	21,161	761	21,922	321	22,243
Supplies	21,641	5,265	26,906	4,302	31,208
Travel	11,635	-	11,635	222	11,857
Specific assistance	411,574	19,662	431,236	-	431,236
Interest	-	48,480	48,480	-	48,480
Depreciation	5,756	91,944	97,700	-	97,700
Total expenses	$ 2,795,197	$ 483,121	$ 3,278,318	$ 709,624	$ 3,987,942

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

	Program Services				Supporting Services	Total
	Children's Services Programs	Community Services Programs	Other Programs	Total	Management and General	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
STATEMENTS OF CASH FLOWS
For the years ended 2025 and 2024

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	**$ (231,193)**	$ (201,079)
Adjustments to reconcile change in net assets to		
net cash provided by (used In) operating activities -		
Depreciation expense	**97,700**	105,864
Loss on disposal of assets	**9,997**	-
Changes in assets and liabilities:		
(Increase) decrease in -		
Receivables	**(65,991)**	103,464
Prepaid expenses	**15,259**	(2,064)
Increase (decrease) in -		
Accounts payable	**(56,472)**	11,027
Accrued liabilities	**16,403**	(21,292)
Due to participants - custodial accounts	**5,647**	(50,431)
Refundable advances	**(97,682)**	88,174
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**(306,332)**	33,663
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on note	**(36,960)**	(34,945)
Decrease in cash	**(343,292)**	(1,282)
CASH AND RESTRICTED CASH, beginning of year	**898,705**	899,987
CASH AND RESTRICTED CASH, end of year	**$ 555,413**	$ 898,705
RECONCILIATION OF STATEMENT OF FINANCIAL POSITION		
Cash	**$ 239,345**	$ 588,284
Restricted cash -		
Custodial accounts	**227,212**	221,565
USDA reserve	**88,856**	88,856
	$ 555,413	$ 898,705
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Interest paid	**$ 48,480**	$ 50,495

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.

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.

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.

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

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.

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 United States Department of Agriculture (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 $10,000 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

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.

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

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.

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.

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

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, 2025 and 2024 was $630 and $369, respectively.

Subsequent Events - In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition or disclosure through February 24, 2026, 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:

	2025	2024
Cash	$ 239,345	$ 588,284
Grant receivables	415,424	349,433
	654,769	937,717
Less - net assets subject to program service restrictions by the donor	1,212	17,248
	$ 653,557	$ 920,469

The Agency maintains a cash reserve as required by USDA. The balance at both September 30, 2025 and 2024 is $88,856.

NOTE 3 - CASH AND INVESTMENTS

Deposits

At September 30, 2025 and 2024, the Agency had deposits with financial institutions with a bank balance of $382,074 and $368,843, respectively. These amounts were fully insured.

Investments

As of September 30, 2025 and 2024, the Agency had book balances of $194,228 and $540,252, respectively, and bank balances of $373,187 and $569,989, 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 follows:

	September 30, 2025	September 30, 2024
Michigan Department of Health and Human Services	$ 272,253	$ 163,244
Michigan State Housing Development Authority	6,110	10,969
U.S. Department of Housing and Urban Development	15,475	62,310
Other	121,586	112,910
	$ 415,424	$ 349,433

NOTE 5 - CAPITAL ASSETS

The following is a summary of capital assets:

	September 30,	
	2025	2024
Land	$ 150,000	$ 150,000
Building and building improvements	1,589,955	1,589,955
Vehicles	98,199	117,633
Office equipment	198,565	232,807
	2,036,719	2,090,395
Accumulated depreciation	(468,645)	(414,624)
	$ 1,568,074	$ 1,675,771

Depreciation expense for the years ended September 30, 2025 and 2024 was $97,700 and $105,864, 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,	
	2025	2024
Weatherization assistance program	$ 157,840	$ 912,468
SEMCO	388,797	-
Housing programs	607,200	302,416
Utility assistance	163,416	172,489
Diaper bank	188,982	109,550
Family self-sufficiency	87,231	-
Other	627	109,064
	$ 1,594,093	$ 1,605,987

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, 2025 is $1,247,214.

The following is a schedule of the minimum long-term payments for each of the next five years and in the aggregate:

Years ending September 30,	Amount
2026	$ 37,054
2027	38,536
2028	39,950
2029	41,676
2030	43,343
Subsequent	1,046,655
	$ 1,247,214

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 school 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, 2025 and 2024.

NOTE 8 - LEASES (Continued)

On February 4, 2020, the Agency entered into a lease agreement with Community Enterprises of St. Clair County, a non-profit organization. The lease was through January 31, 2025 with monthly rental payments of $5,329 with $4,828 relating to the lease of the building. There was a lease renewal on February 1, 2025 between the Agency and Community Enterprises. The new lease is through January 31, 2026 with monthly rental payments of $4,838 related to the lease of the building. The Agency received rental income of $58,264 and $57,936 for the years ended September 30, 2025 and 2024, respectively.

On October 1, 2023, the Agency entered into a lease agreement with Community Development Institute Head Start, a non-profit organization. The lease was effective until a new successor of Head Start was named with monthly rental payments of $11,132. As of September 30, 2025, the lease has ended. The Agency received rental income of $133,584 for both the years ended September 30, 2025 and 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 $62,025 and $8,250 for the years ended September 30, 2025 and 2024, respectively.

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

2026	$ 276,990
2027	257,640
2028	257,640
2029	257,640
2030	257,640
Subsequent	222,750
	$ 1,530,300

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, 2025 and 2024, the Agency contributed $23,025 and $28,388, respectively, to the Plan.

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:

	September 30, 2025	September 30, 2024
Walk for Warmth	$ 1,212	$ 17,248
USDA reserve	88,856	88,856
	$ 90,068	$ 106,104

SUPPLEMENTARY FINANCIAL INFORMATION

BLUE WATER COMMUNITY ACTION
ALL PROGRAMS
COMBINING STATEMENT OF REVENUES AND EXPENSES
For the year ended September 30, 2025
With comparative totals for the year ended September 30, 2024

	Community Services	Other Programs	Total 2025	Total 2024
REVENUES, GAINS, AND OTHER SUPPORT				
Grants and awards -				
Federal	$ 1,992,388	$ -	$ 1,992,388	$ 1,669,290
State	345,316	-	345,316	317,912
Local	901,000	17,915	918,915	689,349
Contributions:				
Direct/indirect	2,963	27,550	30,513	29,194
Fees	1,646	77,181	78,827	82,161
Other	8,400	382,191	390,591	298,379
Interest	-	199	199	321
Total revenues, gains, and other support	3,251,713	505,036	3,756,749	3,086,606
EXPENSES				
Wages and salaries	911,086	112,618	1,023,704	1,016,064
Fringe benefits	291,995	76,641	368,636	319,500
Communication	14,480	3,143	17,623	19,378
Contracted services	1,502,561	14,393	1,516,954	1,110,393
Equipment	24,327	4,153	28,480	31,139
Occupancy	123,456	168,017	291,473	193,486
Other	28,307	70,041	98,348	86,542
Staff development	21,482	761	22,243	7,940
Supplies	25,786	5,422	31,208	41,434
Travel	11,827	30	11,857	6,964
Specific assistance	411,574	19,662	431,236	298,486
Interest	-	48,480	48,480	50,495
Depreciation	5,756	91,944	97,700	105,864
Total expenses	3,372,637	615,305	3,987,942	3,287,685
Revenues, gains, and other support under expenses	$ (120,924)	$ (110,269)	$ (231,193)	$ (201,079)

BLUE WATER COMMUNITY ACTION
CHILDREN'S SERVICES PROGRAMS
COMBINING STATEMENT OF REVENUES AND EXPENSES
For the year ended September 30, 2025
With comparative totals for the year ended September 30, 2024

	Total	
	2025	**2024**
REVENUES, GAINS, AND OTHER SUPPORT		
Grants and awards -		
Federal	$ -	$ 11,601
EXPENSES		
Wages and salaries	-	9,469
Fringe benefits	-	2,613
Communication	-	102
Contracted services	-	7,865
Equipment	-	926
Occupancy	-	733
Other	-	831
Staff development	-	72
Supplies	-	116
Travel	-	17
Depreciation	-	72
Total expenses	-	22,816
Revenues, gains, and other support over expenses	$ -	$ (11,215)

BLUE WATER COMMUNITY ACTION
COMMUNITY SERVICES PROGRAMS
COMBINING STATEMENT OF REVENUES AND EXPENSES
For the year ended September 30, 2025
With comparative totals for the year ended September 30, 2024

	CSBG	CDBG - Eviction and Utility	HUD PSH	MDHHS LWUA	Weatherization Deferral
REVENUES, GAINS, AND OTHER SUPPORT					
Grants and awards -					
Federal	$ 319,819	$ -	$ 313,340	$ 127,207	$ 193,286
State	-	-	-	-	-
Local	-	5,357	-	-	-
Contributions - direct/indirect	-	-	-	-	-
Fees	-	-	-	-	-
Other	-	-	-	-	-
Total revenues, gains, and other support	319,819	5,357	313,340	127,207	193,286
EXPENSES					
Wages and salaries	188,219	1,965	100,943	28,237	39,757
Fringe benefits	53,423	152	40,351	6,479	8,721
Communication	2,844	-	1,542	990	2,104
Contracted services	15,611	-	128	57,154	135,940
Equipment	7,418	-	1,235	632	1,303
Occupancy	34,856	-	11,389	7,494	4,972
Other	6,553	-	786	864	369
Staff development	5,892	-	1,400	117	(328)
Supplies	2,825	-	503	176	130
Travel	584	-	653	-	-
Specific assistance	-	3,240	153,828	24,805	-
Depreciation	1,594	-	582	259	318
Total expenses	319,819	5,357	313,340	127,207	193,286
Revenues, gains, and other support over (under) expenses	$ -	$ -	$ -	$ -	$ -

WAP BIL	WAP LIHEAP Weatherization	WAP DOE Weatherization	SEMCO Direct	Homebuyer Education	MSHDA Family Self-Sufficiency	MSHDA HEP
$ 137,868	$ 347,554	$ 414,266	$ -	$ -	$ -	$ -
-	-	-	-	-	34,800	14,373
-	-	-	813,356	-	-	-
-	-	-	-	-	-	-
-	-	-	-	1,646	-	-
-	-	-	-	-	-	-
137,868	347,554	414,266	813,356	1,646	34,800	14,373
87,088	96,450	92,174	31,771	1,178	26,008	9,975
22,785	39,152	39,618	10,778	143	8,582	2,447
1,282	691	590	371	13	799	66
7,332	196,456	264,870	733,228	157	1,158	55
1,960	1,124	1,682	1,618	34	499	57
13,300	6,964	5,162	3,275	89	2,733	1,348
1,252	2,469	4,225	1,666	21	463	68
1,086	769	3,115	8,173	2	477	9
906	1,300	1,172	16,977	4	164	7
332	1,998	1,416	3,811	-	8	-
-	-	-	-	-	1,152	305
545	181	242	254	5	155	36
137,868	347,554	414,266	811,922	1,646	42,198	14,373
$ -	$ -	$ -	$ 1,434	$ -	$ (7,398)	$ -

(Continued)

BLUE WATER COMMUNITY ACTION
COMMUNITY SERVICES PROGRAMS
COMBINING STATEMENT OF REVENUES AND EXPENSES
For the year ended September 30, 2025
With comparative totals for the year ended September 30, 2024

	MSHDA HUD	FEMA EFSP Mortgage Rent Assistance	Diaper Bank	Diaper Bank TANF	DTE EEAP
REVENUES, GAINS, AND OTHER SUPPORT					
Grants and awards -					
Federal	$ 40,200	$ 5,208	$ -	$ 57,573	$ -
State	-	-	11,724	-	-
Local	500	-	-	-	4,644
Contributions - direct/indirect	-	-	-	-	-
Fees	-	-	-	-	-
Other	-	-	-	-	-
Total revenues, gains, and other support	40,700	5,208	11,724	57,573	4,644
EXPENSES					
Wages and salaries	39,261	-	3,027	17,618	-
Fringe benefits	13,447	-	1,220	3,894	-
Communication	701	-	126	284	-
Contracted services	2,056	-	-	42	4,044
Equipment	951	-	219	545	-
Occupancy	8,944	-	974	2,097	-
Other	1,103	-	-	-	-
Staff development	156	-	-	-	-
Supplies	175	-	37	91	-
Travel	10	-	-	-	-
Specific assistance	468	5,208	6,071	32,889	-
Depreciation	341	-	50	114	-
Total expenses	67,613	5,208	11,724	57,574	4,044
Revenues, gains, and other support over (under) expenses	$ (26,913)	$ -	$ -	$ (1)	$ 600

Rapid Rehousing	MSHDA ESG	MSHDA Street Outreach	MSHDA Steps to Stability	Salvation Army ESP	MSHDA ESG CARES	Housing Projects
$ 36,067	$ -	$ -	$ -	$ -	$ -	$ -
7,495	219,980	13,012	1,318	-	14,094	-
-	-	-	-	16,643	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	8,400
43,562	219,980	13,012	1,318	16,643	14,094	8,400
10,884	116,104	8,467	1,168	495	-	1,375
2,852	32,387	2,278	90	342	1,057	374
388	979	637	28	8	-	27
1,204	81,660	1,127	-	-	-	339
616	3,413	811	-	14	-	97
3,215	8,677	2,720	-	749	-	3,305
456	2,335	450	-	2,775	-	2,452
(50)	618	(56)	-	23	-	30
119	952	142	32	8	-	18
6	2,397	86	-	-	525	1
30,098	45,454	-	-	14,979	12,512	-
112	799	135	-	21	-	13
49,900	295,775	16,797	1,318	19,414	14,094	8,031
$ (6,338)	$ (75,795)	$ (3,785)	$ -	$ (2,771)	$ -	$ 369

(Continued)

BLUE WATER COMMUNITY ACTION
COMMUNITY SERVICES PROGRAMS
COMBINING STATEMENT OF REVENUES AND EXPENSES
For the year ended September 30, 2025
With comparative totals for the year ended September 30, 2024

	Disaster Relief - Community Foundation	FSS - Forfeited Escrow	Water Affordability	United Way Housing	United Way Utility Assistance
REVENUES, GAINS, AND OTHER SUPPORT					
Grants and awards -					
Federal	$ -	$ -	$ -	$ -	$ -
State	-	2,454	26,066	-	-
Local	373	-	-	30,058	30,069
Contributions - direct/indirect	2,863	-	-	-	-
Fees	-	-	-	-	-
Other	-	-		-	-
Total revenues, gains, and other support	3,236	2,454	26,066	30,058	30,069
EXPENSES					
Wages and salaries	2,571	-	6,351	-	-
Fringe benefits	391	-	1,032	-	-
Communication	-	-	10	-	-
Contracted services	-	-	-	-	-
Equipment	12	-	32	-	55
Occupancy	-	-	1,193	-	-
Other	-	-	-	-	-
Staff development	-	49	-	-	-
Supplies	-	-	34	-	14
Travel	-	-	-	-	-
Specific assistance	648	2,405	17,414	30,058	30,000
Depreciation	-	-	-	-	-
Total expenses	3,622	2,454	26,066	30,058	30,069
Revenues, gains, and other support	$ (386)	$ -	$ -	$ -	$ -

Community Foundation Hygiene	Total 2025	Total 2024
$ -	$ 1,992,388	$ 1,657,689
-	345,316	317,912
-	901,000	689,349
100	2,963	365
-	1,646	3,888
-	8,400	8,584
100	3,251,713	2,677,787
-	911,086	883,643
-	291,995	291,705
-	14,480	13,760
-	1,502,561	1,059,864
-	24,327	24,580
-	123,456	84,254
-	28,307	34,908
-	21,482	7,735
-	25,786	17,684
-	11,827	6,786
40	411,574	313,820
-	5,756	6,372
40	3,372,637	2,745,111
$ 60	$ (120,924)	$ (67,324)

(Concluded)

BLUE WATER COMMUNITY ACTION
OTHER PROGRAMS
COMBINING STATEMENT OF REVENUES AND EXPENSES
For the year ended September 30, 2025
With comparative totals for the year ended September 30, 2024

	Corporate Fund	EOC Debt Management Services - Fees	Back Pack Giveaway	Walk for Warmth	Total 2025	Total 2024
REVENUES, GAINS, AND OTHER SUPPORT						
Grants and awards - local	$ -	$ -	$ 5,415	$ 12,500	$ 17,915	$ -
Contributions - direct/indirect	3,663	-	12,927	10,960	27,550	28,829
Fees	70	76,939	172	-	77,181	78,273
Other	382,051	-	-	140	382,191	289,795
Interest	199	-	-	-	199	321
Total revenues, gains, and other support	385,983	76,939	18,514	23,600	505,036	397,218
EXPENSES						
Wages and salaries	18,478	65,151	10,377	18,612	112,618	122,952
Fringe benefits	62,547	9,672	1,517	2,905	76,641	25,182
Communication	565	1,979	252	347	3,143	5,516
Contracted services	10,028	2,972	463	930	14,393	42,664
Equipment	1,242	2,219	288	404	4,153	5,633
Occupancy	162,575	3,546	690	1,206	168,017	108,499
Other	57,447	10,801	175	1,618	70,041	50,803
Staff development	(108)	808	42	19	761	133
Supplies	2,631	1,058	1,565	168	5,422	23,634
Travel	11	14	2	3	30	161
Specific assistance	180	-	6,117	13,365	19,662	15,334
In-kind expenses	-	-	-	-	-	-
Interest	48,480	-	-	-	48,480	50,495
Depreciation	91,183	666	36	59	91,944	99,420
Total expenses	455,259	98,886	21,524	39,636	615,305	550,426
Revenues, gains, and other support under expenses	$ (69,276)	$ (21,947)	$ (3,010)	$ (16,036)	$ (110,269)	$ (153,208)