

D.A. BLODGETT – ST. JOHN’S

FINANCIAL STATEMENTS

For the years ended
December 31, 2024 and 2023



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INDEPENDENT AUDITOR'S REPORT

July 9, 2025

To the Board of Directors
D.A. Blodgett - St. John's
Grand Rapids, Michigan

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of D.A. Blodgett - St. John's (a nonprofit organization), which comprise the statements of financial position as of December 31, 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 D.A. Blodgett - St. John's as of December 31, 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 the 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 D.A. Blodgett - St. John's and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about D.A. Blodgett - St. John's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 auditing standards generally accepted in the United States of America 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of D.A. Blodgett - St. John's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about D.A. Blodgett – St. John'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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 9, 2025, on our consideration of D.A. Blodgett - St. John's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 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 D.A. Blodgett - St. John's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Hungerford". The script is cursive and fluid, with the first letter 'H' being particularly large and stylized.

Certified Public Accountants
Grand Rapids, Michigan

FINANCIAL STATEMENTS

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STATEMENTS OF FINANCIAL POSITION

D.A. BLODGETT - ST. JOHN'S

December 31, 2024 and 2023

ASSETS

	2024	2023
Cash and cash equivalents	\$ 462,902	\$ 2,163,633
Restricted cash	1,156,679	1,118,705
Grants receivable, net of allowance	1,303,766	1,164,336
Pledges receivable	40,000	113,757
Prepaid expenses	315,573	259,486
Investments	10,736,328	10,025,814
Beneficial interest in charitable remainder trusts	434,183	425,324
Assets held by public foundations	474,262	495,537
Finance lease right-of-use assets, net	4,936	12,800
Property and equipment, net	14,818,242	15,448,474
Total Assets	\$ 29,746,871	\$ 31,227,866

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 277,700	\$ 401,591
Accrued liabilities	676,421	489,965
Refundable advances	1,336,375	1,590,853
Finance lease liabilities	2,024	10,940
Total Liabilities	2,292,520	2,493,349

Net Assets

Without donor restrictions:		
Undesignated	15,752,076	16,198,771
Board designated	7,984,690	8,674,816
With donor restrictions:		
Purpose restrictions	2,187,877	2,346,173
Perpetual in nature	1,529,708	1,514,757
Total Net Assets	27,454,351	28,734,517
Total Liabilities and Net Assets	\$ 29,746,871	\$ 31,227,866

STATEMENTS OF ACTIVITIES

D.A. BLODGETT - ST. JOHN'S
For the year ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions of cash and other financial assets	\$ 1,218,825	\$ 123,224	\$ 1,342,049
Contributions of nonfinancial assets	169,183	-	169,183
Governmental agency contracts	11,173,253	-	11,173,253
Gross revenues from special events:			
Event revenue	458,088	-	458,088
Contributions of nonfinancial assets	14,190	-	14,190
Less: direct expenses	(209,557)	-	(209,557)
Net special event revenue	262,721	-	262,721
Net realized and unrealized gain on investments	544,745	285,223	829,968
Investment income	365,810	-	365,810
Rental income	192,826	-	192,826
Other	78,279	-	78,279
Net assets released from restrictions	551,792	(551,792)	-
Total Support and Revenue	14,557,434	(143,345)	14,414,089
Expenses			
Program services	12,804,467	-	12,804,467
Supporting services:			
Management and general	2,324,289	-	2,324,289
Fund development	565,499	-	565,499
Total Expenses	15,694,255	-	15,694,255
Change in Net Assets	(1,136,821)	(143,345)	(1,280,166)
Net Assets - beginning of year	24,748,077	3,986,440	28,734,517
Net Assets - end of year	\$ 23,611,256	\$ 3,843,095	\$ 27,454,351

STATEMENTS OF ACTIVITIES (Continued)

D.A. BLODGETT - ST. JOHN'S
For the year ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions of cash and other financial assets	\$ 549,798	\$ 503,985	\$ 1,053,783
Contributions of nonfinancial assets	119,246	265,026	384,272
Governmental agency contracts	11,178,640	-	11,178,640
Gross revenues from special events:			
Event revenue	596,741	-	596,741
Contributions of nonfinancial assets	2,670	-	2,670
Less: direct expenses	(209,174)	-	(209,174)
Net special event revenue	390,237	-	390,237
Net realized and unrealized gain on investments	821,068	280,249	1,101,317
Investment income	347,505	20,840	368,345
Rental income	167,235	-	167,235
Loss on sale of property and equipment	(9,115)	-	(9,115)
Other	25,378	-	25,378
Net assets released from restrictions	11,367,218	(11,367,218)	-
Total Support and Revenue	24,957,210	(10,297,118)	14,660,092
Expenses			
Program services	12,343,358	-	12,343,358
Supporting services:			
Management and general	2,504,255	-	2,504,255
Fund development	607,370	-	607,370
Total Expenses	15,454,983	-	15,454,983
Change in Net Assets	9,502,227	(10,297,118)	(794,891)
Net Assets - beginning of year, as restated	15,245,850	14,283,558	29,529,408
Net Assets - end of year	\$ 24,748,077	\$ 3,986,440	\$ 28,734,517

STATEMENTS OF FUNCTIONAL EXPENSES

D.A. BLODGETT - ST. JOHN'S
For the year ended December 31, 2024

	Program Services						
	Foster Care	Enhanced Foster Care	Adoption	Mentoring Services	Family Support Services	Community Living Support	Kent School Services Network
Salaries	\$ 1,800,877	\$ 193,179	\$ 301,421	\$ 667	\$ 1,247,234	\$ 46,034	\$ 319,849
Employee benefits	277,247	34,361	49,831	736	190,562	7,208	41,574
Payroll taxes	130,364	14,055	22,086	64	89,227	3,410	22,831
	2,208,488	241,595	373,338	1,467	1,527,023	56,652	384,254
Supplies	19,408	2,170	3,509	5	8,259	98	1,658
Specific assistance - Foster care payments	1,067,692	500,998	-	-	-	-	-
Specific assistance - Other	1,099	-	39	-	2,695	-	90
Transportation	93,335	14,570	5,630	-	42,271	2,782	4,006
Contract and professional fees	68,130	6,230	9,669	1,579	110,137	2,264	17,397
Telephone	24,224	2,739	4,017	66	15,470	863	4,182
Postage	2,048	36	309	1	334	7	78
Occupancy	102,481	12,925	17,630	387	66,990	2,694	14,958
Utilities	16,622	2,099	2,631	67	10,120	438	2,438
Depreciation and amortization	112,530	14,353	20,931	3,686	73,340	3,941	25,782
Outside printing	142	-	-	-	51	-	-
Conferences and meetings	6,986	331	351	-	3,524	5	1,114
Membership dues	4,142	526	654	14	2,514	109	605
Miscellaneous	4,870	222	452	9	1,223	47	263
Total Expenses	\$ 3,732,197	\$ 798,794	\$ 439,160	\$ 7,281	\$ 1,863,951	\$ 69,900	\$ 456,825

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

D.A. BLODGETT - ST. JOHN'S
For the year ended December 31, 2024

	Program Services (Continued)								Trauma Focused Cognitive Behavior Therapy
	Home Based	Adoptive Family Support Network	Case Management	Early Childhood Attachment	Multi- Systemic Therapy	Residential Treatment	Outpatient Clinic	Supportive Visitation	
Salaries	\$ 131,374	\$ 311,219	\$ 22,661	\$ 150,563	\$ 264,616	\$ 1,485,513	\$ 17,712	\$ 183,706	\$ 143,384
Employee benefits	11,976	26,001	2,251	14,978	35,139	252,948	3,080	24,653	18,623
Payroll taxes	9,580	22,730	1,643	10,950	19,266	108,107	1,313	13,362	10,461
	152,930	359,950	26,555	176,491	319,021	1,846,568	22,105	221,721	172,468
Supplies	351	5,110	23	638	1,307	45,857	42	539	657
Specific assistance - foster care payments	-	-	-	-	-	85,527	-	1,025	-
Specific assistance - Other	-	-	-	822	252	45,565	-	47	-
Transportation	11,770	11,614	663	5,350	4,460	29,858	24	35,770	4,224
Contract and professional fees	4,121	7,604	1,730	7,591	53,886	178,326	2,637	9,613	6,668
Telephone	939	2,026	134	1,041	2,534	19,075	297	2,253	1,295
Postage	18	524	15	79	86	362	5	127	33
Occupancy	3,859	5,883	779	4,531	12,466	166,815	1,169	8,826	6,538
Utilities	628	506	129	653	2,024	72,830	190	1,432	1,063
Depreciation and amortization	6,467	7,700	2,700	4,796	13,244	262,337	2,469	12,406	9,228
Outside printing	-	28	-	-	-	-	-	-	-
Conferences and meetings	968	11,311	1	2,839	862	4,260	151	72	4,116
Membership dues	157	121	30	164	507	4,854	47	359	266
Miscellaneous	423	30,928	17	303	214	7,049	22	127	110
Total Expenses	\$ 182,631	\$ 443,305	\$ 32,776	\$ 205,298	\$ 410,863	\$ 2,769,283	\$ 29,158	\$ 294,317	\$ 206,666

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

D.A. BLODGETT - ST. JOHN'S
For the year ended December 31, 2024

				Supporting Services			Support Services Total	Total
	Medical	Independent Living Plus	Wraparound Services	Program Service Total	Management and General	Fund Development		2024
Salaries	\$ 174,121	\$ 302,716	\$ 62,437	\$ 7,159,283	\$ 1,239,534	\$ 360,138	\$ 1,599,672	\$ 8,758,955
Employee benefits	21,671	42,451	8,090	1,063,380	183,824	37,147	220,971	1,284,351
Payroll taxes	12,246	22,268	4,512	518,475	85,521	25,585	111,106	629,581
	208,038	367,435	75,039	8,741,138	1,508,879	422,870	1,931,749	10,672,887
Supplies	1,739	35,435	205	127,010	15,756	399	16,155	143,165
Specific assistance - Foster care payments	-	41,660	-	1,696,902	5,074	45	5,119	1,702,021
Specific assistance - other	-	(117)	43	50,535	251	17,774	18,025	68,560
Transportation	434	3,931	2,225	272,917	5,528	589	6,117	279,034
Contract and professional fees	16,463	8,554	1,815	514,414	432,905	62,674	495,579	1,009,993
Telephone	1,372	4,449	504	87,480	18,438	3,921	22,359	109,839
Postage	21	23	14	4,120	4,612	4,040	8,652	12,772
Occupancy	7,502	32,595	2,842	471,870	68,630	13,905	82,535	554,405
Utilities	1,221	9,623	460	125,174	11,011	1,994	13,005	138,179
Depreciation and amortization	8,594	22,770	1,957	609,231	90,641	11,732	102,373	711,604
Outside printing	-	-	-	221	12,711	17,179	29,890	30,111
Conferences and meetings	1,863	312	1,925	40,991	34,102	3,731	37,833	78,824
Membership dues	304	347	116	15,836	60,739	522	61,261	77,097
Miscellaneous	(80)	381	48	46,628	55,012	4,124	59,136	105,764
Total Expenses	\$ 247,471	\$ 527,398	\$ 87,193	\$ 12,804,467	\$ 2,324,289	\$ 565,499	\$ 2,889,788	\$ 15,694,255

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

D.A. BLODGETT - ST. JOHN'S
For the year ended December 31, 2023

	Program Services							
	Foster Care	Enhanced Foster Care	Young Delinquent Intervention	Adoption	Mentoring Services	Family Support Services	Community Living Support	Kent School Services Network
Salaries	\$ 1,822,734	\$ 215,128	\$ 60,372	\$ 283,060	\$ 6,523	\$ 1,052,476	\$ 61,013	\$ 332,563
Employee benefits	305,666	29,242	13,521	55,188	12,217	195,267	9,324	64,380
Payroll taxes	131,908	15,487	4,434	20,497	474	75,756	4,369	24,246
	2,260,308	259,857	78,327	358,745	19,214	1,323,499	74,706	421,189
Supplies	12,632	1,804	630	2,772	306	7,302	506	1,956
Specific assistance - Foster care payments	901,429	579,713	-	222	-	501	-	-
Specific assistance - Other	595	525	-	-	-	2,100	100	-
Transportation	87,309	11,965	939	4,929	(71)	38,358	3,288	4,070
Contract and professional fees	48,509	3,211	4,174	5,360	4,295	82,778	2,337	20,762
Telephone	34,205	3,034	1,252	5,024	957	22,328	1,165	7,839
Postage	2,061	27	17	264	15	658	9	177
Occupancy	91,084	8,189	9,857	16,981	4,340	59,868	2,700	19,537
Utilities	12,258	1,100	3,056	2,288	582	8,080	363	2,618
Depreciation and amortization	66,643	8,240	22,531	15,127	5,042	48,146	3,083	22,820
Outside printing	-	-	-	-	-	-	-	-
Conferences and meetings	7,282	80	19	587	-	15	-	39
Membership dues	4,253	384	198	791	206	2,773	127	926
Miscellaneous	12,439	309	162	713	161	2,720	101	788
Total Expenses	\$ 3,541,007	\$ 878,438	\$ 121,162	\$ 413,803	\$ 35,047	\$ 1,599,126	\$ 88,485	\$ 502,721

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

D.A. BLODGETT - ST. JOHN'S
For the year ended December 31, 2023

	Program Services (Continued)								Trauma Focused Cognitive Behavior Therapy
	Home Based	Adoptive Family Support Network	Case Management	Early Childhood Attachment	Multi- Systemic Therapy	Residential Treatment	Outpatient Clinic	Supportive Visitation	
Salaries	\$ 73,552	\$ 233,148	\$ 30,985	\$ 122,771	\$ 242,505	\$ 2,068,358	\$ 25,497	\$ 164,766	\$ 134,794
Employee benefits	14,018	31,074	9,240	11,417	28,099	318,830	5,942	24,062	18,173
Payroll taxes	5,336	16,897	2,127	8,977	17,585	149,870	1,853	12,046	9,950
	92,906	281,119	42,352	143,165	288,189	2,537,058	33,292	200,874	162,917
Supplies	297	1,605	207	197	1,181	85,660	129	809	669
Specific assistance - foster care payments	-	75	25	-	-	9,410	-	1,012	-
Specific assistance - Other	-	-	120	90	460	35,502	-	297	-
Transportation	10,117	15,276	244	1,737	3,239	34,163	(26)	9,493	6,185
Contract and professional fees	4,597	5,239	2,500	7,526	52,827	162,889	3,099	8,190	6,315
Telephone	1,704	2,580	638	1,206	2,752	23,769	1,093	3,424	2,274
Postage	57	259	23	76	102	401	17	26	77
Occupancy	4,220	8,691	3,012	2,764	7,510	160,457	1,847	6,805	5,013
Utilities	565	1,168	404	372	1,011	65,692	247	908	669
Depreciation and amortization	5,532	8,471	3,227	3,025	7,117	224,203	2,420	9,162	6,829
Outside printing	-	330	-	-	-	62	-	52	-
Conferences and meetings	464	4,858	946	(48)	989	7,443	-	181	381
Membership dues	202	407	142	130	351	4,352	88	326	241
Miscellaneous	452	15,732	113	103	282	4,965	679	310	182
Total Expenses	\$ 121,113	\$ 345,810	\$ 53,953	\$ 160,343	\$ 366,010	\$ 3,356,026	\$ 42,885	\$ 241,869	\$ 191,752

STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

D.A. BLODGETT - ST. JOHN'S
For the year ended December 31, 2023

				Supporting Services		Support Services Total	Total
	Medical	Wraparound Services	Program Service Total	Management and General	Fund Development		2023
Salaries	\$ 203,402	\$ 7,429	\$ 7,141,076	\$ 1,676,626	\$ 298,437	\$ 1,975,063	\$ 9,116,139
Employee benefits	25,088	182	1,170,930	196,303	28,092	224,395	1,395,325
Payroll taxes	14,337	384	516,533	120,653	21,785	142,438	658,971
	242,827	7,995	8,828,539	1,993,582	348,314	2,341,896	11,170,435
Supplies	1,526	-	120,188	16,951	55,685	72,636	192,824
Specific assistance - Foster care payments	-	100	1,492,487	94	-	94	1,492,581
Specific assistance - other	-	18	39,807	379	37,056	37,435	77,242
Transportation	(147)	-	231,068	2,467	748	3,215	234,283
Contract and professional fees	15,582	-	440,190	257,943	80,955	338,898	779,088
Telephone	1,824	-	117,068	13,834	2,775	16,609	133,677
Postage	32	-	4,298	1,932	6,215	8,147	12,445
Occupancy	6,976	-	419,851	56,039	29,359	85,398	505,249
Utilities	940	-	102,321	7,177	941	8,118	110,439
Depreciation and amortization	5,446	-	467,064	40,022	5,244	45,266	512,330
Outside printing	-	-	444	4,080	27,179	31,259	31,703
Conferences and meetings	67	-	23,303	17,905	3,342	21,247	44,550
Membership dues	323	-	16,220	72,653	321	72,974	89,194
Miscellaneous	299	-	40,510	19,197	9,236	28,433	68,943
Total Expenses	\$ 275,695	\$ 8,113	\$ 12,343,358	\$ 2,504,255	\$ 607,370	\$ 3,111,625	\$ 15,454,983

STATEMENTS OF CASH FLOWS

D.A. BLODGETT - ST. JOHN'S

For the years ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ (1,280,166)	\$ (794,891)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	703,740	480,887
Loss on sale of property and equipment	-	9,115
Amortization of finance lease right-of-use assets	7,864	31,443
Net realized and unrealized gain on investments	(842,384)	(1,030,747)
Unrealized (gain) loss on beneficial interest in trust and assets held in public foundations	12,416	(70,570)
Changes in operating assets and liabilities:		
Accounts receivable, net	(139,430)	146,630
Pledges receivable	73,757	66,897
Prepaid expenses	(56,087)	(103,670)
Accounts payable	(123,891)	(32,636)
Accrued liabilities	186,456	87,409
Unearned revenue	(254,478)	1,463,252
Net Cash Provided by (Used for) Operating Activities	(1,712,203)	253,119
Cash Flows from Investing Activities		
Purchase of property and equipment	(73,508)	(3,544,175)
Purchase of investments	(595,934)	(696,317)
Proceeds from sale of investments	727,804	1,606,592
Net Cash Provided by (Used for) Investing Activities	58,362	(2,633,900)
Cash Flows Used For Financing Activities		
Principal payments on finance lease	(8,916)	(16,779)
Net Decrease in Cash	(1,662,757)	(2,397,560)
Beginning Cash and Cash Equivalents, and Restricted Cash	3,282,338	5,679,898
Ending Cash and Cash Equivalents, and Restricted Cash	\$ 1,619,581	\$ 3,282,338
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 2,158	\$ 1,217
Cash and cash equivalents	462,902	2,163,633
Restricted cash	1,156,679	1,118,705
Total Cash and cash equivalents and Restricted Cash	\$ 1,619,581	\$ 3,282,338

NOTES TO FINANCIAL STATEMENTS

D.A. BLODGETT - ST. JOHN'S

For the years ended December 31, 2024 and 2023

Note A – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

D.A. Blodgett - St. John's (the "Agency") was established in 1887 and has a distinguished history serving vulnerable children and families in West Michigan. The Agency is comprised of three core service areas: Home Placement (foster care and adoption), Residential (emergency shelter, short-term assessment, and residential treatment for children ages 6-18), and Community Based (mentoring, pregnancy, and parenting support, supports coordination, and community-based counseling and case management).

The accompanying financial statements include all operating, property and equipment, investment and endowment funds that are under the Agency's control. Significant inter-fund balances are eliminated when applicable.

The Agency depends significantly on third-party reimbursement arrangements to carry out its program activities and extends credit principally to the Michigan Department of Health and Human Services and the West Michigan Partnership for Children.

Financial Statement Presentation

The Agency reports information regarding its financial position and activities according to the following net asset classifications:

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 objectives of the Agency. These net assets may be used at the discretion of the Agency's management and the board of directors.

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

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, recording revenue when earned rather than when received, and recording expenses when incurred rather than when paid.

NOTES TO FINANCIAL STATEMENTS

D.A. BLODGETT - ST. JOHN'S

For the years ended December 31, 2024 and 2023

Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks, institutional money market funds, and cash on hand. For purposes of the statement of cash flows, the Agency considers all highly liquid investments purchased with original maturities of three months or less to be cash equivalents, except that such assets held in endowment are generally classified as noncurrent. The Agency maintains cash balances in checking and savings accounts. The checking and savings accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. From time to time during the year, the Agency may have cash in a bank checking or savings account in excess of the federally insured limit.

Restricted Cash

The Agency holds an account to segregate grant funds received from West Michigan Partnership for Children. These funds are included in restricted cash and earned approximately \$37,974 and \$0 in interest income for the years ended December 31, 2024 and 2023, respectively.

Grants Receivable

The Agency's grants receivable are related to governmental contracts. The carrying amount of grants receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. In addition, a general valuation allowance is estimated based principally on historical experience. The allowance for uncollectible accounts was \$4,255 for both years ended December 31, 2024 and 2023, respectively.

Pledges Receivable

Unconditional pledges receivable are recognized as revenues in the period promised and as assets, decreases in liabilities, or expenses depending on the form of the benefits to be received. Conditional pledges receivable are recognized when the conditions upon which they depend are substantially met.

Pledges receivable are stated at the amount management expects to collect from outstanding balances discounted to present value. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. When balances are deemed uncollectible, they are written off through a charge to the valuation allowance and a credit to pledges receivable. No allowance was deemed necessary as of December 31, 2024 and 2023.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value in the statements of financial position. Investment income or loss (including gains and losses on investments, interest, and dividends) is included in the statements of activities as increases or decreases in unrestricted net assets unless the income or loss is restricted by donor or law.

NOTES TO FINANCIAL STATEMENTS

D.A. BLODGETT - ST. JOHN'S

For the years ended December 31, 2024 and 2023

Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Investments (Continued)

The Agency invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position. See Note F for additional information.

Assets Held by Public Foundations

The Grand Rapids Community Foundation (Foundation) was established with a principal purpose to receive and administer funds as endowments for various charitable and educational purpose organizations in the Grand Rapids community. The Agency established both the D.A. Blodgett - St. John's Endowment Fund and the D.A. Blodgett - St. John's Scholarship Fund whose assets are being held and managed by the Foundation. During the year ended December 31, 2023, the assets of the D.A. Blodgett - St. John's Endowment Fund were transferred to the D.A. Blodgett - St. John's Scholarship Fund.

The income will be used for support of the charitable or educational purposes of the Agency upon written request. Any unrequested or undistributed income is carried forward for future years, unless otherwise specified by the Agency in writing. See Note L for additional information.

Property and Equipment

Property and equipment are stated at cost or, if donated, at fair market value on the date of acquisition. The Agency capitalizes all expenditures for property and equipment in excess of \$5,000. Bulk purchases of similar items that have an itemized value of less than \$5,000 are expensed. Management annually reviews these assets to determine whether carrying values have been impaired. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

Leases

The Agency has entered into finance leases for vehicles. The right to use an underlying asset for the lease term has been recorded as an asset and the obligations associated with these leases have been recognized as a liability in the statement of financial position based on future lease payments, discounted by the implicit rate for the Agency's finance leases. See Note J for additional information.

Revenue and Cost Recognition

The Agency recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

NOTES TO FINANCIAL STATEMENTS

D.A. BLODGETT - ST. JOHN'S

For the years ended December 31, 2024 and 2023

Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Revenue and Cost Recognition (Continued)

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

The Agency reports gifts of cash and other assets, valued at fair value as of the date of donation, as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions and endowment income with donor-imposed stipulations that are met in the same year as received or earned are reported as unrestricted income.

A portion of the Agency's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Agency has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. Refundable advances of \$1,336,375 and \$1,590,853 were noted by the Agency as of December 31, 2024 and 2023, respectively.

Contribution of Nonfinancial Assets

Contributions of nonfinancial assets are recognized as contributions at the fair value in accordance with accounting principles generally accepted in the United States of America, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency. See Note N for additional information.

Use of Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Reclassifications

Certain prior year financial statement amounts have been reclassified to conform to the current year's presentation.

NOTES TO FINANCIAL STATEMENTS

D.A. BLODGETT - ST. JOHN'S

For the years ended December 31, 2024 and 2023

Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Functional Expense Allocations

Certain cost allocation procedures are used to distribute certain expenses among the functional expense classifications and fund groups. Program expenses that are incurred centrally but benefit individual programs are allocated to the programs based upon each program's share of salaries, full time equivalents, and occupied space. Although the methods of allocation used are considered appropriate, other methods could be used that may produce different amounts. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Agency.

Income Tax Status

The Agency is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Agency evaluates tax positions taken on its federal Exempt Organization Business Income Tax Returns in accordance with accounting principles generally accepted in the United States of America, which require that tax positions taken be more-likely-than-not to be sustained. Management believes that the Agency has no significant unrecognized tax benefits under that criteria. Penalties and interest, if any, assessed by income taxing authorities are included in operating expenses. The Agency's federal Exempt Organization Business Income Tax Returns are generally subject to examination by taxing authorities for three years after they were filed.

Subsequent Events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through July 9, 2025, which is the date the financial statements were available to be issued.

Note B – Liquidity and Availability

The Agency regularly monitors liquidity required to meet its operating needs, while also striving to maximize the investment of its available funds. The Agency's sources of liquidity at its disposal include cash and cash equivalents, restricted cash, accounts receivable, pledges receivable, and investments. See Note F and Note L for information about the Agency's investments and endowment fund assets, respectively.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Agency considers all expenditures related to its ongoing programmatic activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

NOTES TO FINANCIAL STATEMENTS

D.A. BLODGETT - ST. JOHN'S

For the years ended December 31, 2024 and 2023

Note B – Liquidity and Availability (Continued)

In addition to financial assets available to meet general expenditures over the next 12 months, the Agency anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of the Agency's cash for the years ended December 31, 2024 and 2023.

As of December 31, 2024 and 2023, respectively, the following financial assets could readily be made available to meet general expenditures:

	2024	2023
Financial assets:		
Cash and cash equivalents	\$ 462,902	\$ 2,163,633
Restricted cash	1,156,679	1,118,705
Accounts receivable, net	1,303,766	1,164,336
Pledges receivable	40,000	113,757
Investments	10,736,328	10,025,814
Beneficial interest in charitable remainder trusts	434,183	425,324
Assets held by public foundations	474,262	495,537
Total financial assets	14,608,120	15,507,106
Less amounts not available to be used to meet general expenditures:		
Reserved cash on hand	-	270,510
Restricted cash	1,156,679	1,118,705
Accounts receivable, long term, net	-	17,499
Pledges receivable, long term	10,000	40,000
Investments	3,225,901	3,033,838
Beneficial interest in charitable remainder trusts	434,183	425,324
Assets held by public foundations	474,262	495,537
	5,301,025	5,401,413
Financial assets available to meet general expenditures	<u>\$ 9,307,095</u>	<u>\$ 10,105,693</u>

NOTES TO FINANCIAL STATEMENTS

D.A. BLODGETT - ST. JOHN'S

For the years ended December 31, 2024 and 2023

Note C – Beneficial Interest in Charitable Remainder Trusts

The Agency is a remainder beneficiary of two charitable remainder trusts. Under the first charitable trust, a donor has contributed funds to be held in a trust, with the Agency as a 20 percent beneficiary. As directed by the donor, the Agency's portion of the income generated is to be used to fund scholarships for children in need. The principal is required to be held by the trust until January 1, 2100 when the principal becomes available. The Agency has recorded its proportionate share of the fair value of the underlying trust assets as an asset and net assets with donor restrictions. The beneficial interest in trust is \$288,554 and \$288,520 at December 31, 2024 and 2023, respectively.

Under the second charitable remainder trust, a donor has contributed funds to be held in a trust, with the Agency as a 6.11 percent beneficiary. As directed by the donor, the Agency's portion of the income generated is unrestricted. The Agency has recorded its proportionate share of the fair value of the underlying trust assets as an asset and net assets with donor restrictions. The beneficial interest in trust is \$145,629 and \$136,804 at December 31, 2024 and 2023, respectively.

Note D – Pledges Receivable

The Agency had the following unconditional pledges receivable as of December 31, 2024 and 2023:

	2024	2023
Receivable in less than one year	\$ 30,000	\$ 81,160
Receivable in more than one year	10,000	40,000
	40,000	121,160
Less: discount to present value	-	(7,403)
	<u>\$ 40,000</u>	<u>\$ 113,757</u>

Pledges receivable due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 4.5% at December 31, 2023. Due to the immaterial balance, pledges receivable due in more than one year are not discounted to present value at December 31, 2024.

NOTES TO FINANCIAL STATEMENTS

D.A. BLODGETT - ST. JOHN'S

For the years ended December 31, 2024 and 2023

Note E – Property and Equipment

Property and equipment are summarized as follows for the years ended December 31, 2024 and 2023:

	2024	2023	Estimated Useful Life - Years
Land	\$ 522,073	\$ 522,073	
Buildings and improvements	19,387,447	19,369,539	15 to 40
Equipment and vehicles	2,360,903	2,305,303	5 to 10
Total cost	22,270,423	22,196,915	
Less accumulated depreciation	(7,452,181)	(6,748,441)	
Net carrying amount	<u>\$ 14,818,242</u>	<u>\$ 15,448,474</u>	

Depreciation expense was \$703,704 and \$480,887 for the years ended December 31, 2024 and 2023, respectively.

Note F – Fair Value Measurements

Accounting principles generally accepted in the United States of America establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 - Quoted prices in markets that are not considered active or financial instruments for which significant inputs include quoted prices for similar assets or liabilities, interest rates, credit risk, etc.

Level 3 - Significant unobservable inputs, which may include the Agency's own assumptions in determining fair value.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

NOTES TO FINANCIAL STATEMENTS

D.A. BLODGETT - ST. JOHN'S

For the years ended December 31, 2024 and 2023

Note F – Fair Value Measurements (Continued)

The following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2024 and 2023.

Mutual funds and money market funds: Valued based on quoted net asset values of the shares held by the Agency on the last business day of the year.

Corporate bonds, certificates of deposit, and U.S. government and agency bonds: Valued by a pricing agency based on quoted prices for similar assets in the active markets.

Common/collective trust funds: Valued at net asset value (NAV) based on the closing price for underlying securities, reported on the active market on which underlying securities are traded or based on quoted prices of similar assets. The NAV of the common/collective trust is reported by the fund managers as of the financial statement date based on recent transaction prices and represents the price at which the Agency would be able to initiate a transaction.

The Foundation invests in a variety of investment types that are considered level 3 fair value inputs. The Agency is the beneficiary under an agency endowment administered by the Grand Rapids Community Foundation. The fair value of the beneficial interest of assets held by public foundation was \$474,262 and \$495,537 as of December 31, 2024 and 2023. The Agency is also the beneficiary under a trust agreement (See Note C).

Assets measured at fair value on a recurring basis comprise the following:

Description	Fair Value			
	December 31, 2024	Level 1	Level 2	Level 3
Money market fund	\$ 627,826	\$ 627,826	\$ -	\$ -
U.S. government bonds	1,233,321	-	1,233,321	-
U.S. government agency bonds	220,533	-	220,533	-
Corporate bonds	1,305,047	-	1,305,047	-
Certificates of deposit	212,732	212,732	-	-
Mutual funds	7,104,450	7,104,450	-	-
Common/collective trust	32,419	-	32,419	-
Beneficial interest in charitable remainder trusts	434,183	-	-	434,183
Assets held by public foundation	474,262	-	-	474,262
Total	\$ 11,644,773	\$ 7,945,008	\$ 2,791,320	\$ 908,445

NOTES TO FINANCIAL STATEMENTS

D.A. BLODGETT - ST. JOHN'S

For the years ended December 31, 2024 and 2023

Note F – Fair Value Measurements (Continued)

Description	Fair Value			
	December 31, 2023	Level 1	Level 2	Level 3
Money market fund	\$ 627,087	\$ 627,087	\$ -	\$ -
U.S. government bonds	324,715	-	324,715	-
U.S. government agency bonds	276,649	-	276,649	-
Corporate bonds	1,351,826	-	1,351,826	-
Certificates of deposit	535,491	535,491	-	-
Mutual funds	6,882,088	6,882,088	-	-
Common/collective trust	27,958	-	27,958	-
Beneficial interest in charitable remainder trusts	425,324	-	-	425,324
Assets held by public foundation	495,537	-	-	495,537
Total	\$ 10,946,675	\$ 8,044,666	\$ 1,981,148	\$ 920,861

In addition, donations have been made to the Grand Rapids Community Foundation on behalf of the Agency through a donor fund. The Foundation was given variance power; therefore, the fair value of the donor funds of \$537,084 and \$495,537 as of December 31, 2024 and 2023, respectively, are not reported as an asset on the Agency's books, but rather the Agency will record any grants received from the Foundation as a contribution.

Note G – Retirement Plan

The Agency has a tax-deferred 403(b) retirement plan for employees who must meet certain qualifications. Under the plan, the Agency contributes a percentage of the employees' annual wages, determined annually by the board of directors. The contributions to the plan were \$116,712 and \$110,169 for the years ended December 31, 2024 and 2023, respectively.

Note H – Letters of Credit

As of December 31, 2023 the Agency had a letter of credit totaling \$125,000 with a bank related to the installation of sidewalks for the new building. The letter of credit was set to automatically renew unless the undersigned gave notice to the bank 15 days prior to expiration. With the completion of the building, the letter of credit was not renewed.

NOTES TO FINANCIAL STATEMENTS

D.A. BLODGETT - ST. JOHN'S

For the years ended December 31, 2024 and 2023

Note I – Line of Credit

During the year ended December 31, 2023, the Agency had an unsecured \$600,000 line of credit that expired on November 15, 2024 and was not renewed. Outstanding borrowings bore interest at the prime rate with a floor of 3.25%. The prime rate was 8.5% and there were no borrowings on the line of credit as of the year ended December 31, 2023.

The Agency opened a new \$2,000,000 line of credit on May 16, 2022 that expired on May 16, 2024. The line of credit was renewed and is set to expire on May 16, 2025. Outstanding borrowings bear interest at the prime rate with a floor of 3.25%. The prime rate was 7.5% and 8.5% at December 31, 2024 and 2023, respectively. There were no borrowings on the line of credit as of the years ended December 31, 2024 and 2023.

Note J – Finance Leases

The Agency has multiple finance leases related to a fleet of ten vehicles. The first group of leases was entered into in May 2016, a second group of leases in May 2018, a third group of leases in June and July of 2019, and a fourth group of leases in March, June, and July 2020. The leases require cumulative monthly payments ranging between \$381 and \$413 and expire during the year ending December 31, 2025. The outstanding liability was \$2,024 and \$10,940 as of December 31, 2024 and 2023, respectively.

The right-of use-assets and corresponding lease liabilities associated with future payments at December 31, 2024 and 2023 are detailed as follows:

	2024	2023
Finance lease right-of-use assets	\$ 4,936	\$ 12,800
Finance lease liabilities	\$ 2,024	\$ 10,940
Weighted average:		
Discount rate	4.3%	4.2%
Remaining lease term (years)	0.42	1.04

Lease liability maturities as of December 31, 2024 are shown below:

Year Ending December 31, 2025	\$ 2,046
	2,046
Less amounts representing interest	22
Present value of net minimum payments	2,024
Less current maturities	2,024
Long-term obligation	\$ -

NOTES TO FINANCIAL STATEMENTS

D.A. BLODGETT - ST. JOHN'S

For the years ended December 31, 2024 and 2023

Note J – Finance Leases (Continued)

The following table summarizes the lease costs included in the statement of activities for the twelve-month periods ending December 31, 2024 and 2023:

	Statement Classification	2024	2023
Finance lease cost:			
Amortization	Depreciation and amortization	\$ 7,864	\$ 31,443
Interest	Miscellaneous expense	\$ 240	\$ 811

Note K – Board Designated and Restricted Net Assets

Board designated and with donor restricted net assets at December 31, 2024 and 2023, were designated for the following:

	2024	2023
Without Donor Restrictions:		
Designated by the Agency for:		
Long-term reserves	\$ 6,577,916	\$ 7,308,277
Endowment	1,406,774	1,366,539
Undesignated	15,752,076	16,198,771
Total without Donor Restriction	<u>\$ 23,736,766</u>	<u>\$ 24,873,587</u>
With Donor Restrictions:		
Temporary Restrictions:		
Contributions and gains restricted for future program services to be provided by the agency	2,187,877	2,346,173
Perpetual Restriction	1,529,708	1,514,757
Total with Donor Restriction	<u>\$ 3,717,585</u>	<u>\$ 3,860,930</u>

NOTES TO FINANCIAL STATEMENTS

D.A. BLODGETT - ST. JOHN'S

For the years ended December 31, 2024 and 2023

Note L – Endowment Assets

The Board of Directors of the Agency has interpreted current law as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies as net assets with donor restrictions (a) the original value of gifts to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor restricted endowment fund that is also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Agency in a manner consistent with the policies of the endowment fund. Net assets associated with endowment funds designated by the board of directors are classified and reported based on the existence or absence of donor-imposed restrictions. The board restrictions are reported in net assets without donor restrictions.

The Agency has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long term.

The Agency has adopted the accounting and disclosure guidance provided by the Uniform Prudent Management of Institutional Funds Act. As such, the Agency has adopted the required provisions of the act.

Endowment Asset Composition by Type or Fund as of December 31, 2024:

	Board Designated	With Donor Restrictions	Total
Endowment assets, January 1, 2024	\$ 1,366,539	\$ 2,743,884	\$ 4,110,423
Contributions	-	14,952	14,952
Releases from restriction	(35,742)	(104,798)	(140,540)
Investment return:			
Investment income	29,502	78,430	107,932
Unrealized/realized gain on investment	50,128	197,933	248,061
Investment fees	(3,653)	(9,887)	(13,540)
Total investment return	75,977	266,476	208,761
Endowment assets, December 31, 2024	<u>\$ 1,406,774</u>	<u>\$ 2,920,514</u>	<u>\$ 4,327,288</u>

NOTES TO FINANCIAL STATEMENTS

D.A. BLODGETT - ST. JOHN'S

For the years ended December 31, 2024 and 2023

Note L – Endowment Assets (Continued)

Endowment Asset Composition by Type or Fund as of December 31, 2023:

	Board Designated	With Donor Restrictions	Total
Endowment assets, January 1, 2023	\$ 1,338,772	\$ 2,699,591	\$ 4,038,363
Contributions	-	31,260	31,260
Releases from restriction	(128,985)	(288,056)	(417,041)
Investment return: Investment income	67,388	20,840	88,228
Unrealized/realized gain on investment	89,364	280,249	369,613
Total investment return	156,752	301,089	59,174
Endowment assets, December 31, 2023	<u>\$ 1,366,539</u>	<u>\$ 2,743,884</u>	<u>\$ 4,110,423</u>

From time to time, the fair value of the assets associated with the donor-restricted endowment funds may fall below the level that the donor requires the Agency to retain as fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets with donor restriction. These deficiencies result from unfavorable market fluctuations that occur occasionally. There were no such deficiencies as of December 31, 2024 and 2023.

NOTES TO FINANCIAL STATEMENTS

D.A. BLODGETT - ST. JOHN'S

For the years ended December 31, 2024 and 2023

Note M – Contingencies

The Agency received an Affordable Housing Program grant of \$500,000 through the Federal Home Loan Bank of Indianapolis for reimbursement of certain building improvements on eight residential buildings. As part of the grant arrangement, the Agency must meet certain conditions, set forth in the promissory note, for a period of 15 years ending September 30, 2030. In the event these conditions are not met over the 15-year retention period, the Agency could be required to repay the proceeds of the grant. The Agency was not in compliance as of December 31, 2023 and is currently not in compliance with these conditions however management believes there will be no payback required and therefore no liability has been recorded in the financial statements.

Because of the nature of services provided by the Agency, there is the potential of legal action from clients and employees. The Agency maintains retrospectively rated professional liability insurance and other liability policies to minimize any exposure such claims may have on the Agency. The Agency has notified the insurance company and the Agency's legal firm regarding possible lawsuits. Management believes potential claims will not have a material negative impact on the Agency.

Note N – Contributed Nonfinancial Assets

Contributed nonfinancial assets recognized within the statement of activities as of December 31, 2024 and 2023 included:

	2024 Revenue Recognized	2023 Revenue Recognized	Utilization in Programs and Activities	Donor Restrictions	Valuation Techniques and Inputs
Children's gifts	\$ 125,801	\$ 119,246	Foster care and residential treatment	None	The majority of the gifts are new backpacks and supplies valued at cost.
Supplies and household goods	43,382	-	Foster care and residential treatment	None	Donated supplies are valued at cost if new or FMV.
Furniture and moving expenses	-	265,026	All programs	Donor restricted for new building	New furniture and moving expenses are valued at cost and used furniture is valued at FMV at the time of donation.
Special event expenses	14,190	2,670	Fundraising	None	Event expenses are valued at actual cost.
Total	<u>\$ 183,373</u>	<u>\$ 386,942</u>			

NOTES TO FINANCIAL STATEMENTS

D.A. BLODGETT - ST. JOHN'S

For the years ended December 31, 2024 and 2023

Note O – Lessor

The Agency rents two buildings to another non-profit organization under two lease agreements. The leases were signed June 2023, with one expiring June 30, 2026 and the other expiring March 31, 2026. The leases require monthly payments ranging from \$15,016 to \$15,316 for the year ended December 31, 2024. Rental income for the next two years is as follows:

Years Ending December 31, 2025	\$	188,388
2026		63,724

Note P – Prior Period Adjustment

The Agency recorded a prior period adjustment as of December 31, 2022, in the amount of \$1,338,722 to reclassify board-designated funds from *net assets with donor restrictions* to *net assets without donor restrictions*. This reclassification was made to correct a classification error and to ensure compliance with U.S. generally accepted accounting principles (GAAP), which require that board designations be reflected within *net assets without donor restrictions*. The adjustment had no impact on total net assets.

Note Q – Subsequent Events

On January 27, 2025, the Office of Management and Budget (OMB) of the United States Federal Government announced a freeze on the disbursement of federal grant and loan funds, effective January 28, 2025. The impact of this funding freeze on the Agency's operations, financial results, and cash flows—both current and future—remains uncertain and may depend on future developments that are unpredictable at this time.

On February 18, 2025, the Agency entered into an agreement to sell four parcels of land for \$725,000. The agreement includes a 180-day due diligence period, during which the buyer must complete their assessment to their sole satisfaction. If the buyer is not satisfied with the due diligence results, the agreement may be terminated. Management has evaluated the agreement and determined that it does not have a material impact on the financial statements as of December 31, 2024. However, the outcome of the due diligence period could affect future financial positions and operations.

Subsequent to year end, the Agency collected \$2,322,526 in Employee Retention Credits for the first and second quarter 2021 tax filings that were amended and submitted to the Internal Revenue Service. In addition, per a notice received on June 16, 2025, the Agency was approved to receive an additional \$1,450,597 in Employee Retention Credits for the third quarter 2021 amended tax filing.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

July 9, 2025

To the Board of Directors
D.A. Blodgett - St. John's
Grand Rapids, Michigan

We have audited, in accordance with the 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, the financial statements of D.A. Blodgett - St. John's (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 9, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered D.A. Blodgett - St. John's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of D.A. Blodgett - St. John's internal control. Accordingly, we do not express an opinion on the effectiveness of D.A. Blodgett - St. John's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether D.A. Blodgett - St. John's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Hungerford". The script is cursive and fluid, with the first letter 'H' being particularly large and stylized.

Certified Public Accountants
Grand Rapids, Michigan