
United Way for Southeastern Michigan

Financial Report
September 30, 2025

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Independent Auditor's Report

To the Board of Directors
United Way for Southeastern Michigan

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of United Way for Southeastern Michigan (UWSEM), which comprise the statement of financial position as of September 30, 2025 and 2024 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of UWSEM as of September 30, 2025 and 2024 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Audits of the Financial Statements* section of our report. We are required to be independent of UWSEM and to meet our 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 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 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 UWSEM's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's Responsibilities for the Audits 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 audits conducted in accordance with GAAS 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.

To the Board of Directors
United Way for Southeastern Michigan

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits 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 UWSEM'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 UWSEM'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 1, 2026 on our consideration of United Way for Southeastern Michigan'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 the effectiveness of United Way for Southeastern Michigan's internal control over financial reporting or on compliance. That report is an integral part of audits performed in accordance with *Government Auditing Standards* in considering United Way for Southeastern Michigan's internal control over financial reporting and compliance.

Plante & Moreau, PLLC

April 1, 2026

Statement of Financial Position

September 30, 2025 and 2024

	2025	2024
Assets		
Cash	\$ 10,517,009	\$ 13,801,223
Investments (Note 4)	32,040,608	41,620,426
Receivables - Net of allowance:		
Pledges (Note 5)	4,714,506	6,395,193
Grants and other (Note 5)	4,307,617	3,237,091
Beneficial interests (Notes 4 and 6)	1,655,684	1,549,943
Prepaid expenses and other assets	650,639	750,586
Right-of-use operating lease assets	4,081,460	4,901,929
Capital assets - Net (Note 8)	1,925,349	2,105,008
	<u>59,892,872</u>	<u>74,361,399</u>
Total assets	<u>\$ 59,892,872</u>	<u>\$ 74,361,399</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued liabilities	\$ 3,524,429	\$ 5,235,418
Undistributed grants to community impact partners (Note 9)	3,308,792	4,800,915
Undistributed donor designations	2,021,823	3,582,761
Refundable advances	109,267	542,894
Agency payable (Note 2)	6,779,554	12,821,192
Operating lease liabilities (Note 7)	4,449,510	5,353,311
	<u>20,193,375</u>	<u>32,336,491</u>
Total liabilities	20,193,375	32,336,491
Net Assets		
Without donor restrictions:		
Undesignated	(1,543,832)	(2,607,113)
Board designated (Note 10)	26,615,017	31,122,447
	<u>25,071,185</u>	<u>28,515,334</u>
Total without donor restrictions	25,071,185	28,515,334
With donor restrictions (Note 11)	14,628,312	13,509,574
	<u>39,699,497</u>	<u>42,024,908</u>
Total net assets	39,699,497	42,024,908
Total liabilities and net assets	<u>\$ 59,892,872</u>	<u>\$ 74,361,399</u>

Statement of Activities and Changes in Net Assets

Years Ended September 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue						
Annual campaigns	\$ 20,856,511	\$ 7,587,163	\$ 28,443,674	\$ 21,600,225	\$ 3,723,361	\$ 25,323,586
Less donor designations	(4,770,519)	-	(4,770,519)	(5,824,437)	-	(5,824,437)
Less provision for uncollectible pledges	(3,176,822)	-	(3,176,822)	(1,453,287)	-	(1,453,287)
Net assets released from campaign restrictions	7,413,782	(7,413,782)	-	5,318,134	(5,318,134)	-
Net campaign results	20,322,952	173,381	20,496,333	19,640,635	(1,594,773)	18,045,862
Federal grants	1,182,466	-	1,182,466	6,448,376	-	6,448,376
State grants	7,684,804	-	7,684,804	11,445,837	-	11,445,837
Foundation grants	-	3,747,759	3,747,759	-	2,855,362	2,855,362
Administrative fees and fee for service	2,461,183	-	2,461,183	2,296,728	-	2,296,728
County grants	3,093,129	-	3,093,129	2,773,869	-	2,773,869
Other contributions	925,662	481,207	1,406,869	920,770	344,791	1,265,561
In-kind gifts revenue (Note 13)	205,275	-	205,275	338,100	-	338,100
Miscellaneous income	8,930	-	8,930	50,039	-	50,039
Change in value of beneficial interests	152,154	-	152,154	279,328	-	279,328
Net realized and unrealized gains on investments	410,537	76,930	487,467	4,495,244	316,734	4,811,978
Interest and dividend income - Net of investment fees	2,200,510	193,392	2,393,902	1,674,529	142,696	1,817,225
Excess of assets acquired over liabilities assumed in United Way of Washtenaw County transaction (Note 17)	-	-	-	4,709,169	2,921,259	7,630,428
Net assets released from restrictions	3,553,931	(3,553,931)	-	5,000,290	(5,000,290)	-
Total noncampaign support and revenue	21,878,581	945,357	22,823,938	40,432,279	1,580,552	42,012,831
Total public support and revenue	42,201,533	1,118,738	43,320,271	60,072,914	(14,221)	60,058,693

Statement of Activities and Changes in Net Assets (Continued)

Years Ended September 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Expenses						
Program services:						
Gross grants to community impact partners	\$ 26,444,600	\$ -	\$ 26,444,600	\$ 34,968,611	\$ -	\$ 34,968,611
Less donor designations	(4,770,519)	-	(4,770,519)	(5,824,437)	-	(5,824,437)
Net funds awarded	21,674,081	-	21,674,081	29,144,174	-	29,144,174
Other program services	14,089,811	-	14,089,811	18,449,506	-	18,449,506
Total program services	35,763,892	-	35,763,892	47,593,680	-	47,593,680
Support services:						
Management and general	5,119,581	-	5,119,581	4,550,364	-	4,550,364
Fundraising	4,120,835	-	4,120,835	5,185,719	-	5,185,719
Unallocated state and national dues	641,374	-	641,374	613,430	-	613,430
Total expenses	45,645,682	-	45,645,682	57,943,193	-	57,943,193
(Decrease) Increase in Net Assets	(3,444,149)	1,118,738	(2,325,411)	2,129,721	(14,221)	2,115,500
Net Assets - Beginning of year	28,515,334	13,509,574	42,024,908	26,385,613	13,523,795	39,909,408
Net Assets - End of year	\$ 25,071,185	\$ 14,628,312	\$ 39,699,497	\$ 28,515,334	\$ 13,509,574	\$ 42,024,908

Statement of Functional Expenses

Year Ended September 30, 2025

	Program Services	Support Services			Total	Total
		Management and General	Fundraising	Unallocated State and National Dues		
Gross grants to community impact partners	\$ 26,439,764	\$ -	\$ 4,835	\$ -	\$ 4,835	\$ 26,444,599
Less donor designations	(4,770,519)	-	-	-	-	(4,770,519)
Net allocations/awards	21,669,245	-	4,835	-	4,835	21,674,080
Salaries	8,101,022	2,861,170	2,072,471	-	4,933,641	13,034,663
Employee benefits	1,503,950	238,226	384,181	-	622,407	2,126,357
Payroll taxes and insurance	648,071	147,764	165,633	-	313,397	961,468
Total salaries and related expenses	10,253,043	3,247,160	2,622,285	-	5,869,445	16,122,488
Professional fees and contract services	1,797,390	1,076,028	217,901	-	1,293,929	3,091,319
Occupancy	741,795	176,922	147,080	-	324,002	1,065,797
Dues	5,836	12,023	4,142	641,374	657,539	663,375
Equipment expenses	390,134	114,476	443,327	-	557,803	947,937
Printing and publications	288,368	178,417	50,378	-	228,795	517,163
In-kind expenses	82,351	92,629	30,295	-	122,924	205,275
Meeting and event cost	192,459	31,360	487,919	-	519,279	711,738
Depreciation	158,102	37,708	31,349	-	69,057	227,159
Communication	44,538	8,837	43,043	-	51,880	96,418
Insurance	48,567	38,315	11,660	-	49,975	98,542
Miscellaneous	23,641	75,373	6,659	-	82,032	105,673
Supplies	39,900	2,303	2,985	-	5,288	45,188
Postage and shipping	22,094	8,243	14,274	-	22,517	44,611
Sponsorships and awards	6,429	19,787	2,703	-	22,490	28,919
Total functional expenses	<u>\$ 35,763,892</u>	<u>\$ 5,119,581</u>	<u>\$ 4,120,835</u>	<u>\$ 641,374</u>	<u>\$ 9,881,790</u>	<u>\$ 45,645,682</u>

Statement of Functional Expenses

Year Ended September 30, 2024

	Support Services					
	Program Services	Management and General	Fundraising	Unallocated State and National Dues	Total	Total
Gross grants to community impact partners	\$ 34,968,611	\$ -	\$ -	\$ -	\$ -	\$ 34,968,611
Less donor designations	(5,824,437)	-	-	-	-	(5,824,437)
Net allocations/awards	29,144,174	-	-	-	-	29,144,174
Salaries	10,801,790	2,719,717	2,759,545	-	5,479,262	16,281,052
Employee benefits	1,564,036	356,634	385,014	-	741,648	2,305,684
Payroll taxes and insurance	835,601	75,862	212,181	-	288,043	1,123,644
Total salaries and related expenses	13,201,427	3,152,213	3,356,740	-	6,508,953	19,710,380
Professional fees and contract services	2,681,540	588,664	316,948	-	905,612	3,587,152
Occupancy	755,510	159,511	170,362	-	329,873	1,085,383
Dues	4,900	12,347	4,998	613,430	630,775	635,675
Equipment expenses	444,755	111,783	483,613	-	595,396	1,040,151
Printing and publications	540,348	163,739	79,361	-	243,100	783,448
In-kind expenses	60,813	128,092	149,195	-	277,287	338,100
Meeting and event cost	361,842	79,165	467,011	-	546,176	908,018
Depreciation	150,857	31,862	34,029	-	65,891	216,748
Communication	48,020	14,397	46,719	-	61,116	109,136
Insurance	52,422	41,204	27,876	-	69,080	121,502
Miscellaneous	42,663	35,685	13,040	-	48,725	91,388
Supplies	57,231	4,790	6,955	-	11,745	68,976
Postage and shipping	14,957	8,970	18,586	-	27,556	42,513
Sponsorships and awards	32,221	17,942	10,286	-	28,228	60,449
Total functional expenses	<u>\$ 47,593,680</u>	<u>\$ 4,550,364</u>	<u>\$ 5,185,719</u>	<u>\$ 613,430</u>	<u>\$ 10,349,513</u>	<u>\$ 57,943,193</u>

Statement of Cash Flows

Years Ended September 30, 2025 and 2024

	2025	2024
Cash Flows from Operating Activities		
(Decrease) increase in net assets	\$ (2,325,411)	\$ 2,115,500
Adjustments to reconcile (decrease) increase in net assets to net cash from operating activities:		
Depreciation	227,159	216,748
Provision for uncollectible pledges	3,176,822	1,453,287
Change in value of beneficial interests	(152,154)	(279,328)
Realized and unrealized gains on investments	(487,467)	(4,811,978)
Excess of assets acquired over liabilities assumed in United Way of Washtenaw County transaction (Note 17)	-	(7,630,428)
Noncash lease expense	(83,332)	(83,332)
Changes in operating assets and liabilities that (used) provided cash:		
Pledges receivable	(1,496,135)	(1,209,110)
Grants and other receivables	(1,070,526)	(84,050)
Prepaid expenses and other assets	99,947	802,871
Accounts payable and accrued liabilities	(1,710,989)	1,448,795
Undistributed grants to community impact partners	(1,492,123)	(2,578,957)
Undistributed donor designations	(1,560,938)	876,168
Refundable advance	(433,627)	395,973
Agency payable	(6,041,638)	12,821,192
Net cash (used in) provided by operating activities	(13,350,412)	3,453,351
Cash Flows from Investing Activities		
Purchases of investments	(56,494,821)	(13,548,622)
Proceeds from sales of investments	66,562,105	21,697,516
Purchases of capital assets	(47,500)	(140,000)
Distributions from beneficial interests	46,414	84,002
Cash acquired from United Way of Washtenaw County transaction (Note 17)	-	864,353
Net cash provided by investing activities	10,066,198	8,957,249
Net (Decrease) Increase in Cash	(3,284,214)	12,410,600
Cash - Beginning of year	13,801,223	1,390,623
Cash - End of year	\$ 10,517,009	\$ 13,801,223
Significant Noncash Transactions - Assets and liabilities assumed in United Way of Washtenaw County transaction (Note 17)		
Pledges receivable - Net	\$ -	\$ 741,345
Investments	-	5,357,285
Net property and equipment	-	1,697,481
Prepaid and other assets	-	69,395
Grants payable	-	509,996
Designations payable	-	225,401
Accrued expenses and other liabilities	-	364,034

September 30, 2025 and 2024

Note 1 - Nature of Business

United Way for Southeastern Michigan (UWSEM or the "Organization") is a Michigan nonprofit corporation dedicated to mobilizing the caring power of Detroit and southeastern Michigan to improve communities and individual lives in measurable and lasting ways.

Note 2 - Significant Accounting Policies

Basis of Presentation

The financial statements of UWSEM have been prepared on the basis of generally accepted accounting principles (GAAP). The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash

UWSEM places its cash and certain investments with high credit quality financial institutions. UWSEM's cash balances include bank balances on deposit that exceed FDIC limits.

Investments

Investments are recorded at fair value, as described in Note 4. Investment income, including net realized and unrealized gains and losses, is reflected in the statement of activities and changes in net assets as a change in noncampaign support and revenue. Interest and dividend income is recorded on the accrual basis.

The Organization's investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to these risk factors, it is reasonably possible that changes in the value of investments will occur in the near future and will materially affect the amounts reported in the financial statements.

Receivables

UWSEM's receivables consist of pledges and grants and other receivables.

Pledges receivable are associated with UWSEM's total annual campaign fundraising for UWSEM and other partnering agencies. A provision for uncollectible pledges is estimated based on an assessment of the prior year annual campaign pledges, which remain unpaid, and current market observations. All amounts deemed uncollectible are charged against the provision for uncollectible pledges in the period that determination is made.

Grants and other receivables include receivables for services rendered by UWSEM in accordance with grant contracts and reimbursements that have not been received as of year end. Grants and other receivables also include contributions made to UWSEM outside of the annual campaign. An allowance for doubtful accounts has not been established, as all grants and other receivables are deemed collectible.

Capital Assets

Capital assets are recorded at cost when purchased or at fair value at the date of donation and are being depreciated on a straight-line basis over their estimated useful lives, which range from 3 to 10 years. Costs of maintenance and repairs are charged to expense when incurred.

September 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

UWSEM reports gifts of capital assets as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of capital assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire capital assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long the capital assets must be maintained, UWSEM reports expirations of donor restrictions over time based on an estimate of the useful lives of the donated or acquired capital assets.

Leases

UWSEM has an operating lease for office space. UWSEM recognizes expense for operating leases on a straight-line basis over the lease term. UWSEM made a policy election not to separate lease and nonlease components.

UWSEM elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate.

Classification of Net Assets

Net assets of UWSEM are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of UWSEM.

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 actions of UWSEM or by the passage of time when net assets are reclassified to net assets without donor restrictions. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Board-designated Net Assets

Board-designated net assets are net assets without donor restrictions designated by the board for various purposes. These designations are based on board actions, which can be altered or revoked at a future time by the board of directors (see Note 10).

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Annual campaigns, federal grants, state grants, foundation grants, and other contributions are revenue items reported on the statement of activities and changes in net assets using these revenue recognition principles. Grants received determined to be unconditional are reported as revenue when the promise to give is received. As of September 30, 2025 and 2024, federal grants awarded but not yet spent totaled \$663,012 and \$781,617, respectively. Grants received determined to be conditional contributions are recognized as revenue when eligible expenses are incurred.

Donor promises to give in the future are recorded at the present value of estimated future cash flows. Contributions resulting from split-interest agreements, measured at the time the agreements are entered into, are based on the difference between the fair value of the assets received or promised and the present value of the obligation to the third-party recipient(s) under the contract.

September 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

Concentration Risks

A significant portion of UWSEM's campaign revenue and pledges receivable is derived from employee contributions and corporate gifts or grants from the Detroit-based original auto equipment manufacturers. This amount is approximately \$8.6 million and \$6.0 million of gross revenue for the years ended September 30, 2025 and 2024, respectively, and \$2.4 million and \$3.5 million of gross pledges receivable at September 30, 2025 and 2024, respectively. The current and future economic health of the domestic automotive industry impacts collection of this revenue and future contribution levels and could result in a severe near-term negative impact to UWSEM.

Agent Transactions

UWSEM follows standards for accounting for transfers of assets to a not-for-profit organization that raises or holds contributions for others. These standards affect transactions in which UWSEM accepts contributions from a donor and transfers those assets to another entity that is specified by the donor. UWSEM refers to such funds as donor designations. Agency transactions are reported as an obligation to the specified beneficiary rather than as annual campaign revenue to UWSEM. Amounts due to beneficiary organizations are reported as undistributed donor designations on the statement of financial position.

In-kind and Contributed Services Revenue

UWSEM receives services from a large number of volunteers who give significant amounts of their time to UWSEM's programs, fundraising campaigns, and management. Such services may include those that (a) create or enhance nonfinancial assets or (b) require specialized skills provided by individuals possessing those skills and would typically need to be purchased if not contributed. No amounts have been recorded for types of donated services that do not meet these requirements. The value of recorded contributed services is determined based on the estimated fair values of such services.

UWSEM served as an intermediary in the distribution of in-kind donations of essential goods. UWSEM operates the Community Fulfillment Center to distribute goods, including clothing, food, electronics, and household items, which are donated by corporate and community partners. These items are distributed to various local community partners to support growing needs in their respective areas. During the year, approximately \$2.0 to \$2.5 million of goods were distributed to nonprofit and community organizations serving low-income families throughout Southeastern Michigan. As UWSEM is an agent in these transactions, the amounts are not reflected in the statement of activities and changes in net assets.

Revenue Recognition - Administrative Fees and Fee for Service

UWSEM receives administrative fees and fee-for-service revenue for services provided to others, which are recognized using revenue recognition principles under Accounting Standards Codification (ASC) 606.

For administrative fees and fee-for-service revenue, UWSEM has performance obligations for services that are provided based on contracts established between the customer and the Organization. Services provided include administering the annual workplace giving campaigns, the 2-1-1 call center and Summer Discovery Program, and various other programs for the benefit of local area organizations. These services are provided over time based on the contract terms.

Under the typical payment terms, the customer is billed based on the rate structure of the service provided, as stated in the contract. There are no price concessions or finance arrangements associated with these services.

September 30, 2025 and 2024

Note 2 - Significant Accounting Policies (Continued)

Beginning in 2023, UWSEM administers the Water Residential Assistance Program (WRAP) for Oakland County customers of Great Lakes Water Authority (GLWA). This program provides assistance to eligible, low-income households who receive water service from GLWA member communities. During the years ended September 30, 2025 and 2024, UWSEM distributed \$979,873 and \$800,591, respectively, in WRAP funds on behalf of GLWA. These funds are accounted for as agency transactions and are, therefore, not recognized in the statement of activities and changes in net assets. UWSEM recognized revenue of \$99,584 and \$77,776 during the years ended September 30, 2025 and 2024, respectively, related to its administrative fee for the program. At September 30, 2025 and 2024, \$410,611 and \$135,134, respectively, of receivables pertaining to the agency portion of the program were included within grant and other receivables on the statement of financial position.

Beginning in 2024, UWSEM administers the Summer Discovery Program on behalf of the Ballmer Group, an unrelated private organization. This program provides summer enrichment programs to students in Wayne, Oakland, and Macomb counties. During the years ended September 30, 2025 and 2024, UWSEM distributed \$59,500,547 and \$37,044,946, respectively, in Summer Discovery Program funds on behalf of the Ballmer Group. These funds are accounted for as agency transactions and are, therefore, not recognized in the statement of activities and changes in net assets. UWSEM recognized revenue of \$1,540,000 and \$1,527,000 during the years ended September 30, 2025 and 2024, respectively, related to its fee for administering the program. As of September 30, 2025 and 2024, UWSEM has \$6,726,416 and \$12,821,192, respectively, of funds on hand that are to be disbursed at the discretion of the Ballmer Group.

Beginning in 2025, UWSEM administers the Out of School Time (OST) program on behalf of Ballmer Group. The program was created to support partners in delivering safe, enriching after-school experiences that benefit local students. During the year ended September 30, 2025, UWSEM distributed \$4,600,000 in OST funds on behalf of the Ballmer Group. These funds are accounted for as agency transactions and are, therefore, not recognized in the statement of activities and changes in net assets. As of September 30, 2025, UWSEM recognized revenue of \$69,000 related to its fee for administering the program.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the statement of functional expenses. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Total salaries and related expenses are allocated on the basis of time and effort. Marketing and information technology expenses are allocated based on internally conducted time studies. Other expenses utilized by all employees, such as occupancy and depreciation, are allocated on the basis of employee head count. All other expenses are allocated based on specific identification of third-party invoices or grant agreements. Costs have been allocated between the various program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes

UWSEM is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including April 1, 2026, which is the date the financial statements were available to be issued.

Notes to Financial Statements

September 30, 2025 and 2024

Note 3 - Liquidity and Availability of Resources

The Organization's financial assets available within one year of September 30, 2025 and of 2024 for general expenditures are as follows:

	2025	2024
Cash	\$ 10,517,009	\$ 13,801,223
Investments	32,040,608	41,620,426
Pledges receivable - Net of allowance	4,714,506	6,395,193
Grants and other receivables	4,307,617	3,237,091
Beneficial interests	1,655,684	1,549,943
Financial assets - At year end	53,235,424	66,603,876
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Long-term portion of receivables	1,071,000	166,000
Assets held at community foundations (beneficial interests) (Note 6)	1,655,684	1,549,943
Restricted by donors with purpose restrictions	9,838,090	10,087,541
Restrictions by donors for endowment	3,405,222	3,322,033
Undistributed grants to community impact partners	3,308,792	4,800,915
Undistributed donor designations	2,021,823	3,582,761
Amounts to be distributed as part of the Ballmer-funded programs (Note 2)	6,779,554	12,821,192
Total amounts unavailable for general expenditures within one year	28,080,165	36,330,385
Board designations:		
Board designated for emergency and stabilization	2,351,795	4,129,637
Board designated for quasi endowment	21,976,106	22,211,810
Total amounts unavailable to meet cash needs for general expenditures within one year	24,327,901	26,341,447
Financial assets available to meet cash needs for general expenditures within one year	\$ 827,358	\$ 3,932,044

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

Additionally, the Organization has board-designated net assets without donor restrictions that, while the Organization does not intend to spend for purposes other than identified, could be made available for current operations with board approval if necessary. The board-designated net assets consist of an emergency and stabilization fund and funds functioning as an endowment.

In the budget for the fiscal year ended September 30, 2025, the board authorized \$4,781,000 from the quasi endowment to stabilize programs in 2025. In the budget for the upcoming fiscal year ending September 30, 2026, the board has authorized \$2,287,000 from the quasi endowment to stabilize programs in the upcoming year.

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Notes to Financial Statements

September 30, 2025 and 2024

Note 4 - Fair Value Measurements (Continued)

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that UWSEM has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. UWSEM's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The following tables present information about UWSEM's assets measured at fair value on a recurring basis at September 30, 2025 and 2024 and the valuation techniques used by UWSEM to determine those fair values:

Assets Measured at Fair Value on a Recurring Basis at September 30, 2025				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2025
Assets				
Investments:				
Money market funds	\$ 725,057	\$ -	\$ -	\$ 725,057
Mutual funds - Equity	12,827,821	-	-	12,827,821
Mutual funds - Debt	8,839,487	-	-	8,839,487
Common stock	5,041,402	-	-	5,041,402
Corporate bonds	-	1,937,940	-	1,937,940
Foreign bonds	-	321,050	-	321,050
Collective trust fund - Measured at net asset value				2,188,266
Total investments	27,433,767	2,258,990	-	31,881,023
Beneficial interests	-	-	1,655,684	1,655,684
Total assets	\$ 27,433,767	\$ 2,258,990	\$ 1,655,684	\$ 33,536,707

Notes to Financial Statements

September 30, 2025 and 2024

Note 4 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at September 30, 2024				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2024
Assets				
Investments:				
Money market funds	\$ 5,063,077	\$ -	\$ -	\$ 5,063,077
Certificates of deposit	-	138,529	-	138,529
Mutual funds - Equity	15,231,148	-	-	15,231,148
Mutual funds - Debt	10,595,528	-	-	10,595,528
Common stock	63,480	-	-	63,480
Corporate bonds	-	6,314,182	-	6,314,182
Foreign bonds	-	1,712,326	-	1,712,326
Collective trust fund - Measured at net asset value				2,324,580
Total investments	30,953,233	8,165,037	-	41,442,850
Beneficial interests	-	-	1,549,943	1,549,943
Total assets	\$ 30,953,233	\$ 8,165,037	\$ 1,549,943	\$ 42,992,793

As of September 30, 2025 and 2024, the investments balance on the statement of financial position includes \$159,585 and \$177,576, respectively, in cash and accrued interest, which is not included in the tables above.

The fair value of bonds, certificates of deposit, and certain money market funds at September 30, 2025 and 2024 was determined primarily based on Level 2 inputs. UWSEM estimates the fair value of these investments using quoted market prices and other market data for the same or comparable instruments and transactions, discounted cash flow models, and other pricing models. These models are primarily industry-standard models that consider various assumptions, including time value and yield curve assumptions, as well as other relevant economic measures.

The fair value of UWSEM's beneficial interests were determined primarily based on Level 3 inputs. UWSEM estimates the fair value of these investments based upon UWSEM's relative share of assets held and reported by the entities that hold the funds unless the facts and circumstances indicate the fair value would be different from the present value of the estimated future distributions.

The net change in value of the beneficial interests is recognized in the statement of activities and changes in net assets. See further discussion in Note 6.

Investments in Entities that Calculate Net Asset Value per Share

UWSEM holds shares or interests in investment companies at year end where the fair value of the investment held is estimated based on net asset value per share (or its equivalent) of the investment company.

Notes to Financial Statements

September 30, 2025 and 2024

Note 4 - Fair Value Measurements (Continued)

At September 30, 2025 and 2024, the fair value, unfunded commitments, and redemption rules of those investments were as follows:

	September 30, 2025	September 30, 2024			
	Fair Value	Fair Value	Unfunded Commitments	Redemption Frequency, if Eligible	Redemption Notice Period
Collective trust fund	\$ 2,188,266	\$ 2,324,580	\$ -	Daily	Daily

The collective trust fund is designed to provide investment results that correspond to the price and yield performance of publicly traded common stocks of large-sized domestic companies, as represented by Standard & Poor's 500 Growth Index. The trust invests approximately 100 percent in equities as of September 30, 2025 and 2024. Net asset value of the trust is determined daily, and units are issued and redeemed at the calculated net asset value.

Note 5 - Receivables

Receivables as of September 30, 2025 and 2024 consist of pledges receivable, grants receivable, and other.

	2025	2024
Gross pledges	\$ 13,311,238	\$ 11,815,104
Less allowance for uncollectible pledges	(8,596,732)	(5,419,911)
Net pledges receivable	<u>\$ 4,714,506</u>	<u>\$ 6,395,193</u>
Amounts due in less than one year	\$ 13,311,238	\$ 11,815,104
Total	<u>\$ 13,311,238</u>	<u>\$ 11,815,104</u>

The table below represents balances included in grants and other receivables as of September 30, 2025 and 2024:

	2025	2024
Promises to give - Campaign	\$ 273,096	\$ 105,183
Promises to give - Grants	2,823,101	2,186,036
Other receivables	1,211,420	945,872
Total	<u>\$ 4,307,617</u>	<u>\$ 3,237,091</u>
Amounts due in:		
Less than one year	\$ 3,236,617	\$ 3,071,091
One to five years	1,071,000	166,000
Total	<u>\$ 4,307,617</u>	<u>\$ 3,237,091</u>

Note 6 - Beneficial Interests

UWSEM acquired an endowment fund held by the Community Foundation for Southeastern Michigan (CFSEM) as part of a merger between UWSEM and United Way of Oakland County (UWOC) during 2005. The endowment was originally created using funds without donor restrictions and, therefore, is shown within net assets without donor restrictions on the financial statements. However, UWSEM does not have the ability to draw on the corpus of the endowment unless approval is granted by CFSEM. The recorded amount of \$1,486,260 and \$1,394,720 as of September 30, 2025 and 2024, respectively, represents the present value of the estimated future income stream from the underlying endowment assets. The investment is recorded at fair market value. The purpose of the endowment fund is to provide operating support for UWSEM from endowment earnings.

In addition, certain funds donated by outside donors for the benefit of UWSEM are held and managed by CFSEM. Such contributions are subject to variance power maintained by CFSEM. The fair market value of these funds is approximately \$13,200 and \$12,500 at September 30, 2025 and 2024, respectively. Earnings are available for distribution to UWSEM at the discretion of CFSEM; therefore, interest and principal balances are not reflected in the financial statements.

As part of the transaction with United Way of Washtenaw County (see Note 17), UWSEM is party to funds held at the Ann Arbor Area Community Foundation (AAACF). The initial donation in 2020 was \$500,000, and these funds, along with any earnings, are subject to AAACF's variance power. Accordingly, UWSEM has not recorded an asset for its interest in these funds. As of September 30, 2025 and 2024, the fund's value is approximately \$697,000 and \$651,000, respectively. Additionally, UWSEM is allocated a portion of the fair values of the underlying securities held at AAACF totaling \$169,424 and \$155,223 as of September 30, 2025 and 2024, respectively.

Note 7 - Leases

UWSEM is obligated under an operating lease for office space, expiring in February 2030. The right-of-use asset and related lease liability have been calculated using a discount rate of 3.97 percent. The lease requires UWSEM to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under the lease was \$1,016,668 and \$1,016,667 for 2025 and 2024, respectively. Cash paid for the lease during both 2025 and 2024 was \$1,100,000.

Future minimum annual commitments under the operating lease are as follows:

Years Ending September 30	Amount
2026	\$ 1,100,000
2027	1,100,000
2028	1,100,000
2029	1,100,000
2030	458,333
Total	4,858,333
Less amount representing interest	408,823
Present value of net minimum lease payments	\$ 4,449,510

Notes to Financial Statements

September 30, 2025 and 2024

Note 8 - Capital Assets

The cost of capital assets is summarized as follows:

	2025	2024
Land	\$ 575,000	\$ 575,000
Buildings	1,090,000	1,090,000
Leasehold improvements	300,324	300,324
Furniture and equipment	2,052,636	1,865,136
Construction in progress	-	140,000
Total cost	4,017,960	3,970,460
Accumulated depreciation	2,092,611	1,865,452
Net property and equipment	<u>\$ 1,925,349</u>	<u>\$ 2,105,008</u>

Depreciation expense for 2025 and 2024 was \$227,159 and \$216,748, respectively.

Note 9 - Undistributed Grants to Community Impact Partners

Unconditional grants are recognized as an expense at the time the grant is awarded.

Undistributed grants to community impact partners - As of October 1, 2023	\$ 6,869,876
Grants approved	12,306,175
Payments made	<u>(14,375,136)</u>
Undistributed grants to community impact partners - As of September 30, 2024	<u>\$ 4,800,915</u>
Undistributed grants to community impact partners - As of October 1, 2024	\$ 4,800,915
Grants approved	8,237,597
Payments made	<u>(9,729,720)</u>
Undistributed grants to community impact partners - As of September 30, 2025	<u>\$ 3,308,792</u>

Undistributed grants to community impact partners at September 30, 2025 are scheduled for payment in 2026. As of September 30, 2024, grants awarded to community impact partners that are determined to be conditional upon incurrence of qualified expenses and, therefore, not considered payable totaled approximately \$611,000. There are no conditional grants payable as of September 30, 2025.

Note 10 - Board-designated Net Assets

Board-designated net assets at September 30, 2025 and 2024 consist of the following:

	2025	2024
Emergency and stabilization	\$ 2,351,795	\$ 4,129,637
Funds functioning as endowment (Note 12)	24,263,222	26,992,810
Total	<u>\$ 26,615,017</u>	<u>\$ 31,122,447</u>

The purpose of the emergency and stabilization fund is to have funds available that can be accessed during an economic downturn to maintain operations at a static level. These funds can also be allocated to special projects or initiatives at the discretion of the finance and executive committees with board approval.

Notes to Financial Statements

September 30, 2025 and 2024

Note 10 - Board-designated Net Assets (Continued)

The emergency and stabilization fund has an investment policy statement, the objectives of which include preserving principal, maintaining a diversified portfolio of low-risk investments, maintaining a degree of liquidity appropriate to investment objectives, delivering a return commensurate with UWSEM's risk tolerance, and observing prudent governance standards. This is achieved through a portfolio of securities with maturities of no more than 48 months.

The table below summarizes the account activity. Investment gains incurred during both September 30, 2025 and 2024 related primarily to unrealized gains on bonds held during a period of rising interest rates. It is UWSEM's intention to hold these bonds to maturity.

	2025	2024
Beginning of year	\$ 4,129,637	\$ 4,352,595
Investment income	217,273	76,041
Unrealized gain on investments	4,885	191,001
Transfer from board-designated endowment	(2,000,000)	(490,000)
Beginning of year	<u>\$ 2,351,795</u>	<u>\$ 4,129,637</u>

Note 11 - Net Assets with Donor Restrictions

Net assets with donor restrictions as of September 30 are available for the following purposes:

	2025	2024
Subject to expenditures for a specified purpose:		
Utility assistance	\$ 379,493	\$ 3,369,176
Economic mobility and family finances	1,077,863	1,307,889
Ride United	1,361,760	698,234
Early childhood	1,479,547	816,743
Community information exchange	1,683,481	1,281,155
Education	2,358,577	1,591,515
Basic needs and other	433,982	276,471
Pledge receivable for future operation	1,063,387	746,358
Total subject to expenditures for a specified purpose	9,838,090	10,087,541
Subject to the passage of time - Pledges receivable for future operations	1,385,000	100,000
Subject to the Organization's spending policy and appropriation - Endowment:		
Original donor corpus	2,716,389	2,716,389
Accumulated endowment earnings	688,833	605,644
Total subject to the Organization's spending policy and appropriation - Endowment	<u>3,405,222</u>	<u>3,322,033</u>
Total	<u>\$ 14,628,312</u>	<u>\$ 13,509,574</u>

Note 12 - Donor-restricted and Board-designated Endowments

UWSEM's endowment includes both donor-restricted endowment funds and funds designated by the board of directors to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

September 30, 2025 and 2024

Note 12 - Donor-restricted and Board-designated Endowments (Continued)

Interpretation of Relevant Law

The board of directors of UWSEM has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) 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, UWSEM classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Amounts are classified within net assets with donor restrictions until those amounts are appropriated for expenditure by UWSEM in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, UWSEM considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of UWSEM and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of UWSEM
- The investment policies of UWSEM

Endowment Net Asset Composition by Type of Fund as of September 30, 2025			
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 3,405,222	\$ 3,405,222
Board-designated endowment funds	24,263,222	-	24,263,222
Total	\$ 24,263,222	\$ 3,405,222	\$ 27,668,444
Changes in Endowment Net Assets for the Fiscal Year Ended September 30, 2025			
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 26,992,810	\$ 3,322,033	\$ 30,314,843
Investment return:			
Investment income	1,631,528	193,392	1,824,920
Net appreciation (realized and unrealized)	363,374	76,930	440,304
Total investment return	1,994,902	270,322	2,265,224
Appropriation of endowment assets for expenditure	(4,781,657)	(129,966)	(4,911,623)
Other changes	57,167	(57,167)	-
Endowment net assets - End of year	\$ 24,263,222	\$ 3,405,222	\$ 27,668,444

Notes to Financial Statements

September 30, 2025 and 2024

Note 12 - Donor-restricted and Board-designated Endowments (Continued)

	Endowment Net Asset Composition by Type of Fund as of September 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 3,322,033	\$ 3,322,033
Board-designated endowment funds	26,992,810	-	26,992,810
Total	<u>\$ 26,992,810</u>	<u>\$ 3,322,033</u>	<u>\$ 30,314,843</u>
	Changes in Endowment Net Assets for the Fiscal Year Ended September 30, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 23,522,246	\$ 790,515	\$ 24,312,761
Investment return:			
Investment income	1,244,020	142,696	1,386,716
Net appreciation (realized and unrealized)	3,746,283	316,734	4,063,017
Total investment return	4,990,303	459,430	5,449,733
Donor-restricted endowments assumed in United Way of Washtenaw County transaction	-	2,355,314	2,355,314
Appropriation of endowment assets for expenditure	(1,673,000)	(129,965)	(1,802,965)
Other changes	153,261	(153,261)	-
Endowment net assets - End of year	<u>\$ 26,992,810</u>	<u>\$ 3,322,033</u>	<u>\$ 30,314,843</u>

Return Objectives and Risk Parameters

UWSEM has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding in general support of UWSEM while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that UWSEM must hold in perpetuity, as well as board-designated funds. Under this policy, as approved by the board of directors, UWSEM has established a total return objective to provide an average rate of return of approximately 7 percent annually over time. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, UWSEM relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). UWSEM targets a diversified asset allocation of equity-based and fixed-income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

UWSEM has a policy of appropriating for distribution each year up to 5 percent of its endowment fund's average fair value. According to the policy, additional earnings may be used over time with the total of annual support and additional spending limited to the cumulative earnings over a trailing five-year period. In establishing this policy, UWSEM considered the long-term expected return on its endowment. This is consistent with UWSEM's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

Notes to Financial Statements

September 30, 2025 and 2024

Note 13 - Contributed Nonfinancial Assets

UWSEM receives volunteer services that are not recordable under generally accepted accounting principles. The value of the volunteer services is not disclosed since no objective basis is available to measure the value of such services.

Contributed nonfinancial assets recognized within the statement of activities and changes in net assets consisted of the following for the years ended September 30:

	2025	2024
Advertising	\$ 196,360	\$ 302,223
Computers	6,815	22,500
Other	2,100	13,377
Total	<u>\$ 205,275</u>	<u>\$ 338,100</u>

None of the in-kind donations received during the years ended September 30, 2025 and 2024 were subject to donor-imposed restrictions. The remaining contributed nonfinancial assets did not have donor-imposed restrictions.

Advertising services were donated both by UWSEM's local marketing vendor and by United Way Worldwide (UWW). Local advertising was valued based on estimates provided by vendors for the cost of such advertising had it been purchased by UWSEM. UWW manages several relationships that provide for donated airtime to run advertising that promotes the United Way network's shared mission on nationally broadcast media outlets. The valuation method used by UWW to arrive at the total value of contributed advertising is based on records provided by media partners of the number of impressions recorded for the ads that appeared based on the National Association of Broadcasters' standards for valuation of marketing impressions.

Donated computers were valued based on estimates of retail prices provided by the vendor. UWSEM distributed the computers to partner agencies and a local school district.

Note 14 - Employee Benefit Plan

UWSEM's employees participate in a tax-deferred annuity plan. Under the terms of the thrift plan, employees can elect to contribute a percentage of their annual compensation. Automatic deferrals apply to all new participants and require that 4 percent of compensation be deferred unless a contrary election is made. In addition, each participant's pretax deferral election is automatically increased by 1 percent annually up to a maximum of 8 percent unless the participant opts out of automatic deferral percentage increases.

UWSEM matches 100 percent of the employees' contributions to the plan, not to exceed 2 percent of the employees' compensation. Employer contributions to the thrift plan amounted to \$243,373 and \$278,399, respectively, for the years ended September 30, 2025 and 2024.

Note 15 - Related Party Transactions

Related party expenses include payments to entities that employ UWSEM board members of approximately \$10,100,000 during the year ended September 30, 2025, of which approximately \$8,120,000 relates to a low-income energy assistance grant and approximately \$1,950,000 relates to employee health care expenses.

Payments to entities that employ UWSEM board members were approximately \$7,900,000 during the year ended September 30, 2024, of which approximately \$6,000,000 relates to a low-income energy assistance grant and approximately \$1,900,000 relates to employee health care expenses.

Included within accounts payable were payments due to affiliated entities of approximately \$430,000 and \$770,000 as of September 30, 2025 and 2024, respectively.

September 30, 2025 and 2024

Note 15 - Related Party Transactions (Continued)

Further, approximately \$5,500,000 of agency payable amounts are due to an entity that employs a UWSEM board member. There was a total of approximately \$17,200,000 of funds passed through from the Ballmer Summer Discovery program described in Note 2, passed through to the entity during the year ended September 30, 2025.

Some members of UWSEM's board serve as executive directors for partnering nonprofit agencies. Total payments to these agencies were approximately \$0 and \$1,500 during the years ended September 30, 2025 and 2024, respectively. Executive directors excuse themselves from discussions and votes regarding agency funding.

Related party revenue includes contributions from entities that are affiliated with UWSEM board members or from UWSEM board members themselves and totaled approximately \$5,200,000 for the years ended September 30, 2025 and 2024.

Note 16 - Commitments and Contingencies

UWSEM has employees who operate under a collective bargaining agreement that dictates salary, pension benefits, and funding, as well as working conditions and other terms. The employees are members of the UAW Technical, Office, and Professional Union, for which an agreement is in effect until June 30, 2026. The contract is in the process of renegotiation subsequent to year end.

The Organization is subject to litigation and claims that are incidental to the ordinary course of its operations. Management does not believe a loss is probable; therefore, no provision has been made in the accompanying financial statements for losses that might result from the ultimate disposition of these matters. Management believes any possible loss related to these matters would be immaterial to the financial statements as a whole.

September 30, 2025 and 2024

Note 17 - Transaction with United Way of Washtenaw County

On October 1, 2023, United Way of Washtenaw County (UWWC) combined with United Way for Southeastern Michigan. The purpose of the combination was to maximize impact for residents in Washtenaw County while streamlining operations across continuous service areas. Six members of the UWWC board joined the UWSEM board as of the combination date. UWSEM is the surviving entity, and the UWSEM board maintains control of the combined entity. The combination qualifies as an acquisition under GAAP; thus, UWSEM recognized the acquired assets and liabilities at fair market value as of October 1, 2023. The net assets acquired were recognized as an inherent contribution to UWSEM on October 1, 2023. The table below shows the fair market value of UWWC's assets, liabilities, and net assets as of the transaction date:

Assets acquired:	
Cash and cash equivalents	\$ 864,353
Pledges receivable - Net	741,345
Investments	5,357,285
Net property and equipment	1,697,481
Prepaid and other assets	69,395
Total assets acquired	8,729,859
Liabilities assumed:	
Grants payable	509,996
Designations payable	225,401
Accrued expenses and other liabilities	364,034
Total liabilities assumed	1,099,431
Net assets acquired:	
Without donor restrictions	4,709,169
With donor restrictions	2,921,259
Total net assets acquired	\$ 7,630,428