EightCAP, Inc.

Year Ended September 30, 2024

Financial Statements and Single Audit Act Compliance

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EIGHTCAP, INC.

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INDEPENDENT AUDITORS' REPORT

March 12, 2025

Board of Directors
EightCAP, Inc.
Orleans, Michigan

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of ***EightCAP, Inc.*** (a Michigan not-for-profit corporation, the "Organization"), which comprise the statement of financial position as of September 30, 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 (the "financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Independent Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Note 1 to the financial statements, effective October 1, 2023, the Organization adopted Accounting Standards Update 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.* Our opinion is not modified with respect to this matter.

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; this includes 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Independent Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 the Organization'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 the Organization'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 March 12, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Rehmann Robson LLC

EIGHTCAP, INC.

Statement of Financial Position

Year Ended September 30, 2024

Assets	
Current assets:	
Cash and cash equivalents	$ 438,054
Grants receivable	1,105,414
Accounts receivable	25,000
Prepaid expenses	228,590
Total current assets	1,797,058
Noncurrent assets:	
Property and equipment, net	742,286
Operating right-of-use assets, net	163,265
Total noncurrent assets	905,551
Total assets	$ 2,702,609
Liabilities	
Current liabilities:	
Accounts payable	$ 192,556
Accrued payroll and other liabilities	656,891
Accrued interest payable	492
Refundable advances on conditional contributions	94,621
Refundable operating advances	166,872
Current portion of operating lease obligations	57,052
Current portion of long-term debt	28,140
Total current liabilities	1,196,624
Noncurrent liabilities:	
Operating lease obligations, net of current portion	106,213
Long-term debt, net of current portion	166,564
Total noncurrent liabilities	272,777
Total liabilities	1,469,401
Net assets	
Without donor restrictions	1,011,887
With donor restrictions	221,321
Total net assets	1,233,208
Total liabilities and net assets	$ 2,702,609

The accompanying notes are an integral part of these financial statements.

EIGHTCAP, INC.

Statement of Activities

For the Year Ended Year Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Grant revenue	$ 17,369,624	$ -	$ 17,369,624
Contributions and donations of cash and other financial assets	3,730	219,922	223,652
Program income	13,275	-	13,275
In-kind contributions	771,765	-	771,765
Other income	114,959	-	114,959
	18,273,353	219,922	18,493,275
Net assets released from restrictions	295,915	(295,915)	-
Total support, revenue and net assets released from restrictions	18,569,268	(75,993)	18,493,275
Expenses			
Program services:			
Child education activities	11,597,684	-	11,597,684
Weatherization and energy assistance	1,402,512	-	1,402,512
Food programs	489,515	-	489,515
Senior services	718,689	-	718,689
Community services	3,124,797	-	3,124,797
Total program services	17,333,197	-	17,333,197
Supporting services:			
Management and general	1,440,752	-	1,440,752
Fundraising	6,343	-	6,343
Total supporting services	1,447,095	-	1,447,095
Total expenses	18,780,292	-	18,780,292
Change in net assets	(211,024)	(75,993)	(287,017)
Net assets, beginning of year	1,222,911	297,314	1,520,225
Net assets, end of year	$ 1,011,887	$ 221,321	$ 1,233,208

The accompanying notes are an integral part of these financial statements.

EIGHTCAP, INC.

Statement of Functional Expenses

Year Ended Year Ended September 30, 2024

	Program Services			
	Child Education Activities	Weatherization and Energy Assistance	Food Programs	Senior Services
Expenses				
Salaries and wages	$ 6,612,511	$ 452,827	$ 21,361	$ 173,665
Employee benefits and payroll taxes	2,454,806	131,960	8,955	59,347
Client assistance	-	163,290	-	-
Occupancy	942,033	23,679	-	12,445
Contracts and professional services	480,309	523,359	-	2,788
Supplies	265,934	15,448	459,199	3,390
Depreciation	147,330	34,150	-	-
Communication	93,584	5,468	-	9,531
Equipment	14,951	1,912	-	3,399
Insurance	135,721	22,543	-	1,916
Travel	231,771	16,275	-	32,448
Vehicle repair and maintenance	114,500	9,434	-	-
Staff development	79,526	1,609	-	3,513
Volunteer services	-	-	-	412,691
Other	24,708	558	-	3,556
Total expenses	$ 11,597,684	$ 1,402,512	$ 489,515	$ 718,689

The accompanying notes are an integral part of these financial statements.

Program Services		Supporting Services			
Community Services	Total	Management and General	Fundraising	Total	Total Expenses
$ 1,103,123	$ 8,363,487	$ 870,961	$ -	$ 870,961	$ 9,234,448
322,647	2,977,715	236,825	-	236,825	3,214,540
1,474,568	1,637,858	-	-	-	1,637,858
57,156	1,035,313	35,880	-	35,880	1,071,193
12,847	1,019,303	135,950	-	135,950	1,155,253
28,148	772,119	32,261	-	32,261	804,380
16,306	197,786	46,198	-	46,198	243,984
21,394	129,977	10,347	-	10,347	140,324
2,795	23,057	3,078	-	3,078	26,135
15,028	175,208	10,609	-	10,609	185,817
27,909	308,403	30,926	-	30,926	339,329
4,292	128,226	107	-	107	128,333
6,740	91,388	5,635	-	5,635	97,023
-	412,691	-	-	-	412,691
31,844	60,666	21,975	6,343	28,318	88,984
$ 3,124,797	$ 17,333,197	$ 1,440,752	$ 6,343	$ 1,447,095	$ 18,780,292

EIGHTCAP, INC.

Statement of Cash Flows

For the Year Ended Year Ended September 30, 2024

Cash flows from operating activities	
Change in net assets	$ (287,017)
Adjustments to reconcile change in net assets to net cash provided from operating activities:	
Depreciation	243,984
Amortization of operating right-of-use assets	186,921
Changes in operating assets and liabilities:	
Grants receivable	142,417
Prepaid expenses	31,377
Accounts payable	(92,751)
Accrued payroll and other liabilities	28,587
Accrued interest payable	(280)
Refundable advances on conditional contributions	51,439
Refundable operating advances	(38,126)
Operating lease obligations	(183,668)
Net change in cash from operating activities	82,883
Cash flows from financing activities	
Principal payments on long-term debt	(26,002)
Net change in cash and cash equivalents	56,881
Cash and cash equivalents, beginning of year	381,173
Cash and cash equivalents, end of year	$ 438,054

Supplemental cash flows disclosure

Cash paid for interest totaled $19,596 for the year ended September 30, 2024.

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

Notes to Financial Statements

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

EightCAP, Inc. (the "Organization") was organized as a Michigan not-for-profit corporation in 1966. The Organization was formed to provide medical, dental, nutritional, and educational services to preschool-aged children; weatherize dwellings of low-income and underprivileged individuals; provide emergency assistance in the form of items such as fuel and clothing; and to provide other services to low-income individuals and families. The Organization mainly serves the counties of Gratiot, Ionia, Isabella, and Montcalm, Michigan, and is primarily supported through federal and state grants.

The Organization provides the following programs:

Child education activities
Includes the Head Start and Great Start Readiness Programs, which provide medical, dental, nutrition and educational services to preschool aged children.

Weatherization and energy assistance
Provides free home energy conservation services to low-income homeowners and renters to reduce energy use, lower utility bills and ensure a safe living environment.

Senior services
The Foster Grand Parent program provides children, who are at-risk or have unique needs with the mentor-ship of older adults. The Senior Companion Program aims to keep seniors independent longer and provide respite to family caregivers through volunteers who provide assistance and friendship to seniors.

Community services
Provides low-income or no-income households with emergency food, utilities, shelter, transportation, medical services, and clothing.

Concentration of Funding

The Organization receives a substantial amount of its funding from the U.S. Department of Health and Human Services (USDHHS) for Head Start programs. For the year ended September 30, 2024, funding received from USDHHS for Head Start programs represented 66% of total grant revenue and 56% of total grants receivable. Loss of this funding would result in a substantial reduction in program services.

Basis of Presentation

Net assets, support and revenues, and gains and losses are classified based on the existence or absence of donor- (or certain grantor-) imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenue and expenses during the year. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits and cash on hand. The Organization's cash is insured by the Federal Deposit Insurances Corporation (FDIC) up to $250,000 per bank. At times the Organization's bank balance exceeds FDIC limits. Management believes the Organization is not exposed to any significant interest rate or other financial risk on these deposits.

For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash and cash equivalents.

Grants Receivable

Grants receivable consist of amounts due from various federal, state and local agencies related to expenses incurred in reimbursement-based programs that were not billed and received by the Organization until after year-end. Management considers all grant receivables to be fully collectible.

Accounts Receivable

Accounts receivable represents amounts due from various entities for management services and donations. Management estimates an allowance for expected credit losses based on the amount it expects to collect for these services, based on the length of time the receivables have been outstanding, historical collection experience, current market conditions and forecasted economic and business environments. Amounts that are deemed to be uncollectible are written off against the allowance for credit losses. At September 30, 2024, the allowance related to these receivables was not material.

Prepaid Expenses

Payments to vendors for services that will benefit periods beyond the Organization's fiscal year end are recorded as prepaid expenses.

Property and Equipment and Depreciation

Property and equipment are recorded at cost or, if donated, at the fair market value on the date of the gift. The Organization capitalizes equipment purchased with a unit cost of $5,000 or greater and an estimated useful life of more than one year. Major improvements and renewals are capitalized while ordinary maintenance and repairs 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 related assets, which generally range from 5 to 40 years.

Property and equipment purchased with grant funds are owned by the Organization while used in the program for which they were purchased or in future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The net book value of property and equipment purchased with such grant funds at September 30, 2024 was $464,795.

Compensated Absences

Regular full-time employees accumulate annual leave at a scheduled rate based on date of hire. Annual leave must be used during the program fiscal year in which it is accrued or it is lost except that annual leave that is accrued during an employee's first year of employment will carry over from the first program fiscal year into the second program fiscal year because the employee is not able to access this annual leave during their initial probationary period. Personnel leaving the Organization will be paid for any accrued unused annual leave except that, if employment is terminated during the first year of employment, annual leave is not considered an entitlement and is not paid out. The liability for compensated absences consists of accrued unused vacation days for employees eligible to receive termination payments.

Revenue Recognition

Contributions

The Organization records as revenue the following types of contributions when they are received unconditionally, at their fair value: cash, promises to give, and gifts of long-lived and other assets. Conditional contributions, 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.

Contributions received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor imposed restrictions. Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are received. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction has been satisfied or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Grants

Grant awards are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

Grant awards that are conditional contributions **–** Grants that qualify as support are recognized in the accounting period when the related allowable expenses or asset acquisition costs are incurred. Contribution of grants from government agencies consist mainly of cost reimbursable federal, state and other contracts and grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Total grants determined to be contributions were $17,369,624 for the year ended September 30, 2024, respectively. Refundable advances related to these conditional contributions totaled $94,621 at September 30, 2024. Amounts questioned as a result of audits, if any, may result in refunds to governmental agencies. Management does not believe any liability for reimbursements, which may arise as the result of these audits, would be material.

Grant awards that are exchange transactions **–** Exchange transactions are typically reimbursed based on a predetermined rate for services performed in accordance with the terms of the award and ASU No. 2014-09, *Revenue from Contracts with Customers (Accounting Standards Codification Topic 606).* The revenue is recognized when control of the promised goods or services is transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. There were no grant awards that were considered exchange transactions during the year ended September 30, 2024.

In-kind Contributions

The Organization records in-kind contributions for professional services in the statement of activities. Generally accepted accounting principles (GAAP) require that contributions of services be recorded where they (a) create or enhance a non-financial asset, or (b) require specialized skills, are provided by an individual possessing those skills and would typically need to be purchased if not provided by donation. The requirements of GAAP are different than the in-kind recognition requirements of several of the Organization's grant awards. As described in Note 7, the Organization received contributions of non-professional volunteers during the year that do not meet the GAAP recognition requirements.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated amongst the programs and supporting services benefited based on the Organization's cost allocation plan. Administrative salaries, wages and fringe benefits are allocated based on a weighted average of the number of employees and accounts payable transactions per program. Other costs are charged based on other factors, such as the number of employees in a program, square footage occupied by a program, number of miles driven for a program, etc.

Related Parties

One of the Organization's board members is an executive at the financial institution that holds the Organization's bank accounts and note payable.

Income Taxes

The Organization is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes. Accordingly, no provisions have been made for income taxes in these financial statements. Although the Organization was granted an income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income". Such income, pursuant to the Internal Revenue Code and related regulations, includes investment income, such as interest received from sources other than directly from contributions. The Organization has been classified as not a private foundation.

The Organization analyzes its filing positions in the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions. The Organization treats interest and penalties attributable to income taxes and any charges for such, to the extent they arise, as a component of its management and general expenses.

The Organization has evaluated its income tax filing positions for the open tax years. The Organization concluded that there are no significant uncertain tax positions requiring recognition in the financial statements. The Organization does not expect the total amount of unrecognized tax benefits ("UTB") (e.g. tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next twelve months. The Organization does not have any amounts accrued for interest and penalties related to UTBs at September 30, 2024 and is not aware of any claims for such amounts by federal or state income tax authorities.

Leases

The Organization's lease arrangements primarily relate to office space, a portion of which meet the capitalization criteria specified by generally accepted accounting principles. The Organization's leases generally have initial terms ranging from one to eight years. The Organization is typically required to make fixed minimum rent payments relating to its right to use an underlying leased asset.

The Organization determines whether an arrangement contains a lease at the arrangement's inception. If a lease is determined to exist, its related term is assessed at lease commencement, once the underlying asset is made available by the lessor for the Organization's use. The Organization's assessment of the lease term reflects the non-cancellable period of the lease, inclusive of any rent-free periods and/or periods covered by early-termination options for which the Organization is not considered reasonably certain of exercising, as well as periods covered by renewal options for which it is considered reasonably certain of exercising. The Organization also determines lease classification as either operating or finance at lease commencement, which governs the pattern of expense recognition and the presentation thereof reflected in the statements of activities over the lease term.

For leases with a lease term exceeding one year, a lease liability is recorded on the Organization's statement of financial position at lease commencement reflecting the present value of its fixed payment obligations over such term. A corresponding right-of-use ("ROU") asset equal to the initial lease liability is also recorded, increased by any prepaid rent and/or initial direct costs incurred in connection with execution of the lease, and reduced by any lease incentives received. For purposes of measuring the present value of its fixed payment obligations for a given lease, the Organization uses the risk-free discount rate, determined based on information available at lease commencement, as rates implicit in its leasing arrangements are not readily determinable.

For operating leases, fixed lease payments are recognized as operating lease cost on a straight-line basis over the lease term. For leases with a lease term of 12 months or less (referred to as a "short-term lease"), any fixed lease payments are recognized on a straight-line basis over such term and are not recognized on the statement of financial position. Variable lease cost, if any, is recognized as incurred for all leases.

Management reviews these ROU assets for impairment whenever events or circumstances indicate that their carrying values may not be fully recoverable.

Change in Accounting Principle

The Financial Accounting Standards Board issued Accounting Standards Update 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* in June 2016. The standard replaced the incurred loss impairment methodology with a new methodology that reflects current expected credit losses ("CECL") on financial assets, including receivables and certain off-balance sheet commitments. The new methodology requires the measurement of all expected credit losses based on historical experience, current economic conditions, and reasonable and supportable forecasts. The standard also expands the required quantitative and qualitative disclosures for expected credit losses. On October 1, 2023, the Organization adopted the standard using a modified retrospective method. The adoption of this standard did not have a material impact on the Organization's financial statements and disclosures.

Subsequent Events

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to the most recent statement of financial position presented herein, through the date these financial statements were available to be issued.

Notes to Financial Statements

2. LIQUIDITY AND AVAILABILITY

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows as of September 30, 2024:

Cash and cash equivalents	$ 438,054
Grants receivable	1,105,414
Accounts receivable	25,000
Subtotal	1,568,468
Less amounts unavailable for general expenditures within one year due to:	
Restricted by donors - specified purpose	(221,321)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,347,147

The Organization has $1,347,147 as of September 30, 2024 in financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. The Organization manages its liquidity required to meet its operating needs while also trying to maximize the investment of its available funds. In addition, the Organization receives grant revenue throughout the year to meet general expenditures. Grants receivable are subject to implied time restrictions but are expected to be collected within one year.

3. GRANTS RECEIVABLE

Grants receivable consist of amounts due from funding sources as follows as of September 30, 2024:

U.S. Department of Health and Human Services	$ 617,079
Mid Michigan Community Action Agency	33,351
Michigan Department of Education	67,958
Michigan Department of Health and Human Services	221,467
U.S. Department of Housing and Urban Development	3,136
Michigan State Housing Development Authority	1,871
Other sources	160,552
Total grants receivable	$ 1,105,414

Notes to Financial Statements

4. PROPERTY AND EQUIPMENT

The following is a summary of property and equipment as of September 30, 2024:

Land	$	119,631
Buildings and improvements		1,801,840
Vehicles		2,489,724
Equipment		558,378
Total property and equipment		4,969,573
Less accumulated depreciation		(4,227,287)
Property and equipment, net	$	742,286

Depreciation expense for the year ended September 30, 2024 totaled $243,984.

5. LONG-TERM DEBT

Long-term debt consists of the following obligation at September 30, 2024:

Note payable, unsecured loan, due in monthly installments of $2,114 to $3,434, including interest at 7.5% per annum, through July 2030.	$	194,704
Less current portion		(28,140)
Long-term debt, net of current portion	$	166,564

Interest expense for the year ended September 30, 2024 was $14,579.

Scheduled principal maturities of long-term debt for each of the years succeeding September 30, 2024 and thereafter are summarized as follows:

Year Ending September 30,		Amount
2025	$	28,140
2026		30,174
2027		32,356
2028		34,629
2029		37,063
2030		32,342
Total	$	194,704

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of contributed financial assets for which the use by the Organization has been limited by donors for a specific purpose. Net assets with donor restrictions consist of the following at September 30, 2024.

Purpose restrictions	
Montcalm County Food Drive	$ 21,258
Walk for Warmth	14,926
Greenville Optimist Camp for People with Disabilities	53,452
Court Appointed Special Advocate (CASA)	102,968
Foster grandparent/senior companion program	5,015
Threshold Academy Scholarship Fund	6,658
Veterans Support Fund	6,118
Isabella County Ministerial Association	606
Head Start	9,870
Other restricted purposes	450
Total net assets with donor restrictions	$ 221,321

Notes to Financial Statements

7. IN-KIND CONTRIBUTIONS

In-kind contributions were received for the following programs/activities for the year ended September 30, 2024. Certain amounts represent volunteer time for non-specialized services. While such amounts are permitted to be used toward grant match requirements, they do not meet the criteria for recognition in the financial statements. The amount recognized is recorded as in-kind professional services contributions revenue without donor restrictions and program expenses in the statement of activities. Donated in-kind professional services are valued based on comparable positions within the Organization or market based on tracked volunteer timesheets. A summary of in-kind contributions received are as follows:

	Total Contributions	Amount Recognized
Child education activities:		
Head Start	$ 2,460,146	$ 657,174
Senior services:		
Foster Grandparent Program - AASA	275,077	50,391
Foster Grandparent Program - CNCS	153,979	20,733
Senior Companion Program - AASA	116,882	25,369
Senior Companion Program - CNCS	84,695	18,098
Total senior services	630,633	114,591
Other services:		
HUD Permanent Housing	37,314	-
HUD PSH Dedicated+	89,006	-
Total other services	126,320	-
Total in-kind contributions	$ 3,217,099	$ 771,765

8. RETIREMENT PLAN

The Organization had a voluntary defined contribution money purchase pension plan funded through deferred custodial accounts and annuities pursuant to IRS Code Section 401(k). Participation in the plan is open, on a voluntary basis, to all employees who are at least 18 years of age and who are compensated for at least 1,000 hours of service in a plan year.

Employee contributions to the plan are determined by the employee and based on a percentage of his or her bi-weekly earnings. The Organization contributes 5% of compensation for all eligible employees participating in the plan. Employer and employee contributions to the plan for the year ended September 30, 2024 were $252,802 and $354,885, respectively. Participants are immediately vested in all contributions and proceeds may be withdrawn at any time subject to an early withdrawal penalty.

Notes to Financial Statements

9. LEASES

The Organization leases office space and vehicles. Net lease cost during the year ended September 30, 2024 is composed entirely of operating lease cost totaling $188,685. This cost is presented in the occupancy row on the statement of functional expenses. The lease agreement expiration dates range from November 1, 2024 through June 1, 2025. Short-term leases are not material to the Organization.

The following table summarizes other information related to the Organization's leases during the year ended September 30, 2024:

Cash paid for amounts included in the measurement of lease obligations:		
Operating cash flows from operating leases	$	188,685
Right-of-use assets obtained in exchange for new operating lease obligations	$	141,089
Weighted-average remaining lease-term - operating leases (in years)		2.81
Weighted average discount rate - operating leases		5.35%

The following table presents a maturity analysis summary of the Organization's lease obligations recorded on the statement of financial position as of September 30, 2024:

Year	Operating Leases
2025	$ 63,816
2026	54,855
2027	43,641
2028	3,214
2029	3,214
Thereafter	8,569
Total lease payments	177,309
Less discount to present value	14,044
Total lease obligations	163,265
Less current portion	57,052
Long-term lease obligations	$ 106,213

Notes to Financial Statements

10. COMMUNITY FOUNDATION

The Greenville Area Community Foundation (the "Foundation") maintains two separate funds that are not included in the financial statements for programs administered by the Organization (the Camp Wah-Wah-Tay-See Fund, and the Threshold Academy Fund). Resources of the funds can be obtained and expended by the Organization under provisions of the agreements and upon approval by the Foundation. While such contributions are earmarked for the Organization, the variance power held by the Foundation precludes their recognition in the accompanying financial statements in accordance with GAAP. Earnings on the endowments after specific annual additions to the endowment corpus can also be obtained and expended by the Organization upon request by the Organization's Board of Directors and approval by the Foundation. At September 30, 2024, the balance of the assets held by the Greenville Area Community Foundation for Camp Wah-Wah-Tay-See and Threshold Academy was $28,048, (including a spendable amount of $10,798) and $93,532 (entire balance represents spendable amount), respectively.

11. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and potential adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

12. RISK MANAGEMENT

The Organization is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The Organization has purchased commercial insurance for all claims related to the previously stated risks. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

13. LINE OF CREDIT

The Organization has available a $300,000 line of credit with variable interest with an effective rate of 8.00% at September 30, 2024. The line expires on February 27, 2027, and is secured by the Organization's assets. There were no outstanding borrowings as of September 30, 2024.

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SINGLE AUDIT ACT COMPLIANCE

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Rehmann

INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

March 12, 2025

Board of Directors
EightCAP, Inc.
Orleans, Michigan

We have audited the financial statements of ***EightCAP, Inc.*** (a Michigan not-for-profit corporation), as of and for the year ended September 30, 2024, and have issued our report thereon dated March 12, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Rehmann Robson LLC

EIGHTCAP, INC.

Schedule of Expenditures of Federal Awards

For the Year Ended Year Ended September 30, 2024

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Agriculture					
Child and Adult Care Food Program	10.558	MDE	590001008 - 241920/242010	$ -	$ 489,514
U.S. Department of Housing and Urban Development					
Community Development Block Grant /State's program					
MSHDA Recovery Housing Program	14.228	MSHDA	HML-2024-45-RHP	7,618	7,618
Emergency Solutions Grant:					
Gratiot, Isabella, Montcalm, Ionia Counties	14.231	MSHDA	HML-2023-EightCAP-45-ESF	129,303	338,622
Home Investment Partnership Program	14.239	MSHDA	HML-2023-45-HPP	-	34,011
Continuum of Care Program:					
Coordinated Entry System Services	14.267	MSHDA	HML-2023-45-CES	-	47,600
Coordinated Entry System Services	14.267	MSHDA	HML-2024-45-CES	-	1,871
Rapid Re-Housing Program	14.267	MDHHS	E20240562-00	-	332,067
Continuum of Care Program	14.267	Direct	MI0435L5F002208	-	127,443
Continuum of Care Program - PSH Dedicated	14.267	Direct	MI0668L5F002203	-	100,297
Continuum of Care Program - PSH Dedicated	14.267	Direct	MI0745R5F002200	-	89,598
				-	698,876
Total U.S. Department of Housing and Urban Development				136,921	1,079,127
U.S. Department of Treasury					
COVID-19 - Emergency Rental Assistance Program:					
Emergency Rental Assistance (CERA 2)	21.023	MSHDA	HML-2022-EightCAP-45-CERA2	-	16,120
COVID-19 - Coronavirus State and Local Fiscal Recover Funds:					
Weatherization Deferral Reduction	21.027	MDHHS	WXDEF-2024-59010	-	506,329
Total U.S. Department of Treasury				-	522,449
U.S. Department of Veterans Affairs					
VA Supportive Services for Veteran Families Program	64.033	MMCAA	-n/a-	-	73,054
VA Supportive Services for Veteran Families Program	64.033	MMCAA	-n/a-	-	211,894
VA SSVF Shallow Subsidy	64.033	MMCAA	-n/a-	-	135,270
Total U.S. Department of Veterans Affairs				-	420,218
U.S. Department of Energy					
Weatherization Assistance Program	81.042	MDHHS	DOE1-2024-590010 (E20242425-00)	-	279,235
Weatherization Assistance Program	81.042	MDHHS	DOE2-2024-59010(E20245655-00)	-	160,990
Weatherization Assistance Program	81.042	MDHHS	WXBIL23-59010 (E20243789-00)	-	105,759
Total U.S. Department of Energy				-	545,984
U.S. Department of Health and Human Services					
Diaper Bank	93.558	MDHHS	E20244814-00	-	269,186
Emergency Shelter Program	93.558	SA	E20244598-0	-	76,350
				-	345,536
Low-Income Home Energy Assistance Program:					
Weatherization LIHEAP	93.568	MDHHS	LIHP-2024-59010 (E20243798-00)	-	366,698

continued...

EIGHTCAP, INC.

Schedule of Expenditures of Federal Awards

For the Year Ended Year Ended September 30, 2024

Federal Agency / Cluster / Program Title	Assistance Listing Number	Passed Through	Pass-through / Grantor Number	Total Subawards	Federal Expenditures
U.S. Department of Health and Human Services (Concluded)					
Community Services Block Grant	93.569	MDHHS	CS23-2024-59010 (E20242471-00)	$ -	$ 521,531
Community Services Block Grant	93.569	MDHHS	CSBG1-2024-59010 (E20240554-00)	-	507,080
				-	1,028,611
Head Start Cluster:					
Head Start and Early Head Start	93.600	Direct	05CH012451-01	-	8,621,079
Head Start and Early Head Start	93.600	Direct	05CH010768-05	-	2,872,568
				-	11,493,647
Total U.S. Department of Health and Human Services				-	13,234,492
Corporation for National and Community Service					
Foster Grandparent/Senior Companion Cluster:					
Foster Grandparent	94.011	Direct	21SFCMI003	-	215,497
Foster Grandparent	94.011	Direct	24SFCMI003	-	39,909
				-	255,406
Senior Companion	94.016	Direct	22SCCMI004	-	106,282
Total Corporation for National and Community Service				-	361,688
U.S. Department of Homeland Security					
Emergency Food and Shelter National Board Program	97.024	Direct	471400-001	-	9,983
Emergency Food and Shelter National Board Program	97.024	Direct	477400-007	-	4,352
Emergency Food and Shelter National Board Program	97.024	Direct	470800-006	-	5,939
Emergency Food and Shelter National Board Program	97.024	Direct	469400-023	-	2,673
Total U.S. Department of Homeland Security				-	22,947
Total Expenditures of Federal Awards				$ 136,921	$ 16,676,419

concluded

See accompanying notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of ***EightCAP, Inc.*** (the "Organization") under programs of the federal government for the year ended September 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Expenditures reported on the Schedule are reported on the accrual basis of accounting, which is described in Note 1 to the Organization's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

2. 10% DE MINIMIS COST RATE

For purposes of charging indirect costs to federal awards, the Organization has not elected to use the 10 percent de minimis cost rate as permitted by §200.414 of the Uniform Guidance.

3. RECONCILIATION TO FINANCIAL STATEMENTS

The following table reconciles expenditures on the Schedule to grant revenue as reported in the financial statements:

Grant revenue as reported in the financial statements	$ 17,369,624
State and local funding sources	(693,205)
Expenditures per Schedule	$ 16,676,419

Notes to Schedule of Expenditures of Federal Awards

4. PASS-THROUGH AGENCIES

The Organization receives certain federal grants as subawards from non-federal entities. Pass-through entities, where applicable, have been identified in the Schedule with an abbreviation, defined as follows:

Pass-through Agency Abbreviation	Pass-through Agency Name
MDE	Michigan Department of Education
MDHHS	Michigan Department of Health and Human Services
MMCAA	Mid Michigan Community Action Agency
MSHDA	Michigan State Housing Development Authority
SA	Salvation Army

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INDEPENDENT AUDITORS' 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*

March 12, 2025

Board of Directors
EightCAP, Inc.
Orleans, 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 ***EightCAP, Inc.*** (the "Organization"), which comprise the statement of financial position as of September 30, 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 March 12, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the Organization'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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rehmann Robson LLC

Rehmann

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

March 12, 2025

Board of Directors
EightCAP, Inc.
Orleans, Michigan

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the compliance of ***EightCAP, Inc.*** (the "Organization"), with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal program for the year ended September 30, 2024. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal program for the year ended September 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Independent Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

2330 E. Paris Ave SE, Grand Rapids, MI 49546 616.975.4100

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Independent Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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 GAAS, *Government Auditing Standards,* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards,* and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Independent Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Rehmann Robson LLC

EIGHTCAP, INC.

Schedule of Findings and Questioned Costs
For the Year Ended Year Ended September 30, 2024

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	____ yes	X no
Significant deficiency(ies) identified?	____ yes	X none reported
Noncompliance material to financial statements noted?	____ yes	X no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	____ yes	X no
Significant deficiency(ies) identified?	____ yes	X none reported
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ yes	X no

Identification of major programs:

Assistance Listing Number	**Name of Federal Program or Cluster**
93.600	Head Start Cluster

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000	
Auditee qualified as low-risk auditee?	X yes	____ no

Schedule of Findings and Questioned Costs

For the Year Ended Year Ended September 30, 2024

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

EIGHTCAP, INC.

Schedule of Findings and Questioned Costs

For the Year Ended Year Ended September 30, 2024

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

EIGHTCAP, INC.

Summary Schedule of Prior Audit Findings

For the Year Ended Year Ended September 30, 2024

No matters were reported.

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