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Gesher Human Services and Affiliates

Consolidated Financial Statements and
Supplementary Information

June 30, 2025 and 2024

Independent Auditors' Report

To the Board of Directors of
Gesher Human Services and Affiliates

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Gesher Human Services and Affiliates (the Organization), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and the related consolidated statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated 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 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2026 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Southfield, Michigan
January 20, 2026

Gesher Human Services and Affiliates

Consolidated Statements of Financial Position
June 30, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents	$ 5,143,850	$ 6,501,060
Accounts and program receivable, net	3,497,790	3,242,301
Appropriation receivable	1,331,356	1,331,364
Prepaid expenses	585,567	494,124
Total current assets	10,558,563	11,568,849
Other Assets		
Unconditional promises to give	350,000	350,000
Beneficial interest in funds held at the Community Foundation of Southeastern Michigan	88,037	88,037
Endowment funds held at United Jewish Foundation	2,688,512	2,511,208
Capital project funds held at United Jewish Foundation	2,216,059	2,072,448
Long-term investments	11,942,882	10,798,527
Other long-term assets	1,061,681	745,068
Property and equipment, net	5,867,482	6,113,726
Operating right-of-use assets	4,585,009	4,459,000
Total other assets	28,799,662	27,138,014
Total assets	$ 39,358,225	$ 38,706,863
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and other accrued liabilities	$ 630,226	$ 412,956
Accrued payroll	1,228,925	1,841,238
Retirement plan payable	168,000	162,000
Deferred revenue	145,627	210,820
Debt, current	90,711	194,947
Operating lease liability, current	721,037	632,881
Total current liabilities	2,984,526	3,454,842
Long-Term Liabilities		
Debt, net of current portion	451,512	542,890
Operating lease liability, net of current portion	3,863,972	3,826,119
Total long-term liabilities	4,315,484	4,369,009
Total liabilities	7,300,010	7,823,851
Net Assets		
Without donor restrictions		
Undesignated	18,878,993	17,985,667
Board designated	1,879,253	1,863,957
Total without donor restriction	20,758,246	19,849,624
With donor restrictions	11,299,969	11,033,388
Total net assets	32,058,215	30,883,012
Total liabilities and net assets	$ 39,358,225	$ 38,706,863

See notes to consolidated financial statements

Gesher Human Services and Affiliates

Consolidated Statements of Activities
Years Ended June 30, 2025 and 2024

	Without Donor Restrictions	With Donor Restrictions	2025 Total	Without Donor Restrictions	With Donor Restrictions	2024 Total
Revenue and Support						
Contributions	$ 1,322,585	$ 716,966	$ 2,039,551	$ 1,274,189	$ 591,523	$ 1,865,712
Appropriations	-	1,476,300	1,476,300	-	1,476,300	1,476,300
Annual allocations to cover rent	-	505,730	505,730	-	505,730	505,730
Program revenue	16,713,084	-	16,713,084	13,948,042	-	13,948,042
Service fees	9,115,208	-	9,115,208	8,154,966	-	8,154,966
Special events (net of expenses)	101,919	-	101,919	207,314	-	207,314
Rental revenue (net of expenses)	676,049	-	676,049	638,593	-	638,593
Other miscellaneous revenue and gain (loss) on disposal of property and equipment	15,194	-	15,194	(9,172)	-	(9,172)
Total revenue and support	27,944,039	2,698,996	30,643,035	24,213,932	2,573,553	26,787,485
Net assets released from restrictions	2,854,533	(2,854,533)	-	3,277,240	(3,277,240)	-
Total revenue, support and net assets released from restrictions	30,798,572	(155,537)	30,643,035	27,491,172	(703,687)	26,787,485
Expenses						
Program services	28,313,604	-	28,313,604	25,256,943	-	25,256,943
Support services:						
Management and general	2,439,927	-	2,439,927	2,542,711	-	2,542,711
Development	686,189	-	686,189	523,178	-	523,178
Total expenses	31,439,720	-	31,439,720	28,322,832	-	28,322,832
Change in net assets related to operations	(641,148)	(155,537)	(796,685)	(831,660)	(703,687)	(1,535,347)
Other Changes in Net Assets						
Distribution from Capital Project funds (see Note 2)	100,735	-	100,735	100,681	-	100,681
Distribution from Endowment (see Note 10)	305,658	10,646	316,304	248,573	18,584	267,157
Change in value, beneficial interest in funds held at the Community Foundation of Southeastern Michigan	-	-	-	-	4,302	4,302
Change in value, endowment funds held at United Jewish Foundation	-	149,884	149,884	-	74,666	74,666
Change in value, other endowment funds	71,218	91,783	163,001	169,773	262,347	432,120
Net investment gain on capital project funds held at United Jewish Foundation	-	169,805	169,805	-	66,815	66,815
Net other investment income	1,072,159	-	1,072,159	1,253,781	-	1,253,781
Total other changes in net assets	1,549,770	422,118	1,971,888	1,772,808	426,714	2,199,522
Change in net assets	908,622	266,581	1,175,203	941,148	(276,973)	664,175
Net Assets, Beginning	19,849,624	11,033,388	30,883,012	18,908,476	11,310,361	30,218,837
Net Assets, Ending	$ 20,758,246	$ 11,299,969	$ 32,058,215	$ 19,849,624	$ 11,033,388	$ 30,883,012

See notes to consolidated financial statements

Gesher Human Services and Affiliates

Consolidated Statements of Cash Flows
Years Ended June 30, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities		
Change in net assets	$ 1,175,203	$ 664,175
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	485,975	456,040
Bad debt	2,352	-
Change in beneficial interest in funds held at the Community Foundation of Southeastern Michigan	-	(4,302)
Change in endowment funds and capital project funds held at United Jewish Foundation	(320,915)	(137,519)
Net realized and unrealized gain on other long-term assets and long-term investments	(372,343)	(801,998)
Change in beneficial interests in trusts	-	84,227
Gain on disposal of property and equipment	2,628	37,051
Changes in assets and liabilities:		
Accounts and program receivable	(257,841)	314,066
Appropriation receivable	8	124,290
Prepaid expenses	(91,443)	(34,679)
Unconditional promises to give	-	10,000
Other long-term assets	(316,613)	(327,069)
Accounts payable and other accrued liabilities	217,270	83,313
Accrued payroll	(612,313)	792,124
Deferred revenue	(65,193)	(24,277)
Retirement plan payable	6,000	(12,500)
Net cash flows from operating activities	(147,225)	1,222,942
Cash Flow From Investing Activities		
Purchases of property and equipment	(543,131)	(780,058)
Proceeds from sale of property and equipment	300,772	394,383
Purchases of investments	(8,376,578)	(803,054)
Proceeds from sale of investments	7,604,566	69,601
Net cash flows from investing activities	(1,014,371)	(1,119,128)
Cash Flow From Financing Activities		
Principal payments on debt	(195,614)	(235,363)
Net cash flows from financing activities	(195,614)	(235,363)
Net change in cash and cash equivalents	(1,357,210)	(131,549)
Cash and Cash Equivalents, Beginning	6,501,060	6,632,609
Cash and Cash Equivalents, Ending	$ 5,143,850	$ 6,501,060
Noncash Investing and Financing Activities		
Interest paid	$ 25,925	$ 31,513

See notes to consolidated financial statements

Gesher Human Services and Affiliates

Consolidated Statement of Functional Expenses
Year Ended June 30, 2025

	At Work	At Home	In the Community	Total Program	Management and General	Advancement	Total
Payroll	$ 12,333,097	$ 2,688,152	$ 2,156,443	$ 17,177,692	$ 1,916,564	$ 360,459	$ 19,454,715
Employee benefits	1,828,982	294,241	300,307	2,423,530	288,514	57,808	2,769,852
Taxes, payroll	931,448	203,531	159,807	1,294,786	130,745	24,220	1,449,750
Total salaries and related expenses	15,093,527	3,185,924	2,616,557	20,896,008	2,335,823	442,487	23,674,318
Bad debt (recoveries)	4,568	(112)	(3,696)	760	-	(665)	95
Bank and merchant fees, interest	9,456	6,999	4,246	20,701	-	33,447	54,148
Client payroll and related expenses	923,298	-	-	923,298	-	-	923,298
Client support services	1,089,982	77	71,845	1,161,904	-	-	1,161,904
Client transportation	125,666	-	-	125,666	-	-	125,666
Conferences, conventions, meetings and staff development	70,108	5,309	18,127	93,544	16,752	30,149	140,445
Contractual services	410,111	21,514	79,533	511,158	17,009	54,232	582,399
Depreciation, building	55,693	144,029	41,304	241,026	-	4,355	245,381
Depreciation, other	122,019	21,034	92,880	235,933	2,068	2,593	240,594
Equipment	68,760	8,916	4,112	81,788	2,928	503	85,219
Insurance, general and building	206,467	42,057	42,889	291,413	29,212	7,037	327,662
Insurance, workers' compensation	79,557	28,103	3,265	110,925	946	185	112,056
Local transportation	306,022	151,267	65,668	522,957	2,265	1,237	526,459
Membership dues	22,292	7,083	10,691	40,066	138	1,783	41,987
Miscellaneous	369	698	84	1,151	44	(967)	228
Occupancy	1,040,493	348,025	382,677	1,771,195	-	13,637	1,784,832
Office and shop supplies, tools and repairs	707,947	128,133	166,852	1,002,932	19,880	18,574	1,041,386
Postage and shipping	10,497	1,955	1,740	14,192	1,613	4,243	20,048
Professional fees	58,829	14,266	10,301	83,396	8,067	1,710	93,173
Public information	18,031	1,586	11,965	31,582	648	69,301	101,531
Lessor expenses	-	-	-	-	59,047	-	59,047
Special event costs	-	-	-	-	-	325,961	325,961
Telephone	70,330	68,500	13,179	152,009	2,534	2,348	156,891
Total expenses before reconciliation	20,494,022	4,185,363	3,634,219	28,313,604	2,498,974	1,012,150	31,824,728
Consolidated Statement of Activities Reconciliation							
Less lessor expenses	-	-	-	-	(59,047)	-	(59,047)
Less special event costs	-	-	-	-	-	(325,961)	(325,961)
Total expenses	$ 20,494,022	$ 4,185,363	$ 3,634,219	$ 28,313,604	$ 2,439,927	$ 686,189	$ 31,439,720

See notes to consolidated financial statements

Gesher Human Services and Affiliates

Consolidated Statement of Functional Expenses
Year Ended June 30, 2024

	At Work	At Home	In the Community	Total Program	Management and General	Advancement	Total
Payroll	$ 9,862,720	$ 2,597,491	$ 2,265,173	$ 14,725,384	$ 1,963,559	$ 294,570	$ 16,983,513
Employee benefits	1,573,085	273,978	332,767	2,179,830	324,721	42,259	2,546,810
Taxes, payroll	749,636	199,392	170,086	1,119,114	136,597	19,403	1,275,114
Total salaries and related expenses	12,185,441	3,070,861	2,768,026	18,024,328	2,424,877	356,232	20,805,437
Bad debt (recoveries)	(1,205)	1,657	(397)	55	-	(43)	12
Bank and merchant fees, interest	8,082	7,626	3,875	19,583	17	39,854	59,454
Client payroll and related expenses	871,310	-	-	871,310	-	-	871,310
Client support services	954,143	-	54,700	1,008,843	-	-	1,008,843
Client transportation	149,215	-	6,364	155,579	-	-	155,579
Conferences, conventions, meetings and staff development	73,897	8,351	21,762	104,010	21,675	26,431	152,116
Contractual services	519,165	23,219	114,438	656,822	20,626	2,801	680,249
Depreciation, building	55,513	155,384	43,549	254,446	-	3,588	258,034
Depreciation, other	138,883	13,392	41,841	194,116	2,158	1,732	198,006
Equipment	49,624	4,167	16,381	70,172	3,552	723	74,447
Insurance, general and building	157,906	36,981	38,954	233,841	28,195	5,079	267,115
Insurance, workers' compensation	71,088	27,231	2,609	100,928	1,179	181	102,288
Local transportation	274,391	138,816	64,848	478,055	484	201	478,740
Membership dues	25,894	5,120	5,929	36,943	588	2,396	39,927
Miscellaneous	7,295	450	1,150	8,895	65	105	9,065
Occupancy	1,027,256	397,570	426,981	1,851,807	-	9,539	1,861,346
Office and shop supplies, tools and repairs	565,262	156,528	141,788	863,578	22,126	8,276	893,980
Postage and shipping	12,278	36	1,976	14,290	1,719	1,087	17,096
Professional fees	71,650	25,406	18,771	115,827	10,768	1,709	128,304
Public information	27,359	2,600	17,929	47,888	1,731	61,729	111,348
Lessor expenses	-	-	-	-	55,609	-	55,609
Special events costs	-	-	-	-	-	295,440	295,440
Telephone	67,015	61,755	16,857	145,627	2,951	1,558	150,136
Total expenses before reconciliation	17,311,462	4,137,150	3,808,331	25,256,943	2,598,320	818,618	28,673,881
Consolidated Statement of Activities Reconciliation							
Less lessor expenses	-	-	-	-	(55,609)	-	(55,609)
Less special event costs	-	-	-	-	-	(295,440)	(295,440)
Total expenses	$ 17,311,462	$ 4,137,150	$ 3,808,331	$ 25,256,943	$ 2,542,711	$ 523,178	$ 28,322,832

See notes to consolidated financial statements

1. Summary of Significant Accounting Policies

Nature of Activities

Gesher Human Services (Gesher), Kadima, Kadima Nonprofit Housing Corporation (KNHC), HR Solutions Group, LLC (HRSG) and eCycle Opportunities, LLC, herein referred to collectively as Gesher Human Services and Affiliates (the Organization), are primarily not-for-profit corporations organized under the laws of the State of Michigan.

The Organization provides career guidance, adult day care, vocational rehabilitation, mental health services, residential housing, training and education, financial literacy, home ownership, eldercare, youth services and employment services to individuals in the Metropolitan Detroit area. The Organization's comprehensive array of services primarily addresses the needs of persons who are at career transition points, unemployed/underemployed, dislocated workers, refugees, senior adults, high school and college students, individuals with disabilities and those who have other barriers that interfere with their economic self-sufficiency. Additionally, the Organization has a psychosocial program for veterans that is interactive and helps veterans with service-related disabilities return to civilian life.

In 2015, the Organization launched a business venture to generate revenue to support programs for people with disabilities, employ people with barriers to employment while working alongside people of all ability levels and help the earth. eCycle Opportunities collects electronic waste and recycles the steel, aluminum, gold, copper and plastic. Obsolete electronic components are collected by the Organization and broken down by employees of eCycle Opportunities. The initiative helps the community, the Organization and the people it serves.

The Organization has a financial education and home ownership program that promotes economic stability by providing clients with support in becoming home owners. The program typically includes financial literacy, home buyer education and down-payment assistance.

The Organization has a division that provides elder care services. The programs reflect a variety of services to help senior adults age in place. The services include, but are not limited to, day care for people with advanced stages of dementia, senior volunteer services, services for seniors with memory concerns, services to support caregivers, outreach and case management and specialized services for seniors with lifelong disabilities.

To maximize opportunities for clients and support employment and training needs of individuals served, the Organization builds relationships with employers and area businesses and provides janitorial, mailroom, temporary employment and other human resources services.

The Organization operates out of facilities in Southfield, Detroit, Warren and Waterford, Michigan and other program designated locations.

In 1942, the Organization incorporated under the laws of the State of Michigan and follows the provisions of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as enacted.

Principles of Consolidation

The consolidated financial statements include the accounts of the Organization and its affiliates noted above.

Kadima, wholly owned subsidiary of Gesher, was acquired in 2022 through a merger with Gesher. Kadima provides comprehensive residential, therapeutic and social services to all people with mental health challenges as they move forward in their lives. Inspired by Jewish values, Kadima delivers these services while providing education and outreach to the broader community to ensure positive mental health outcomes for all. On June 30, 2024, Kadima was dissolved and the assets, liabilities, net assets and operations were transferred to Gesher.

KNHC, wholly owned subsidiary of Kadima, was acquired in 2022 through the merger of Kadima and Gesher. KNHC provides a wide range of residential housing to members of the community with mental health challenges. Effective June 30, 2024, Gesher is the sole member of KNHC.

eCycle Opportunities, LLC, wholly owned subsidiary of Gesher, was formed in 2015 as an electronic recycling venture which includes employment of individuals with barriers to employment to collect and de-manufacture a variety of electronics.

HRSG, wholly owned subsidiary of Gesher, was formed in 2004 with the mission to maximize opportunities for clients and build relationships with potential employers. HRSG provides human resource and employer services.

All significant intercompany accounts and transactions have been eliminated upon consolidation.

Basis of Consolidated Financial Statement Presentation

The consolidated financial statements of the Organization have been prepared on an accrual basis of accounting in accordance with generally accepted accounting principles.

The Organization presents information regarding its financial position and activities according to two classes of net assets described as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations. The Organization's Board of Directors may designate a portion of net assets without donor restrictions for a specific purpose. These designations can be modified or removed by the Board of Directors at any time. See Note 11 for the amounts designated as of June 30, 2025 and 2024.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that either expire by passage of time, can be fulfilled and removed by actions of the Organization pursuant to those stipulations or are required to be maintained in perpetuity by the Organization.

Cash and Cash Equivalents

The Organization defines cash equivalents as highly liquid, short-term investments with a maturity at the date of acquisition of three months or less. Cash and cash equivalents invested with fund managers are included within long-term investments.

The Organization maintains cash balances in local institutions which may, at times, exceed the federally insured limit of $250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash deposits as of June 30, 2025 and 2024.

Accounts and Program Receivable

The Organization recognizes an allowance for credit losses for trade and other receivables to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset which includes consideration of past events and historical loss experience, current events and also future events based on our expectation as of the consolidated statement of financial position date. Accounts receivable are written off when the Organization determined that such receivables are deemed uncollectible. The Organization pools its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Organization measures those receivables individually. The Organization also continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change.

The Organization utilizes the loss rate method in determining its lifetime expected credit losses on its receivables. This method is used for calculating an estimate of losses based primarily on the Organization's historical loss experience. In determining its loss rates, the Organization evaluates information related to its historical losses, adjusted for current conditions and further adjusted for the period of time that can be reasonably forecasted. Qualitative and quantitative adjustments related to current conditions and the reasonable and supportable forecast period consider all the following: past due receivables, the customer creditworthiness, changes in the terms of receivables, effect of other external forces such as competition and legal and regulatory requirements on the level of estimated credit losses in the existing receivables. For receivables that are not expected to be collected within the normal business cycle, the Organization considers current and forecasted direction of the economic and business environment. Such forecasted information includes: gross domestic product (GDP) growth, unemployment rates and interest rates amongst others.

The Organization assesses collectibility of amounts due prior to the recognition of revenues. Accounts receivable are recorded at net realizable value in accordance with contracts with customers. Accounts are written-off through the allowance when the Organization has exhausted all collection efforts and determines accounts are impaired based on changes in credit worthiness. At June 30, 2025 and 2024, no allowance for credit losses on accounts receivable was considered necessary by management.

Program grants receivable, included within accounts and program receivable on the consolidated statements of financial position, are shown net of an allowance for doubtful accounts of $157,910 and $167,754 as of June 30, 2025 and 2024, respectively. The Organization's estimate of the allowance for doubtful accounts is based on historical collection experience and a review of the current status of program grants receivable. Program grants receivable are generally unsecured. Bad debts are written off through the allowance for doubtful accounts.

Appropriation Receivable

Appropriation receivable relates to amounts due from the Jewish Federation of Detroit (JFD). No allowance is deemed necessary at June 30, 2025 and 2024.

Property and Equipment

Property and equipment are stated at cost if purchased or fair value at date of the gift if donated. All acquisitions of property and equipment in excess of $5,000 and expenditures for improvements and betterments that materially prolong the useful lives of assets are capitalized. Maintenance, repairs and minor improvements are expensed as incurred. When assets are retired or otherwise disposed of, their costs and related accumulated depreciation are removed from the accounts and resulting gains or losses are included in income. Property and equipment are depreciated using the straight-line method over their estimated useful lives.

Impairment of Long Lived Assets

The Organization reviews long-lived assets, including property and equipment and intangible assets, for impairment whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss would be recognized when the estimated future cash flows from the use of the asset are less than the carrying amount of that asset. To date, there have been no such losses.

Income Tax Status

Gesher, Kadima and KNHC have received notifications that each qualifies as a tax-exempt organization under Section 501(c)(3) of the U.S. Internal Revenue Code and corresponding provisions of state law and, accordingly, is not subject to federal or state income taxes. However, any unrelated business income may be subject to taxation.

Contributions, Gifts and Unconditional Promises to Give

Contributions received are recorded as support with or without donor restrictions depending on the existence and nature of any donor restrictions. Contributions include actual gifts or promises to give. Contributions of assets other than cash are recorded at their fair value on the date of the gift. Restricted gifts or promises to give are reported as restricted support in the period received and are then reclassified to net assets without donor restrictions upon satisfaction of the donor restriction. Promises to give that are expected to be collected after one year have been discounted using 3.5% discount rate and are reflected in the consolidated financial statements at their net present value. An allowance for uncollectible promises to give is determined based on experience and was not deemed necessary as of June 30, 2025 and 2024.

Conditional contributions or grants, that is, those with a measurable performance or other barrier and a right of return or release, are not recognized until the conditions have been met. Most of the Organization's federal and state contracts are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. In cases where expenses are incurred in advance of receiving the grant, revenue and grants receivable are recorded in the period during which the expenses are incurred. In cases where grants are received in advance of incurring the expenses, deferred revenue is recorded in the period during which the advance is received and recognized as revenue in the period when the related expenses are incurred. There were $6,428,401 and $9,222,836 of conditional awards or contributions related to future activities at June 30, 2025 and 2024, respectively. At June 30, 2025 and 2024, respectively, the Organization received and included in deferred revenue $145,627 and $210,820.

Retroactive determination of allowable costs by resource providers may result in final settlements different from interim payments for reimbursable services submitted by the Organization. Revenue is reported at the estimated net realizable amounts from resource providers for services rendered, including estimated retroactive adjustments under reimbursement agreements. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

Contracts With Customers, Program Revenue and Service Fees

A portion of the Organization's revenues results from the sale of goods and services under contracts with customers. Revenue under contracts with customers is recognized when the customer obtains control of the good or service and is recognized to depict the transfer of promised goods or services in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services.

A performance obligation is a distinct good, service or a bundle of goods and services promised in a contract. The Organization identifies performance obligations at the inception of a contract and allocates the transaction price to individual performance obligations to appropriately depict the Organization's performance in transferring control of the promised goods or services to the customer.

Janitorial Services: Janitorial Services revenue consists of cleaning services performed according to the scope and frequency specified in contracts. The performance obligation is met as services are rendered and revenue is recognized over time as the customer both receives and consumes the benefit of performance.

Sorting and Packaging Services: Sorting and Packaging Services revenue consists of performing specified tasks for a specified number of hours over the course of the contract. The performance obligation is met as the tasks are performed and revenue is recognized over time as the customer receives the benefit of performance.

Collection of Recycling: Recycling Collection revenue consists of removal of recyclable materials from the customer's collection site. The performance obligation is met when the materials are picked up and revenue is recognized over time as the customer both receives and consumes the benefit of performance.

Sale of Recycling Scrap: Sale of Recycling Scrap revenue consists of the sale of commodity scrap to recyclers at agreed upon prices per pound. The performance obligation is met when commodity scrap is transferred to the customer. Scrap commodities have alternative uses to be determined by the customer and revenue is recognized at the point in time when the scrap is transferred to the customer.

Functional Allocation of Expenses

The costs of providing the program and support services have been reported on a functional basis in the consolidated statements of activities. Indirect costs have been allocated between the various programs and support services based on estimates such as salary allocation and square footage, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Measure of Operations

The consolidated statements of activities include change in net assets related to operations that represents the results of operations. Other activities which are excluded from change in net assets related to operations include activities incidental to the operations of the Organization including the endowment income, change in beneficial interests and investment returns.

Leases

Refer to Note 12 for additional information pertaining to right-of-use assets, lease liabilities and lease expenses.

At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating leases are expensed on a straight-line basis as lease expense over the noncancellable lease term. Expenses for finance leases are comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method.

The lease standard also provides for several accounting policy elections, as follows:

- The Organization has elected the policy not to separate lease and nonlease components for all leases;
- When the rate implicit in the lease is not determinable, rather than use the Organization's incremental borrowing rate, the Organization elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all leases; and
- The Organization elected not to apply the recognition requirements to leases with an original term of 12 months or less, for which the Organization is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term.

Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Fair Value Measurements

Fair Value Hierarchy

Fair value is defined in the accounting guidance as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Under this guidance, a three-level hierarchy is used for fair value measurements which is based on the transparency of information, such as the pricing source, used in the valuation of an asset or liability as of the measurement date.

Financial instruments measured and reported at fair value are classified and disclosed in one of the following three categories.

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability or market-corroborated inputs.

Level 3 - Inputs are unobservable for the asset or liability. Unobservable inputs reflect the assumptions that market participants would use in pricing the asset or liability (including assumptions about risks), using the best information available in the circumstances, which may include using the reporting entity's own data.

Valuation Techniques and Inputs

Level 1 - Assets include investments in domestic and foreign equities and fixed income securities for which quoted prices are readily available.

Level 2 - The Organization has no Level 2 assets.

Level 3 - Level 3 assets include:

- The fair value of the beneficial interest in trusts was determined primarily based on Level 3 inputs. The Organization estimates the fair value of these investments based upon its relative share of assets held in the trust and reported by the United Jewish Foundation (UJF) and the Community Foundation of Southeastern Michigan (CFSEM) unless the facts and circumstances indicate the fair value would be different from the present value of the estimated future distributions.

- The beneficial interest in funds held at CFSEM, capital project funds held at UJF, endowment funds held at UJF and Constituent Agency Deposit held at UJFconsist of a pooled investment portfolios, which consist of commonly traded mutual funds, stocks and bonds for which an active and liquid market exists and investments in fund of funds, land and partnerships which are not publicly traded.

There have been no changes in the techniques and inputs used as of June 30, 2025 and 2024.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls has been determined based on the lowest level input that is significant to the fair value measurement in its entirety. The assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

The following table presents information about the Organization's assets measured at fair value on a recurring basis based upon the three-level hierarchy.

	June 30, 2025			
	Total	**Level 1**	**Level 2**	**Level 3**
Long-term investments, domestic equities	$ 5,706,284	$ 5,706,284	$ -	$ -
Long-term investments, fixed income securities	1,975,459	1,975,459	-	-
Long-term investments, foreign equities	1,469,876	1,469,876	-	-
Beneficial interest in funds held at the CFSEM	88,037		-	88,037
Capital project funds held at UJF	2,216,059	-	-	2,216,059
Endowment funds held at UJF	2,688,512	-	-	2,688,512
Constituent Agency Deposit held at UJF	792,081	-	-	792,081
Total	$ 14,936,308	$ 9,151,619	$ -	$ 5,784,689

	June 30, 2024			
	Total	**Level 1**	**Level 2**	**Level 3**
Long-term investments, domestic equities	$ 8,743,906	$ 8,743,906	$ -	$ -
Long-term investments, foreign equities	900,375	900,375	-	-
Beneficial interest in funds held at the CFSEM	88,037	-	-	88,037
Capital project funds held at UJF	2,072,448	-	-	2,072,448
Endowment funds held at UJF	2,511,208	-	-	2,511,208
Constituent Agency Deposit held at UJF	486,266	-	-	486,266
Total	$ 14,802,240	$ 9,644,281	$ -	$ 5,157,959

Long term investments and other long-term assets include uninvested cash and cash surrender value of life insurance policies of $3,028,189 and $1,899,314 as of June 30, 2025 and 2024, respectively.

Transfers to and from Level 3 assets measured at fair value on a recurring basis for the year ended June 30, 2025 are summarized as follows:

	Capital Project Funds Held at UJF	Endowment Funds Held at UJF	Beneficial Interest in Funds Held at the CFSEM
Distributions to the Organization	$ (100,734)	$ (120,263)	$ -
Contributions by the Organization	$ -	$ 1,226	$ -

Transfers to and from Level 3 assets measured at fair value on a recurring basis for the year ended June 30, 2024 are summarized as follows:

	Capital Project Funds Held at UJF	Endowment Funds Held at UJF	Beneficial Interest in Funds Held at the CFSEM
Distributions to the Organization	$ (100,681)	$ (122,628)	$ -
Contributions by the Organization	$ -	$ 613	$ -

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets. As a result, the unrealized gains and losses for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

3. Related-Party Transactions

Jewish Federation of Detroit (JFD) / United Jewish Foundation (UJF)

The Organization receives appropriations and grants from JFD and UJF, affiliated organizations. The Organization received $1,982,030 for the years ended June 30, 2025 and 2024.

The funds recognized were allocated as follows:

	2025	2024
Base allocation	$ 1,446,300	$ 1,446,300
Special purposes grants	30,000	30,000
Appropriations revenue	1,476,300	1,476,300
Allocation from JFD to offset rent charged to the Organization by UJF	505,730	505,730
Total	$ 1,982,030	$ 1,982,030

Notice of allocation amounts to the Organization were received in May 2024 for the 12 months beginning March 1, 2025. The allocation is payable in monthly installments. The Organization has a receivable due from JFD of $1,331,356 at June 30, 2025. The allocation from JFD to offset rent charged to the Organization by UJF relates to rent expense to be recognized in the next fiscal year.

Notice of allocation amounts to the Organization were received in May 2023 for the 12 months beginning March 1, 2024. The allocation is payable in monthly installments. The Organization has a receivable due from JFD of $1,331,364 at June 30, 2024. The allocation from JFD to offset rent charged to the Organization by UJF relates to rent expense to be recognized in the next fiscal year.

JFD administers a grant from Michigan Department of Health and Human Services (MDHHS) for behavioral health and human services programming. The Organization is a subcontractor on this grant and submits periodic financial status reports and workplans to MDHHS. For the years ended June 30, 2025 and 2024, the Organization delivered $2,505,521 and $2,345,000 of programming under this MDHHS grant.

JFD administers an insurance program in which the Organization is a participant. The program provides general, property, auto and self-insured workers' compensation coverage. The Organization's expense for this insurance program was $561,132 and $487,197 for the years ended June 30, 2025 and 2024, respectively.

Through JFD, the Organization is self-insured for certain losses relating to workers' compensation claims. JFD has purchased stop-loss coverage in order to limit exposure to any major workers' compensation claims. Self-insurance expenses consist of claims filed, and are based on amounts paid by JFD through June 30, 2025 and 2024 and an estimate of the amounts required to satisfy the unpaid claims. The estimate for unpaid claims, included in accounts payable and other accrued liabilities as of June 30, 2025 and 2024 was $18,875 and $51,396, respectively.

UJF holds various endowments for the benefit of the Organization totaling $2,688,512 and $2,511,208 as of June 30, 2025 and 2024, respectively. The endowments consist of a number of individual donor-restricted funds established for a variety of purposes, the income from which is distributed to the Organization by UJF. In accordance with Accounting Standard Codification (ASC) Topic 958, the Organization and UJF are considered financially interrelated. As a result of this financial interrelation, the Organization includes on its consolidated statements of financial position its interest in the endowments held at UJF. Refer to Note 10 for further information.

In September 2022, the Organization signed an installment note with UJF for $659,144 related to the close out of the multiple-employer defined benefit plan. The installment note has an outstanding balance of $462,890 and $549,186 at June 30, 2025 and 2024, respectively. See Note 9 for more information about the terms of the installment note.

There are capital project funds also on deposit with UJF. Income credited to the capital project funds shall be expended for building maintenance. As of June 30, 2025 and 2024, the balance of this fund was $2,216,059 and $2,072,448, respectively.

4. Unconditional Promises to Give

Unconditional promises to give consist of the following as of June 30:

	2025	2024
Less than one year	$ -	$ -
One to five years	350,000	350,000
Total unconditional promises to give	$ 350,000	$ 350,000

There is one donor that comprises 100% of the unconditional promises to give as of June 30, 2025 and 2024.

5. Property and Equipment

The major categories of property and equipment at June 30 are summarized as follows:

	Useful Lives	2025	2024
Land	N/A	$ 923,500	$ 920,500
Artwork	N/A	13,700	13,700
Building and leasehold improvements	5-20 years	3,549,121	3,504,664
Buildings	40 years	8,366,125	8,318,803
Shop equipment	5 years	120,799	120,799
Computer equipment	5 years	263,510	263,510
Furniture and fixtures	7 years	556,021	556,021
Vehicles	5 years	1,653,265	1,542,411
Work in progress	N/A	15,885	6,500
Total property and equipment		15,461,926	15,246,908
Less accumulated depreciation		(9,594,444)	(9,133,182)
Property and equipment, net of accumulated depreciation		$ 5,867,482	$ 6,113,726

Depreciation expense for the years ended June 30, 2025 and 2024 was $485,975 and $456,040, respectively.

6. Beneficial Interest in Funds Held at the CFSEM

The Organization entered into an agreement with the CFSEM to establish endowment funds. The investment earnings from the funds will be used to support future operations and programs for the Organization and will be distributed to the Organization in the form of grants from CFSEM as determined by CFSEM's Board of Trustees. The 2025 and 2024 distribution rate on funds as approved by the CFSEM Board of Trustees is 4.5%. The fair value of these funds is $3,129,476 and $2,955,918 as of June 30, 2025 and 2024, respectively and in accordance with GAAP, not recorded on the consolidated statements of financial position as CFSEM retains variance power. The value of the reciprocal transfer (amounts contributed by the Organization) are recorded on the consolidated statements of financial position and amount to $88,037 and $88,037 as of June 30, 2025 and 2024, respectively.

7. Beneficial Interests in Trusts

The Organization was the beneficiary of charitable remainder trust agreement held by an independent trustee. Under the terms of the agreement, the Organization had an unconditional right to receive a portion of specified cash flows from the agreements. The agreement was valued at fair value based upon expected future cash flows and discounted to present value at a risk-adjusted rate utilizing the specified end date of the agreement. As of June 30, 2024, the Organization applied a discount rate of 3.0%. During 2024, the charitable remainder trust was ended and paid out to the Organization.

8. Line of Credit

The Organization has a line of credit financing agreement with a financial institution under which $2,750,000 can be borrowed. The agreement expires and has been renewed on an annual basis since August 2010. Borrowings bear interest at the higher of the prime rate or the daily adjusting prime rate plus 2.50% at June 30, 2025. The applicable rate was 7.50% and 8.50% for the years ended June 30, 2025 and June 30, 2024, respectively. There was no outstanding balance as of June 30, 2025 and 2024. No interest expense was incurred during the years ended June 30, 2025 and 2024. The line is secured by a first priority lien on all assets of the Organization.

9. Paycheck Protection Program Loan and Debts

On April 15, 2020, the Organization received proceeds in the amount of $2,586,380 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA). The PPP provides loans to qualifying nonprofit organizations in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying nonprofit organizations to keep their workforce employed during the Coronavirus crisis. PPP loans are uncollateralized and guaranteed by the SBA. Advances from the PPP are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25% during the covered period. Loan payments may be deferred up to ten months after the covered period ends. There is no prepayment penalty.

During 2020, the Organization assessed its application and PPP guidance and determined to record the PPP loan as a financial liability under Accounting Standards Codification 470. As of June 30, 2020, the Organization's PPP loan balance, with accrued interest, was reported as a current liability on the consolidated statements of financial position due to the uncertainty surrounding timing of forgiveness determination.

The Organization submitted an application for forgiveness of eligible expenses in the amount of $2,021,236 on September 6, 2020. During 2021, the Organization received legal release from the SBA of $2,021,236 and $22,759 of cumulative interest, and therefore, recorded that amount as forgiveness income in its 2021 consolidated statement of activities.

The remaining unforgiven portion of the PPP is reflected on the consolidated statements of financial position at June 30, 2025 and 2024 as debt. Principal and interest are payable monthly, with the interest rate being 1%. The final principal and interest payment was due April 2025. The outstanding balance of the debt was $0 and $108,651 at June 30, 2025 and 2024, respectively.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan is repaid in full and to provide that documentation to the SBA upon request. The Organization does not believe the results of any audits or reviews by the SBA would have a material impact on the consolidated financial statements.

During 2023, Gesher entered into an installment note with UJF for $659,144 with a fixed interest rate of 5% and monthly principal and interest payments of $9,316. The final principal and interest payment is due March 2030. The outstanding balance of the debt was $462,890 and $549,186 at June 30, 2025 and 2024, respectively.

KNHC has two notes payable from Michigan State Housing Development outstanding at June 30, 2025 with a balance of $79,333 and $80,000 as of June 30, 2025 and 2024, respectively. The notes payable are interest free and forgivable in 2035 and 2037 if KNHC stays in compliance with the requirements of the agreement. If compliance is not maintained, the notes payable are due in full during 2035 and 2037.

Principal requirements on the debt for years ending after June 30, 2025 are as follows:

2026	$ 90,711
2027	95,352
2028	100,230
2029	105,358
2030	71,239
Thereafter	79,333
Total	$ 542,223

10. Endowment

The Organization's endowment consists of a number of individual funds established for a variety of purposes. The funds include both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Organization's Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The majority of the endowment funds are held at UJF, with a lesser amount held by the Organization. All endowment funds that are held by UJF are managed by UJF/JFD.

Interpretation of Relevant Law - The Board of Directors of the Organization 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, the Organization classifies as permanently restricted net assets (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. The remaining portion of the donor-restricted endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Endowment net asset composition by type of fund as of June 30, 2025:

	Without Donor Restrictions	Held in Perpetuity With Donor Restrictions	Restricted Earnings With Donor Restrictions	Total With Donor Restrictions	Total
Donor restricted	$ -	$ 2,868,094	$ 2,766,488	$ 5,634,582	$ 5,634,582
Board designated	1,437,912	-	-	-	1,437,912
Total	$ 1,437,912	$ 2,868,094	$ 2,766,488	$ 5,634,582	$ 7,072,494

Endowment net asset composition by type of fund as of June 30, 2024:

	Without Donor Restrictions	Held in Perpetuity With Donor Restrictions	Restricted Earnings With Donor Restrictions	Total With Donor Restrictions	Total
Donor restricted	$ -	$ 2,873,094	$ 2,470,272	$ 5,343,366	$ 5,343,366
Board designated	1,366,693	-	-	-	1,366,693
Total	$ 1,366,693	$ 2,873,094	$ 2,470,272	$ 5,343,366	$ 6,710,059

Changes in endowment net assets for the year ended June 30, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	$ 1,366,693	$ 5,343,366	$ 6,710,059
Net investment income	132,353	523,030	655,383
Contributions and collections on promises to give	-	23,356	23,356
Released to operations	(61,134)	(255,170)	(316,304)
Endowment net assets, ending	$ 1,437,912	$ 5,634,582	$ 7,072,494

Changes in endowment net assets for the year ended June 30, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning	$ 1,196,921	$ 4,938,759	$ 6,135,680
Net investment income	228,369	550,152	778,521
Contributions and collections on promises to give	-	63,015	63,015
Released to operations	(58,597)	(208,560)	(267,157)
Endowment net assets, ending	$ 1,366,693	$ 5,343,366	$ 6,710,059

Return Objectives and Risk Parameters - The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the Organization's programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, the endowment assets are invested in a manner that is intended to grow capital assets, preserve spending power and provide income and a secure base for the Organization. Measures of success include meeting or exceeding the S&P 500 as a target return for long term funds.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Organization 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). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy - The long-term goal of funds designated by the Board of Directors to function as endowment or other donated funds, managed by the Organization, is to preserve and enhance fund assets; however, there is no limit or covenant that the principal is to be preserved other than for donor-restricted funds, nor is there any restriction as to funds that might be transferred to the Gesher General Operating Fund or otherwise distributed in any single year.

Funds With Deficiencies - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. At June 30, 2025 and 2024, 15 and 23 donor restricted funds with original gift values of $1,801,448 and $1,903,448 and fair values of approximately $1,659,719 and $1,673,820, respectively, were underwater or the balance was below the required level. Deficiencies of $141,729 and $229,628 were reported in net assets with donor restrictions at June 30, 2025 and 2024, respectively. These deficiencies resulted from continued appropriation for certain programs that was deemed prudent by the governing board.

11. Net Assets

Board designated net assets without donor restrictions represents amounts the Organization's executive committee has established for future cash flow purposes.

Net assets without donor restrictions - board designated net assets at June 30:

	2025	2024
Board designated funds for long-lived assets	$ 441,341	$ 497,264
Board designated endowment held at Schwab	1,437,912	-
Board designated endowment held at JP Morgan	-	102,133
Board designated endowment held at Fidelity	-	1,264,560
Total board designated net assets without donor restrictions	$ 1,879,253	$ 1,863,957

Net assets with donor restrictions at June 30:

	2025	2024
Beneficial interest in funds held at CFSEM	$ 88,037	$ 88,037
Life Insurance policies	236,927	227,840
Special building and maintenance needs	2,216,059	2,072,448
Time and purpose-restricted funds	3,038,513	2,861,208
Time and purpose-restricted appropriations	1,331,356	1,335,096
Donor-restricted endowments held by Gesher	2,359,142	2,254,318
Contributions restricted for specific program use	2,029,935	2,194,441
Total net assets with donor restrictions	$ 11,299,969	$ 11,033,388

12. Leases

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, while lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Certain of the Organization's leases include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Organization's sole discretion. The Organization regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Organization includes such options in the lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Organization uses the rate implicit in the lease, or if not readily available, the Organization uses a risk-free rate based on U.S. Treasury notes or bond rates for a similar term.

Right-of-use assets are assessed for impairment in accordance with the Organization's long-lived asset policy. The Organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

The Organization made significant assumptions and judgments in applying the requirements of Topic 842. In particular, the Organization:

- Evaluated whether a contract contains a lease, by considering factors such as whether the Organization obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights; and

- Determined whether contracts contain embedded leases.

The following table summarizes the lease right-of-use assets and lease liabilities as of June 30:

	2025	2024
Right-of-use assets:		
Operating leases	$ 4,585,009	$ 4,459,000
Lease liabilities:		
Current operating lease liabilities	$ 721,037	$ 632,881
Long-term operating lease liabilities	3,863,972	3,826,119
Total lease liabilities	$ 4,585,009	$ 4,459,000

The expenses incurred pertaining to leases during the years ended June 30, 2025 and 2024 were $815,834 and $844,817, respectively.

The following table presents supplemental information related to leases:

	2025	2024
Weighted average remaining lease term (in years)		
Operating leases	5.95	7.35
Weighted average discount rate:		
Operating leases	3.22%	3.09%

The table below summarizes the Organization's scheduled future minimum operating lease payments for years ending after June 30, 2025:

Years ending June 30:	
2026	$ 860,347
2027	855,825
2028	819,364
2029	829,109
2030	712,744
2031 and after	1,007,337
Total lease payments	5,084,726
Less present value discount	(499,717)
Total lease liabilities	4,585,009
Less current portion	(721,037)
Long-term lease liabilities	$ 3,863,972

The following table includes supplemental cash flow and noncash information related to the leases for the years ended June 30:

		2025		2024
Operating right-of-use assets obtained in exchange for lease liabilities	$	876,691	$	1,228,964

13. Accrued Vacation

The employees of the Organization receive vacation benefits on an annual basis in accordance with the Organization's Code of Personnel Practices.

The accrued vacation of $634,000 and $650,918 represents the Organization's estimated liability as of June 30, 2025 and 2024, respectively, and is included in accrued payroll on the consolidated statements of financial position.

14. Retirement Plan

The Organization has a defined contribution retirement plan authorized under Section 403(b) of the Internal Revenue Code. The employer's contribution for the years ended June 30, 2025 and 2024 was $448,820 and $428,263, respectively.

15. Liquidity

Financial assets, at June 30:

		2025		2024
Cash and cash equivalents	$	5,143,850	$	6,501,060
Accounts and program receivable, net		3,497,790		3,242,301
Appropriation receivable		1,331,356		1,331,364
Unconditional promises to give		350,000		350,000
Beneficial interest in funds		88,037		88,037
Endowment funds		2,688,512		2,511,208
Capital project funds		2,216,059		2,072,448
Long-term investments		11,942,882		10,798,527
Other long-term assets		1,061,681		745,068
Total financial assets		28,320,167		27,640,013
Less those unavailable for general expenditures within one year, due to:				
MSHDA escrows included in investments		(32,675)		(285,894)
Other long-term assets not available		(1,061,681)		(745,068)
Board designated net assets		(1,879,253)		(1,863,957)
Net assets with donor restrictions		(11,299,969)		(11,033,388)
Total unavailable for general expenditures		(14,273,578)		(13,928,307)
Financial assets available to meet cash needs for general expenditures within one year	$	14,046,589	$	13,711,706

As of June 30, 2025 and 2024 the Organization has liquid assets on hand to cover approximately fifty nine and eighty days of operating expenses, respectively. The Organization also has access to a $2,750,000 line of credit, of which the board has approved borrowing of up to $2,000,000 for operational expenses.

The Organization is highly reliant on contractual revenue for services provided and receivables are monitored regularly to ensure prompt collection. In the case of significant receivable balances in excess of sixty days, the Organization can draw upon the line of credit.

As part of the Organization's liquidity management, it has a policy to invest cash in excess of daily requirements in short-term investments. In addition, a portion of operating surpluses will, from time to time, be invested in an operating reserve account for future liquidity or agency investment needs.

16. Subsequent Events

The Organization has evaluated subsequent events through January 20, 2026, which is the date that the consolidated financial statements were approved and available to be issued.

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*

Independent Auditors' Report

To the Board of Directors of
Gesher Human Services and Affiliates

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 (*Government Auditing Standards*), the consolidated financial statements of Gesher Human Services and Affiliates (the Organization), which comprise the Organization's consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 20, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly US, LLP

Southfield, Michigan
January 20, 2026

Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditors' Report

To the Board of Directors of
Gesher Human Services

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Gesher Human Service's (Gesher) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on Gesher's major federal program for the year ended June 30, 2025. Gesher'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, Gesher complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

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 (*Government Auditing Standards*); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Gesher 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 Gesher's compliance with the compliance requirements referred to above.

Other Matter - Federal Expenditures Not Included in the Compliance Audit

Gesher Human Services and Affiliates' basic consolidated financial statements include the operations of Kadima, Kadima Nonprofit Housing Corporation, HR Solutions Group, LLC and eCycle Opportunities, LLC, which are not included in Gesher's schedule of expenditures of federal awards during the year ended June 30, 2025. Our compliance audit, described in the Opinion on the Major Federal Program section above, does not include the operations of Kadima, Kadima Nonprofit Housing Corporation, HR Solutions Group, LLC and eCycle Opportunities, LLC because they do not require an audit under the Uniform Guidance.

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 Gesher's federal programs.

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 Gesher'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 Gesher'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 Gesher'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 Gesher'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 Gesher'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 a 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 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.

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.

Baker Tilly US, LLP

Southfield, Michigan
January 20, 2026

Gesher Human Services and Affiliates

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures	Subrecipient Awards
U.S. Department of Agriculture				
Passed through Detroit Employment Solutions Corporation				
State Admin Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	Unknown	$ 18,157	$ -
U.S. Department of Housing and Urban Development				
Passed through Michigan State Housing Development Authority				
Housing Counseling Program	14.169	Unknown	21,663	-
U.S. Department of Justice				
Passed through Macomb/St. Clair Workforce Development Board, Inc.				
Reduction and Prevention of Children's Exposure to Violence	17.235	Unknown	77,099	-
U.S. Department of Labor				
Passed through Oakland County Workforce Development Division				
Unemployment Insurance	17.225	Unknown	140,554	-
National Farmworker Jobs Program	17.264	Unknown	17,845	-
Passed through Oakland County Workforce Development Division				
Employment Service / Wagner Peyser Funded Activities (Employment Service Cluster)	17.207	Unknown	202,108	-
Passed through Macomb/St. Clair Workforce Development Board, Inc.				
Trade Adjustment Assistance	17.245	Unknown	185,533	-
Passed through Oakland County Workforce Development Division				
WIOA Adult Program	17.258	Unknown	356,574	-
WIOA Programs	17.258	Unknown	143,065	-
Passed through Macomb/St. Clair Workforce Development Board, Inc.				
WIOA Adult Program	17.258	Unknown	968,550	-
Passed through Detroit Employment Solutions Corporation				
WIOA Adult Program	17.258	Unknown	239,578	-
Total assistance listing 17.258			1,707,767	-

See notes to the schedule of federal awards

Federal Grantor/ Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures	Subrecipient Awards
Passed through Oakland County Workforce Development Division				
WIOA Youth Activities	17.259	Unknown	$ 409,543	$ -
Passed through Oakland County Workforce Development Division				
WIOA Dislocated Worker Formula Grants	17.278	Unknown	208,448	-
Passed through Detroit Employment Solutions Corporation				
WIOA Dislocated Worker Formula Grants	17.278	Unknown	13,538	-
Passed through Macomb/St. Clair Workforce Development Board, Inc.				
WIOA Dislocated Worker Formula Grants	17.278	Unknown	556,146	-
Total assistance listing 17.278			778,132	-
Total WIOA Cluster			2,895,442	-
Total U.S. Department of Labor			3,441,482	-
U.S. Department of Education				
Passed through Oakland County Workforce Development Agency				
Rehab Services Vocational Rehab Grants to States	84.126A	Unknown	4,644	-
Total U.S. Department of Education			4,644	-
U.S. Department of Health and Human Services				
Passed through Oakland County Workforce Development Division				
Temporary Assistance for Needy Families (PATH)	93.558	Unknown	250,259	-
Passed through Detroit Employment Solutions Corporation				
Temporary Assistance for Needy Families (PATH)	93.558	Unknown	547,558	-
Total assistance listing 93.558			797,817	-
Direct award				
Congressional Directives	93.493	Not Applicable	79,377	-
Total U.S. Department of Health and Human Services			877,194	-

See notes to the schedule of federal awards

Gesher Human Services and Affiliates

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Federal Expenditures	Subrecipient Awards
U.S. Department of Treasury				
Passed through Oakland County Workforce Development Division				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	$ 2,777,369	$ -
Passed through Detroit Employment Solutions Corporation				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unknown	66,000	-
Total U.S. Department of Treasury			2,843,369	-
Total expenditures of federal awards			$ 7,283,608	$ -

See notes to the schedule of federal awards

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Gesher Human Services (Gesher) under programs of the federal government for the year ended June 30, 2025. 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 Gesher, it is not intended to and does not present the financial position, changes in net assets or cash flows of Gesher.

Expenditures for Kadima, Kadima Nonprofit Housing Corporation, HR Solutions Group, LLC and eCycle Opportunities, LLC are not included to meet the requirements contained in the Uniform Guidance because they are not required to have an audit under the Uniform Guidance.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform 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.

3. Indirect Cost Rate

Gesher has not elected to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

Section I - Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the consolidated 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 consolidated financial statements noted?	____	yes	X	no

Federal Awards

Internal control over major federal 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 federal program:	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 federal program:

Assistance Listing Number(s)	Name of Federal Program or Cluster
17.258, 17.259 & 17.278	WIOA Cluster

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

Section II - Financial Statement Findings

There were no findings.

Section III - Federal Award Findings and Questioned Costs

There were no findings or questioned costs.

The prior year single audit disclosed no findings, and therefore, no uncorrected or unresolved findings exist from prior single audits.