

AgeWell Services of West Michigan

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

September 30, 2022 and 2021



AgeWell Services of West Michigan

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
AgeWell Services of West Michigan  
Muskegon, Michigan

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of AgeWell Services of West Michigan (a Michigan nonprofit corporation), which comprise the statements of financial position as of September 30, 2022 and 2021 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AgeWell Services of West Michigan as of September 30, 2022 and 2021 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of AgeWell Services of West Michigan 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 opinions.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about AgeWell Services of West Michigan's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Directors  
AgeWell Services of West Michigan  
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**Report on the Audit of the Financial Statements—Continued**

***Auditor’s Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional 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 AgeWell Services of West Michigan'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 AgeWell Services of West Michigan'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.

Board of Directors  
AgeWell Services of West Michigan  
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**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2023, on our consideration of AgeWell Services of West Michigan’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 AgeWell Services of West Michigan’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 AgeWell Services of West Michigan’s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Brickley DeLong, P.C." The signature is written in a cursive style with a large, stylized initial 'B'.

Muskegon, Michigan  
March 27, 2023

AgeWell Services of West Michigan  
**STATEMENTS OF FINANCIAL POSITION**  
September 30, 2022 and 2021

**ASSETS**

	<b>2022</b>	<b>2021</b>
<b>CURRENT ASSETS</b>		
Cash	\$ 240,423	\$ 549,977
Investments	159,252	194,245
Receivables		
Grants	329,764	300,322
Medicaid Waiver	16,982	21,965
Employee Retention Credit	811,137	-
Other	58,626	38,001
Inventories	59,355	81,610
Prepaid expenses	56,359	54,049
	1,731,898	1,240,169
<b>BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS</b>	42,457	62,277
<b>PROPERTY AND EQUIPMENT</b>		
Leasehold improvements	1,116,360	1,095,861
Office furniture and equipment	63,254	52,114
Kitchen and café equipment	359,298	356,548
Wellness equipment	16,616	10,779
Vehicles	360,069	258,945
Construction in progress	-	40,400
	1,915,597	1,814,647
Less accumulated depreciation and amortization	(1,691,954)	(1,641,620)
	223,643	173,027
	<b>\$ 1,997,998</b>	<b>\$ 1,475,473</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current maturities of long-term debt	\$ -	\$ 3,543
Accounts payable	151,305	146,260
Accrued liabilities		
Wages	126,294	104,449
Payroll taxes	11,986	7,636
Compensated absences	156,446	144,745
Other	661	604
Deferred revenue	12,530	45,243
	459,222	452,480
<b>LONG-TERM DEBT</b> , less current maturities	-	997
	459,222	453,477
<b>NET ASSETS</b>		
Without donor restrictions	1,498,699	991,455
With donor restrictions	40,077	30,541
	1,538,776	1,021,996
	<b>\$ 1,997,998</b>	<b>\$ 1,475,473</b>

The accompanying notes are an integral part of these statements.

AgeWell Services of West Michigan  
**STATEMENTS OF ACTIVITIES**  
Years ended September 30, 2022 and 2021

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Grants			
Federal	\$ 1,776,245	\$ -	\$ 1,776,245
State	620,650	-	620,650
Medicaid Waiver	229,288	-	229,288
Local	775,537	69,188	844,725
Employee Retention Credit	811,107	-	811,107
Other	-	-	-
Public support			
Contributions			
Cash	490,602	8,612	499,214
In-kind	76,739	-	76,739
Fundraising	89,265	-	89,265
Program income	271,117	-	271,117
Cost-share			
Wellness	44,308	-	44,308
Café	47,221	-	47,221
Private-pay meals	18,809	-	18,809
Contracted meals	350,076	-	350,076
Other income			
Investment income (loss), net	(35,237)	-	(35,237)
Other interest income	117	-	117
Gain (loss) from beneficial interest in assets held by others	(11,123)	-	(11,123)
Forgiveness of long-term debt	-	-	-
Other	4,823	-	4,823
Net assets released from restrictions	68,264	(68,264)	-
Total revenues and support	5,627,808	9,536	5,637,344
<b>EXPENSES</b>			
Program services			
Congregate meals	773,954	-	773,954
Home delivered meals	2,118,563	-	2,118,563
LifeCircles	322,899	-	322,899
Medicaid Waiver	245,887	-	245,887
Wellness Center	442,652	-	442,652
Café	199,951	-	199,951
Senior transportation	323,613	-	323,613
SafeSeniors	332,503	-	332,503
Other services	28,269	-	28,269
Supporting services			
Management and general	76,002	-	76,002
Fundraising	256,271	-	256,271
Total expenses	5,120,564	-	5,120,564
Change in net assets	507,244	9,536	516,780
Net assets at beginning of year	991,455	30,541	1,021,996
Net assets at end of year	<b>\$ 1,498,699</b>	<b>\$ 40,077</b>	<b>\$ 1,538,776</b>

The accompanying notes are an integral part of these statements.

<b>2021</b>		
<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
\$ 1,568,587	\$ -	\$ 1,568,587
480,830	-	480,830
274,448	-	274,448
917,854	21,751	939,605
-	-	-
45,612	-	45,612
451,710	13,789	465,499
37,041	-	37,041
17,058	-	17,058
208,343	-	208,343
37,161	-	37,161
20,655	-	20,655
26,349	-	26,349
178,070	-	178,070
21,061	-	21,061
151	-	151
9,065	-	9,065
363,100	-	363,100
4,828	-	4,828
37,028	(37,028)	-
4,698,951	(1,488)	4,697,463
692,872	-	692,872
1,790,368	-	1,790,368
167,916	-	167,916
323,149	-	323,149
369,386	-	369,386
122,033	-	122,033
269,236	-	269,236
341,089	-	341,089
28,307	-	28,307
41,004	-	41,004
157,879	-	157,879
4,303,239	-	4,303,239
395,712	(1,488)	394,224
595,743	32,029	627,772
<b>\$ 991,455</b>	<b>\$ 30,541</b>	<b>\$ 1,021,996</b>



AgeWell Services of West Michigan  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended September 30, 2022

	<b>Program Services</b>				
	<b>Congregate Meals</b>	<b>Home Delivered Meals</b>	<b>LifeCircles</b>	<b>Medicaid Waiver</b>	<b>Wellness Center</b>
Compensation and related expenses					
Salaries	\$ 340,226	\$ 975,866	\$ 130,423	\$ 101,104	\$ 209,195
Fringes	53,414	155,691	20,457	15,697	37,602
	<u>393,640</u>	<u>1,131,557</u>	<u>150,880</u>	<u>116,801</u>	<u>246,797</u>
Bank fees	639	2,399	331	231	1,307
Communications	9,436	27,155	3,038	3,270	11,699
Contracted services	9,082	23,371	3,217	2,480	31,812
Delivery costs	4,953	115,699	6,463	12,467	-
Depreciation and amortization	7,464	15,225	2,453	1,674	1,754
Food costs	204,691	518,966	122,523	75,701	-
Insurance	3,946	15,754	1,743	1,782	2,960
Interest	16	63	10	8	-
Maintenance and utilities	19,262	47,871	6,626	5,198	45,949
Marketing and stewardship	1,490	2,168	-	-	858
Postage, printing and publications	4,617	11,708	1,905	1,723	8,085
Professional fees	4,009	16,137	2,449	2,291	2,350
Rent	61,323	48,504	6,433	6,070	47,632
Small equipment and repairs	19,241	31,642	4,792	4,256	19,552
Software	1,478	4,635	519	379	1,317
Supplies	19,340	100,469	8,754	11,152	8,361
Travel	4,714	3,349	503	211	5,091
Other	4,613	1,891	260	193	7,128
	<u><b>\$ 773,954</b></u>	<u><b>\$ 2,118,563</b></u>	<u><b>\$ 322,899</b></u>	<u><b>\$ 245,887</b></u>	<u><b>\$ 442,652</b></u>

The accompanying notes are an integral part of these statements.

<b>Program Services</b>				<b>Supporting Services</b>		
<b>Café</b>	<b>Senior Transportation</b>	<b>SafeSeniors</b>	<b>Other Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
\$ 75,208	\$ 144,737	\$ 64,697	\$ 3,039	\$ 19,006	\$ 38,220	\$ 2,101,721
11,737	21,247	7,129	567	2,799	6,207	332,547
86,945	165,984	71,826	3,606	21,805	44,427	2,434,268
1,344	110	58	4	-	2,255	8,678
1,636	2,120	3,351	155	663	420	62,943
4,726	2,835	186,151	229	248	90,530	354,681
-	60,597	-	1,679	-	-	201,858
15,461	30,036	60	-	-	-	74,127
28,580	-	-	21,589	-	-	972,050
1,160	44,074	103	77	-	897	72,496
-	-	-	-	-	-	97
22,339	3,501	181	145	339	1,067	152,478
217	660	32,595	-	13,395	20,945	72,328
1,150	1,982	1,213	22	1,420	59,090	92,915
935	881	294	29	24,275	-	53,650
15,408	3,417	476	123	1,497	2,500	193,383
6,142	2,996	6,063	116	2,035	16,383	113,218
457	1,367	11,309	99	722	80	22,362
5,620	2,887	3,530	136	1,023	4,727	165,999
110	166	11,162	257	5,016	3,619	34,198
7,721	-	4,131	3	3,564	9,331	38,835
<b>\$199,951</b>	<b>\$ 323,613</b>	<b>\$332,503</b>	<b>\$ 28,269</b>	<b>\$ 76,002</b>	<b>\$256,271</b>	<b>\$ 5,120,564</b>

AgeWell Services of West Michigan  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year ended September 30, 2021

	<b>Program Services</b>				
	<b>Congregate Meals</b>	<b>Home Delivered Meals</b>	<b>LifeCircles</b>	<b>Medicaid Waiver</b>	<b>Wellness Center</b>
Compensation and related expenses					
Salaries	\$ 314,540	\$ 841,499	\$ 82,722	\$ 131,752	\$ 194,562
Fringes	48,545	130,697	12,116	20,071	34,961
	<u>363,085</u>	<u>972,196</u>	<u>94,838</u>	<u>151,823</u>	<u>229,523</u>
Bank fees	584	2,241	163	305	1,322
Communications	8,319	23,948	1,685	3,485	9,103
Contracted services	8,340	21,469	1,855	3,525	19,438
Delivery costs	3,847	86,557	5,687	14,823	108
Depreciation and amortization	2,843	11,572	903	1,963	2,457
Food costs	213,525	431,891	44,160	106,905	-
Insurance	3,652	14,722	1,158	2,510	2,454
Interest	103	415	39	68	-
Maintenance and utilities	12,717	42,012	3,427	7,127	31,501
Marketing and stewardship	452	-	-	-	1,130
Postage, printing and publications	4,380	10,537	693	1,444	6,660
Professional fees	4,533	11,625	901	2,031	1,807
Rent	38,330	42,541	3,479	7,594	34,501
Small equipment and repairs	10,152	27,714	2,295	4,441	12,139
Software	930	3,111	189	356	1,038
Supplies	11,889	84,603	6,023	14,323	10,457
Travel	2,476	1,810	302	206	2,943
Other	2,715	1,404	119	220	2,805
	<u><b>\$ 692,872</b></u>	<u><b>\$ 1,790,368</b></u>	<u><b>\$ 167,916</b></u>	<u><b>\$ 323,149</b></u>	<u><b>\$ 369,386</b></u>

The accompanying notes are an integral part of these statements.

<b>Program Services</b>				<b>Supporting Services</b>		<b>Total</b>
<b>Café</b>	<b>Senior Transportation</b>	<b>SafeSeniors</b>	<b>Other Services</b>	<b>Management and General</b>	<b>Fundraising</b>	
\$ 37,693	\$ 132,693	\$ 52,102	\$ 3,841	\$ 26,500	\$ 33,464	\$ 1,851,368
6,023	14,206	5,707	561	3,619	5,553	282,059
43,716	146,899	57,809	4,402	30,119	39,017	2,133,427
632	97	53	3	2	1,022	6,424
1,915	1,835	5,563	133	156	783	56,925
4,250	2,166	202,603	336	85	62,640	326,707
-	32,674	-	1,492	-	-	145,188
16,357	32,648	37	114	-	-	68,894
11,416	-	-	6,497	-	-	814,394
900	38,399	81	128	-	5	64,009
-	-	-	-	-	-	625
17,173	4,345	199	271	58	-	118,830
257	506	27,485	-	4,728	1,003	35,561
580	1,647	9,583	45	1,092	52,952	89,613
768	678	226	22	-	-	22,591
15,099	2,999	876	198	1,530	-	147,147
5,299	2,126	11,465	9,343	470	42	85,486
317	384	10,794	22	469	10	17,620
3,080	1,672	5,443	4,987	818	14	143,309
32	50	8,004	310	771	377	17,281
242	111	868	4	706	14	9,208
<b>\$122,033</b>	<b>\$ 269,236</b>	<b>\$341,089</b>	<b>\$ 28,307</b>	<b>\$ 41,004</b>	<b>\$ 157,879</b>	<b>\$4,303,239</b>

AgeWell Services of West Michigan  
**STATEMENTS OF CASH FLOWS**  
Years ended September 30, 2022 and 2021

	<b>2022</b>	<b>2021</b>
Operating activities		
Change in net assets	\$ 516,780	\$ 394,224
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation and amortization	74,127	68,894
(Gain) loss on disposition of equipment	4,895	-
Non-cash contributions of investments	(2,740)	(4,847)
Realized and unrealized (gain) loss on investments	41,584	(16,744)
(Gain) loss from beneficial interest in assets held by others	11,123	(9,065)
Forgiveness of long-term debt	-	(363,100)
	645,769	69,362
(Increase) decrease in operating assets		
Receivables	(856,221)	(33,066)
Inventories	22,255	23,444
Prepaid expenses	(2,310)	(1,787)
Increase (decrease) in operating liabilities		
Accounts payable	5,045	41,388
Accrued liabilities	37,953	30,274
Deferred revenue	(32,713)	23,839
	(180,222)	153,454
Net cash provided by (used for) operating activities		
Investing activities		
Proceeds from sale of investments	48,072	58,198
Purchase of investments	(51,923)	(57,605)
Proceeds from beneficial interest in assets held by others	8,697	-
Proceeds from sale of property and equipment	15,000	-
Property and equipment purchases	(144,638)	(24,748)
	(124,792)	(24,155)
Net cash provided by (used for) investing activities		
Financing activities		
Principal payments on long-term debt	(4,540)	(32,764)
	(309,554)	96,535
<b>INCREASE (DECREASE) IN CASH</b>		
Cash at beginning of year	549,977	453,442
Cash at end of year	<b>\$ 240,423</b>	<b>\$ 549,977</b>
Supplemental cash flow disclosure		
Cash paid during the year for interest	\$ 97	\$ 625
Schedule of non-cash investing and financing activities		
Purchase of equipment by the assumption of debt	\$ -	\$ 37,304
Contributed investments	2,740	4,847

The accompanying notes are an integral part of these statements.

AgeWell Services of West Michigan  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2022 and 2021

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

AgeWell Services of West Michigan (Organization) provides congregate and home delivered meals, recreational and wellness opportunities for senior citizens of Muskegon, Ottawa, and Oceana (Michigan) Counties as well as medical transportation to senior citizens of Muskegon County. In addition, the Organization operates a café that is open to the public. A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

**Basis of Accounting**

The financial statements are presented on an accrual basis of accounting which recognizes income when earned and expenses when incurred.

**Basis of Presentation**

The Organization is required to report information regarding its financial position and activities according to the following net asset classes: without donor restrictions and with donor restrictions.

*Net assets without donor restrictions.* Net assets that are not subject to donor-imposed stipulations.

*Net assets with donor restrictions.* Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those may or will be met by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

**Revenue Recognition**

***Contribution Revenue***

Contributions, which include cash, unconditional promises to give, certain contributed services, and gifts of long-lived and other assets, are recognized as revenues in the period received or promised. Substantially all of the Organization's grants are considered to be contributions for the purpose of applying revenue recognition policies. Contributions receivable beyond one year are stated at net present value of the estimated cash flows using a risk adjusted rate and are also recorded net of estimated uncollectible amounts.

Contributions are considered to be unconditional unless there are one or more barriers that must be overcome before the Organization is entitled to the assets received or promised. Conditional contributions are recognized when the conditions have been substantially met.

Unconditional contributions are considered to be without donor restriction unless specifically restricted by the donor for time or purpose. When a donor restriction is fulfilled or expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and are reported in the statements of activities as net assets released from restriction.

AgeWell Services of West Michigan  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2022 and 2021

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Revenue Recognition—Continued**

***Revenue from Contracts with Customers***

The Organization has multiple revenue streams that are accounted for as revenue from contracts with customers, including the following:

***Cost-Share—Wellness***

The Organization enters into contracts with participants when they enroll in wellness classes. The prices and benefits (different for each class) are defined in the program marketing materials. Revenue is earned each month when the Organization conducts wellness classes to enrolled participants. Revenue is recognized during the month of enrollment by participants, which is not always the same month as when the classes are held and the performance obligation is satisfied. This acceleration in revenue recognition is not deemed material to the financial statements.

***Cost-Share—Café***

The Organization operates a café which generates revenues through the sale of food items to customers. Prices for individual items are established by the Organization and published for the customers. Revenue is recognized at the point of sale.

***Cost-Share—Private-pay meals***

The Organization provides meals to customers that sign up in advance to receive a predetermined number of meals for the coming month. The Organization recognizes revenue when cash receipts are collected, which is usually in the month when the performance obligation is satisfied. The Organization does not defer the recognition of revenue when advance payments are received as the amounts are deemed immaterial to the financial statements.

***Contracted meals***

The Organization enters into written contracts to provide meals to the participants of senior-service organizations. The negotiated contract prices are based upon a suggested rate per meal. The senior-service organizations are charged based on the number of meals ordered according to their projected daily member census rates. Any unused meals are billed at the same negotiated rates. Billing is processed and revenue is recognized at the end of each month for the volume of meals provided.

Refunds for transactions from these revenue streams are rare. The Organization has not reported a liability for estimated returns as the amounts are not considered material to the financial statements. Taxes collected from customers relating to product sales and remitted to governmental authorities are excluded from revenues.

AgeWell Services of West Michigan  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2022 and 2021

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Cash**

Cash does not include cash or money market funds held by investment managers and designated for investment.

**Investments**

Investments are reported at their fair values which are generally based on quoted market prices.

Gains and losses on disposition are accounted for on a specific identification basis. Net realized and unrealized gains and losses are included as part of investment income, net, as reported in the statements of activities.

**Inventories and Prepaid Expenses**

Inventories include food and supplies stated at the lower of cost or net realizable value. Cost is determined by the first-in, first-out method.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**Property and Equipment**

Property and equipment are recorded at cost or estimated fair market value on the date donated. Property and equipment are assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable and amortizable assets to operations over their estimated service lives utilizing the straight-line method.

**Compensated Absences**

The Organization grants personal leave to all of its employees. A maximum of 45 personal days can be accumulated. Up to 45 days can be carried over to the subsequent year. Upon termination, the employee will be paid the accrued amount up to 45 days providing certain conditions are met.

**Volunteers**

A number of volunteers, including the members of the Board of Directors, have made significant contributions of time to the Organization's policy-making, program, and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected in the accompanying financial statements.

**Donated Facilities**

Donated facilities are recognized in the financial statements at their fair market value. Donated facilities include facilities that are provided at no charge for program services and had an estimated value of approximately \$46,000 and \$26,100 for the years ended September 30, 2022 and 2021, respectively.

**Non-monetary Transactions**

Non-monetary transactions are recorded on the basis of the market value of services provided or assets transferred. Fair values of donated assets for the years ended September 30, 2022 and 2021 were \$79,479 and \$41,888, respectively, which include the fair values of contributed investments for the years ended September 30, 2022 and 2021 of \$2,740 and \$4,847, respectively.



AgeWell Services of West Michigan  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2022 and 2021

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Description of Activities**

Below is a summary of the program services administered by the Organization.

***Congregate Meals***

Provide nutritious meals and social activities to older individuals in congregate settings in the community.

***Home Delivered Meals***

Deliver nutritious meals and a daily visit to homebound older adults in the community.

***LifeCircles***

Provide LifeCircles clients with meals and nutrition services either at home or in a congregate setting.

***Medicaid Waiver***

Provide home delivered meals and a daily visit to homebound elderly and younger adults with disabilities as part of the Home and Community Based Services Waiver.

***Wellness Center***

While based in Tanglewood Park, the program is outreaching into the community and provides opportunities to stay healthy and independent by encompassing all dimensions of wellness.

***Café***

Creative dining and social experiences for all ages and also serves as a congregate meal location.

***Senior Transportation***

Provide door-to-door non-emergency medical appointment transportation for low-income Muskegon County seniors.

***SafeSeniors***

Identify, advocate, and seek justice for older adult victims of abuse, neglect, and financial exploitation through education and awareness, advocacy for policies and programs, and working with law enforcement on the investigation and prosecution of perpetrators of these crimes.

***Other Services***

Provide full-pay meals to older individuals within the community. Other services also include meal site transportation, Project Fresh coupon distribution and other miscellaneous activities.

**Functional Expenses**

The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's analysis and estimates.

AgeWell Services of West Michigan  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2022 and 2021

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Functional Expenses—Continued**

The expenses that have been allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Compensation and related expenses	
Salaries	Direct cost, meal counts, time and effort
Fringes	Direct cost, meal counts, time and effort
Bank fees	Direct cost, meal counts
Communications	Direct cost, meal counts
Contracted services	Direct cost, meal counts
Delivery costs	Direct cost, meal counts
Depreciation and amortization	Direct cost, meal counts
Food costs	Direct cost, meal counts
Insurance	Direct cost, meal counts
Interest	Direct cost, meal counts
Maintenance and utilities	Square footage, direct cost, meal counts, time and effort
Marketing and stewardship	Direct cost, time and effort
Postage, printing and publications	Direct cost, meal counts
Professional fees	Direct cost, meal counts
Rent	Square footage, meal counts
Small equipment and repairs	Direct cost, meal counts
Software	Direct cost, meal counts
Supplies	Direct cost, meal counts
Travel	Direct cost, time and effort
Other	Direct cost, time and effort

**Tax Status**

The Organization is generally exempt from federal income tax under Internal Revenue Code Section 501(c)(3). However, income derived from activities unrelated to the Organization’s exempt function is taxable under the Code. This unrelated business taxable income arises principally from café sales to the general public.

In the preparation of tax returns, tax positions are taken based on interpretation of federal, state and local income tax laws. Management periodically reviews and evaluates the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state and local tax returns generally remain open for examination by the various taxing authorities for a period of three or four years.

AgeWell Services of West Michigan  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2022 and 2021

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

**Reclassifications**

Certain prior year accounts have been reclassified for comparative purposes to conform to the current year presentation.

**Date of Management's Review**

Subsequent events have been evaluated through March 27, 2023, which is the date the financial statements were available to be issued.

**NOTE B—AVAILABILITY AND LIQUIDITY**

The following represents the Organization's financial assets as of September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Financial assets at year end:		
Cash	\$ 240,423	\$ 549,977
Investments	159,252	194,245
Receivables	1,216,509	360,288
Beneficial interest in assets held by others	42,457	62,277
Total financial assets	<u>1,658,641</u>	<u>1,166,787</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	40,077	30,541
Less net assets with purpose restrictions to be met in less than one year	<u>(34,636)</u>	<u>(3,741)</u>
	<u>5,441</u>	<u>26,800</u>
Financial assets available to meet general expenses over the next year	<u><b>\$ 1,653,200</b></u>	<u><b>\$ 1,139,987</b></u>

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenses and meeting its liabilities and other obligations as they become due. In addition, as disclosed in Note I, the Organization also has a line of credit of \$100,000 for short-term liquidity needs.

AgeWell Services of West Michigan  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2022 and 2021

**NOTE C—CONTRACT BALANCES**

The Organization had receivables from contracts with customers of \$35,489, \$25,683 and \$15,627 as of September 30, 2022, 2021 and 2020, respectively. There were no contract assets or contract liabilities as of September 30 for the same years.

**NOTE D—CASH**

The Organization maintains its cash balances in three financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to certain limitations. At September 30, 2022, the Organization’s bank balance of \$238,419 was not exposed to custodial credit risk because it was fully insured and collateralized.

**NOTE E—INVESTMENTS**

Investments are stated at fair value and consist of the following at September 30, 2022 and 2021:

	<b>2022</b>	<b>2021</b>
<b>Investment type:</b>		
Mutual funds	\$ 156,819	\$ 191,961
Money market funds	2,433	2,284
	<b>\$ 159,252</b>	<b>\$194,245</b>

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investment account balances and the amounts reported in the financial statements.

**NOTE F—FAIR VALUE MEASUREMENTS**

Generally Accepted Accounting Principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority level. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 2 inputs are used for investments for which Level 1 inputs were not available.

AgeWell Services of West Michigan  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2022 and 2021

**NOTE F—FAIR VALUE MEASUREMENTS—Continued**

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2022 and 2021.

**Mutual funds:** Valued at the closing price reported on the active market on which funds are traded.

**Money market funds:** Valued at amortized cost, which approximates fair value.

**Beneficial interest in assets held by others:** The assets are valued based upon the Organization’s allocable share of the Community Foundation of Muskegon County’s (Community Foundation) pooled investment portfolio. The allocable share is based on the value of the underlying assets owned by the fund, minus its liabilities.

The beneficial interest in assets held by others are valued monthly by the Community Foundation and are allocated based upon each organization’s calculated share of the Community Foundation’s pooled investment portfolio. Each entity with an interest within the pooled investments receives a statement from the Community Foundation indicating the additions to the investment (via contributions), withdrawals from the investment (via grants), and the investment returns allocated via a unitization process. The Organization calculates the fair value of its beneficial interest in the pooled investment assets held by the Community Foundation based on the estimated fair value of the underlying assets. The Community Foundation controls the investments and makes all management and investment decisions.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, 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 fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of September 30, 2022 and 2021:

	<b>September 30, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds	\$ 156,819	\$ -	\$ -	\$ 156,819
Money market funds	2,433	-	-	2,433
Beneficial interest in assets held by others	-	42,457	-	42,457
<b>Total assets at fair value</b>	<b>\$ 159,252</b>	<b>\$ 42,457</b>	<b>\$ -</b>	<b>\$ 201,709</b>

  

	<b>September 30, 2021</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Mutual funds	\$ 191,961	\$ -	\$ -	\$ 191,961
Money market funds	2,284	-	-	2,284
Beneficial interest in assets held by others		62,277	-	62,277
<b>Total assets at fair value</b>	<b>\$ 194,245</b>	<b>\$ 62,277</b>	<b>\$ -</b>	<b>\$ 256,522</b>

AgeWell Services of West Michigan  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2022 and 2021

**NOTE G—BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

**The Funds**

The Organization has two funds with the Community Foundation for Muskegon County (Community Foundation).

***AgeWell Services/Meals on Wheels of West Michigan Endowment Fund***

The AgeWell Services/Meals on Wheels of West Michigan Endowment Fund (Meals on Wheels Fund) was established in 2011 by the Organization primarily to transfer operational surpluses, to fund any operational deficiencies and to receive Meals on Wheels Fund contributions. The agreement with the Community Foundation allows the use of the Meals on Wheels Fund’s income and principal to be used for the Organization’s general operations.

***AgeWell Services Campaign Fund***

The AgeWell Services Campaign Fund (Campaign Fund) was established in 2018 by the Organization to support the construction of the downtown Muskegon offices and café. The agreement with the Community Foundation allows the use of the Campaign Fund’s income and principal to be used for downtown Muskegon facility improvements.

The Community Foundation invests the contributions to the funds in various types of marketable equity and debt securities, U.S. Treasuries, commercial paper, and certificates of deposit. The majority of investments are uninsured and uncollateralized.

**Reporting of the Assets of the Funds**

The investments held at the Community Foundation, which were contributed by the Organization to the funds along with the earnings on these investments, are reported at fair value by the Organization as assets without donor restrictions. Any contributions to these funds made by third-party donors directly to the Community Foundation have been excluded from the net assets of the Organization.

**Summary of Community Foundation Funds**

A summary of revenues, expenses, and changes in the net assets at fair value of the funds for the years ended September 30, 2022 and 2021 follows:

	2022		
	Meals on Wheels Fund	Campaign Fund	Total
Revenues			
Contributions	\$ 350	\$ -	\$ 350
Investment income (loss), net	(51,343)	1	(51,342)
	(50,993)	1	(50,992)
Expenses			
Transfers to the Organization	2,249	9,197	11,446
Change in net assets	(53,242)	(9,196)	(62,438)
Net assets at beginning of year	271,875	9,196	281,071
Net assets at end of year	218,633	-	218,633
Less net assets recorded as those of the Community Foundation	(176,176)	-	(176,176)
Assets reported on the statement of financial position	\$ 42,457	\$ -	\$ 42,457

AgeWell Services of West Michigan  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2022 and 2021

**NOTE G—BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS—Continued**

**Summary of Community Foundation Funds—Continued**

	<b>2021</b>		
	<b>Meals on Wheels Fund</b>	<b>Campaign Fund</b>	<b>Total</b>
Revenues			
Contributions	\$ 850	\$ -	\$ 850
Investment income (loss), net	47,388	3	47,391
	48,238	3	48,241
Net assets at beginning of year	223,637	9,193	232,830
Net assets at end of year	271,875	9,196	281,071
Less net assets recorded as those of the Community Foundation	(218,794)	-	(218,794)
Assets reported on the statement of financial position	<b>\$ 53,081</b>	<b>\$ 9,196</b>	<b>\$ 62,277</b>

The Board of Trustees of the Community Foundation has the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served. The authority to modify restrictions is sometimes referred to as “variance power” and is a legal standard imposed on all community foundations.

**NOTE H—INCOME TAXES**

**Deferred Income Taxes**

The tax effects of temporary differences that give rise to deferred tax assets and liabilities as of September 30, 2022 and 2021 are as follows:

	<b>2022</b>	<b>2021</b>
Federal deferred tax asset (liability)		
Net operating loss	\$ 94,100	\$ 72,400
Valuation allowance	(94,100)	(72,400)
Net deferred tax asset (liability)	<b>\$ -</b>	<b>\$ -</b>

For the years ended September 30, 2022 and 2021, a valuation allowance of \$94,100, and \$72,400, respectively, was booked against the deferred tax asset from café activities as the future utilization of the net operating loss carryforward is uncertain.

AgeWell Services of West Michigan  
**NOTES TO FINANCIAL STATEMENTS**  
 September 30, 2022 and 2021

**NOTE H—INCOME TAXES—Continued**

**Operating Loss Carryforwards**

The Organization has regular tax net operating loss carryforwards of approximately \$170,800 which expire, if unused, through 2038. Additionally, the Organization has regular tax net operating loss carryforwards of approximately \$277,500, which do not expire and are limited to 80 percent of taxable income in a single year.

**NOTE I—NOTE PAYABLE**

The Organization has an unsecured line of credit with borrowings limited to \$100,000 and interest payable monthly at the prime rate plus 1.11 percent (effective rate was 7.36 percent at September 30, 2022) expiring May 2029. There was no outstanding balance on the line of credit as of September 30, 2022 and 2021.

**NOTE J—LONG-TERM DEBT**

Long-term debt at September 30, 2022 and 2021 consists of the following:

	<b>2022</b>	<b>2021</b>
3.5% Vehicle note payable in aggregate monthly installments of \$340 including interest; secured by the vehicle; final payment made August 2022	\$ -	\$ 4,540
Less current maturities	-	(3,543)
	<b>\$ -</b>	<b>\$ 997</b>

During May 2020, the Organization received loan of \$363,100 under the Paycheck Protection Program (PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Securities Act (CARES Act), provided loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest were forgivable after eight or twenty-four weeks, whichever was selected, as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness was to be reduced if the borrower terminated employees or reduced salaries during the period selected. The unforgiven portion of the PPP loan was to be payable over two years at an interest rate of one percent, with a deferral of payments for the first ten months. In September 2021, the Organization received notification from the Small Business Administration (SBA) of full forgiveness of its PPP loan. The amount of loan forgiveness is presented as a component of revenues and support on the statement of activities. The Organization is required to retain loan and forgiveness documentation on the loan for six years, which is the open period for audit by the SBA.



AgeWell Services of West Michigan  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2022 and 2021

**NOTE K—IN-KIND CONTRIBUTIONS**

For the years ending September 30, 2022 and 2021, in-kind contributions recognized within the statements of activities included:

	<b>2022</b>	<b>2021</b>
Auction items	\$ 19,033	\$ -
Rent	46,001	26,074
Information technology services	9,135	10,727
Supplies	2,570	240
	<b>\$ 76,739</b>	<b>\$ 37,041</b>

**Fair Value Techniques**

Auction items and supplies are valued using the amount specified by the donor or the price to purchase the same or similar items. Rent is valued using the average service day rent for the two locations that support the Congregate Meals program. Information technology services are valued using the respective invoices or contracts for services.

**Donor Restrictions and Use**

Auction items are restricted for use at the Heels for Meals and More fundraiser. All other in-kind contributions are not restricted. The Organization does not sell in-kind contributions apart from the sale of auction items donated for the Heels for Meals and More fundraiser. The sale of auction items supports all of the Organization's programs. Rent and supplies are used in the Congregate Meals program. Information technology services are used in management and general activities.

**NOTE L—COMMITMENTS**

**Leases**

The Organization conducts its operations in facilities leased under a five-year agreement expiring in September 2025 and a ten-year agreement expiring in August 2028. The Organization leases office equipment under a five-year agreement expiring in June 2027. The leases require current monthly rentals of \$10,669, which include certain operating and maintenance costs. Rent expense for the years ended September 30, 2022 and 2021 was approximately \$123,863 and \$112,043, respectively. The future minimum lease payments for these leases are as follows:

<b>Year Ending September 30,</b>	<b>Amount</b>
2023	\$ 137,334
2024	140,890
2025	72,996
2026	51,577
2027	51,400
Thereafter	44,831
	<b>\$ 499,028</b>

AgeWell Services of West Michigan  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2022 and 2021

**NOTE L—COMMITMENTS—Continued**

**Vehicle Purchases**

As of September 30, 2022, the Organization had approved commitments for the purchase of two vehicles for the Senior Transportation program of approximately \$76,000.

**NOTE M—CONTINGENCIES**

**Grant Revenues**

The operations of the Organization are primarily funded by grant contracts. Accordingly, the revenues received are restricted to the purposes provided in the contracts. In the event of a discontinuance of any such contracts, the accumulated surplus of operating such contracts, including assets purchased with the restricted funds, is to be returned to the granting agencies.

**Grant Programs**

The Organization participates in grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

**NOTE N—CONCENTRATION OF CREDIT RISK**

A substantial amount of the Organization's receivables, deferrals and revenues are a result of direct funding with Senior Resources of West Michigan (Senior Resources). For the years ended September 30, 2022 and 2021, the Organization's percentages of concentration with Senior Resources were as follows:

	<u>2022</u>	<u>2021</u>
Receivables	25.2%	72.2%
Revenues	49.0%	52.6%

AgeWell Services of West Michigan  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2022 and 2021

**NOTE O—NET ASSETS**

Net assets without donor restrictions as of September 30, 2022 and 2021 are comprised of the following:

	<u>2022</u>	<u>2021</u>
Undesignated	\$ 1,275,056	\$ 818,772
Board designated		
For Berkshire office	-	4,196
Invested in property and equipment, net of related debt	<u>223,643</u>	<u>168,487</u>
Total board-designated net assets	<u>223,643</u>	<u>172,683</u>
	<u><b>\$1,498,699</b></u>	<u><b>\$ 991,455</b></u>

Net assets with donor restrictions as of September 30, 2022 and 2021 are comprised of the following:

	<u>2022</u>	<u>2021</u>
Specific purpose		
Berkshire office	\$ 5,000	\$ 26,800
Senior transportation van	28,300	-
Other	<u>6,777</u>	<u>3,741</u>
	<u><b>\$ 40,077</b></u>	<u><b>\$ 30,541</b></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Purpose or other restriction accomplished		
Berkshire Café equipment	\$ 21,800	\$ -
Conferences and trainings	6,600	-
Meal programs	26,252	-
Senior transportation	10,500	-
Van loan payments	1,906	29,251
Wish list items	333	3,189
Other	<u>873</u>	<u>4,588</u>
	<u><b>\$ 68,264</b></u>	<u><b>\$ 37,028</b></u>

AgeWell Services of West Michigan  
**NOTES TO FINANCIAL STATEMENTS**  
September 30, 2022 and 2021

**NOTE P—SUBSEQUENT EVENT**

Subsequent to September 30, 2022, the Board of Directors approved contracting with a strategic planning consultant for approximately \$31,000 and purchasing a loading area door for approximately \$20,000.

**NOTE Q—UPCOMING ACCOUNTING PRONOUNCEMENT**

ASU 2016-02—*Leases (Topic 842)* was issued by the FASB in February 2016. The standard will increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the Statements of Financial Position and disclosing key information about leasing arrangements. The main difference between previous GAAP and Topic 842 is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. For nonpublic entities, this standard is effective for fiscal years beginning after December 15, 2021.

AgeWell Services of West Michigan  
**SINGLE AUDIT OF FEDERAL  
FINANCIAL ASSISTANCE PROGRAMS**  
Financial Report and  
Independent Auditor's Reports  
September 30, 2022



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FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors  
AgeWell Services of West Michigan  
Muskegon, 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 the *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of AgeWell Services of West Michigan (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 27, 2023.

**Report on Internal Control Over Financial Reporting**

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

Board of Directors  
AgeWell Services of West Michigan  
Page 2

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether AgeWell Services of West Michigan’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 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.



Muskegon, Michigan  
March 27, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
AgeWell Services of West Michigan  
Muskegon, Michigan

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited AgeWell Services of West Michigan's 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 each of AgeWell Services of West Michigan's major federal programs for the year ended September 30, 2022. AgeWell Services of West Michigan's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, AgeWell Services of West Michigan complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2022.

***Basis for Opinion on Each 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 Auditor's Responsibilities for the Audit of Compliance section to our report.

We are required to be independent of AgeWell Services of West Michigan 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 each major federal program. Our audit does not provide a legal determination of AgeWell Services of West Michigan's compliance with the compliance requirements referred to above.

***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 AgeWell Services of West Michigan's federal programs.

## Report on Compliance for Each Major Federal Program—Continued

### *Auditor's Responsibility 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 AgeWell Services of West Michigan'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 AgeWell Services of West Michigan's compliance with the requirements of each 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 AgeWell Services of West Michigan'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 AgeWell Services of West Michigan'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 AgeWell Services of West Michigan'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

Board of Directors  
AgeWell Services of West Michigan  
Page 3

**Report on Internal Control Over Compliance—Continued**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s 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 limitation, 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.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of AgeWell Services of West Michigan as of and for the year ended September 30, 2022, and have issued our report thereon dated March 27, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the 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 Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.



Muskegon, Michigan  
March 27, 2023

AgeWell Services of West Michigan  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year ended September 30, 2022

<u>Federal grantor/pass-through grantor/ program or cluster title/identifying number</u>	<u>Assistance Listing Number</u>	<u>Entitlement program or award amount</u>	<u>Accrued (deferred) revenue October 1, 2021</u>	<u>Adjustments and transfers</u>	<u>Cash or payments in kind received (cash basis)</u>	<u>Amount of grant expenditures</u>	<u>Accrued (deferred) revenue September 30, 2022</u>	<u>Passed through to subrecipients</u>
<b><i>U.S. Department of Housing and Urban Development</i></b>								
Passed through City of Norton Shores								
CDBG - Entitlement Grants Cluster								
Community Development Block Grants/ Entitlement Grants								
B-21-MC-26-0031	14.218	\$ 155,127	\$ -	\$ -	\$ 5,000	\$ 5,000	\$ -	\$ -
<b><i>U.S. Department of Transportation</i></b>								
Passed through Michigan Department of Transportation								
Federal Transit Administration Enhanced Mobility of Seniors and Individuals with Disabilities								
2019-0573	20.513	120,000	-	-	89,230	89,230	-	-
<b><i>U.S. Department of Health and Human Services</i></b>								
Passed through Senior Resources of West Michigan								
Aging Cluster								
Special Programs for the Aging—Title III, Part B, Grants for Supportive Services and Senior Centers								
93.044								
Dynamic Transport								
2020-2021		50,930	17,775	-	17,775	-	-	-
2021-2022		24,225	-	-	18,071	24,225	6,154	-
COVID-19 ARP 2021-2022		65,000	-	-	27,361	65,000	37,639	-
COVID-19 ARP Mini Grant 2021-2022		720	-	-	-	720	720	-
Elder Abuse Prevention								
2020-2021		12,000	9,174	-	9,174	-	-	-
COVID-19 ARP 2021-2022		11,316	-	-	1,558	9,579	8,021	-
Volunteer Transport								
2020-2021		2,173	784	-	784	-	-	-
2021-2022		2,278	-	-	1,764	2,278	514	-
		168,642	27,733	-	76,487	101,802	53,048	-

AgeWell Services of West Michigan  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued**  
Year ended September 30, 2022

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Assistance Listing Number	Entitlement program or award amount	Accrued (deferred) revenue October 1, 2021	Adjustments and transfers	Cash or payments in kind received (cash basis)	Amount of grant expenditures	Accrued (deferred) revenue September 30, 2022	Passed through to subrecipients
<i>U.S. Department of Health and Human Services—Continued</i>								
Passed through Senior Resources of West Michigan—Continued								
Aging Cluster—Continued								
Special Programs for the Aging—Title III, Part C, Nutrition Services	93.045							
Title III C-1 Congregate Meals								
2020-2021		\$ 451,988	\$ 33,086	\$ -	\$ 33,086	\$ -	\$ -	\$ -
2021-2022		446,509	-	-	397,336	437,210	39,874	-
Mini Grant 2021-2022		7,048	-	-	-	7,048	7,048	-
COVID-19 ARP 2021-2022		2,973	-	-	2,514	2,514	-	-
COVID-19 CAA 2021-2022		15,245	-	-	15,245	15,245	-	-
Title III C-2 Home Delivered Meals								
2020-2021		354,660	33,744	-	33,744	-	-	-
2021-2022		467,895	-	-	433,535	467,895	34,360	-
COVID-19 ARP 2021-2022		270,755	-	-	233,563	270,755	37,192	-
COVID-19 ARP Mini Grant 2021-2022		17,963	-	-	-	17,963	17,963	-
COVID-19 CAA 2021-2022		169,954	-	-	169,954	169,954	-	-
		2,204,990	66,830	-	1,318,977	1,388,584	136,437	-
Nutrition Services Incentive Program	93.053							
Title III C-1 Congregate Meals								
2020-2021		60,021	4,451	-	4,451	-	-	-
2021-2022		54,451	-	-	48,327	53,317	4,990	-
Title III C-2 Home Delivered Meals								
2020-2021		103,443	9,770	-	9,770	-	-	-
2021-2022		111,196	-	-	102,919	111,196	8,277	-
		329,111	14,221	-	165,467	164,513	13,267	-
Total Aging Cluster		2,702,743	108,784	-	1,560,931	1,654,899	202,752	-

AgeWell Services of West Michigan  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued**  
Year ended September 30, 2022

<u>Federal grantor/pass-through grantor/ program or cluster title/identifying number</u>	<u>Assistance Listing Number</u>	<u>Entitlement program or award amount</u>	<u>Accrued (deferred) revenue October 1, 2021</u>	<u>Adjustments and transfers</u>	<u>Cash or payments in kind received (cash basis)</u>	<u>Amount of grant expenditures</u>	<u>Accrued (deferred) revenue September 30, 2022</u>	<u>Passed through to subrecipients</u>
<i>U.S. Department of Health and Human Services—Continued</i>								
Passed through Senior Resources of West Michigan—Continued								
Special Programs for the Aging—Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation								
2020-2021	93.041	\$ 6,591	\$ 1,917	\$ -	\$ 1,917	\$ -	\$ -	\$ -
2021-2022		6,591	-	-	6,591	6,591	-	-
		<u>13,182</u>	<u>1,917</u>	<u>-</u>	<u>8,508</u>	<u>6,591</u>	<u>-</u>	<u>-</u>
Total U.S. Department of Health and Human Services		2,715,925	110,701	-	1,569,439	1,661,490	202,752	-
<i>U.S. Department of Homeland Security</i>								
Passed through United Way Worldwide								
Emergency Food and Shelter National Board Program								
Phase 39 Oceana 39-4796-00 017 E9	97.024	1,050	-	-	525	525	-	-
COVID-19 Phase ARPAN Muskegon ARPAN-4778-00 010 E9		17,000	-	-	17,000	17,000	-	-
COVID-19 Phase ARPAN Oceana ARPAN-4796-00 017 E9		6,000	-	-	3,000	3,000	-	-
		<u>24,050</u>	<u>-</u>	<u>-</u>	<u>20,525</u>	<u>20,525</u>	<u>-</u>	<u>-</u>
<b>TOTAL FEDERAL ASSISTANCE</b>		<b>\$ 3,015,102</b>	<b>\$ 110,701</b>	<b>\$ -</b>	<b>\$ 1,684,194</b>	<b>\$ 1,776,245</b>	<b>\$ 202,752</b>	<b>\$ -</b>

The accompanying notes are an integral part of this schedule.

AgeWell Services of West Michigan  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the year ended September 30, 2022

1. The accompanying Schedule of Expenditures of Federal Awards (the “schedule”) includes the federal award activity of the Organization under programs of the federal government for the year ended September 30, 2022. 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 or change in net position of the Organization.
2. Please see the financial statement footnotes for the significant accounting policies used in preparing this schedule. 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. The Organization is not using the ten-percent de minimis indirect cost rate as allowed under the Uniform Guidance.
3. Reconciliation of unrestricted revenues from federal sources per financial statements and expenditures per single audit report Schedule of Expenditures of Federal Awards.

Revenues from federal sources per September 30, 2022 financial statements	<u><b>\$ 1,776,245</b></u>
Expenditures per single audit report Schedule of Expenditures of Federal Awards	<u><b>\$ 1,776,245</b></u>

AgeWell Services of West Michigan  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 For the year ended September 30, 2022

**SECTION I—SUMMARY OF AUDITOR’S RESULTS**

*A. Financial Statements*

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

*B. Federal Awards*

1. Internal control over major federal programs:
  - Material weakness(es) identified? \_\_\_\_\_ yes      X   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes      X   none reported
2. Type of auditor's report issued on compliance for major federal programs: **Unmodified**
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes      X   no

4. Identification of major programs:

Assistance Listing Number(s)

Name of Federal Program/Cluster

**U.S. Department of Health and Human Services**

**93.044, 93.045 and 93.053**

**• Aging Cluster**

5. Dollar threshold used to distinguish between type A and type B programs: **\$750,000**
6. Auditee qualified as low-risk auditee?   X   yes    \_\_\_\_\_ no

**SECTION II – FINANCIAL STATEMENT FINDINGS**

NONE

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

NONE



**CLIENT DOCUMENTS**



## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

March 27, 2023

Senior Resources of West Michigan  
Muskegon, Michigan

AgeWell Services of West Michigan respectfully advises you that there were **no** audit findings reported in our single audit report, dated January 25, 2022, for the year ended September 30, 2021.

Sincerely,

A handwritten signature in black ink that reads "Kristen M. Collee". The signature is written in a cursive, flowing style.

Kristen M. Collee  
Executive Director



## CORRECTIVE ACTION PLAN

March 27, 2023

Senior Resources of West Michigan  
Muskegon, Michigan

AgeWell Services of West Michigan respectfully submits the following Corrective Action Plan for the year ended September 30, 2022.

Name and address of independent public accounting firm:

Brickley DeLong, P.C.  
P.O. Box 999  
Muskegon, Michigan 49443

Audit period: September 30, 2022

The Schedule of Findings and Questioned Costs for the year ended September 30, 2022 provided *no* findings in either Section II or Section III. Accordingly, there are *no* matters requiring corrective action as shown below.

### SECTION II – FINANCIAL STATEMENT FINDINGS

There were *no* findings in relation to the financial statement audit.

### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were *no* findings in relation to the major federal award programs.

If Senior Resources of West Michigan has questions regarding this plan, please call Kristen M. Collee at (231) 733-8630.

Sincerely,

Kristen M. Collee  
Executive Director