

AgeWell Services of West Michigan

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

September 30, 2025 and 2024



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

Opinion

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, 2025 and 2024 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, 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2026, 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.



Muskegon, Michigan
January 21, 2026

AgeWell Services of West Michigan
STATEMENTS OF FINANCIAL POSITION
September 30, 2025 and 2024

ASSETS

	2025	2024
CURRENT ASSETS		
Cash	\$ 175,909	\$ 156,040
Investments	217,664	203,589
Receivables		
Grants	217,193	402,356
Medicaid Waiver	17,985	22,822
Other	64,439	101,239
Inventories	107,126	100,936
Prepaid expenses	99,682	63,363
Total current assets	899,998	1,050,345
PROPERTY AND EQUIPMENT , net of accumulated depreciation and amortization	132,891	200,232
OTHER ASSETS		
Beneficial interest in assets held by others	19,342	17,318
Operating lease right-of-use assets	216,936	251,906
Total other assets	236,278	269,224
	\$ 1,269,167	\$ 1,519,801

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 193,495	\$ 163,258
Current portion of operating lease liabilities	62,765	125,315
Accrued liabilities		
Wages	114,867	125,947
Payroll taxes	9,255	11,215
Compensated absences	120,167	140,169
Other	174	477
Deferred revenue	12,270	20,058
Total current liabilities	512,993	586,439
OTHER LIABILITIES		
Operating lease liabilities, less current portion	157,524	130,382
Total liabilities	670,517	716,821
NET ASSETS		
Without donor restrictions	556,021	758,296
With donor restrictions	42,629	44,684
	598,650	802,980
	\$ 1,269,167	\$ 1,519,801

The accompanying notes are an integral part of these statements.

AgeWell Services of West Michigan
STATEMENTS OF ACTIVITIES
Years ended September 30, 2025 and 2024

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Grants			
Federal	\$ 1,307,322	\$ -	\$ 1,307,322
State	699,417	-	699,417
Medicaid Waiver	239,256	-	239,256
Local	589,063	54,600	643,663
Other	23,000	-	23,000
Public support			
Contributions			
Cash	586,432	122,452	708,884
In-kind	81,988	-	81,988
Fundraising	79,013	-	79,013
Program income	251,549	-	251,549
Cost-share			
Senior community activities	36,815	-	36,815
Café	26,091	-	26,091
Private-pay meals	41,490	-	41,490
Contracted meals	369,544	-	369,544
Other income			
Investment income (loss), net	14,075	-	14,075
Other interest income	2,253	-	2,253
Gain (loss) from beneficial interest in assets held by others	2,024	-	2,024
Gain (loss) on disposal of property and equipment	5,547	-	5,547
Other	19,357	-	19,357
Net assets released from restrictions	179,107	(179,107)	-
Total revenues and support	4,553,343	(2,055)	4,551,288
EXPENSES			
Program services			
Congregate meals	727,723	-	727,723
Home delivered meals	2,093,311	-	2,093,311
LifeCircles	344,188	-	344,188
Medicaid Waiver	284,723	-	284,723
Senior community activities	279,387	-	279,387
Café	74,396	-	74,396
Senior transportation	339,271	-	339,271
SafeSeniors	241,346	-	241,346
Other services	26,225	-	26,225
Supporting services			
Management and general	40,231	-	40,231
Fundraising	304,817	-	304,817
Total expenses	4,755,618	-	4,755,618
Change in net assets	(202,275)	(2,055)	(204,330)
Net assets at beginning of year	758,296	44,684	802,980
Net assets at end of year	\$ 556,021	\$ 42,629	\$ 598,650

The accompanying notes are an integral part of these statements.

2024		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 1,488,784	\$ -	\$ 1,488,784
741,016	-	741,016
274,430	-	274,430
543,050	32,000	575,050
12,500	-	12,500
503,624	93,184	596,808
78,254	-	78,254
91,337	-	91,337
215,834	-	215,834
70,903	-	70,903
64,200	-	64,200
67,949	-	67,949
475,992	-	475,992
31,919	-	31,919
5,379	-	5,379
3,412	-	3,412
-	-	-
2,848	-	2,848
127,544	(127,544)	-
4,798,975	(2,360)	4,796,615
787,760	-	787,760
2,000,258	-	2,000,258
461,081	-	461,081
343,615	-	343,615
418,506	-	418,506
179,381	-	179,381
324,416	-	324,416
215,936	-	215,936
21,330	-	21,330
54,990	-	54,990
375,953	-	375,953
5,183,226	-	5,183,226
(384,251)	(2,360)	(386,611)
1,142,547	47,044	1,189,591
\$ 758,296	\$ 44,684	\$ 802,980

AgeWell Services of West Michigan
STATEMENT OF FUNCTIONAL EXPENSES
Year ended September 30, 2025

	Program Services				
	Congregate Meals	Home Delivered Meals	LifeCircles	Medicaid Waiver	Senior Community Activities
Compensation and related expenses					
Salaries	\$ 299,052	\$ 926,984	\$ 125,980	\$ 111,492	\$ 145,023
Fringes	47,307	146,460	18,504	16,899	25,976
	346,359	1,073,444	144,484	128,391	170,999
Bank fees	1,048	3,404	343	215	1,473
Communications	12,835	35,176	3,095	4,998	8,469
Contracted services	16,046	21,059	3,735	2,393	27,163
Delivery costs	3,592	132,853	2,253	18,582	-
Depreciation and amortization	5,187	20,511	1,588	2,332	1,209
Food costs	213,192	469,953	153,585	91,073	-
Insurance	5,639	23,650	2,236	2,723	4,287
Maintenance and utilities	17,778	51,543	8,691	5,911	21,272
Marketing and stewardship	251	1,031	100	66	582
Operating leases	19,378	55,266	8,068	6,367	27,458
Postage, printing and publications	1,293	7,734	1,142	1,285	2,643
Professional fees	3,516	19,004	3,077	1,932	2,603
Rent	47,373	2,568	-	979	294
Small equipment and repairs	13,181	35,951	5,466	4,238	4,015
Software	2,834	4,680	228	577	1,187
Supplies	13,860	108,063	5,094	11,792	2,598
Travel	2,421	24,227	656	490	2,919
Other	1,940	3,194	347	379	216
	\$ 727,723	\$ 2,093,311	\$ 344,188	\$ 284,723	\$ 279,387

The accompanying notes are an integral part of these statements.

Program Services				Supporting Services		
Café	Senior Transportation	SafeSeniors	Other Services	Management and General	Fundraising	Total
\$ 33,782	\$ 141,880	\$ 63,214	\$ 2,288	\$ 28,474	\$ 27,486	\$ 1,905,655
6,023	22,308	5,607	114	2,976	2,722	294,896
39,805	164,188	68,821	2,402	31,450	30,208	2,200,551
988	108	57	-	225	3,589	11,450
875	3,921	1,805	11	105	330	71,620
1,893	7,386	111,131	1	290	116,581	307,678
-	31,367	-	1	-	34	188,682
1,389	32,512	82	2	-	-	64,812
11,327	-	-	21,778	-	33,210	994,118
903	83,163	176	2	-	1,340	124,119
5,247	2,370	287	4	-	160	113,263
2	1,015	34,645	-	1,561	27,560	66,813
4,764	3,807	703	5	-	-	125,816
114	1,219	3,623	-	1,039	70,443	90,535
1,106	976	325	-	1,345	-	33,884
84	-	720	-	1,816	1,734	55,568
3,499	3,467	1,287	1,716	219	2,299	75,338
311	1,806	608	-	12	2,463	14,706
1,848	1,202	2,460	298	533	427	148,175
241	291	8,380	-	121	1,350	41,096
-	473	6,236	5	1,515	13,089	27,394
\$ 74,396	\$ 339,271	\$ 241,346	\$ 26,225	\$ 40,231	\$ 304,817	\$ 4,755,618

AgeWell Services of West Michigan
STATEMENT OF FUNCTIONAL EXPENSES
Year ended September 30, 2024

	Program Services				
	Congregate Meals	Home Delivered Meals	LifeCircles	Medicaid Waiver	Senior Community Activities
Compensation and related expenses					
Salaries	\$ 325,334	\$ 895,885	\$ 178,816	\$ 139,979	\$ 201,721
Fringes	51,155	145,162	29,996	22,793	36,659
	<u>376,489</u>	<u>1,041,047</u>	<u>208,812</u>	<u>162,772</u>	<u>238,380</u>
Bank fees	1,067	3,325	409	256	1,650
Communications	14,595	37,109	5,130	6,299	12,362
Contracted services	12,069	24,504	5,856	3,635	35,529
Delivery costs	4,990	131,133	9,569	22,297	60
Depreciation and amortization	13,549	17,282	2,556	3,101	1,659
Food costs	217,848	404,809	161,778	91,187	661
Insurance	5,701	19,396	3,261	3,355	4,941
Interest	7	29	8	5	-
Maintenance and utilities	27,765	49,054	13,438	8,377	43,096
Marketing and stewardship	607	1,193	96	88	5,354
Operating leases	22,189	48,422	11,982	7,492	33,926
Postage, printing and publications	1,740	8,328	1,654	1,536	4,829
Professional fees	4,001	14,918	4,401	3,083	5,099
Rent	43,420	43,339	10,792	8,633	5,974
Small equipment and repairs	12,886	31,227	7,337	4,987	11,265
Software	1,395	4,352	385	700	1,223
Supplies	18,365	91,556	11,497	14,475	7,951
Travel	4,967	23,860	1,377	836	3,204
Other	4,110	5,375	743	501	1,343
	<u>\$ 787,760</u>	<u>\$ 2,000,258</u>	<u>\$ 461,081</u>	<u>\$ 343,615</u>	<u>\$ 418,506</u>

The accompanying notes are an integral part of these statements.

Program Services				Supporting Services		Total
Café	Senior Transportation	Safe Seniors	Other Services	Management and General	Fundraising	
\$ 86,834	\$ 142,846	\$ 52,748	\$ 2,751	\$ 28,079	\$ 37,764	\$ 2,092,757
12,741	23,308	5,714	546	3,671	4,729	336,474
99,575	166,154	58,462	3,297	31,750	42,493	2,429,231
1,606	95	32	3	202	3,987	12,632
1,487	4,245	2,981	156	192	2,764	87,320
2,407	4,835	101,319	61	331	102,618	293,164
4	22,616	-	2,502	-	-	193,171
6,723	29,296	61	11	-	-	74,238
32,025	-	-	11,525	-	99,009	1,018,842
971	46,556	136	44	-	1,059	85,420
-	-	-	-	-	-	49
11,382	4,186	220	3,204	75	-	160,797
1,232	1,112	35,947	25	7,376	29,275	82,305
7,052	3,925	512	59	-	-	135,559
199	595	1,439	9	2,236	61,313	83,878
1,058	937	312	31	-	-	33,840
330	5	2	16	3,013	2,750	118,274
5,551	3,383	624	39	157	2,074	79,530
369	1,453	315	106	356	175	10,829
5,261	598	1,482	-	1,144	11,433	163,762
405	580	11,745	196	1,759	6,243	55,172
1,744	33,845	347	46	6,399	10,760	65,213
\$179,381	\$ 324,416	\$215,936	\$ 21,330	\$ 54,990	\$ 375,953	\$ 5,183,226

AgeWell Services of West Michigan
STATEMENTS OF CASH FLOWS
Years ended September 30, 2025 and 2024

	2025	2024
Operating activities		
Change in net assets	\$ (204,330)	\$ (386,611)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation and amortization	64,812	74,238
(Gain) loss on disposal of property and equipment	(5,547)	-
Non-cash contributions of investments	(10,488)	(5,183)
Realized and unrealized (gain) loss on investments	(3,390)	(26,400)
(Gain) loss from beneficial interest in assets held by others	(2,024)	(3,412)
Non-cash operating lease expenses	(438)	1,423
	(161,405)	(345,945)
(Increase) decrease in operating assets		
Receivables	226,800	(226,510)
Inventories	(6,190)	(22,936)
Prepaid expenses	(36,319)	(2,950)
Increase (decrease) in operating liabilities		
Accounts payable	30,237	36,531
Accrued liabilities	(33,345)	15,580
Deferred revenue	(7,788)	4,865
	11,990	(541,365)
Net cash provided by (used for) operating activities	11,990	(541,365)
Investing activities		
Proceeds from sale of investments	10,291	4,848
Purchase of investments	(10,488)	(5,183)
Proceeds from sale of property and equipment	8,076	33,633
Property and equipment purchases	-	(83,398)
	7,879	(50,100)
Net cash provided by (used for) investing activities	7,879	(50,100)
Financing activities		
Principal payments on long-term debt	-	(4,406)
	-	(4,406)
INCREASE (DECREASE) IN CASH	19,869	(595,871)
Cash at beginning of year	156,040	751,911
Cash at end of year	\$ 175,909	\$ 156,040
Supplemental cash flow disclosure		
Cash paid during the year for interest	\$ -	\$ 49
Supplemental disclosures of non-cash investing and financing transactions		
Purchase of investments		
Cost of investment acquisitions	\$ 20,976	\$ 10,366
Contributed investments	(10,488)	(5,183)
	\$ 10,488	\$ 5,183

The accompanying notes are an integral part of these statements.

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

AgeWell Services of West Michigan (Organization) is a not-for-profit corporation. The mission of the Organization is to provide 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, 2025 and 2024

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—Senior community activities (formerly Wellness Center)

The Organization enters into contracts with participants when they enroll in wellness classes or activities held at certain congregate meal sites and activity centers. The prices and benefits (different for each class) are defined in the program marketing materials. Revenue is earned and recognized each month when participants attend the Organization's classes or activities. Previously, the Organization sold memberships and punch cards for wellness classes held at the Wellness Center at Tanglewood Park, which closed in May 2025. In those instances, revenue was recognized during the month of enrollment by participants, which was not always the same month as when the classes were held and the performance obligation was satisfied. This acceleration in revenue recognition was not deemed material to the financial statements.

Cost-Share—Café

The Organization operated a café which generated revenues through the sale of food items to customers. Prices for individual items were established by the Organization and published for the customers. Revenue was recognized at the point of sale. The program ended in May 2025.

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 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, 2025 and 2024

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

Purchased property and equipment are stated at cost. Donated property and equipment is recorded at estimated fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions. Major improvements and renewals with a cost greater than or equal to \$5,000 and an estimated useful life in excess of one year are capitalized while ordinary maintenance and repairs are expensed. Management annually reviews these assets to determine whether carrying values have been impaired.

Compensated Absences

The Organization grants personal leave to all of its employees. A maximum of 45 personal days can be accumulated and carried over to the subsequent year for full-time employees. The policy for part-time employees is prorated according to work schedules. 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.

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Leases

For any new or modified lease, the Organization, at inception of the contract, determines whether a contract is or contains a lease. The Organization records right-of-use (ROU) assets and lease obligations for its finance and operating leases, which are initially recognized based on the discounted future lease payments over the term of the lease. When the rate implicit in the Organization's leases is not easily determinable, the Organization's applicable incremental borrowing rate is used in calculating the present value of the sum of the lease payments.

Lease term is defined as the non-cancelable period of the lease plus any options to extend or terminate the lease when it is reasonably certain that the Organization will exercise the option. The Organization has elected not to recognize ROU assets and lease obligations for its short-term leases, which are defined as leases with an initial term of twelve months or less.

For all classes of underlying assets, the Organization has elected to separate lease from non-lease components. Costs such as property taxes assessed by the lessor to the lessee, common area maintenance, utilities, and repairs and maintenance have been excluded from variable lease expense.

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.

Non-monetary Transactions

Non-monetary transactions are recorded on the basis of the market value of services provided or assets transferred.

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2025 and 2024

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.

Senior Community Activities (formerly Wellness Center)

The Wellness Center based in Tanglewood Park closed in May 2025. Activities, including exercise classes and socialization opportunities at certain congregate meal sites and activity centers, engage and support adults ages 60+ in staying healthy and living independently.

Café

Creative dining and social experiences for all ages and also served as a congregate meal location. The program ended in May 2025.

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 individuals under age 60. 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, 2025 and 2024

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
Operating leases	Square footage, meal counts
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

Advertising and Promotions Costs

The Organization expenses the cost of advertising and promotions as incurred. Advertising and promotions expense was \$35,420 and \$42,112 in 2025 and 2024, respectively.

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, 2025 and 2024

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 January 21, 2026, 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, 2025 and 2024:

	2025	2024
Financial assets at year end:		
Cash	\$ 175,909	\$ 156,040
Investments	217,664	203,589
Receivables	299,617	526,417
Beneficial interest in assets held by others	19,342	17,318
Total financial assets	712,532	903,364
Less amounts not available to be used within one year:		
Net assets with donor restrictions	42,629	44,684
Less net assets with purpose restrictions to be met in less than one year	(42,629)	(44,684)
	-	-
Financial assets available to meet general expenses over the next year	\$ 712,532	\$ 903,364

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 J, 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, 2025 and 2024

NOTE C—CONTRACT BALANCES

The Organization had receivables from contracts with customers of \$63,284, \$84,948 and \$86,042 as of September 30, 2025, 2024 and 2023, respectively. There were no contract assets as of September 30 for the same years. The Organization also had contract liabilities of \$12,270, \$20,058, and \$15,193 as of September 30, 2025, 2024 and 2023, respectively.

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, 2025, the Organization’s cash balances were fully insured.

NOTE E—INVESTMENTS

Investments are stated at fair value and consist of the following at September 30, 2025 and 2024:

	2025	2024
Investment type:		
Mutual funds	\$ 214,170	\$ 200,270
Money market funds	3,494	3,319
	\$ 217,664	\$ 203,589

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, 2025 and 2024

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, 2025 and 2024.

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, 2025 and 2024:

	Assets at Fair Value as of September 30, 2025			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 214,170	\$ -	\$ -	\$ 214,170
Money market funds	-	3,494	-	3,494
Beneficial interest in assets held by others	-	19,342	-	19,342
Total assets at fair value	\$214,170	\$ 22,836	\$ -	\$237,006
	Assets at Fair Value as of September 30, 2024			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 200,270	\$ -	\$ -	\$ 200,270
Money market funds	-	3,319	-	3,319
Beneficial interest in assets held by others	-	17,318	-	17,318
Total assets at fair value	\$200,270	\$ 20,637	\$ -	\$220,907

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE G—PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2025 and 2024 consists of the following:

	2025	2024
Leasehold improvements	\$ 1,135,755	\$ 1,135,755
Office furniture and equipment	44,301	60,917
Kitchen and café equipment	359,297	359,297
Software	26,494	26,494
Vehicles	336,355	408,767
	1,902,202	1,991,230
Less accumulated depreciation and amortization	(1,769,311)	(1,790,998)
	\$ 132,891	\$ 200,232

NOTE H—BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Fund

The Organization has one fund 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.

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 Fund

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

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE H—BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS—Continued

Summary of Community Foundation Fund

A summary of revenues, expenses, and changes in the net assets at fair value of the fund for the years ended September 30, 2025 and 2024 follows:

	2025	2024
	Meals on Wheels Fund	Meals on Wheels Fund
Revenues		
Contributions	\$ 350	\$ 350
Investment income (loss), net	31,425	52,825
Change in net assets	31,775	53,175
Net assets at beginning of year	268,061	214,886
Net assets at end of year	299,836	268,061
Less net assets recorded as those of the Community Foundation	(280,494)	(250,743)
Assets reported on the statements of financial position	\$ 19,342	\$ 17,318

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.

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE I—INCOME TAXES

Operating Loss Carryforwards

The Organization has federal loss carryforwards of approximately \$170,800 which expire, if unused, in various years from 2029 through 2038. Additionally, the Organization has federal loss carryforwards of approximately \$393,700, which do not expire and are limited to 80 percent of taxable income in a single year.

Deferred Income Taxes

The tax effects of temporary differences that give rise to deferred tax assets and liabilities as of September 30, 2025 and 2024 are as follows:

	2025	2024
Federal deferred tax asset (liability)		
Net operating loss	\$ 118,500	\$ 114,100
Valuation allowance	(118,500)	(114,100)
Net deferred tax asset (liability)	\$ -	\$ -

For the years ended September 30, 2025 and 2024, a valuation allowance of \$118,500, and \$114,100, respectively, was booked against the deferred tax asset from café activities as the future utilization of the net operating loss carryforward is uncertain.

NOTE J—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 8.36 percent at September 30, 2025) expiring May 2029. There was no outstanding balance on the line of credit as of September 30, 2025 and 2024.

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE K—IN-KIND CONTRIBUTIONS

For the years ended September 30, 2025 and 2024, in-kind contributions recognized within the statements of activities included:

	2025	2024
Auction items	\$ 15,938	\$ 18,770
Information technology services	3,075	9,958
Legal and professional services	2,583	3,452
Rent	49,904	38,631
Stock	10,488	5,183
Supplies	-	2,260
	\$ 81,988	\$ 78,254

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. Information technology and legal and professional services are valued using the respective invoices or contracts for services. Rent is valued using the average service day rent for the two locations that support the Congregate Meals program. Stock is recorded at fair market value.

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 and contributed stock which is immediately sold. The sale of auction items and donated stock supports all of the Organization’s programs. Rent and supplies are used in the Congregate Meals program. Information technology and legal services are used in all program and supporting services.

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE L—LEASES

Leases

The Organization leases certain facilities, office equipment and vehicles from unrelated parties. The Organization’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Operating Leases

The Organization conducts its operations in facilities leased from various third parties. A five-year facility lease agreement expired in September 2025. The other ten-year facility lease agreement expires in August 2028 and contains an escalating fee schedule of two percent each year. The Organization also leases office equipment and two vehicles under separate five-year agreements with expiration dates ranging from June 2027 to June 2030.

The Organization’s lease costs recognized in the statements of activities consist of \$132,553 and \$135,710 in operating lease costs for the years ended September 30, 2025 and 2024, respectively.

Other lease information is as follows for the years ended September 30, 2025 and 2024:

	2025	2024
Cash paid for amounts included in the measurement of lease obligations:		
Operating cash flows from operating leases	\$ 130,910	\$ 134,289
Assets obtained in exchange for new operating obligations	94,025	-
Weighted-average remaining lease term in years for operating leases	3.47	2.82
Weighted-average discount rate for operating leases	6.87%	5.33%

The aggregate annual lease obligations as of September 30, 2025 are as follows:

Year Ending September 30,	Operating Leases
2026	\$ 75,564
2027	75,255
2028	60,162
2029	23,497
2030	14,609
Total undiscounted lease obligations	249,087
Less present value discount	(28,798)
	\$ 220,289

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2025 and 2024

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 and revenues are a result of direct funding with Senior Resources of West Michigan (Senior Resources). For the years ended September 30, 2025 and 2024, the Organization’s percentages of concentration with Senior Resources were as follows:

	2025	2024
Receivables	53.0%	60.3%
Revenues	46.4%	55.2%

NOTE O—NET ASSETS

Net assets without donor restrictions as of September 30, 2025 and 2024 are comprised of the following:

	2025	2024
Undesignated	\$ 423,130	\$ 558,064
Board designated		
Invested in property and equipment, net of related debt	132,891	200,232
	\$ 556,021	\$ 758,296

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2025 and 2024

NOTE O—NET ASSETS—Continued

Net assets with donor restrictions as of September 30, 2025 and 2024 are comprised of the following:

	2025	2024
Specific purpose		
Information technology	\$ 3,400	\$ 3,400
Kitchen	11,907	15,264
Meal programs	5,177	-
Senior community activities	2,752	1,500
Senior transportation	5,380	23,490
Other	14,013	1,030
	\$ 42,629	\$ 44,684

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, 2025 and 2024:

	2025	2024
Purpose or other restriction accomplished		
Conferences and trainings	\$ 2,500	\$ 4,000
Information technology	-	1,230
Kitchen	3,356	26,220
Meal programs	112,116	34,200
SafeSeniors	-	5,800
Senior community activities	378	20,636
Senior transportation	32,069	27,557
Other	28,688	7,901
	\$ 179,107	\$ 127,544

NOTE P—COMMITMENTS

As of September 30, 2025, the Organization had an approved commitment for a third five-year vehicle lease agreement starting in December 2025.

NOTE Q—SUBSEQUENT EVENTS

Subsequent to September 30, 2025, the Organization entered into a new a five-year facility lease agreement that expires in September 2030. Additionally, the Organization approved the purchase of kitchen equipment totaling approximately \$185,500.