

AgeWell Services of West Michigan

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

September 30, 2023 and 2022



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, 2023 and 2022 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, 2023 and 2022 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.

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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.

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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2024, 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, flowing style.

Muskegon, Michigan
January 25, 2024

AgeWell Services of West Michigan
STATEMENTS OF FINANCIAL POSITION
September 30, 2023 and 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Cash	\$ 751,911	\$ 240,423
Investments	171,671	159,252
Receivables		
Grants	172,057	329,764
Medicaid Waiver	21,826	16,982
Employee Retention Credit	-	811,137
Other	106,024	58,626
Inventories	78,000	59,355
Prepaid expenses	60,413	56,359
Total current assets	1,361,902	1,731,898
PROPERTY AND EQUIPMENT , net of accumulated depreciation and amortization	224,705	223,643
OTHER ASSETS		
Beneficial interest in assets held by others	13,906	42,457
Operating lease right-of-use assets	371,120	-
Total other assets	385,026	42,457
	\$ 1,971,633	\$ 1,997,998

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 126,727	\$ 151,305
Current maturities of long-term debt	4,406	-
Current portion of operating lease liabilities	117,767	-
Accrued liabilities		
Wages	116,816	126,294
Payroll taxes	12,029	11,986
Compensated absences	133,383	156,446
Other	-	661
Deferred revenue	15,193	12,530
Total current liabilities	526,321	459,222
OTHER LIABILITIES		
Operating lease liabilities, less current portion	255,721	-
Total liabilities	782,042	459,222
NET ASSETS		
Without donor restrictions	1,142,547	1,498,699
With donor restrictions	47,044	40,077
	1,189,591	1,538,776
	\$ 1,971,633	\$ 1,997,998

The accompanying notes are an integral part of these statements.

AgeWell Services of West Michigan
STATEMENTS OF ACTIVITIES
Years ended September 30, 2023 and 2022

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Grants			
Federal	\$ 1,635,121	\$ -	\$ 1,635,121
State	492,835	-	492,835
Medicaid Waiver	238,543	-	238,543
Local	715,378	52,000	767,378
Employee Retention Credit	-	-	-
Other	14,300	-	14,300
Public support			
Contributions			
Cash	481,507	135,941	617,448
In-kind	76,477	-	76,477
Fundraising	74,599	-	74,599
Program income	306,487	-	306,487
Cost-share			
Wellness	59,185	-	59,185
Café	79,918	-	79,918
Private-pay meals	47,892	-	47,892
Contracted meals	400,534	-	400,534
Other income			
Investment income (loss), net	12,495	-	12,495
Other interest income	26,001	-	26,001
Gain (loss) from beneficial interest in assets held by others	4,208	-	4,208
Gain (loss) on disposal of assets	2,054	-	2,054
Other	3,650	-	3,650
Net assets released from restrictions	180,974	(180,974)	-
Total revenues and support	4,852,158	6,967	4,859,125
EXPENSES			
Program services			
Congregate meals	832,252	-	832,252
Home delivered meals	2,277,759	-	2,277,759
LifeCircles	379,164	-	379,164
Medicaid Waiver	259,338	-	259,338
Wellness Center	407,279	-	407,279
Café	181,235	-	181,235
Senior transportation	291,926	-	291,926
SafeSeniors	215,127	-	215,127
Other services	25,247	-	25,247
Supporting services			
Management and general	82,120	-	82,120
Fundraising	256,863	-	256,863
Total expenses	5,208,310	-	5,208,310
Change in net assets	(356,152)	6,967	(349,185)
Net assets at beginning of year	1,498,699	40,077	1,538,776
Net assets at end of year	\$ 1,142,547	\$ 47,044	\$ 1,189,591

The accompanying notes are an integral part of these statements.

2022		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 1,776,245	\$ -	\$ 1,776,245
620,650	-	620,650
229,288	-	229,288
775,537	69,188	844,725
811,107	-	811,107
-	-	-
487,862	8,612	496,474
79,479	-	79,479
89,265	-	89,265
271,117	-	271,117
44,308	-	44,308
47,221	-	47,221
18,809	-	18,809
350,076	-	350,076
(35,237)	-	(35,237)
117	-	117
(11,123)	-	(11,123)
-	-	-
4,823	-	4,823
68,264	(68,264)	-
5,627,808	9,536	5,637,344
773,954	-	773,954
2,118,563	-	2,118,563
322,899	-	322,899
245,887	-	245,887
442,652	-	442,652
199,951	-	199,951
323,613	-	323,613
332,503	-	332,503
28,269	-	28,269
76,002	-	76,002
256,271	-	256,271
5,120,564	-	5,120,564
507,244	9,536	516,780
991,455	30,541	1,021,996
\$ 1,498,699	\$ 40,077	\$ 1,538,776

AgeWell Services of West Michigan
STATEMENT OF FUNCTIONAL EXPENSES
Year ended September 30, 2023

	Program Services				
	Congregate Meals	Home Delivered Meals	LifeCircles	Medicaid Waiver	Wellness Center
Compensation and related expenses					
Salaries	\$ 335,573	\$ 1,008,613	\$ 142,444	\$ 99,577	\$ 185,488
Fringes	54,750	180,843	25,179	17,258	32,251
	<u>390,323</u>	<u>1,189,456</u>	<u>167,623</u>	<u>116,835</u>	<u>217,739</u>
Bank fees	888	3,327	389	235	1,316
Communications	13,538	35,351	3,700	5,027	11,781
Contracted services	10,516	25,940	4,106	2,695	34,299
Delivery costs	4,941	138,226	7,170	14,676	-
Depreciation and amortization	11,050	15,965	2,228	1,808	1,841
Food costs	259,226	542,929	149,925	83,394	-
Insurance	4,532	18,804	2,262	2,007	3,794
Interest	660	2,658	481	292	336
Maintenance and utilities	28,316	55,912	10,674	6,039	52,784
Marketing and stewardship	577	634	12	7	1,755
Operating leases	21,005	52,921	9,446	5,593	33,926
Postage, printing and publications	2,226	10,311	1,609	1,483	7,790
Professional fees	3,631	18,097	2,617	1,570	2,454
Rent	39,084	2,264	-	1,026	22,542
Small equipment and repairs	11,111	29,232	5,036	3,265	3,694
Software	1,006	5,255	493	526	1,235
Supplies	20,276	118,463	10,504	12,177	5,867
Travel	4,287	7,012	500	337	2,997
Other	5,059	5,002	389	346	1,129
	<u>\$ 832,252</u>	<u>\$ 2,277,759</u>	<u>\$ 379,164</u>	<u>\$ 259,338</u>	<u>\$ 407,279</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	
\$ 74,648	\$ 132,213	\$ 64,061	\$ 3,911	\$ 21,577	\$ 42,997	\$ 2,111,102
13,493	22,032	7,135	629	2,959	6,529	363,058
88,141	154,245	71,196	4,540	24,536	49,526	2,474,160
2,083	260	57	100	-	3,189	11,844
1,689	2,257	4,104	155	233	464	78,299
3,144	3,052	129,630	57	31,839	88,130	333,408
12	34,550	-	3,337	-	-	202,912
8,572	27,270	84	127	-	-	68,945
34,874	-	39	15,745	-	-	1,086,132
916	53,709	117	58	-	18	86,217
66	126	42	4	377	-	5,042
18,375	3,675	194	110	70	-	176,149
623	665	1,367	12	11,385	24,858	41,895
8,146	3,925	512	86	-	-	135,560
659	1,662	958	14	1,454	70,077	98,243
1,043	920	307	31	-	-	30,670
749	-	731	9	2,078	4,380	72,863
4,026	2,292	168	380	2	-	59,206
433	1,539	2,148	108	428	117	13,288
6,087	750	141	116	-	1,277	175,658
499	504	2,276	257	1,326	833	20,828
1,098	525	1,056	1	8,392	13,994	36,991
\$181,235	\$ 291,926	\$215,127	\$ 25,247	\$ 82,120	\$256,863	\$ 5,208,310

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

	Program Services				
	Congregate Meals	Home Delivered Meals	LifeCircles	Medicaid Waiver	Wellness Center
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>\$ 773,954</u>	<u>\$ 2,118,563</u>	<u>\$ 322,899</u>	<u>\$ 245,887</u>	<u>\$ 442,652</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	
\$ 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
\$199,951	\$ 323,613	\$332,503	\$ 28,269	\$ 76,002	\$ 256,271	\$5,120,564

AgeWell Services of West Michigan
STATEMENTS OF CASH FLOWS
Years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Operating activities		
Change in net assets	\$ (349,185)	\$ 516,780
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation and amortization	68,945	74,127
(Gain) loss on disposal of equipment	(500)	4,895
Non-cash contributions of investments	(4,954)	(2,740)
Realized and unrealized (gain) loss on investments	(6,483)	41,584
(Gain) loss from beneficial interest in assets held by others	(4,208)	11,123
Non-cash operating lease expenses	2,368	-
	<u>(294,017)</u>	<u>645,769</u>
(Increase) decrease in operating assets		
Receivables	916,602	(856,221)
Inventories	(18,645)	22,255
Prepaid expenses	(4,054)	(2,310)
Increase (decrease) in operating liabilities		
Accounts payable	(24,578)	5,045
Accrued liabilities	(33,159)	37,953
Deferred revenue	2,663	(32,713)
	<u>544,812</u>	<u>(180,222)</u>
Net cash provided by (used for) operating activities		
Investing activities		
Proceeds from sale of investments	52,183	48,072
Purchase of investments	(53,165)	(51,923)
Proceeds from beneficial interest in assets held by others	32,759	8,697
Proceeds from sale of property and equipment	-	15,000
Property and equipment purchases	(38,694)	(144,638)
	<u>(6,917)</u>	<u>(124,792)</u>
Net cash provided by (used for) investing activities		
Financing activities		
Principal payments on long-term debt	(26,407)	(4,540)
	<u>511,488</u>	<u>(309,554)</u>
INCREASE (DECREASE) IN CASH		
Cash at beginning of year	240,423	549,977
Cash at end of year	<u>\$ 751,911</u>	<u>\$ 240,423</u>
Supplemental cash flow disclosure		
Cash paid during the year for interest	\$ 5,042	\$ 97
Schedule of non-cash investing and financing activities		
Purchase of equipment by the assumption of debt	\$ 30,813	\$ -
Contributed investments	4,954	2,740

The accompanying notes are an integral part of these statements.

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

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, 2023 and 2022

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 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, 2023 and 2022

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.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lease assets and liabilities to be recorded on the balance sheet. The Organization adopted this ASU and related amendments as of October 1, 2022 under the modified retrospective approach and elected certain practical expedients permitted under the transition guidance, including to retain the historical lease classification, relief from reviewing expired or existing contracts to determine if they contain leases, and relief from determining whether previously capitalized initial direct costs would qualify for capitalization under the new ASU. For leases subject to index or rate adjustments, the most current index or rate adjustments were included in the measurement of operating lease obligations at adoption.

The adoption of this ASU and related amendments resulted in no change to total assets and total liabilities as of October 1, 2022. Accounting policies as a result of the adoption of this ASU are described below. Refer to Note M for additional lease disclosures.

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Leases—Continued

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 has elected to use the risk-free rate 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 asset 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, 2023 and 2022

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, 2023 and 2022

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

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, 2023 and 2022

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 25, 2024, 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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash	\$ 751,911	\$ 240,423
Investments	171,671	159,252
Receivables	299,907	1,216,509
Beneficial interest in assets held by others	13,906	42,457
Total financial assets	1,237,395	1,658,641
Less amounts not available to be used within one year:		
Net assets with donor restrictions	47,044	40,077
Less net assets with purpose restrictions to be met in less than one year	(47,044)	(34,636)
	-	5,441
Financial assets available to meet general expenses over the next year	<u><u>\$ 1,237,395</u></u>	<u><u>\$ 1,653,200</u></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 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, 2023 and 2022

NOTE C—CONTRACT BALANCES

The Organization had receivables from contracts with customers of \$86,042, \$35,489 and \$25,683 as of September 30, 2023, 2022 and 2021, respectively. There were no contract assets as of September 30 for the same years. The Organization also had contract liabilities of \$15,193, \$12,530 and \$45,243 as of September 30, 2023, 2022 and 2021, 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, 2023, the Organization's uninsured cash balances were approximately \$506,000.

NOTE E—INVESTMENTS

Investments are stated at fair value and consist of the following at September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Investment type:		
Mutual funds	\$ 165,702	\$ 156,819
Money market funds	5,969	2,433
	<u>\$ 171,671</u>	<u>\$159,252</u>

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, 2023 and 2022

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, 2023 and 2022.

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, 2023 and 2022:

Assets at Fair Value as of September 30, 2023				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 165,702	\$ -	\$ -	\$ 165,702
Money market funds	5,969	-	-	5,969
Beneficial interest in assets held by others	-	13,906	-	13,906
Total assets at fair value	\$171,671	\$ 13,906	\$ -	\$185,577

Assets at Fair Value as of September 30, 2022				
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 156,819	\$ -	\$ -	\$ 156,819
Money market funds	2,433	-	-	2,433
Beneficial interest in assets held by others	-	42,457	-	42,457
Total assets at fair value	\$159,252	\$ 42,457	\$ -	\$201,709

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE G—PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 1,116,360	\$ 1,116,360
Office furniture and equipment	70,794	63,254
Kitchen and café equipment	359,298	359,298
Wellness equipment	16,616	16,616
Vehicles	394,888	360,069
Construction in progress	3,689	-
	<u>1,961,645</u>	<u>1,915,597</u>
Less accumulated depreciation and amortization	<u>(1,736,940)</u>	<u>(1,691,954)</u>
	<u>\$ 224,705</u>	<u>\$ 223,643</u>

NOTE H—BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Funds

The Organization had two funds with the Community Foundation for Muskegon County (Community Foundation). During the year ended, September 30, 2022, the remaining funds were transferred out of the AgeWell Services Campaign Fund, and the account was closed.

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 allowed 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.

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

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

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, 2023 and 2022 follows:

	2023	2022		
	Meals on Wheels Fund	Meals on Wheels Fund	Campaign Fund	Total
Revenues				
Contributions	\$ 1,194	\$ 350	\$ -	\$ 350
Investment income (loss), net	30,165	(51,343)	1	(51,342)
	31,359	(50,993)	1	(50,992)
Expenses				
Transfers to the Organization	35,106	2,249	9,197	11,446
Change in net assets	(3,747)	(53,242)	(9,196)	(62,438)
Net assets at beginning of year	218,633	271,875	9,196	281,071
Net assets at end of year	214,886	218,633	-	218,633
Less net assets recorded as those of the Community Foundation	(200,980)	(176,176)	-	(176,176)
Assets reported on the statement of financial position	\$ 13,906	\$ 42,457	\$ -	\$ 42,457

Summary of Community Foundation Funds

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, 2023 and 2022

NOTE I—INCOME TAXES

Deferred Income Taxes

The tax effects of temporary differences that give rise to deferred tax assets and liabilities as of September 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Federal deferred tax asset (liability)		
Net operating loss	\$ 104,300	\$ 94,100
Valuation allowance	(104,300)	(94,100)
Net deferred tax asset (liability)	<u>\$ -</u>	<u>\$ -</u>

For the years ended September 30, 2023 and 2022, a valuation allowance of \$104,300, and \$94,100, respectively, was booked against the deferred tax asset from café activities as the future utilization of the net operating loss carryforward is uncertain.

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 \$326,200, which do not expire and are limited to 80 percent of taxable income in a single year.

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 9.61 percent at September 30, 2023) expiring May 2029. There was no outstanding balance on the line of credit as of September 30, 2023 and 2022.

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE K—LONG-TERM DEBT

Long-term debt at September 30, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
7.75% Vehicle note payable in aggregate monthly installments of \$622.84 including interest; secured by the vehicle; final payment made November 2023	\$ 4,406	\$ -
Less current maturities	<u>(4,406)</u>	<u>-</u>
	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Maturities of long-term debt are as follows:

<u>Year Ending</u> <u>September 30,</u>	<u>Amount</u>
2024	<u><u>\$ 4,406</u></u>

NOTE L—IN-KIND CONTRIBUTIONS

For the years ending September 30, 2023 and 2022, in-kind contributions recognized within the statements of activities included:

	<u>2023</u>	<u>2022</u>
Auction items	\$ 17,682	\$ 19,033
Rent	45,329	46,001
Information technology services	8,512	9,135
Stock	4,954	2,740
Supplies	<u>-</u>	<u>2,570</u>
	<u><u>\$ 76,477</u></u>	<u><u>\$ 79,479</u></u>

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. 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 services are used in all program and supporting services.

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE M—LEASES

For the year ended September 30, 2023

Leases

The Organization leases certain locations 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 under a five-year agreement expiring in September 2025 and a ten-year agreement expiring in June 2028. These leases contain renewal options for one-year periods and five-year periods through 2043, respectively. One facility lease agreement has an escalating fee schedule of two percent each year. The Organization also leases office equipment under a five-year agreement expiring in June 2027.

The Organization's lease costs recognized in the statement of activities consist of \$135,560 in operating lease costs for the year ended September 30, 2023.

Other lease information is as follows for the year ended September 30, 2023:

	<u>2023</u>
Cash paid for amounts included in the measurement of lease obligations:	
Operating cash flows from operating leases	\$ 133,191
Assets obtained in exchange for new operating obligations	484,141
Weighted-average remaining lease term in years for operating leases	3.53
Weighted-average discount rate for operating leases	5.33%

The aggregate annual lease obligations as of September 30, 2023 are as follows:

<u>Year Ending September 30,</u>	<u>Operating Leases</u>
2024	\$ 134,230
2025	135,135
2026	51,745
2027	51,517
2028	<u>36,666</u>
Total undiscounted lease obligations	409,293
Less imputed interest	<u>(35,805)</u>
	<u>\$ 373,488</u>

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE M—LEASES—Continued

For the year ended September 30, 2022

Leases

The Organization conducted its operations in facilities leased under a five-year agreement expiring in September 2025 and a ten-year agreement expiring in June 2028. The Organization leased office equipment under a five-year agreement expiring in June 2027. The leases required monthly rentals of \$10,669, which included certain operating and maintenance costs. Rent expense for the year ended September 30, 2022, was \$123,863. The future minimum lease payments for these leases were as follows:

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

NOTE N—COMMITMENTS

Vehicle Purchases

As of September 30, 2023, the Organization had approved commitments for the purchase of a Senior Transportation program vehicle of approximately \$48,000 and a loading area door of approximately \$16,000.

NOTE O—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.

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE P—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, 2023 and 2022, the Organization’s percentages of concentration with Senior Resources were as follows:

	<u>2023</u>	<u>2022</u>
Receivables	60.3%	25.2%
Revenues	55.2%	49.0%

NOTE Q—NET ASSETS

Net assets without donor restrictions as of September 30, 2023 and 2022 are comprised of the following:

	<u>2023</u>	<u>2022</u>
Undesignated	\$ 922,248	\$ 1,275,056
Board designated		
Invested in property and equipment, net of related debt	220,299	223,643
	<u>\$1,142,547</u>	<u>\$1,498,699</u>

Net assets with donor restrictions as of September 30, 2023 and 2022 are comprised of the following:

	<u>2023</u>	<u>2022</u>
Specific purpose		
Berkshire office	\$ -	\$ 5,000
Information technology	1,230	-
Kitchen	31,000	-
Meal programs	3,000	6,077
Senior transportation	3,960	28,300
Wellness/senior activities	7,854	700
	<u>\$ 47,044</u>	<u>\$ 40,077</u>

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2023 and 2022

NOTE Q—NET ASSETS—Continued

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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Purpose or other restriction accomplished		
Berkshire café equipment	\$ -	\$ 21,800
Berkshire office	5,000	-
Conferences and trainings	-	6,600
Kitchen	2,500	1,031
Meal programs	49,077	26,252
Senior transportation	98,858	12,406
Van loan payments	25,000	-
Wellness/senior activities	539	-
Other	-	175
	<u><u>\$ 180,974</u></u>	<u><u>\$ 68,264</u></u>

NOTE R—SUBSEQUENT EVENT

Subsequent to September 30, 2023, the Organization entered into a one-year operating lease of an outdoor freezer for \$65,000.

AgeWell Services of West Michigan
**SINGLE AUDIT OF FEDERAL
FINANCIAL ASSISTANCE PROGRAMS**
Financial Report and
Independent Auditor's Reports
September 30, 2023



C O N T E N T S

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INTERNAL CONTROL AND COMPLIANCE REPORTS

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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, 2023, 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 January 25, 2024.

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) to determine 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 may exist that have not been identified.

Board of Directors
AgeWell Services of West Michigan
Page 2

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.

A handwritten signature in black ink that reads "Brickley DeLong, P.C." The signature is written in a cursive, flowing style.

Muskegon, Michigan
January 25, 2024

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

We have audited AgeWell Services of West Michigan's compliance with the types of compliance requirements described 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, 2023. 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 Responses.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of AgeWell Services of West Michigan's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about AgeWell Services of West Michigan's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of AgeWell Services of West Michigan's compliance.

Board of Directors
AgeWell Services of West Michigan
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Report on Compliance for Each Major Federal Program—Continued

Opinion on Each Major Federal Program

In our opinion, AgeWell Services of West Michigan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2023.

Report on Internal Control Over Compliance

Management of AgeWell Services of West Michigan is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered AgeWell Services of West Michigan's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of AgeWell Services of West Michigan's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

BRICKLEY DELONG

Board of Directors
AgeWell Services of West Michigan
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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, 2023, and have issued our report thereon dated January 25, 2024, which contained an unmodified opinion on those financial statements. Our audit was conducted 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.

A handwritten signature in black ink that reads "Brickley DeLong, P.C." The signature is written in a cursive, flowing style.

Muskegon, Michigan
January 25, 2024

AgeWell Services of West Michigan
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2023

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Assistance Listing Number	Entitlement program or award amount	Accrued (deferred) revenue October 1, 2022	Adjustments and transfers	Cash or payments in kind received (cash basis)	Amount of grant expenditures	Accrued (deferred) revenue September 30, 2023	Passed through to subrecipients
<i>U.S. Department of Housing and Urban Development</i>								
Passed through City of Norton Shores								
CDBG - Entitlement Grants Cluster								
Community Development Block Grants/ Entitlement Grants	14.218							
B-22-MC-26-0031		\$ 155,127	\$ -	\$ -	\$ 50,547	\$ 50,547	\$ -	\$ -
<i>U.S. Department of Transportation</i>								
Passed through Michigan Department of Transportation								
Transit Services Programs Cluster								
Federal Transit Administration Enhanced Mobility of Seniors and Individuals with Disabilities	20.513							
2019-0573		120,000	-	-	22,640	22,640	-	-
<i>U.S. Department of Health and Human Services</i>								
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								
2021-2022		24,225	6,154	-	6,154	-	-	-
COVID-19 ARP 2021-2022		65,000	37,639	-	37,639	-	-	-
COVID-19 ARP Mini Grant 2021-2022		720	720	-	720	-	-	-
2022-2023		38,660	-	-	29,353	38,660	9,307	-
Elder Abuse Prevention								
COVID-19 ARP 2021-2022		11,316	8,021	-	8,021	-	-	-
COVID-19 ARP 2022-2023		3,431	-	-	-	3,431	3,431	-
Volunteer Transport								
2021-2022		2,278	514	-	514	-	-	-
2022-2023		3,909	-	-	3,909	3,909	-	-
		149,539	53,048	-	86,310	46,000	12,738	-

AgeWell Services of West Michigan
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
Year ended September 30, 2023

<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, 2022</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, 2023</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								
Aging Cluster—Continued								
Special Programs for the Aging—Title III, Part C, Nutrition Services	93.045							
Title III C-1 Congregate Meals								
2021-2022		\$ 446,509	\$ 39,874	\$ -	\$ 39,874	\$ -	\$ -	\$ -
Mini Grant 2021-2022		7,048	7,048	-	7,048	-	-	-
2022-2023		446,593	-	-	428,300	446,593	18,293	-
COVID-19 ARP 2022-2023		16,294	-	-	16,294	16,294	-	-
Title III C-2 Home Delivered Meals								
2021-2022		467,895	34,360	-	34,360	-	-	-
COVID-19 ARP 2021-2022		270,755	37,192	-	37,192	-	-	-
COVID-19 ARP Mini Grant 2021-2022		17,963	17,963	-	17,963	-	-	-
2022-2023		513,932	-	-	489,952	513,932	23,980	-
COVID-19 ARP 2022-2023		415,326	-	-	337,087	384,660	47,573	-
		2,602,315	136,437	-	1,408,070	1,361,479	89,846	-
Nutrition Services Incentive Program	93.053							
Title III C-1 Congregate Meals								
2021-2022		54,451	4,990	-	4,990	-	-	-
2022-2023		52,249	-	-	50,109	52,249	2,140	-
Title III C-2 Home Delivered Meals								
2021-2022		111,196	8,277	-	8,277	-	-	-
2022-2023		112,377	-	-	107,133	112,377	5,244	-
		330,273	13,267	-	170,509	164,626	7,384	-
Total Aging Cluster		3,082,127	202,752	-	1,664,889	1,572,105	109,968	-

AgeWell Services of West Michigan
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
Year ended September 30, 2023

<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, 2022</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, 2023</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	93.041							
2022-2023		\$ 6,569	\$ -	\$ -	\$ 6,569	\$ 6,569	\$ -	\$ -
Total U.S. Department of Health and								
Human Services		3,088,696	202,752	-	1,671,458	1,578,674	109,968	-
<i>U.S. Department of Homeland Security</i>								
Passed through United Way Worldwide								
Emergency Food and Shelter National Board Program	97.024							
Phase 39 Oceana 39-4796-00 017 E9		1,050	-	-	525	525	-	-
COVID-19 Phase ARPAR Oceana								
ARPAR-4796-00 017 E9		6,000	-	-	3,000	3,000	-	-
Phase 40 Oceana 40-4796-00 017 E9		750	-	-	375	375	-	-
Phase 40 Muskegon 40-4778-00 010 E9		4,000	-	-	2,000	2,000	-	-
		11,800	-	-	5,900	5,900	-	-
TOTAL FEDERAL ASSISTANCE		\$ 3,375,623	\$ 202,752	\$ -	\$ 1,750,545	\$ 1,657,761	\$ 109,968	\$ -

AgeWell Services of West Michigan
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2023

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, 2023. 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, 2023 financial statements	\$ 1,635,121
Plus federal grant net assets released from restriction during the year	<u>22,640</u>
Expenditures per single audit report Schedule of Expenditures of Federal Awards	<u><u>\$ 1,657,761</u></u>

AgeWell Services of West Michigan
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2023

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 ☒ no
 - Significant deficiency(ies) identified? ☐ yes ☒ none reported
3. Noncompliance material to financial statements noted? ☐ yes ☒ no

B. Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? ☐ yes ☒ no
 - Significant deficiency(ies) identified? ☐ yes ☒ 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 ☒ no
4. Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program/Cluster</u>
93.044, 93.045 and 93.053	U.S. Department of Health and Human Services
	• Aging Cluster
5. Dollar threshold used to distinguish between type A and type B programs: **\$750,000**
6. Auditee qualified as low-risk auditee? ☒ yes ☐ no

SECTION II – FINANCIAL STATEMENT FINDINGS

NONE

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

CLIENT DOCUMENTS



275 W. Clay Ave., Suite 100, Muskegon, MI 49440

PH 231-755-0434 www.agewellservices.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

January 25, 2024

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 March 27, 2023, for the year ended September 30, 2022.

Sincerely,

Kristen M. Collee
Executive Director



CORRECTIVE ACTION PLAN

January 25, 2024

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, 2023.

Name and address of independent public accounting firm:

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

Audit period: September 30, 2023

The findings from the Schedule of Findings and Questioned Costs for the year ended September 30, 2023 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 the 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