

AgeWell Services of West Michigan

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

September 30, 2024 and 2023



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, 2024 and 2023 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, 2024 and 2023 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.

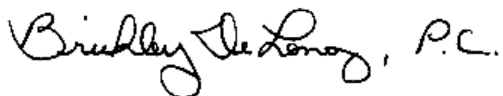
In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- 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 22, 2025, 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 22, 2025

AgeWell Services of West Michigan
STATEMENTS OF FINANCIAL POSITION
September 30, 2024 and 2023

ASSETS

	2024	2023
CURRENT ASSETS		
Cash	\$ 156,040	\$ 751,911
Investments	203,589	171,671
Receivables		
Grants	402,356	172,057
Medicaid Waiver	22,822	21,826
Other	101,239	106,024
Inventories	100,936	78,000
Prepaid expenses	63,363	60,413
Total current assets	1,050,345	1,361,902
PROPERTY AND EQUIPMENT , net of accumulated depreciation and amortization	200,232	224,705
OTHER ASSETS		
Beneficial interest in assets held by others	17,318	13,906
Operating lease right-of-use assets	251,906	371,120
Total other assets	269,224	385,026
	\$ 1,519,801	\$ 1,971,633

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 163,258	\$ 126,727
Current maturities of long-term debt	-	4,406
Current portion of operating lease liabilities	125,315	117,767
Accrued liabilities		
Wages	125,947	116,816
Payroll taxes	11,215	12,029
Compensated absences	140,169	133,383
Other	477	-
Deferred revenue	20,058	15,193
Total current liabilities	586,439	526,321
OTHER LIABILITIES		
Operating lease liabilities, less current portion	130,382	255,721
Total liabilities	716,821	782,042
NET ASSETS		
Without donor restrictions	758,296	1,142,547
With donor restrictions	44,684	47,044
	802,980	1,189,591
	\$ 1,519,801	\$ 1,971,633

The accompanying notes are an integral part of these statements.

AgeWell Services of West Michigan
STATEMENTS OF ACTIVITIES
Years ended September 30, 2024 and 2023

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND SUPPORT			
Grants			
Federal	\$ 1,488,784	\$ -	\$ 1,488,784
State	741,016	-	741,016
Medicaid Waiver	274,430	-	274,430
Local	543,050	32,000	575,050
Other	12,500	-	12,500
Public support			
Contributions			
Cash	503,624	93,184	596,808
In-kind	78,254	-	78,254
Fundraising	91,337	-	91,337
Program income	215,834	-	215,834
Cost-share			
Wellness	70,903	-	70,903
Café	64,200	-	64,200
Private-pay meals	67,949	-	67,949
Contracted meals	475,992	-	475,992
Other income			
Investment income (loss), net	31,919	-	31,919
Other interest income	5,379	-	5,379
Gain (loss) from beneficial interest in assets held by others	3,412	-	3,412
Gain (loss) on disposal of assets	-	-	-
Other	2,848	-	2,848
Net assets released from restrictions	127,544	(127,544)	-
Total revenues and support	4,798,975	(2,360)	4,796,615
EXPENSES			
Program services			
Congregate meals	787,760	-	787,760
Home delivered meals	2,000,258	-	2,000,258
LifeCircles	461,081	-	461,081
Medicaid Waiver	343,615	-	343,615
Wellness Center	418,506	-	418,506
Café	179,381	-	179,381
Senior transportation	324,416	-	324,416
SafeSeniors	215,936	-	215,936
Other services	21,330	-	21,330
Supporting services			
Management and general	54,990	-	54,990
Fundraising	375,953	-	375,953
Total expenses	5,183,226	-	5,183,226
Change in net assets	(384,251)	(2,360)	(386,611)
Net assets at beginning of year	1,142,547	47,044	1,189,591
Net assets at end of year	\$ 758,296	\$ 44,684	\$ 802,980

The accompanying notes are an integral part of these statements.

2023		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 1,635,121	\$ -	\$ 1,635,121
492,835	-	492,835
238,543	-	238,543
715,378	52,000	767,378
14,300	-	14,300
481,507	135,941	617,448
76,477	-	76,477
74,599	-	74,599
306,487	-	306,487
59,185	-	59,185
79,918	-	79,918
47,892	-	47,892
400,534	-	400,534
12,495	-	12,495
26,001	-	26,001
4,208	-	4,208
2,054	-	2,054
3,650	-	3,650
180,974	(180,974)	-
4,852,158	6,967	4,859,125
832,252	-	832,252
2,277,759	-	2,277,759
379,164	-	379,164
259,338	-	259,338
407,279	-	407,279
181,235	-	181,235
291,926	-	291,926
215,127	-	215,127
25,247	-	25,247
82,120	-	82,120
256,863	-	256,863
5,208,310	-	5,208,310
(356,152)	6,967	(349,185)
1,498,699	40,077	1,538,776
\$ 1,142,547	\$ 47,044	\$ 1,189,591

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

	Program Services				
	Congregate Meals	Home Delivered Meals	LifeCircles	Medicaid Waiver	Wellness Center
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
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
	390,323	1,189,456	167,623	116,835	217,739
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
	\$ 832,252	\$ 2,277,759	\$ 379,164	\$ 259,338	\$ 407,279

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
STATEMENTS OF CASH FLOWS
Years ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Operating activities		
Change in net assets	\$ (386,611)	\$ (349,185)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation and amortization	74,238	68,945
(Gain) loss on disposal of equipment	-	(500)
Non-cash contributions of investments	(5,183)	(4,954)
Realized and unrealized (gain) loss on investments	(26,400)	(6,483)
(Gain) loss from beneficial interest in assets held by others	(3,412)	(4,208)
Non-cash operating lease expenses	1,423	2,368
	<u>(345,945)</u>	<u>(294,017)</u>
(Increase) decrease in operating assets		
Receivables	(226,510)	916,602
Inventories	(22,936)	(18,645)
Prepaid expenses	(2,950)	(4,054)
Increase (decrease) in operating liabilities		
Accounts payable	36,531	(24,578)
Accrued liabilities	15,580	(33,159)
Deferred revenue	4,865	2,663
	<u>(541,365)</u>	<u>544,812</u>
Net cash provided by (used for) operating activities		
Investing activities		
Proceeds from sale of investments	4,848	52,183
Purchase of investments	(5,183)	(53,165)
Proceeds from beneficial interest in assets held by others	-	32,759
Proceeds from sale of property and equipment	33,633	-
Property and equipment purchases	(83,398)	(38,694)
	<u>(50,100)</u>	<u>(6,917)</u>
Net cash provided by (used for) investing activities		
Financing activities		
Principal payments on long-term debt	(4,406)	(26,407)
	<u>(595,871)</u>	<u>511,488</u>
INCREASE (DECREASE) IN CASH		
	<u>(595,871)</u>	<u>511,488</u>
Cash at beginning of year	751,911	240,423
Cash at end of year	<u>\$ 156,040</u>	<u>\$ 751,911</u>
Supplemental cash flow disclosure		
Cash paid during the year for interest	\$ 49	\$ 5,042
Schedule of non-cash investing and financing activities		
Purchase of equipment by the assumption of debt	\$ -	\$ 30,813
Contributed investments	5,183	4,954

The accompanying notes are an integral part of these statements.

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2024 and 2023

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, 2024 and 2023

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, 2024 and 2023

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 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.

Leases

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lease assets and liabilities to be recorded on the statements of financial position. 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 an increase to total assets and total liabilities of \$484,141 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, 2024 and 2023

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 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, 2024 and 2023

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, 2024 and 2023

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, 2024 and 2023

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 22, 2025, 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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Financial assets at year end:		
Cash	\$ 156,040	\$ 751,911
Investments	203,589	171,671
Receivables	526,417	299,907
Beneficial interest in assets held by others	17,318	13,906
Total financial assets	903,364	1,237,395
Less amounts not available to be used within one year:		
Net assets with donor restrictions	44,684	47,044
Less net assets with purpose restrictions to be met in less than one year	(44,684)	(47,044)
	<u>-</u>	<u>-</u>
Financial assets available to meet general expenses over the next year	<u><u>\$ 903,364</u></u>	<u><u>\$ 1,237,395</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, 2024 and 2023

NOTE C—CONTRACT BALANCES

The Organization had receivables from contracts with customers of \$89,948, \$86,042 and \$35,489 as of September 30, 2024, 2023 and 2022, respectively. There were no contract assets as of September 30 for the same years. The Organization also had contract liabilities of \$20,058, \$15,193 and \$12,530 as of September 30, 2024, 2023 and 2022, 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, 2024, 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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Investment type:		
Mutual funds	\$ 200,270	\$ 165,702
Money market funds	3,319	5,969
	<u>\$ 203,589</u>	<u>\$171,671</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, 2024 and 2023

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, 2024 and 2023.

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, 2024 and 2023:

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

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	\$165,702	\$ 19,875	\$ -	\$185,577

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE G—PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2024 and 2023 consists of the following:

	<u>2024</u>	<u>2023</u>
Leasehold improvements	\$ 1,135,755	\$ 1,116,360
Office furniture and equipment	60,917	70,794
Kitchen and café equipment	359,297	359,298
Wellness equipment	26,494	16,616
Vehicles	408,767	394,888
Construction in progress	-	3,689
	1,991,230	1,961,645
Less accumulated depreciation and amortization	(1,790,998)	(1,736,940)
	<u>\$ 200,232</u>	<u>\$ 224,705</u>

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, 2024 and 2023

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, 2024 and 2023 follows:

	2024	2023
	Meals on Wheels Fund	Meals on Wheels Fund
Revenues		
Contributions	\$ 350	\$ 1,194
Investment income (loss), net	52,825	30,165
	<u>53,175</u>	<u>31,359</u>
Expenses		
Transfers to the Organization	<u>-</u>	<u>35,106</u>
Change in net assets	53,175	(3,747)
Net assets at beginning of year	<u>214,886</u>	<u>218,633</u>
Net assets at end of year	268,061	214,886
Less net assets recorded as those of the Community Foundation	<u>(250,743)</u>	<u>(200,980)</u>
Assets reported on the statement of financial position	<u>\$ 17,318</u>	<u>\$ 13,906</u>

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, 2024 and 2023

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, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Federal deferred tax asset (liability)		
Net operating loss	\$ 114,100	\$ 104,300
Valuation allowance	(114,100)	(104,300)
Net deferred tax asset (liability)	<u>\$ -</u>	<u>\$ -</u>

For the years ended September 30, 2024 and 2023, a valuation allowance of \$114,100, and \$104,300, 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 \$372,600, 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, 2024) expiring May 2029. There was no outstanding balance on the line of credit as of September 30, 2024 and 2023.

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE K—LONG-TERM DEBT

Long-term debt at September 30, 2024 and 2023 consisted of the following:

	<u>2024</u>	<u>2023</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	-	(4,406)
	<u>\$ -</u>	<u>\$ -</u>

NOTE L—IN-KIND CONTRIBUTIONS

For the years ending September 30, 2024 and 2023, in-kind contributions recognized within the statements of activities included:

	<u>2024</u>	<u>2023</u>
Auction items	\$ 18,770	\$ 17,682
Information technology services	9,958	8,512
Legal and professional services	3,452	-
Rent	38,631	45,329
Stock	5,183	4,954
Supplies	2,260	-
	<u>\$ 78,254</u>	<u>\$ 76,477</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. Information technology and legal 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, 2024 and 2023

NOTE M—LEASES

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 statements of activities consist of \$135,950 and \$135,560 in operating lease costs for the years ended September 30, 2024 and 2023, respectively.

Other lease information is as follows for the years ended September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease obligations:		
Operating cash flows from operating leases	\$ 134,289	\$ 133,191
Assets obtained in exchange for new operating obligations	-	484,141
Weighted-average remaining lease term in years for operating leases	2.82	3.53
Weighted-average discount rate for operating leases	5.33%	5.33%

The aggregate annual lease obligations as of September 30, 2024 are as follows:

<u>Year Ending September 30,</u>	<u>Operating Leases</u>
2025	\$ 135,369
2026	51,980
2027	51,693
2028	<u>36,665</u>
Total undiscounted lease obligations	275,707
Less imputed interest	<u>(20,010)</u>
	<u><u>\$ 255,697</u></u>

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE N—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 O—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, 2024 and 2023, the Organization's percentages of concentration with Senior Resources were as follows:

	<u>2024</u>	<u>2023</u>
Receivables	64.6%	60.3%
Revenues	43.3%	55.2%

NOTE P—NET ASSETS

Net assets without donor restrictions as of September 30, 2024 and 2023 are comprised of the following:

	<u>2024</u>	<u>2023</u>
Undesignated	\$ 558,064	\$ 922,248
Board designated		
Invested in property and equipment, net of related debt	200,232	220,299
	<u>\$ 758,296</u>	<u>\$ 1,142,547</u>

AgeWell Services of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2024 and 2023

NOTE P—NET ASSETS—Continued

Net assets with donor restrictions as of September 30, 2024 and 2023 are comprised of the following:

	<u>2024</u>	<u>2023</u>
Specific purpose		
Information technology	\$ 3,400	\$ 1,230
Kitchen	15,264	31,000
Meal programs	-	3,000
Senior transportation	23,490	3,960
Wellness/senior activities	1,500	7,854
Other	1,030	-
	<u>\$ 44,684</u>	<u>\$ 47,044</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Purpose or other restriction accomplished		
Berkshire office	\$ -	\$ 5,000
Conferences and trainings	4,000	-
IT	1,230	-
Kitchen	26,220	2,500
Meal programs	34,200	49,077
Senior transportation	27,557	98,858
Van loan payments	-	25,000
Wellness/senior activities	20,636	539
Safe Seniors	5,800	-
Other	7,901	-
	<u>\$ 127,544</u>	<u>\$ 180,974</u>

AgeWell Services of West Michigan
**SINGLE AUDIT OF FEDERAL
FINANCIAL ASSISTANCE PROGRAMS**
Financial Report and
Independent Auditor's Reports
September 30, 2024



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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 *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of AgeWell Services of West Michigan (a Michigan nonprofit organization), which comprise the statement of net position as of September 30, 2024, 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 22, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Board of Directors
AgeWell Services of West Michigan
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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether AgeWell Services of West Michigan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Muskegon, Michigan
January 22, 2025

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

Board of Directors
AgeWell Services of West Michigan
Muskegon, Michigan

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited AgeWell Services of West Michigan's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of AgeWell Services of West Michigan's major federal programs for the year ended September 30, 2024. AgeWell Services of West Michigan's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section 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 relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of AgeWell Services of West Michigan's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Board of Directors
AgeWell Services of West Michigan
Page 2

Report on Compliance for Each Major Federal Program—Continued

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding AgeWell Services of West Michigan's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of AgeWell Services of West Michigan's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of AgeWell Services of West Michigan's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Board of Directors
AgeWell Services of West Michigan
Page 3

Report on Internal Control Over Compliance—Continued

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

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

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

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, 2024, and have issued our report thereon dated January 22, 2025, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.



Muskegon, Michigan
January 22, 2025

AgeWell Services of West Michigan
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2024

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Assistance Listing Number	Entitlement program or award amount	Accrued (deferred) revenue October 1, 2023	Adjustments and transfers	Cash or payments in kind received (cash basis)	Amount of grant expenditures	Accrued (deferred) revenue September 30, 2024	Passed through to subrecipients
<i>U.S. Department of Agriculture</i>								
Passed through West Michigan Food Processing Association								
Pandemic Relief Activities: Local Food Purchase								
Agreements with States, Tribes, and Local Governments	10.182							
AM22LFPA0000C063		\$ 347,640	\$ -	\$ -	\$ 142,208	\$ 226,255	\$ 84,047	\$ -
COVID-19 ARPA AM22LFPA0000C063		110,693	-	-	81,770	99,142	17,372	-
		458,333	-	-	223,978	325,397	101,419	-
<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-23-MC-26-0031		9,470	-	-	9,470	9,470	-	-
<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		165,528	-	-	53,658	53,658	-	-
COVID-19 2022-0148 P2		4,303	-	-	4,303	4,303	-	-
		169,831	-	-	57,961	57,961	-	-
<i>U.S. Department of Treasury</i>								
Passed through City of Muskegon								
Coronavirus State and Local Fiscal Recovery Funds	21.027							
COVID-19 American Rescue Plan Act		25,000	-	-	12,500	22,500	10,000	-

AgeWell Services of West Michigan
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended September 30, 2024

Federal grantor/pass-through grantor/ program or cluster title/identifying number	Assistance Listing Number	Entitlement program or award amount	Accrued (deferred) revenue October 1, 2023	Adjustments and transfers	Cash or payments in kind received (cash basis)	Amount of grant expenditures	Accrued (deferred) revenue September 30, 2024	Passed through to subrecipients
<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 Transportation								
2022-2023		\$ 38,660	\$ 9,307	\$ -	\$ 9,307	\$ -	\$ -	\$ -
2023-2024		38,660	-	-	28,019	38,660	10,641	-
Elder Abuse Prevention								
COVID-19 ARP 2022-2023		3,431	3,431	-	3,431	-	-	-
Volunteer Transportation								
2023-2024		3,909	-	-	2,949	3,909	960	-
		84,660	12,738	-	43,706	42,569	11,601	-
Special Programs for the Aging—Title III, Part C, Nutrition Services	93.045							
Title III C-1 Congregate Meals								
2022-2023		446,593	18,293	-	18,293	-	-	-
COVID-19 ARP 2022-2023		16,294	-	-	8,427	8,427	-	-
2023-2024		483,432	-	-	392,862	420,936	28,074	-
Title III C-2 Home Delivered Meals								
2022-2023		513,932	23,980	-	23,980	-	-	-
COVID-19 ARP 2022-2023		415,326	47,573	-	59,177	11,604	-	-
2023-2024		414,458	-	-	393,794	457,208	63,414	-
		2,290,035	89,846	-	896,533	898,175	91,488	-
Special Programs for the Aging—Title III, Part C, Nutrition Services Incentive Program	93.053							
Title III C-1 Congregate Meals								
2022-2023		52,249	2,140	-	2,140	-	-	-
2023-2024		37,629	-	-	33,725	36,135	2,410	-
Title III C-2 Home Delivered Meals								
2022-2023		112,377	5,244	-	5,244	-	-	-
2023-2024		83,752	-	-	71,963	83,551	11,588	-
		286,007	7,384	-	113,072	119,686	13,998	-
Total Aging Cluster		2,660,702	109,968	-	1,053,311	1,060,430	117,087	-

AgeWell Services of West Michigan
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS—Continued
For the year ended September 30, 2024

<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, 2023</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, 2024</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							
2023-2024		\$ 6,701	\$ -	\$ -	\$ 5,873	\$ 6,701	\$ 828	\$ -
Total U.S. Department of Health and Human Services		2,667,403	109,968	-	1,059,184	1,067,131	117,915	-
<i>U.S. Department of Homeland Security</i>								
Passed through United Way Worldwide								
Emergency Food and Shelter National Board Program	97.024							
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	-	-
Phase 41 Oceana 41-4796-00 017 E9		3,500	-	-	1,750	3,500	1,750	-
Phase 41 Muskegon 41-4778-00 010 E9		450	-	-	225	450	225	-
		8,700	-	-	4,350	6,325	1,975	-
TOTAL FEDERAL ASSISTANCE		\$ 3,338,737	\$ 109,968	\$ -	\$ 1,367,443	\$ 1,488,784	\$ 231,309	\$ -

The accompanying notes are an integral part of this schedule.

AgeWell Services of West Michigan
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended September 30, 2024

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, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position 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, 2024 financial statements	<u><u>\$ 1,488,784</u></u>
Expenditures per single audit report	
Schedule of Expenditures of Federal Awards	<u><u>\$ 1,488,784</u></u>

AgeWell Services of West Michigan
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended September 30, 2024

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:

Assistance Listing Number(s)

Name of Federal Program or Cluster

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 22, 2025

U.S. Department of Health and Human Services
Washington, D.C.

AgeWell Services of West Michigan respectfully advises you that there were ***no*** audit findings reported in our single audit report, dated January 25, 2024, for the year ended September 30, 2023.

Sincerely,

Kristen M. VanderStelt
Executive Director



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

PH 231-755-0434 www.agewellservices.org

CORRECTIVE ACTION PLAN

January 22, 2025

U.S. Department of Health and Human Services
Washington, D.C.

AgeWell Services of West Michigan respectfully submits the following Corrective Action Plan for the year ended September 30, 2024.

Name and address of independent public accounting firm:

Brickley DeLong, P.C.
P.O. Box 999
Muskegon, Michigan 49440

Audit period: September 30, 2024

The findings from the Schedule of Findings and Questioned Costs for the year ended September 30, 2024 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 U.S. Department of Health and Human Services has questions regarding this plan, please call Kristen M. VanderStelt at (231) 733-8630.

Sincerely,

Kristen M. VanderStelt
Executive Director