

# SENIOR RESOURCES OF WEST MICHIGAN

## FINANCIAL STATEMENTS

For the years ended  
September 30, 2023 and 2022

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**INDEPENDENT AUDITOR'S REPORT**

January 11, 2024

To the Board of Directors  
Senior Resources of West Michigan  
Muskegon, Michigan

**Opinion**

We have audited the accompanying financial statements of Senior Resources of West Michigan, (a non-profit organization) which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year 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 Senior Resources of West Michigan as of September 30, 2023, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 Senior Resources of West Michigan and to meet our other ethical responsibilities, in accordance with the 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.

**Prior Period Financial Statements**

The financial statement of Senior Resources of West Michigan as of and for the year ended September 30, 2022 were audited by other auditors, whose report dated January 17, 2023 expressed an unmodified opinion on those statements.

## **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 Senior Resources 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.

## **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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America 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 Senior Resources 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 Senior Resources 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.

### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 25-27 is presented for the purpose of additional analysis 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report January 11, 2024, on our consideration of Senior Resources 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 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 Senior Resources of West Michigan's internal control over financial reporting and compliance.



Certified Public Accountants  
Muskegon, Michigan

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## **FINANCIAL STATEMENTS**

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## STATEMENTS OF FINANCIAL POSITION

### SENIOR RESOURCES OF WEST MICHIGAN

September 30, 2023 and 2022

#### ASSETS

	<u>2023</u>	<u>2022</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,534,399	\$ 2,033,045
Investments - at fair value	2,825,342	3,848,102
Accounts receivable	2,059,022	2,700,469
Prepaid expenses	26,916	13,157
Other assets	150,296	355,688
<b>Total Current Assets</b>	<u>6,595,975</u>	<u>8,950,461</u>
<b>Long-Term Assets</b>		
Beneficial interest in assets held by others	54,534	46,073
Property and equipment, net	22,323	43,468
<b>Total Long-Term Assets</b>	<u>76,857</u>	<u>89,541</u>
<b>Total Assets</b>	<u><u>\$ 6,672,832</u></u>	<u><u>\$ 9,040,002</u></u>

#### LIABILITIES AND NET ASSETS

<b>Current Liabilities</b>		
Accounts payable	\$ 2,149,542	\$ 2,531,468
Accrued compensation	614,493	786,810
Accrued expenses	856,898	957,890
Refundable advances	220,754	100,833
<b>Total Current Liabilities</b>	<u>3,841,687</u>	<u>4,377,001</u>
Net assets without donor restrictions	<u>2,831,145</u>	<u>4,663,001</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 6,672,832</u></u>	<u><u>\$ 9,040,002</u></u>



## STATEMENTS OF ACTIVITIES

### SENIOR RESOURCES OF WEST MICHIGAN For the years ended September 30, 2023 and 2022

	<b>2023</b>	<b>2022</b>
	Without Donor Restrictions	Without Donor Restrictions
<b>Support and Revenues</b>		
MI Choice Program	\$ 23,567,429	\$ 23,933,381
Aging Programs	5,130,519	5,232,507
Muskegon County Senior Millage (MCSM) Program	2,319,016	2,248,238
Veteran Directed Care (VDC) Program	495,196	424,782
Other programs and services	537,016	427,207
Contributions of cash and other financial assets	11,972	17,077
Contributions of nonfinancial assets	172,513	109,704
Local match	365,936	317,723
Advertising revenue	81,206	73,134
Realized and unrealized gain (loss) on revaluation of beneficial interest	7,461	(13,282)
Unrealized gain (loss) on investments	32,125	(164,757)
Interest income	122,481	70,484
<b>Total Support and Revenues</b>	<b>32,842,870</b>	<b>32,676,198</b>
<b>Expenses</b>		
Program services:		
MI Choice Program	23,351,880	22,095,048
Aging Programs	4,892,695	4,898,659
Muskegon County Senior Millage Program	2,115,316	2,050,438
Other programs and services	2,467,486	2,405,521
<b>Total Program Services</b>	<b>32,827,377</b>	<b>31,449,666</b>
Support services:		
Management and general	1,847,349	1,757,310
<b>Total Expenses</b>	<b>34,674,726</b>	<b>33,206,976</b>
<b>Change in Net Assets</b>	<b>(1,831,856)</b>	<b>(530,778)</b>
<b>Net Assets, beginning of year</b>	<b>4,663,001</b>	<b>5,193,779</b>
<b>Net Assets, end of year</b>	<b>\$ 2,831,145</b>	<b>\$ 4,663,001</b>

**STATEMENTS OF FUNCTIONAL EXPENSES**

**SENIOR RESOURCES OF WEST MICHIGAN**

For the year ended September 30, 2023

	Program Services				Total	Supporting Management and General	Total 2023
	MI Choice Program	Aging Programs	MCSM Program	Other Programs and Services			
Purchased services	\$ 19,127,025	\$ 3,776,973	\$ 2,006,916	\$ 441,134	\$ 25,352,048	\$ -	\$ 25,352,048
Staff compensation	2,715,991	617,813	65,104	1,206,058	4,604,966	1,170,502	5,775,468
Staff fringe benefits	914,641	199,659	31,403	423,409	1,569,112	409,115	1,978,227
Travel, training, and conferences	61,078	33,448	305	40,876	135,707	12,070	147,777
Contract and professional services	272,510	52,662	2,766	157,192	485,130	154,923	640,053
Occupancy	62,254	27,956	4,324	11,528	106,062	25,963	132,025
Communications	79,924	30,339	3,531	93,638	207,432	36,788	244,220
Supplies	25,430	10,906	172	10,495	47,003	9,188	56,191
Equipment (including depreciation)	26,039	1,063	53	(9,668)	17,487	760	18,247
Insurance	17,144	6,179	742	11,797	35,862	6,236	42,098
Outreach and special events	2,443	17,258	-	15,722	35,423	7,176	42,599
In-kind services and supplies	26,545	118,439	-	17,791	162,775	9,738	172,513
Miscellaneous	20,856	-	-	47,514	68,370	4,890	73,260
<b>Total Expenses</b>	<b>\$23,351,880</b>	<b>\$ 4,892,695</b>	<b>\$ 2,115,316</b>	<b>\$ 2,467,486</b>	<b>\$32,827,377</b>	<b>\$ 1,847,349</b>	<b>\$34,674,726</b>

## STATEMENTS OF FUNCTIONAL EXPENSES (Continued)

SENIOR RESOURCES OF WEST MICHIGAN

For the year ended September 30, 2022

	Program Services				Total	Supporting Management and General	Total 2022
	MI Choice Program	Aging Programs	MCSM Program	Other			
				Programs and Services			
Purchased services	\$ 18,088,980	\$ 3,608,322	\$ 1,942,038	\$ 523,985	\$ 24,163,325	\$ -	\$ 24,163,325
Staff compensation	2,634,035	797,697	65,195	1,164,070	4,660,997	1,100,173	5,761,170
Staff fringe benefits	868,579	280,956	32,104	327,480	1,509,119	363,968	1,873,087
Travel, training, and conferences	26,613	15,231	86	34,192	76,122	11,625	87,747
Contract and professional services	223,246	53,496	1,946	56,098	334,786	184,449	519,235
Occupancy	38,155	26,862	4,761	21,305	91,083	28,309	119,392
Communications	85,116	52,690	3,009	111,249	252,064	29,392	281,456
Supplies	36,324	13,236	666	19,784	70,010	9,107	79,117
Equipment (including depreciation)	20,076	-	-	4,107	24,183	-	24,183
Insurance	13,960	4,603	633	10,332	29,528	4,605	34,133
Outreach and special events	3,468	35,461	-	33,353	72,282	10,283	82,565
In-kind services and supplies	44,789	10,105	-	45,848	100,742	8,962	109,704
Miscellaneous	11,707	-	-	53,718	65,425	6,437	71,862
<b>Total Expenses</b>	<b>\$22,095,048</b>	<b>\$ 4,898,659</b>	<b>\$ 2,050,438</b>	<b>\$ 2,405,521</b>	<b>\$31,449,666</b>	<b>\$ 1,757,310</b>	<b>\$33,206,976</b>

## STATEMENTS OF CASH FLOWS

**SENIOR RESOURCES OF WEST MICHIGAN**  
For the years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (1,831,856)	\$ (530,778)
Adjustments to reconcile the change in net assets to net cash used for operating activities:		
Depreciation	21,145	21,145
Realized and unrealized (gain) loss on investments	(39,586)	178,039
Change in operating assets and liabilities:		
Accounts receivable	641,447	(779,946)
Prepaid expenses	(13,759)	(7,729)
Accounts payable	(381,926)	106,353
Accrued compensation	(172,317)	(80,830)
Accrued expenses	(100,992)	395,774
Refundable advances	119,921	100,833
<b>Net Cash Used for Operating Activities</b>	<u>(1,757,923)</u>	<u>(597,139)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sale of investments	1,175,000	2,401,812
Purchase of investments	(121,115)	(1,871,304)
Return of capital	205,392	119,812
<b>Net Cash Provided by Investing Activities</b>	<u>1,259,277</u>	<u>650,320</u>
<b>Net Increase (Decrease) in Cash</b>	(498,646)	53,181
<b>Cash and Cash Equivalents, beginning of year</b>	2,033,045	1,979,864
<b>Cash and Cash Equivalents, end of year</b>	<u><u>\$ 1,534,399</u></u>	<u><u>\$ 2,033,045</u></u>

## NOTES TO FINANCIAL STATEMENTS

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**SENIOR RESOURCES OF WEST MICHIGAN**  
For the years ended September 30, 2023 and 2022

### ***Note A – Nature of Activities and Summary of Significant Accounting Policies***

#### **Nature of Activities**

Senior Resources of West Michigan (the “Organization”) is a Michigan nonprofit organization whose mission is to provide a comprehensive and coordinated system of services designated to promote the health and independence of older persons and their families in the Michigan counties of Muskegon, Oceana, and Ottawa. Below is a summary of the program services administered by the Organization:

**MDHHS MI Choice Program** - MI Choice Program furnishes an array of home and community-based services to assist aged and disabled Medicaid beneficiaries who live in the community and who would otherwise be institutionalized in a nursing facility.

**Aging Programs** - These programs include MDHHS Aging, Community Living, and Supports (ALCS) Bureau and Michigan Medicare/Medicaid Assistance Program (MMAP), which provide seniors with a variety of collaborative services, such as access, assistive devices, health promotion, in-home care, legal, medication management, transportation, and ombudsman services. They also provide meals and social activities to older individuals in congregate settings in the community and deliver meals and make daily visits to homebound older adults in the community.

**Muskegon County Senior Millage Program** - The Muskegon County Senior Millage (MCSM), formed under State of Michigan Public Act 39 of 1976, serves eligible Muskegon county residents by providing a variety of in-home and community services. The Organization also receives a fee for serving as the grants administrator.

**Other Programs and Services** - Other programs and services include services for older individuals, including information and assistance, primary care at home services, housing referrals, access, care management, respite, and companion care.

#### **Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting, recording revenue when earned rather than when received, and recording expenses when incurred rather than when paid.

#### **Use of Estimates**

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

## NOTES TO FINANCIAL STATEMENTS

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**SENIOR RESOURCES OF WEST MICHIGAN**  
For the years ended September 30, 2023 and 2022

### ***Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)***

#### **Cash and Cash Equivalents**

Cash and cash equivalents consist of demand deposits in banks and cash on hand. The Organization maintains cash balances in a checking account. The checking account is insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. From time to time during the year, the Organization may have cash in a bank checking or savings account in excess of the federally insured limit.

#### **Investments**

Investments held by the Organization consist of cash, mutual funds, certificates of deposit, U.S. treasury securities, and corporate bonds. Such investments are carried at fair value, based on quoted market prices. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value in the statements of financial position, unrealized gains and losses are included as changes in net assets in the statements of activities. See Note I for detailed information on the determination of fair market value.

#### **Fair Value Measurement**

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable data (Level 3). For a further discussion on fair value measurement, refer to Note I of the financial statements.

#### **Property and Equipment**

Property and equipment are stated at cost, or in the case of donated property, at estimated fair value at the date of donation. Additions and improvements are generally capitalized if the amount exceeds \$5,000; expenditures for routine maintenance are charged to expense when incurred. Management annually reviews these assets to determine whether carrying values have been impaired. Depreciation is computed principally on the straight-line method over the following useful lives of the assets:

Leasehold improvements	10 - 39 years
Office equipment	5 - 7 years

## NOTES TO FINANCIAL STATEMENTS

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**SENIOR RESOURCES OF WEST MICHIGAN**  
For the years ended September 30, 2023 and 2022

### ***Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)***

#### **Net Assets**

The Organization reports information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions – net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net assets with donor restrictions – net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor stipulated the funds be maintained in perpetuity.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are classified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

#### **Revenue Recognition**

Contract revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for services provided. Performance obligations are determined based on the nature of the services provided by the Organization. The Organization’s health management program and long-term care management services represent a bundle of services that are not capable of being distinct and, as such, are treated as a single performance obligation satisfied over time as services are rendered. The Organization determines the transaction price based on contractually agreed-upon amounts or rates.

#### ***Michigan Department of Health and Human Services (MDHHS) MI Choice Program***

The Organization has been awarded a contract for long-term care of Medicaid-eligible enrollees to provide assessment services and administrative supervision over daily care to qualified recipients in three West Michigan counties (Muskegon, Ottawa, and Oceana) who wish to continue living in their homes or other appropriate residential setting. The Organization receives payments through a capitation amount per individual based on age and acuity of need. Accounts receivable as of September 30, 2023 and 2022 were approximately \$860,000 and \$1,060,000, respectively.

## NOTES TO FINANCIAL STATEMENTS

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**SENIOR RESOURCES OF WEST MICHIGAN**  
For the years ended September 30, 2023 and 2022

### ***Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)***

#### **Revenue Recognition (Continued)**

Laws and regulations governing the Medicaid programs are complex and subject to interpretation. Management believes it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoings. While no such regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation. Noncompliance with such laws and regulations may result in significant regulatory action, including fines, penalties, and exclusion from the Medicaid programs. In addition, the contracts the Organization has with commercial payors also provide for retroactive audit and review of claims.

Variable consideration may also exist in the form of settlements with third-party payors as a result of retroactive adjustments due to audits, reviews, or investigations. These settlements are estimated based on the terms of the payment agreement with the payor, correspondence from the payor, and the Organization's historical settlement activity. The Organization has not applied a constraint to the transaction price for settlement estimates, as the Organization has determined that it is not probable that a significant reversal in the amount of the cumulative revenue recognized would not occur in the future. The Organization makes an initial and ongoing evaluation of any billed amounts not expected to be collected from third parties for services rendered to represent bad debt expense, in which the Organization has none.

Because all of its performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in Accounting Standards Codification (ASC) 606-10-50-14 and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

#### ***Grant Revenue***

The Aging Programs and Muskegon County Senior Millage Program revenue are considered conditional grants and are recorded as barriers are overcome (i.e., expenses are incurred). A grant receivable is recorded when the Organization has not yet received funds for a portion of the grant where conditions have been met. The Organization has not provided allowances in the financial statements for potential adjustments since such amounts, if any, are not expected to be significant. Amounts that have been awarded but not yet recognized as revenue total approximately \$1,252,000 as of September 30, 2022 and are not reflected in the accompanying financial statements. These amounts will be recorded as revenue as conditions are met. As of September 30, 2023 there were no deferred revenues for these grants.

In 2022, the Organization was awarded two grants from the Michigan Health Endowment Fund. These grants are considered to be conditional, and the revenue is recognized as conditions are met. Funds received before expenses incurred are considered reimbursable advances on the statements of financial position. The balance of unspent funds at September 30, 2023 and 2022 totaled \$218,754 and \$100,833, respectively.



## NOTES TO FINANCIAL STATEMENTS

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**SENIOR RESOURCES OF WEST MICHIGAN**  
For the years ended September 30, 2023 and 2022

### ***Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)***

#### **Contributions of Nonfinancial Assets**

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair market value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated services that create or enhance nonfinancial assets, or those that require specialized skills, and are provided by individuals possessing those skills that would be typically purchased if not provided by donation, are recorded at fair value in the period received.

See Note M for detailed information on the donated goods and services received.

#### **Income Taxes**

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

The Organization evaluates tax positions taken on its federal Exempt Organization Business Income Tax Returns in accordance with accounting principles generally accepted in the United States of America, which require that tax positions taken be more-likely-than-not to be sustained. Management believes that the Organization has no significant unrecognized tax benefits under that criteria. Penalties and interest, if any, assessed by income taxing authorities are included in operating expenses. The Organization's federal Exempt Organization Business Income Tax Returns are generally subject to examination by taxing authorities for three years after they were filed.

#### **Functional Expense Allocation**

The costs of providing the program and support services have been reported on a functional basis in the statements of activities and statements of functional expense. Most expenses can be directly attributed to the program or support services. Certain expenses are attributed to more than one functional category. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Depending on the specific nature of the expenditure, the basis of allocation may include time and effort, full-time equivalents, headcount, and square footage. Staff compensation and fringe benefits are allocated based upon time and effort. Although the methods of allocation used are considered reasonable and consistently applied, other methods could be used that would produce a different amount.

## NOTES TO FINANCIAL STATEMENTS

**SENIOR RESOURCES OF WEST MICHIGAN**  
For the years ended September 30, 2023 and 2022

### ***Note A – Nature of Activities and Summary of Significant Accounting Policies (Continued)***

#### **Reclassifications**

Certain amounts in the prior year financial statements have been reclassified to conform to the presentation in the current year financial statements.

#### **New Accounting Pronouncement**

Effective October 1, 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, as amended. This guidance is intended to improve financial reporting of lease transactions by requiring organizations that lease assets to recognize assets and liabilities for the rights and obligations created by leases that extend more than twelve months. Key provisions in this guidance include additional disclosures regarding the amount, timing, and uncertainty of cash flows arising from leases. The Organization's lease is currently operating on a year-to-year basis; therefore, a right-to-use lease asset or lease liability was not required to be recognized as of October 1, 2022.

#### **Subsequent Events**

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through January 11, 2024, which is the date the financial statements were available to be issued. See Note N for more information on subsequent events.

### ***Note B – Accounts Receivable and Contract Balances***

The following is a summary of the beginning and ending balances of accounts receivable and contract liabilities:

	<b>2023</b>		<b>2022</b>	
	Accounts Receivable	Contract Liabilities	Accounts Receivable	Contract Liabilities
Balance at October 1	\$ 2,700,469	\$ 833,000	\$ 1,920,523	\$ 448,895
Balance at September 30	2,059,022	825,260	2,700,469	833,000

## NOTES TO FINANCIAL STATEMENTS

**SENIOR RESOURCES OF WEST MICHIGAN**  
For the years ended September 30, 2023 and 2022

### **Note C – Liquidity and Availability**

As of September 30, 2023 and 2022, the following financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 1,534,399	\$ 2,033,045
Investments - at fair value	2,825,342	3,848,102
Accounts receivable	2,059,022	2,700,469
Other assets	150,296	355,688
Beneficial interest in assets held by others	54,534	46,073
	<u>6,623,593</u>	<u>8,983,377</u>
Less amounts not available to be used within one year:		
Investments in non-liquid securities	-	206,925
Other assets	-	150,296
	<u>-</u>	<u>357,221</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 6,623,593</u>	<u>\$ 8,626,156</u>

### **Note D – Investments**

Following are the values of investment securities as of September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Current Investments:		
Cash	\$ 337,840	\$ 161,309
Mutual funds	2,273,632	2,628,017
Certificates of deposit	-	50,001
U.S. treasury securities	-	702,272
Corporate bonds	213,870	306,503
	<u>2,825,342</u>	<u>3,848,102</u>
Total	<u>\$ 2,825,342</u>	<u>\$ 3,848,102</u>

## NOTES TO FINANCIAL STATEMENTS

**SENIOR RESOURCES OF WEST MICHIGAN**  
For the years ended September 30, 2023 and 2022

### **Note D – Investments (Continued)**

Investment income (loss) consists of the following amounts for the years ended September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Realized and unrealized gain (loss) on investments	\$ 39,586	\$ (178,039)
Interest and dividend income	122,481	70,484
Total	<u>\$ 162,067</u>	<u>\$ (107,555)</u>

### **Note E – Property and Equipment**

Property and equipment at September 30, 2023 and 2022 consists of:

	<u>2023</u>	<u>2022</u>
Leasehold improvements	\$ 441,771	\$ 441,771
Office equipment	203,888	203,888
Total property and equipment	645,659	645,659
Less: accumulated depreciation	623,336	602,191
Property and equipment, net	<u>\$ 22,323</u>	<u>\$ 43,468</u>

### **Note F – Line of Credit**

Under the line of credit agreement with a bank signed in 2020, the Organization has available borrowings of approximately \$500,000. Interest is payable monthly at an effective rate of 8.50 percent at September 30, 2023 and expires on February 26, 2025. The line of credit is collateralized by investments held by the Organization, limited to \$715,000. The Organization did not have outstanding borrowings as of September 30, 2023 and 2022.

### **Note G – 403(b) Plan**

The Organization maintains a retirement plan covering substantially all employees. Employees are immediately eligible to participate in an elective tax-deferred annuity program (403(b)). Upon hire, the Organization will match up to 5% of employees compensation for eligible employees. With respect to employer contributions, employees are fully vested three years after their date of hire. Expense for the years ended September 30, 2023 and 2022 was approximately \$260,000 and \$236,000, respectively.

## NOTES TO FINANCIAL STATEMENTS

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**SENIOR RESOURCES OF WEST MICHIGAN**  
For the years ended September 30, 2023 and 2022

### **Note H – Contingencies**

The Organization participates in grant programs that 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 that 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 I – Fair Value Measurement**

Accounting principles generally accepted in the United States of America establish a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The fair value hierarchy is categorized into three levels based on the inputs as follows:

**Level 1** – Unadjusted quoted prices in active markets for identical assets or liabilities.

**Level 2** – Quoted prices in markets that are not considered active or financial instruments for which significant inputs include quoted prices for similar assets or liabilities, interest rates, credit risk, etc.

**Level 3** – Significant unobservable inputs, which may include the Organization's own assumption in determining fair value.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for investments measured at fair value. There have been no changes in the methodologies used at September 30, 2023 and 2022.

*Money market and mutual funds:* Valued based on quoted net asset values of the shares held by the Organization on the last business day of the year.

*Certificates of deposit, municipal obligations, and corporate bonds:* Valued based upon prices received from pricing services, using models which maximize observable inputs such as trades in exact or similar securities in active markets where available. Absent such trade data, models may incorporate other inputs such as yield curves constructed from yields of similar securities, broker quotes and other observable market data.

*Beneficial interest in assets held by others:* Fair value measurements of the underlying investments held by others are based on quoted prices. The underlying assets cannot be liquidated or redeemed by the Organization. As such, no quoted prices or active market prices are available, however, the carrying value of this asset is equal to the allocated portion of the total fair values of the underlying investments held by others.

## NOTES TO FINANCIAL STATEMENTS

**SENIOR RESOURCES OF WEST MICHIGAN**  
For the years ended September 30, 2023 and 2022

### *Note I – Fair Value Measurement (Continued)*

#### Changes in Fair Value Levels

Assets measured at fair value on a recurring basis comprise the following for the years ended September 30, 2023 and 2022:

Description	September 30, 2023	Fair Value		
		Level 1	Level 2	Level 3
Investments:				
Cash	\$ 337,840	\$ 337,840	\$ -	\$ -
Mutual funds	2,273,632	2,273,632	-	-
Corporate bonds	213,870	-	213,870	-
Total investments	2,825,342	2,611,472	213,870	-
Beneficial interest in assets held by others	54,534	-	-	54,534
Total assets	<u>\$ 2,879,876</u>	<u>\$ 2,611,472</u>	<u>\$ 213,870</u>	<u>\$ 54,534</u>

Description	September 30, 2022	Fair Value		
		Level 1	Level 2	Level 3
Investments:				
Cash	\$ 161,309	\$ 161,309	\$ -	\$ -
Mutual funds	2,628,017	2,628,017	-	-
Certificates of deposit	50,001	-	50,001	-
U.S. treasury securities	702,272	-	702,272	-
Corporate bonds	306,503	-	306,503	-
Total investments	3,848,102	2,789,326	1,058,776	-
Beneficial interest in assets held by others	46,073	-	-	46,073
Total assets	<u>\$ 3,894,175</u>	<u>\$ 2,789,326</u>	<u>\$ 1,058,776</u>	<u>\$ 46,073</u>

## NOTES TO FINANCIAL STATEMENTS

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**SENIOR RESOURCES OF WEST MICHIGAN**  
For the years ended September 30, 2023 and 2022

### ***Note J – Other Assets***

The Organization has a noncontrolling interest in LifeCircles (a Michigan nonprofit corporation). The Organization made capital contributions of \$500,000 to LifeCircles upon formation. The Organization has an interest of \$150,296 and \$355,688 recorded in other assets at cost as of September 30, 2023 and 2022, respectively. The Organization does not have the ability to appoint a majority of the board members or significantly influence LifeCircles. The shareholder agreement with LifeCircles does not have mandatory redemption provisions; however, LifeCircles may return capital in the form of distributions to its controlling members or withdrawal at fair market value. During the years ended September 30, 2023 and 2022, LifeCircles made distributions to the Organization totaling \$205,392 and \$119,812, respectively. Distributions of capital have continued since September 30, 2023 and are expected to continue through 2024 when the full capital contribution will be returned to the Organization.

### ***Note K – Beneficial Interest in Assets Held by Others***

Beneficial interest in funds held at a community foundation includes amounts held by Grand Haven Area Community Foundation (GHACF) and Community Foundation for Muskegon County (CFFMC) for the benefit of the Organization. The Organization has accounted for the transfer of such assets as a beneficial interest in funds held by the community foundations. The funds with the community foundations were established in 2011 by the Organization primarily to transfer organizational operational surpluses, to fund any operational deficiencies, and to receive contributions. The agreement with the community foundations allows for community foundation income and a portion of the principal to be used for the Organization's general operations. In accordance with GAAP, an asset has been established for the fair value of the funds on the statements of financial position of the Organization in the amount of \$54,534 and \$46,073 as of September 30, 2023 and 2022, respectively.

In addition, certain funds donated by outside donors for the benefit of the Organization are held and managed by the community foundations. The community foundations maintain variance power, which, as a result, requires that the assets it holds not be reported as assets of the Organization. The fair value of these funds is \$15,598 and \$23,263 as of September 30, 2023 and 2022, respectively. These funds are not reflected in the financial statements. Earnings are available for distribution to the Organization at the discretion of the foundations and, therefore, are not reflected as revenue in the financial statements until received by the Organization.

## NOTES TO FINANCIAL STATEMENTS

**SENIOR RESOURCES OF WEST MICHIGAN**  
For the years ended September 30, 2023 and 2022

### ***Note K – Beneficial Interest in Assets Held by Others (Continued)***

The board of trustees of the foundations shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes 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.

### ***Note L – Concentration of Funding Sources***

The Organization's concentrated funding sources for years ended September 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
MDHHS MI Choice Program	63%	73%
MDHHS Aging, Community Living, and Support Bureau	13%	16%
Muskegon Country Senior Millage	6%	7%
Other	18%	4%

Accounts receivable from these governmental agencies as of September 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
MDHHS MI Choice Program	42%	33%
MDHHS Aging, Community Living, and Supports Bureau	30%	44%
Muskegon County Senior Millage	20%	9%
Other	8%	14%

### ***Note M – Contributions of Nonfinancial Assets***

Contributions of nonfinancial assets recognized by the Organization for the years ended September 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Donated services	\$ 87,517	\$ 106,624
Donated supplies	84,996	3,080
Total nonfinancial contributions	<u>\$ 172,513</u>	<u>\$ 109,704</u>

Donated services are recognized in the financial statements at their fair value if the services require specialized skills and the services are provided by individuals possessing those skills and if the services would typically need to be purchased if not donated. Donated services are provided by specially trained volunteers and counselors who assist in serving the Organization's participants for the MI Choice Program and Michigan Medicare/Medicaid Assistance Program.



## NOTES TO FINANCIAL STATEMENTS

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**SENIOR RESOURCES OF WEST MICHIGAN**  
For the years ended September 30, 2023 and 2022

### ***Note M – Contributions of Nonfinancial Assets (Continued)***

Nonmonetary transactions are recorded on the basis of the market value of services provided or assets transferred based on the independently obtained average earnings per hour for private sector workers in the Organization's region. Donated supplies are contributed food, supplies, and equipment recorded at their estimated value, considering their condition for use at the time of contribution.

### ***Note N – Subsequent Events***

During the current year, the Organization formed a joint venture with two agencies in West Michigan. This joint venture will seek to provide new participant plans with additional services to the members of the community. The plan is expected to formally launch and go into effect after September 30, 2024.

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## **SUPPLEMENTARY INFORMATION**

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**THE AGING, COMMUNITY LIVING, AND SUPPORTS BUREAU – GRANT SERVICES EXPENSE DETAIL**

SENIOR RESOURCES OF WEST MICHIGAN

For the year ended September 30, 2023

Service Category	Federal Funded Services (incl. Title IIIB - VIIA)										Total Federal	
	III B	III C1	III C2	III D	III E	VII EAP	VII A	NSIP	TCM	COVID [2]		
Adult Day Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Care Management	-	-	-	-	-	-	-	-	244,434	-	-	244,434
Caregiver Assess / Support	-	-	-	-	33,922	-	-	-	-	86,280	-	120,202
Case Coord / Support	122,361	-	-	-	56,259	-	-	-	-	138,099	-	316,719
Congregate Meals	-	446,593	-	-	-	-	-	52,249	-	345,363	-	844,205
Disease Prev / Health	-	-	-	33,635	-	-	-	-	-	31,640	-	65,275
Elder Abuse Prev	-	-	-	-	-	6,569	-	-	-	-	-	6,569
Home Delivered Meals	-	-	540,361	-	-	-	-	112,377	-	219,510	-	872,248
Homemaker	-	-	-	-	-	-	-	-	-	-	-	-
Information & Assistance [1]	83,440	-	-	-	71,284	-	-	-	-	-	-	154,724
Kinship Care	-	-	-	-	22,614	-	-	-	-	-	-	22,614
Legal Assistance	37,500	-	-	-	-	-	-	-	-	-	-	37,500
Medication Management	-	-	-	-	-	-	-	-	-	-	-	-
Ombudsman	5,000	-	-	-	-	-	15,000	-	-	-	-	20,000
Personal Emergency Resp	-	-	-	-	9,474	-	-	-	-	-	-	9,474
Personal Care	-	-	-	-	-	-	-	-	-	-	-	-
Program Development	88,000	-	-	-	-	-	-	-	-	-	-	88,000
Respite Care	-	-	-	-	607	-	-	-	-	-	-	607
Transportation	106,302	-	-	-	-	-	-	-	-	-	-	106,302
Training	-	-	-	-	16,040	-	-	-	-	-	-	16,040
<b>TOTAL</b>	<b>\$ 442,603</b>	<b>\$ 446,593</b>	<b>\$ 540,361</b>	<b>\$ 33,635</b>	<b>\$ 210,200</b>	<b>\$ 6,569</b>	<b>\$ 15,000</b>	<b>\$ 164,626</b>	<b>\$ 244,434</b>	<b>\$ 820,892</b>	<b>\$ -</b>	<b>\$ 2,924,913</b>

[1] Information & Assistance includes Friendly Reassurance.

[2] COVID includes American Rescue Plan Act (ARPA) funding.

**THE AGING, COMMUNITY LIVING, AND SUPPORTS BUREAU – GRANT SERVICES EXPENSE DETAIL (Continued)**

SENIOR RESOURCES OF WEST MICHIGAN

For the year ended September 30, 2023

Service Category	State Funded Services								
	Age Net Srv	HD Meals	Cong Meals	Access	In-Home	Alt Care	Care Mgmt	NHOmbuds	MSOmbuds
Adult Day Care	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Care Management	-	-	-	-	-	-	215,913	-	-
Caregiver Assess / Support	-	-	-	-	-	-	-	-	-
Case Coord / Support	45,076	-	-	28,908	-	-	-	-	-
Congregate Meals	-	-	9,685	-	-	-	-	-	-
Disease Prev / Health	-	-	-	-	-	-	-	-	-
Elder Abuse Prev	-	-	-	-	-	-	-	-	-
Home Delivered Meals	-	480,490	-	-	-	-	-	-	-
Homemaker	-	-	-	-	182,449	-	-	-	-
Information & Assistance [1]	-	-	-	-	-	-	-	-	-
Kinship Care	-	-	-	-	-	-	-	-	-
Legal Assistance	-	-	-	-	-	-	-	-	-
Medication Management	-	-	-	-	65,589	-	-	-	-
Ombudsman	-	-	-	-	-	-	-	22,010	10,576
Personal Emergency Resp	-	-	-	-	70,536	-	-	-	-
Personal Care	-	-	-	-	264,781	113,020	-	-	-
Program Development	-	-	-	-	-	-	-	-	-
Respite Care	-	-	-	-	16,645	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Training	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 45,076</b>	<b>\$ 480,490</b>	<b>\$ 9,685</b>	<b>\$ 28,908</b>	<b>\$ 600,000</b>	<b>\$ 113,020</b>	<b>\$ 215,913</b>	<b>\$ 22,010</b>	<b>\$ 10,576</b>

**THE AGING, COMMUNITY LIVING, AND SUPPORTS BUREAU – GRANT SERVICES EXPENSE DETAIL (Continued)**

SENIOR RESOURCES OF WEST MICHIGAN

For the year ended September 30, 2023

Service Category	State Funded Services			Total State	*Other Funds		GRAND TOTAL
	Respite	Caregiver	TSR/Merit		Program Income	In-Kind	
Adult Day Care	\$ -	\$ -	\$ 113,589	\$ 113,589	\$ 924	\$ 12,622	\$ 127,135
Care Management	-	-	-	215,913	-	23,991	484,338
Caregiver Assess / Support	-	-	-	-	-	3,770	123,972
Case Coord / Support	-	-	-	73,984	-	43,420	434,123
Congregate Meals	-	-	-	9,685	-	89,079	942,969
Disease Prev / Health	-	-	-	-	1	13,328	78,604
Elder Abuse Prev	-	-	-	-	-	731	7,300
Home Delivered Meals	-	-	-	480,490	-	137,821	1,490,559
Homemaker	-	-	-	182,449	1,370	20,273	204,092
Information & Assistance [1]	-	-	-	-	-	17,192	171,916
Kinship Care	-	-	-	-	-	2,514	25,128
Legal Assistance	-	-	-	-	-	4,168	41,668
Medication Management	-	-	-	65,589	493	7,289	73,371
Ombudsman	-	-	-	32,586	-	4,179	56,765
Personal Emergency Resp	-	-	-	70,536	920	8,891	89,821
Personal Care	-	-	-	377,801	2,898	41,980	422,679
Program Development	-	-	-	-	-	9,778	97,778
Respite Care	79,238	16,392	8,351	120,626	756	13,472	135,461
Transportation	-	-	-	-	-	11,812	118,114
Training	-	-	-	-	660	1,782	18,482
<b>TOTAL</b>	<b>\$ 79,238</b>	<b>\$ 16,392</b>	<b>\$ 121,940</b>	<b>\$ 1,743,248</b>	<b>\$ 8,022</b>	<b>\$ 468,092</b>	<b>\$ 5,144,275</b>

\*Amounts reported follow the ACLS Bureau reporting requirements.