

AgeWays Nonprofit Senior Services

Financial Statements

September 30, 2024

(With Summarized Comparative Information for 2023)



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Independent Auditors' Report

Management and the Board of Directors
AgeWays Nonprofit Senior Services
Southfield, Michigan

Opinion

We have audited the accompanying financial statements of AgeWays Nonprofit Senior Services (a nonprofit organization), which comprise the statement of financial position as of September 30, 2024, and the related statements of revenue, expenses and changes in net assets, 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 AgeWays Nonprofit Senior Services as of September 30, 2024, and the changes in its net assets and its 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 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of AgeWays Nonprofit Senior Services 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 audit opinion.

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 AgeWays Nonprofit Senior Services' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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, including omissions, 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 AgeWays Nonprofit Senior Services' 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 AgeWays Nonprofit Senior Services' 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 Summarized Comparative Information

We have previously audited the AgeWays Nonprofit Senior Services 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 15, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Funded Service Categories by Source is presented for purposes 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 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 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 dated February 28, 2025 on our consideration of AgeWays Nonprofit Senior Services' 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 AgeWays Nonprofit Senior Services' 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 AgeWays Nonprofit Senior Services' internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Auburn Hills, Michigan
February 28, 2025

AgeWays Nonprofit Senior Services
Statement of Financial Position
September 30, 2024
(With Summarized Comparative Information for 2023)

	2024	2023
Assets		
Current assets		
Cash and cash equivalents	\$ 12,062,549	\$ 11,409,054
Accounts receivable	5,930,525	7,329,467
Prepaid expenses	<u>180,502</u>	<u>313,278</u>
Total current assets	18,173,576	19,051,799
Equipment and leasehold improvement, net	139,415	152,051
Right of use asset - operating lease, net	<u>210,778</u>	<u>424,136</u>
Total assets	<u>\$ 18,523,769</u>	<u>\$ 19,627,986</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 7,647,116	\$ 9,024,779
Accrued expenses	904,867	1,142,633
Refundable advance	1,007,955	-
Note payable	-	431,201
Operating lease obligation, current portion	<u>216,913</u>	<u>220,190</u>
Total current liabilities	9,776,851	10,818,803
Long-term liabilities		
Operating lease obligation, net of current portion	<u>-</u>	<u>216,914</u>
Total liabilities	<u>9,776,851</u>	<u>11,035,717</u>
Net assets		
Without donor restrictions		
Undesignated	8,161,238	8,145,881
With donor restrictions		
Purpose restrictions	<u>585,680</u>	<u>446,388</u>
Total net assets	<u>8,746,918</u>	<u>8,592,269</u>
Total liabilities and net assets	<u>\$ 18,523,769</u>	<u>\$ 19,627,986</u>

See Accompanying Notes to the Financial Statements

AgeWays Nonprofit Senior Services
Statement of Revenues, Expenses and Changes in Net Assets
For the Year Ended September 30, 2024
(With Summarized Comparative Information for 2023)

	Without Donor Restrictions	With Donor Restrictions	2024	2023
Revenue, support and gains				
Federal grants	\$ 15,275,292	\$ -	\$ 15,275,292	\$ 16,646,545
State grants	44,533,324	-	44,533,324	40,999,523
Fees for services	13,423,136	-	13,423,136	11,763,601
County support	364,921	-	364,921	352,349
Gifts and grants	357,433	465,881	823,314	421,183
Contributed nonfinancial assets	1,970,902	-	1,970,902	2,007,516
Interest income	492,631	-	492,631	285,221
Net assets released from restrictions	326,589	(326,589)	-	-
	<u>76,744,228</u>	<u>139,292</u>	<u>76,883,520</u>	<u>72,475,938</u>
Total revenue, support and gains				
Expenses				
Program services				
MI Choice Medicaid Waiver	33,086,077	-	33,086,077	31,835,936
Aging and Adult Services	27,961,839	-	27,961,839	27,534,160
MI Health Link	10,232,266	-	10,232,266	8,568,503
Medicare/Medicaid Assistance	573,921	-	573,921	600,573
Other program	2,594,858	-	2,594,858	2,341,525
Supporting services				
Management and general	2,279,910	-	2,279,910	2,672,393
	<u>76,728,871</u>	<u>-</u>	<u>76,728,871</u>	<u>73,553,090</u>
Total expenses				
Change in net assets	15,357	139,292	154,649	(1,077,152)
Net assets - beginning of year	<u>8,145,881</u>	<u>446,388</u>	<u>8,592,269</u>	<u>9,669,421</u>
Net assets - end of year	<u>\$ 8,161,238</u>	<u>\$ 585,680</u>	<u>\$ 8,746,918</u>	<u>\$ 8,592,269</u>

See Accompanying Notes to the Financial Statements

AgeWays Nonprofit Senior Services
Statement of Functional Expenses
For the Year Ended September 30, 2024
(With Summarized Comparative Information for 2023)

	Program Services						Management and General	Total	
	MI Choice Medicaid Waiver	Aging and Adult Services Program	MI Health Link Program	Medicare Medicaid Assistance	Other Programs	Total Program Services		2024	2023
Salaries and related costs									
Salaries and wages	\$ 3,730,373	\$ 3,325,474	\$ 194,715	\$ 239,618	\$ 517,511	\$ 8,007,691	\$ 1,387,013	\$ 9,394,704	\$ 9,174,263
Payroll taxes	277,124	215,522	13,991	17,797	38,872	563,306	94,001	657,307	645,522
Employee benefits	738,988	695,744	26,209	40,377	97,925	1,599,243	238,391	1,837,634	1,657,521
Total salaries and related costs	4,746,485	4,236,740	234,915	297,792	654,308	10,170,240	1,719,405	11,889,645	11,477,306
Accounting	-	-	-	-	-	-	62,944	62,944	56,000
Advertising	-	157,010	-	-	-	157,010	-	157,010	63,499
Bad debt	-	-	-	-	-	-	-	-	390
Bank service charge	-	-	-	-	-	-	29,655	29,655	20,955
Employee appreciation	-	71,950	-	3,569	3,624	79,143	29,005	108,148	29,483
Depreciation	-	-	-	-	-	-	12,636	12,636	12,636
Equipment	5,164	5,122	370	472	612	11,740	1,442	13,182	12,021
Insurance	33,754	33,315	2,388	3,143	3,997	76,597	9,337	85,934	77,502
Interest	-	-	-	-	-	-	7,035	7,035	19,715
Legal services	-	-	-	-	-	-	27,050	27,050	60,114
Meals	1,554	3,368	38	37	2,824	7,821	3,821	11,642	6,623
Memberships	24,610	29,250	1,798	2,309	3,433	61,400	11,081	72,481	78,428
Other	11,902	54,754	732	912	4,006	72,306	33,808	106,114	65,667
Postage	7,480	16,896	2	865	448	25,691	3,659	29,350	69,847
Printing and publications	9,767	93,928	632	1,381	4,368	110,076	4,351	114,427	92,802
Professional services	228,518	380,158	2,069	2,663	102,451	715,859	105,175	821,034	449,794
Rent	90,417	100,243	6,932	9,044	11,541	218,177	26,939	245,116	233,943
Service contracts	27,484,085	22,009,068	9,952,391	185,682	1,732,345	61,363,571	-	61,363,571	59,228,781
Supplies	3,289	32,367	337	7,349	868	44,210	5,988	50,198	48,370
Technology services	250,285	526,534	18,873	39,974	32,350	868,016	119,431	987,447	955,115
Telephone	128,687	127,429	9,172	13,684	15,258	294,230	36,868	331,098	358,302
Training	22,079	31,587	1,041	1,603	12,735	69,045	18,760	87,805	59,232
Travel	35,366	49,505	388	3,197	9,377	97,833	10,790	108,623	70,199
Utilities	2,635	2,615	188	245	313	5,996	730	6,726	6,366
Total expenses by function	\$ 33,086,077	\$ 27,961,839	\$ 10,232,266	\$ 573,921	\$ 2,594,858	\$ 74,448,961	\$ 2,279,910	\$ 76,728,871	\$ 73,553,090

See Accompanying Notes to the Financial Statements

AgeWays Nonprofit Senior Services
Statement of Cash Flows
For the Year Ended September 30, 2024
(With Summarized Comparative Information for 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ 154,649	\$ (1,077,152)
Items not requiring cash		
Depreciation	12,636	12,636
Bad debt	-	390
Changes in operating assets and liabilities		
Accounts receivable	1,398,942	(335,278)
Prepaid expenses	132,776	(97,412)
Operating lease assets and liabilities	(6,833)	12,968
Accounts payable	(1,377,663)	1,314,177
Accrued expenses	(237,766)	(75,800)
Refundable advance	<u>1,007,955</u>	<u>-</u>
Net cash provided (used) by operating activities	1,084,696	(245,471)
Cash flows from investing activities		
Purchases of property and equipment	-	(7,287)
Cash flows from financing activities		
Payments on note payable	<u>(431,201)</u>	<u>(418,428)</u>
Net change in cash and cash equivalents	653,495	(671,186)
Cash and cash equivalents - beginning of year	<u>11,409,054</u>	<u>12,080,240</u>
Cash and cash equivalents - end of year	<u><u>\$ 12,062,549</u></u>	<u><u>\$ 11,409,054</u></u>
Cash, cash equivalents, and restricted cash		
Cash and cash equivalents	\$ 12,062,549	\$ 11,409,054
Supplementary information		
Interest paid	<u><u>\$ 7,035</u></u>	<u><u>\$ 19,715</u></u>
Equipment acquired through operating lease	<u><u>\$ -</u></u>	<u><u>\$ 15,675</u></u>

See Accompanying Notes to the Financial Statements

AgeWays Nonprofit Senior Services
Notes to the Financial Statements
September 30, 2024
(With Summarized Comparative Information for 2023)

Note 1 - Summary of Significant Accounting Policies

Nature of Activities

The AgeWays Nonprofit Senior Services (the “Agency”) is a Michigan non-profit organization, based in Southfield, Michigan. The Agency provides, through contract and direct service purchase, home care support and nutrition services to persons age 60 and above, and to persons with disabilities who are age 18 and older residing in the Michigan counties of Livingston, Macomb, Monroe, Oakland, St. Clair and Washtenaw. The reported revenues and expenses include all amounts received and expended directly by the Agency and contractor organizations in connection with the provision of programs contracted with them by the Agency.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. As needed, the Board may designate net assets to be allocated for specific actions.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Agency reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Comparative Financial Information

The financial information for the year ended September 30, 2023 is presented for comparative purposes is not intended to be a complete financial statement presentation

Cash and Cash Equivalents

The Agency considers all highly liquid investments purchased with maturity of three months or less to be cash equivalents. As of September 30, 2024, \$12,169,568 of the \$12,419,568 bank balance of cash and cash equivalents was in excess of the amount insured by the FDIC.

Accounts Receivable

Trade accounts receivable are stated of an allowance for credit losses. The Agency estimates the allowance based on an analysis of specific accounts, taking into consideration the age of past due accounts, as assessment of ability to pay, current conditions, and reasonable and supportable forecasts, after evaluation of variable consideration. Individual receivables are written off as a charge to the allowance for credit losses when, in management’s estimation, it is probable that the receivable is worthless.

It is the Agency’s policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

AgeWays Nonprofit Senior Services
Notes to the Financial Statements
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Grants Receivable

Grants receivable consists of revenue under the grant agreements that were earned prior to year-end for which payment has not been received. Grants receivable credit risk is limited due to the nature of the grants. The Agency considers all grants receivable as collectible.

Equipment and Leasehold Improvements

The Agency follows the practice of capitalizing all expenditures in excess of \$5,000 for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized. Major improvements are capitalized while ordinary maintenance and repairs are expensed.

The Agency evaluates long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with accounting principles generally accepted in the United States of America.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Gifts of land, buildings, equipment and other long-lived assets are also reported as revenue without donor restrictions and net assets, unless subject to time restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

Compensated Absences

Employees of the Agency are entitled to paid time off, depending on length of service. Employees are allowed to accumulate paid time off and up to 300 hours can be paid out upon separation. Employees can also carry over earned vacation.

Revenue and Revenue Recognition

Revenue is recognized when earned. Payments under cost-reimbursable contracts are recognized in the period in which the related services are performed, or expenditures are incurred, respectively. Revenue received for grants and fees for services determined to be exchange transactions are recognized as services are provided.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Included in state grant revenue is the Michigan Department of Health and Human Services (MDCH) MI Choice grant, which is a capitated rate plan. Under this plan, the Agency is paid a monthly fee for each eligible participant enrolled in the plan at the end of each month. The fee is based on participant age and the level of need for support services. These payments are reconciled each month to determine overpayments (money due back to the State) or underpayments (money due to the Agency).

Donated Services and Goods

The Agency records the value of donated goods as contributions using estimated fair values at the date of receipt. The Agency's policy is to utilize, rather than monetize, donated services and goods. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

Leases

The Agency leases certain facilities, equipment, and vehicles. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the

AgeWays Nonprofit Senior Services
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economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. Finance leases are contracts that have characteristics that make them similar to the purchase of the underlying asset. Operating leases are contracts that allow for the use of the underlying asset but there is no ownership transfer at the end of the lease.

Right of use assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Right of use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Agency's lease terms may include options to extend or terminate the lease when it is reasonably certain that option will be exercised. The weighted-average discount rate is based on the discount rate implicit in the lease. The Agency has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Agency has applied the risk-free rate option to the building and office equipment classes of assets.

Operating lease expense for lease payments is recognized on a straight-line basis over the lease term. Finance lease expense is allocated between the amortization of the right of use asset and interest expense.

The lease payments used to determine the lease liability and right of use assets include residual value guarantees that are probable of being paid at the termination of the lease term.

Advertising

The Agency expenses advertising costs the first time the advertising occurs. Advertising expense for the years ended September 30, 2024 and 2023 was \$157,010 and \$63,499, respectively.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Those expenses include salaries and employee benefits, equipment, insurance, memberships, postage, printing and publications, professional services, rent, supplies, technology services, telephone, training, and utilities. Salaries are allocated based on a time and cost study of where efforts are made, and the other expense are allocated using a percentage of FTEs.

Income Tax Status

The Agency is qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and is classified as an organization other than a private foundation, as described in Section 509(a). The Agency files information returns in the U.S. Federal and Michigan jurisdiction.

Use of Estimates

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

Date of Management's Review

Management has evaluated subsequent events through February 28, 2025 which is the date the financial statements were available to be issued.

AgeWays Nonprofit Senior Services
Notes to the Financial Statements
September 30, 2024
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Adoption of New Accounting Standard

The Agency adopted FASB Topic 326, *Financial Instruments – Credit Losses*, as of the beginning of the year ended September 30, 2024. FASB Topic 326 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net amount expected to be collected. This has been adopted prospectively using the modified retrospective approach, which restates the balances as of the date of adoption. Beginning net assets for the year ended September 30, 2024 did not change as a result of this standard.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at September 30:

	2024	2023
Cash and cash equivalents	\$ 12,062,549	\$ 11,409,054
Accounts receivable	<u>5,930,525</u>	<u>7,329,467</u>
Total financial assets - end of year	17,993,074	18,738,521
Less: Financial assets unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restrictions	<u>(585,680)</u>	<u>(446,388)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 17,407,394</u>	<u>\$ 18,292,133</u>

As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Agency invests cash in excess of daily requirements in short-term investments.

Note 3 - Conditional Promises to Give

During the fiscal year, the Agency received conditional promises to give related to local, state and federal grants. Payment of the grants is contingent upon spending the funds for the designated allowable purpose and various compliance requirements in accordance with 2 CFR 200. The conditional contributions consisted of the following as of September 30, 2024:

Condition/ Grant Purpose	Total Contract/ Grant Amount	Spent to Date	Conditional Contribution
Aging	\$ 1,361,575	\$ 353,620	\$ 1,007,955

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Note 4 - Accounts Receivable

The accounts receivable balance consists of the following:

	2024	2023
Exchange receivables		
Trade receivables	\$ 3,172,493	\$ 3,235,579
Contribution receivables		
Grant receivables	2,758,032	4,093,888
Total accounts receivable	<u>\$ 5,930,525</u>	<u>\$ 7,329,467</u>
Trade receivables	\$ 3,356,295	\$ 3,979,377
Less: Allowance for credit losses	<u>(183,802)</u>	<u>(743,798)</u>
	<u>\$ 3,172,493</u>	<u>\$ 3,235,579</u>

Changes in allowance for credit losses during the year consist of:

Beginning allowance	\$ 743,798
Write-offs	<u>(559,996)</u>
Ending allowance	<u>\$ 183,802</u>

Note 5 - Equipment and Leasehold Improvements

Major classes of assets and related accumulated depreciation thereon are summarized as follows:

	2024	2023
Furniture and equipment	\$ 51,322	\$ 51,322
Leasehold improvements	315,903	315,903
	367,225	367,225
Accumulated depreciation	<u>(227,810)</u>	<u>(215,174)</u>
Equipment and leasehold improvements, net	<u>\$ 139,415</u>	<u>\$ 152,051</u>

Depreciation is computed using the straight-line method over the useful lives of the related assets. Depreciation expense for the years ended September 30, 2024 and 2023 was \$12,636 and \$12,636, respectively.

Note 6 - Leases

The Agency leases certain facilities, vehicles and equipment at various terms under long-term non-cancelable operating lease agreements. The leases expire at various dates through 2025 and provide for renewal options ranging from one year to three years. The Agency includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The operating lease provides for increases in future minimum annual rental payments. Additionally, the operating lease agreement requires the Agency to pay insurance and repairs.

The Agency has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on a straight-line basis. The Agency elected the practical expedient to not separate lease and non-lease components for facilities and equipment.

AgeWays Nonprofit Senior Services
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Total lease cost for the years ended September 30 is as follows:

	<u>2024</u>	<u>2023</u>
Operating lease cost	\$ <u>223,792</u>	\$ <u>218,330</u>

The following table summarizes the supplemental cash flow information for the years ended September 30:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ <u>230,625</u>	\$ <u>205,362</u>

The following summarizes the weighted-average remaining lease term and weight-average discount rate:

	<u>2024</u>	<u>2023</u>
Weighted-average remaining lease term in years:		
Operating leases	1.00	2.00
Weighted-average discount rate:		
Operating leases	3.27%	3.28%

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of September 30, 2024:

	<u>Operating</u>
2025	\$ 220,138
Less interest	<u>(3,225)</u>
Present value of lease liabilities	<u>\$ 216,913</u>

Note 7 - Notes Payable

The following summarizes notes payable by type for the years ended September 30:

	<u>2024</u>	<u>2023</u>
Note payable to PNC Bank. The note was used to provide funding necessary to make up the shortfall between assets and liabilities associated with the termination of the Agency's defined benefit pension plan. The note requires monthly payments of \$36,512, including interest at 2.95%, secured by all personal property owned by the Agency, maturing September 2024.	\$ -	\$ 431,201
Less current portion	<u>-</u>	<u>(431,201)</u>
Long-term debt, net of current portion	<u>\$ -</u>	<u>\$ -</u>

The note agreement with the bank contains a covenant requiring the maintenance of a specific liquidity ratio. Under the terms of the agreement, the bank may call the loan if the Agency is in violation of this covenant. As of 2023, the Agency was in compliance with the covenant. As of 2024, the loan was paid in full and the covenant was not required.

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Interest expense for the years ended September 30, 2024 and 2023 was \$7,035 and \$19,715, respectively

Note 8 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes at September 30:

	2024	2023
Subject to expenditure for specified purpose:		
Holiday Meals	\$ 106,493	\$ 88,968
Oakland Blueprint	26,675	26,675
Medicare Outreach	38,545	45,088
Livingstone Resource Guide	-	957
Filmer Trust	1,628	1,628
Respite Voucher	160,595	280,222
Long-term Care	251,744	-
Shared Mission	-	2,850
	<u>-</u>	<u>2,850</u>
Total net assets with donor restrictions	<u>\$ 585,680</u>	<u>\$ 446,388</u>

Note 9 - Net Assets Released from Donor Restrictions

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

	2024	2023
Satisfaction of purpose restrictions		
Re-Imagine Caregiving	\$ -	\$ 7,460
Holiday Meals	47,548	49,464
Oakland Blueprint	870	3,450
Medicare Outreach	20,293	4,611
Livingstone Resource Guide	957	-
Oakland Together	-	19,284
Safety Net Services	-	20,846
Filmer Trust	-	3,372
Shared Mission	2,850	2,150
Respite Voucher	119,627	47,561
MHEF Ombud	134,444	-
CFSEM Blueprint	-	21,862
	<u>-</u>	<u>21,862</u>
Total net assets released from donor restrictions	<u>\$ 326,589</u>	<u>\$ 180,060</u>

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Note 10 - Revenue from Contracts with Customers

The following summarizes revenue by type for the years ended September 30:

	2024	2023
Revenue from contracts with customers	\$ 46,192,717	\$ 42,507,569
Federal grants	15,275,292	16,554,369
State grants	11,763,743	10,583,338
County support	364,921	352,349
Gifts and grants	823,314	185,576
Contributed nonfinancial assets	1,970,902	2,007,516
Investment income	492,631	285,221
 Total revenue	 <u>\$ 76,883,520</u>	 <u>\$ 72,475,938</u>

Bad debt expense as a result of credit loss on receivables and contract assets on contracts with customers was \$0 and \$390 for the years ended September 30, 2024 and 2023, respectively.

The revenue from contracts with customers is all earned at a point in time for the years ended September 30, 2024 and 2023.

Revenue under fee for service for Michigan Health Link is based primarily on contracts with insurance carriers for procedure rates and earned at a point in time when the service is performed. The transaction price is set in the contract with each insurance company. Capitation revenue is for support services provided to eligible participants. The transaction price is a set amount per month based on participants and the level of support needed. This revenue is considered earned at a point in time.

The following summarizes contract assets as of:

	September 30, 2024	September 30, 2023	October 1, 2022
Accounts receivable	<u>\$ 3,172,960</u>	<u>\$ 3,235,579</u>	<u>\$ 4,300,831</u>

There were no contract liabilities as of September 30, 2024, September 30, 2023, and October 1, 2022.

There were no changes in judgments related to revenue recognition for the years ended September 30, 2024 and 2023.

The Agency uses the practical expedient to record revenue as if there is no significant financing component when the receivable is due within one year.

Note 11 - Contributed Nonfinancial Assets

Contributed nonfinancial assets for the years ended September 30 were:

Category	2024 Revenue Recognized	2023 Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Building	\$ 1,077,673	\$ 1,302,200	Aging and Adult Services	No associated donor restrictions	Value determined by the fair market value of space used for the program reported by the contractor.
Vendor services	707,547	522,658	Aging and Adult Services	No associated donor restrictions	Value of services determined by contract with vendor.
Counseling services	185,682	182,658	Medicare/Medicaid Assistance	No associated donor restrictions	Volunteer hours for Medicaid/Medicare counseling at a hourly rate of \$31.80 as issued by Independent Sector for 2024.
Volunteer services	-	-	Aging and Adult Services	No associated donor restrictions	Criteria for recording revenue are not met; approximately 25,000 and 24,000 hours were donated for the years ended 2024 and 2023, respectively.
	<u>\$ 1,970,902</u>	<u>\$ 2,007,516</u>			

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Note 12 - Retirement Plan

The Agency sponsors a tax deferred profit-sharing plan for eligible employees under Section 401(k) of the Internal Revenue Code. The Agency recognized \$167,516 and \$197,190 for its matched contributions to the Plan during the years ended September 30, 2024 and 2023, respectively.

Note 13 - Commitments and Contingencies

The Agency participates in several federally assisted grant programs. These programs are subject to financial and compliance audits by the grantor or its representatives, the purpose of which is to ensure compliance with conditions precedent to the granting of the funds. Management feels that any liability for reimbursement which could arise as the result of a grantor audit would not be material.

The Agency is involved in legal actions arising in the ordinary course of business. While the ultimate outcome is unknown, management is of the opinion that it would not have a material adverse impact on the results of its operations.

Note 14 - Concentration

Approximately \$27,250,049 or 35% and \$25,364,525 or 35% of revenues are federal and state funds received through the State of Michigan, Department of Health and Human Services for the years ended September 30, 2024 and 2023, respectively. Accounts receivable from the State of Michigan, Department of Health and Human Services accounted for approximately 40% and 53% of total accounts receivable at September 30, 2024 and 2023, respectively.

AgeWays Nonprofit Senior Services
Schedule of Funded Service Categories by Source
September 30, 2024

Service Category	Federal Administration	Title III-B	Title IIIC-1	Title IIIC-2	Title III-D	Title III - E	Title VII/EAP	Title VII/A OMB	NSIP
Care Management	\$ -	\$ 31,891	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Case Coord/Support	-	22,483	-	-	-	18,867	-	-	-
Information & Assistance	-	92,599	-	-	-	-	-	-	-
Outreach	-	91,417	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Chore	-	76,338	-	-	-	-	-	-	-
Home Injury Control	-	75,224	-	-	-	-	-	-	-
Homemaker	-	-	-	-	-	-	-	-	-
Home Delivered Meals	-	-	-	4,370,510	-	-	-	-	949,594
Medication Management	-	-	-	-	-	-	-	-	-
Personal Care	-	-	-	-	-	-	-	-	-
PERS/Assist Tech & Devices	-	-	-	-	-	-	-	-	-
Respite Care - In Home	-	-	-	-	-	36,489	-	-	-
Congregate Meals	-	-	852,386	-	-	-	-	-	110,403
Legal Assistance	-	59,765	-	-	-	-	-	-	-
Adult Day Care	-	-	-	-	-	-	-	-	-
Disease Prevent	-	-	-	-	91,472	-	-	-	-
Assist to Deaf	-	20,086	-	-	-	-	-	-	-
LTC Ombudsman	-	149,226	-	-	-	-	-	44,359	-
Elder Abuse Prevention	-	26,137	-	-	-	-	43,119	-	-
Options Counseling	-	6,000	-	-	-	9,000	-	-	-
Caregiver Information and Assistar	-	-	-	-	-	302,723	-	-	-
Caregiver Outreach	-	-	-	-	-	245,104	-	-	-
Caregiver E,S,T	-	-	-	-	-	62,415	-	-	-
Program Develop	-	376,910	-	-	-	-	-	-	-
Respite Care - Volunteer	-	-	-	-	-	-	-	-	-
Administration	1,221,317	-	-	-	-	-	-	-	-
Funding Source Total	\$ 1,221,317	\$ 1,028,076	\$ 852,386	\$ 4,370,510	\$ 91,472	\$ 674,598	\$ 43,119	\$ 44,359	\$ 1,059,997

AgeWays Nonprofit Senior Services
Schedule of Funded Service Categories by Source
September 30, 2024

Service Category	State Admin	State Access	State In-Home	State Cong.	St. Home Del Meals	St. Alt. Care	State Care Mgmt	State ANS	State NHO
Care Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 259,096	\$ 126,492	\$ -
Case Coord/Support	-	-	-	-	-	-	604,557	154,601	-
Information & Assistance	-	137,402	-	-	-	-	-	25,000	-
Outreach	-	58,887	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-	-	-
Chore	-	-	-	-	-	-	-	-	-
Home Injury Control	-	-	-	-	-	-	-	-	-
Homemaker	-	-	1,005,237	-	-	585,023	-	-	-
Home Delivered Meals	-	-	-	-	3,412,964	-	-	-	-
Medication Management	-	-	10,093	-	-	-	-	-	-
Personal Care	-	-	1,132,650	-	-	174,342	-	-	-
PERS/Assist Tech & Devices	-	-	189,410	-	-	-	-	-	-
Respite Care - In Home	-	-	1,703,381	-	-	10,557	-	-	-
Congregate Meals	-	-	-	63,436	-	-	-	-	-
Legal Assistance	-	-	-	-	-	-	-	-	-
Adult Day Care	-	-	-	-	-	-	-	-	-
Disease Prevent	-	-	-	-	-	-	-	-	-
Assist to Deaf	-	-	-	-	-	-	-	-	-
LTC Ombudsman	-	-	-	-	-	-	-	-	75,968
Elder Abuse Prevention	-	-	-	-	-	-	-	-	-
Counseling	-	-	-	-	-	-	-	-	-
Caregiver Information and Assistar	-	-	-	-	-	-	-	-	-
Caregiver Outreach	-	-	-	-	-	-	-	-	-
Caregiver E,S,T	-	-	-	-	-	-	-	-	-
Program Develop	-	-	-	-	-	-	-	-	-
Respite Care - Volunteer	-	-	15,451	-	-	-	-	-	-
Administration	300,620	-	-	-	-	-	-	-	-
Funding Source Total	\$ 300,620	\$ 196,289	\$ 4,056,222	\$ 63,436	\$ 3,412,964	\$ 769,922	\$ 863,653	\$ 306,093	\$ 75,968

AgeWays Nonprofit Senior Services
Schedule of Funded Service Categories by Source
September 30, 2024

Service Category	St. Respite (Escheat)	Merit Award Trust Fund	State Care- giver support	State MSO	Program Income	Cash Match	In-Kind Match	TOTAL
Care Management	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,388	\$ -	\$ 463,867
Case Coord/Support	-	-	-	-	1,114	88,947	-	890,569
Information & Assistance	-	-	-	-	-	-	28,334	283,335
Outreach	-	-	-	-	-	-	16,701	167,005
Transportation	-	75,625	-	-	-	-	-	75,625
Chore	-	-	-	-	-	-	8,482	84,820
Home Injury Control	-	-	-	-	-	-	8,359	83,583
Homemaker	-	-	-	-	-	6,238	170,458	1,766,956
Home Delivered Meals	-	-	-	-	-	6,183	858,649	9,597,900
Medication Management	-	-	-	-	-	-	1,122	11,215
Personal Care	-	-	-	-	-	-	145,222	1,452,214
PERS/Assist Tech & Devices	-	-	-	-	-	-	21,046	210,456
Respite Care - In Home	10,897	-	97,709	-	-	-	205,350	2,064,383
Congregate Meals	-	-	-	-	-	-	101,759	1,127,984
Legal Assistance	-	-	-	-	-	-	6,641	66,406
Adult Day Care	105,195	716,300	-	-	-	-	-	821,495
Disease Prevent	-	-	-	-	-	-	10,164	101,636
Assist to Deaf	-	-	-	-	-	-	2,232	22,318
LTC Ombudsman	-	-	-	28,566	-	-	28,196	326,315
Elder Abuse Prevention	-	-	-	-	-	-	2,905	72,161
Counseling	-	-	-	-	-	-	1,667	16,667
Caregiver Information and Assistance	-	-	-	-	-	-	33,636	336,359
Caregiver Outreach	-	-	-	-	-	-	27,234	272,338
Caregiver E,S,T	-	-	-	-	-	-	6,935	69,350
Program Develop	-	-	-	-	-	-	41,879	418,789
Respite Care - Volunteer	429,842	-	-	-	-	-	1,717	447,010
Administration	-	-	-	-	-	-	215,529	1,737,466
Funding Source Total	\$ 545,934	\$ 791,925	\$ 97,709	\$ 28,566	\$ 1,114	\$ 147,756	\$ 1,944,217	\$ 22,988,222