

**SENIOR NEIGHBORS, INC.**  
**REPORT ON FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the  
Senior Neighbors, Inc.

### **Opinion**

We have audited the accompanying financial statements of Senior Neighbors, Inc. (a nonprofit organization), which comprise the statements of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Senior Neighbors, Inc. as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Neighbors, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Senior Neighbors, Inc.'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 generally accepted 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, 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 Neighbors, Inc.'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 Neighbors, Inc.'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.

*Manes Costeiran PC*

February 3, 2023

**SENIOR NEIGHBORS, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 801,913	\$ 1,331,782
Accounts receivable	478,663	290,656
Promises to give	116,845	71,845
Prepaid expenses	<u>50,489</u>	<u>48,594</u>
Total current assets	1,447,910	1,742,877
Property and equipment, net of accumulated depreciation	450,660	550,076
Other assets		
Cash and cash equivalents restricted for long-term purposes	60,000	62,600
Promises to give, long-term portion	50,000	-
Beneficial interest in community foundation	<u>206,849</u>	<u>246,913</u>
TOTAL ASSETS	<u><u>\$ 2,215,419</u></u>	<u><u>\$ 2,602,466</u></u>
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	\$ 32,069	\$ 42,248
Current maturities of capital lease obligations	4,876	4,506
Accrued liabilities	178,784	164,641
Deferred revenue	<u>15,960</u>	<u>13,320</u>
Total current liabilities	231,689	224,715
Capital lease obligations, net of current maturities	<u>2,584</u>	<u>7,459</u>
TOTAL LIABILITIES	<u>234,273</u>	<u>232,174</u>
<b>NET ASSETS</b>		
Without donor restrictions		
Undesignated	1,372,922	1,815,210
Board designated	<u>206,849</u>	<u>246,913</u>
Total net assets without donor restrictions	<u>1,579,771</u>	<u>2,062,123</u>
With donor restrictions		
Purpose or time restricted	<u>401,375</u>	<u>308,169</u>
Total net assets with donor restrictions	<u>401,375</u>	<u>308,169</u>
TOTAL NET ASSETS	<u>1,981,146</u>	<u>2,370,292</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,215,419</u></u>	<u><u>\$ 2,602,466</u></u>

See notes to financial statements.

**SENIOR NEIGHBORS, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
United Way	\$ 31,245	\$ 3,755	\$ 35,000
Contributions of cash and other financial assets	266,078	310,000	576,078
Contributions of nonfinancial assets	258,842	-	258,842
Government grants and contracts			
Federal	695,109	-	695,109
State	611,061	-	611,061
County	1,870,248	-	1,870,248
Other localities	56,068	-	56,068
Program revenue	93,369	-	93,369
Investment return, net	(40,065)	-	(40,065)
Special events, net of expenses of \$80,895	6,524	115,555	122,079
Other revenue	19,222	-	19,222
Net assets released from restriction	336,104	(336,104)	-
	<u>4,203,805</u>	<u>93,206</u>	<u>4,297,011</u>
<b>EXPENSES</b>			
Program services			
Essential services	2,301,484	-	2,301,484
Transportation	505,077	-	505,077
Food services	380,450	-	380,450
Volunteer programs	1,010,938	-	1,010,938
	<u>4,197,949</u>	<u>-</u>	<u>4,197,949</u>
Support services			
Management and general	279,668		279,668
Fundraising	208,540	-	208,540
	<u>488,208</u>	<u>-</u>	<u>488,208</u>
<b>TOTAL EXPENSES</b>	<u>4,686,157</u>	<u>-</u>	<u>4,686,157</u>
<b>CHANGE IN NET ASSETS</b>	(482,352)	93,206	(389,146)
Net assets, beginning of year	<u>2,062,123</u>	<u>308,169</u>	<u>2,370,292</u>
Net assets, end of year	<u>\$ 1,579,771</u>	<u>\$ 401,375</u>	<u>\$ 1,981,146</u>

See notes to financial statements.

**SENIOR NEIGHBORS, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
United Way	\$ 31,245	\$ 3,755	\$ 35,000
Contributions of cash and other financial assets	387,566	150,000	537,566
Contributions of nonfinancial assets	245,484	-	245,484
Government grants and contracts			
Federal	918,005	-	918,005
State	633,528	-	633,528
County	1,574,988	-	1,574,988
Other localities	57,444	-	57,444
Program revenue	57,038	-	57,038
Paycheck Protection Program income	403,452	-	403,452
Investment return, net	44,792	-	44,792
Special events, net of expenses of \$41,058	4,792	80,260	85,052
Other revenue	8,331	-	8,331
Net assets released from restriction	358,596	(358,596)	-
	<u>4,725,261</u>	<u>(124,581)</u>	<u>4,600,680</u>
<b>EXPENSES</b>			
Program services			
Essential services	1,932,963	-	1,932,963
Transportation	441,968	-	441,968
Food services	342,827	-	342,827
Volunteer programs	934,971	-	934,971
	<u>3,652,729</u>	<u>-</u>	<u>3,652,729</u>
Support services			
Management and general	210,969	-	210,969
Fundraising	184,320	-	184,320
	<u>395,289</u>	<u>-</u>	<u>395,289</u>
<b>TOTAL EXPENSES</b>	<u>4,048,018</u>	<u>-</u>	<u>4,048,018</u>
<b>CHANGE IN NET ASSETS</b>	677,243	(124,581)	552,662
Net assets, beginning of year	<u>1,384,880</u>	<u>432,750</u>	<u>1,817,630</u>
Net assets, end of year	<u><u>\$ 2,062,123</u></u>	<u><u>\$ 308,169</u></u>	<u><u>\$ 2,370,292</u></u>

See notes to financial statements.

**SENIOR NEIGHBORS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2022**

	Program Services					Supporting Services		Totals
	Essential Services	Transportation	Food Services	Volunteer Programs	Total Program Services	Management and General	Fundraising	
Salaries	\$ 1,162,028	\$ 233,930	\$ 120,309	\$ 381,885	\$ 1,898,152	\$ 116,969	\$ 141,901	\$ 2,157,022
Payroll taxes	91,145	25,681	8,933	29,661	155,420	8,900	10,594	174,914
Employee benefits	235,923	19,979	22,239	62,388	340,529	19,353	22,285	382,167
<b>Total salaries and related expenses</b>	<b>1,489,096</b>	<b>279,590</b>	<b>151,481</b>	<b>473,934</b>	<b>2,394,101</b>	<b>145,222</b>	<b>174,780</b>	<b>2,714,103</b>
Professional fees	128,485	11,443	6,560	16,896	163,384	79,729	11,136	254,249
Supplies	56,872	1,239	6,477	5,694	70,282	4,697	473	75,452
Postage	5,554	981	-	2,818	9,353	2,318	881	12,552
Telephone	20,350	7,426	5,088	3,361	36,225	1,172	741	38,138
Occupancy	87,018	17,448	24,298	15,395	144,159	5,989	7,943	158,091
Printing and publicity	12,253	3,599	2,812	3,468	22,132	2,502	3,439	28,073
Insurance	15,763	2,708	1,731	4,030	24,232	6,625	1,844	32,701
Non-cash resources								
Meals	-	-	155,754	9,043	164,797	-	-	164,797
Services	-	-	-	-	-	-	-	-
Facilities	33,251	20,961	20,700	2,390	77,302	-	-	77,302
Supplies	-	-	-	-	-	4,731	-	4,731
Volunteer and other expenses	-	-	-	12,012	12,012	-	-	12,012
Assistance for emergency needs	351,689	-	-	-	351,689	-	-	351,689
Local travel	24,363	1,650	-	1,282	27,295	1,301	-	28,596
Transportation	508	144,955	-	12,866	158,329	-	-	158,329
Conferences and meetings	4,569	2,836	-	5,920	13,325	3,537	157	17,019
Dues and subscriptions	500	-	-	1,670	2,170	5,858	459	8,487
Miscellaneous	-	-	-	6	6	9,545	35	9,586
Equipment	16,668	-	-	1,485	18,153	1,123	250	19,526
Special Events	-	-	-	-	-	-	80,985	80,985
Volunteer expenses	-	-	-	421,308	421,308	-	-	421,308
<b>Total expenses before depreciation</b>	<b>2,246,939</b>	<b>494,836</b>	<b>374,901</b>	<b>993,578</b>	<b>4,110,254</b>	<b>274,349</b>	<b>283,123</b>	<b>4,667,726</b>
Depreciation	54,545	10,241	5,549	17,360	87,695	5,319	6,402	99,416
<b>Total expenses by function</b>	<b>2,301,484</b>	<b>505,077</b>	<b>380,450</b>	<b>1,010,938</b>	<b>4,197,949</b>	<b>279,668</b>	<b>289,525</b>	<b>4,767,142</b>
Less expenses included with revenues on the statement of activities	-	-	-	-	-	-	(80,985)	(80,985)
<b>TOTAL EXPENSES</b>	<b>\$ 2,301,484</b>	<b>\$ 505,077</b>	<b>\$ 380,450</b>	<b>\$ 1,010,938</b>	<b>\$ 4,197,949</b>	<b>\$ 279,668</b>	<b>\$ 208,540</b>	<b>\$ 4,686,157</b>

See notes to financial statements.

**SENIOR NEIGHBORS, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2021**

	Program Services					Supporting Services		Totals
	Essential Services	Transportation	Food Services	Volunteer Programs	Total Program Services	Management and General	Fundraising	
Salaries	\$ 1,015,785	\$ 190,779	\$ 109,184	\$ 340,039	\$ 1,655,787	\$ 93,152	\$ 122,738	\$ 1,871,677
Payroll taxes	81,787	20,673	8,280	27,229	137,969	6,307	9,186	153,462
Employee benefits	167,593	19,173	18,274	55,991	261,031	18,087	21,011	300,129
 Total salaries and related expenses	 1,265,165	 230,625	 135,738	 423,259	 2,054,787	 117,546	 152,935	 2,325,268
Professional fees	110,266	9,711	5,327	13,920	139,224	47,612	9,525	196,361
Supplies	39,269	365	1,629	7,480	48,743	2,287	362	51,392
Postage	4,121	1,003	-	3,966	9,090	2,538	900	12,528
Telephone	19,311	8,143	4,431	2,780	34,665	1,175	610	36,450
Occupancy	79,301	14,245	21,247	13,102	127,895	4,174	7,109	139,178
Printing and publicity	15,210	2,377	2,515	1,877	21,979	1,491	3,700	27,170
Insurance	13,100	2,269	1,471	4,324	21,164	5,331	1,551	28,046
Non-cash resources								
Meals	-	-	137,917	1,432	139,349	-	-	139,349
Facilities	44,809	28,246	27,896	-	100,951	-	-	100,951
Supplies	-	-	-	-	-	300	-	300
Volunteer and other expenses	-	-	-	4,884	4,884	-	-	4,884
Assistance for emergency needs	276,351	-	-	-	276,351	-	-	276,351
Local travel	16,951	194	-	259	17,404	335	3	17,742
Transportation	258	137,113	-	4,803	142,174	-	-	142,174
Conferences and meetings	1,792	97	195	2,980	5,064	1,336	-	6,400
Dues and subscriptions	64	-	-	1,391	1,455	4,411	320	6,186
Miscellaneous	-	-	-	48	48	8,700	2,279	11,027
Equipment	5,415	-	-	-	5,415	9,870	-	15,285
Special Events	-	-	-	-	-	-	41,058	41,058
Volunteer expenses	-	-	-	434,555	434,555	-	-	434,555
 Total expenses before depreciation	 1,891,383	 434,388	 338,366	 921,060	 3,585,197	 207,106	 220,352	 4,012,655
Depreciation	41,580	7,580	4,461	13,911	67,532	3,863	5,026	76,421
 Total expenses by function	 1,932,963	 441,968	 342,827	 934,971	 3,652,729	 210,969	 225,378	 4,089,076
 Less expenses included with revenues on the statement of activities	 -	 -	 -	 -	 -	 -	 (41,058)	 (41,058)
 TOTAL EXPENSES	 <u>\$ 1,932,963</u>	 <u>\$ 441,968</u>	 <u>\$ 342,827</u>	 <u>\$ 934,971</u>	 <u>\$ 3,652,729</u>	 <u>\$ 210,969</u>	 <u>\$ 184,320</u>	 <u>\$ 4,048,018</u>

See notes to financial statements.

**SENIOR NEIGHBORS, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS AND CASH EQUIVALENTS:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ (389,146)	\$ 552,662
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities		
Depreciation expense	99,416	76,421
Loss on disposal of fixed assets	-	5,798
Change in value of assets held in perpetual endowment fund, net	40,064	(44,792)
Changes in operating assets and liabilities		
Accounts receivable	(188,007)	(27,894)
Promises to give	(95,000)	45,000
Prepaid expenses	(1,895)	(16,847)
Accounts payable	(10,179)	(283)
Accrued liabilities	14,143	14,638
Deferred revenue	2,640	13,320
	<u>(138,818)</u>	<u>65,361</u>
Total adjustments		
Net cash provided (used) by operating activities	<u>(527,964)</u>	<u>618,023</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	<u>-</u>	<u>(304,153)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on capital lease obligation	<u>(4,505)</u>	<u>(3,835)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(532,469)	310,035
Cash and cash equivalents, beginning of year	<u>1,394,382</u>	<u>1,084,347</u>
Cash and cash equivalents, end of year	<u>\$ 861,913</u>	<u>\$ 1,394,382</u>
Cash and cash equivalents	\$ 801,913	\$ 1,331,782
Restricted cash and cash equivalents	<u>60,000</u>	<u>62,600</u>
TOTAL CASH AND CASH EQUIVALENTS	<u>\$ 861,913</u>	<u>\$ 1,394,382</u>

See notes to financial statements.

**SENIOR NEIGHBORS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

Senior Neighbors, Inc. ("the Organization") utilizes the accrual basis of accounting.

Cash and Cash Equivalents

For purposes of the statements of cash flows, cash equivalents and liquid assets maturing no more than three months from the date of purchase are considered cash and cash equivalents. From time to time throughout the year, the Organization's cash balances may exceed federally insured limits. Long-term cash and cash equivalents are funds held for future renovations of the Lowell Senior Center.

Investments

Investments are stated at fair value. Net investment return or loss is included in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

Accounts Receivable

Accounts receivable represent consideration from third-parties, of which the Organization has an unconditional right to receive. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Currently, no allowance for doubtful accounts is considered necessary. Changes to the valuation allowance have not been material to the financial statements. Beginning and ending balances for accounts receivable is reported as follows for the year ended September 30:

	<u>2022</u>	<u>2021</u>
Accounts receivable, beginning of year	<u>\$ 290,656</u>	<u>\$ 262,762</u>
Accounts receivable, end of year	<u>\$ 478,663</u>	<u>\$ 290,656</u>

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as net assets, decreases in liabilities, or expenses depending on the form of the benefits received. Promises to give consist primarily of amounts due from various private and community foundations. Promises to give due beyond one year have not been discounted due to the effect being immaterial. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to contributions receivable. Currently, no allowance for doubtful accounts is considered necessary.

**SENIOR NEIGHBORS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Promises to Give (continued)

Unconditional promises to give are due to be received as follows at September 30.

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 116,845	\$ 71,845
Receivable in one to five years	<u>50,000</u>	<u>-</u>
	<u>\$ 166,845</u>	<u>\$ 71,845</u>

Property and Equipment

The Organization follows the practice of capitalizing, at cost, all expenditures for property and equipment in excess of \$5,000. Property and equipment are stated at cost, if purchased. Donations of property and equipment are recorded as support at estimated fair value at the time received. Such donations are not restricted unless the donor has restricted the donated asset to a specific purpose. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The Organization typically capitalizes qualifying assets purchased in larger quantities or as part of a larger project, even though such assets may not meet the capitalization threshold individually. Depreciation is computed using the straight-line method over the estimated useful life of the asset.

Deferred Revenue

The Organization records deferred revenue when payments are received or due in advance of the Organization's performance, including amounts which are refundable. Beginning and ending balances for deferred revenue are reported as follows for the years ended September 30:

	<u>2022</u>	<u>2021</u>
Deferred revenue, beginning of year	<u>\$ 13,320</u>	<u>\$ -</u>
Deferred revenue, end of year	<u>\$ 15,960</u>	<u>\$ 13,320</u>

**SENIOR NEIGHBORS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Net Assets

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 grantor restrictions.

*Net Assets with Donor Restrictions* - Net assets subject to donor (or grantor) imposed restrictions. Some donor 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 restrictions are perpetual in nature, where the donor stipulates that resources are maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose has been accomplished. See Note 8.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code; except for taxes which may arise from unrelated business income. There was no unrelated business income tax for the years ended September 30, 2022Updated.

In the preparation of tax returns, tax positions are taken based on interpretation of federal, state, and local income tax laws. Management periodically reviews and evaluate the status of uncertain tax positions and makes estimates of amounts, including interest and penalties, ultimately due or owed. No amounts have been identified, or recorded, as uncertain tax positions. Federal, state, and local tax returns generally remain open for examination by the various taxing authorities for a period of three to four years.

Functional Allocation of Expenses

The costs of providing program and other activities have been reported in the statement of activities. The statement of functional expenses presents the natural classification of expenses that are allocated to program or supporting functions of the Organization. Allocated expenses primarily consist of payroll and related, professional fees, and general expenses based upon management's estimate.

Revenue Recognition

*Grants and Contracts*

Grants and contracts revenue recognized by the Organization is comprised of contracts committed from various funding agencies for use in the Organization's activities. All funding sources are providing revenue streams to the Organization for the benefit of the public. Contract revenue is recognized as revenue upon receipt and meeting all conditional requirements of the funding arrangement. Any funds received in advance for which conditions of the agreement have not been met are recognized as refundable advances on the statements of financial position and then subsequently recognized as revenue upon meeting the conditions of the agreement.

**SENIOR NEIGHBORS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenue Recognition (continued)

*Program Revenue, Special Events and Other Revenue*

Revenue received is not recognized as revenue until the revenue is earned, which is when the activities or services are provided, and the Organization does not believe it is required to provide additional activities or services. As a result, deferred revenue (contract liability) and accounts receivable are recorded for any amount for which the Organization has a right to invoice but for which services have not been provided.

The following schedule shows the Organization's revenues disaggregated according to the timing of transfer of goods and services for the years ended September 30, 2022 and 2021:

	2022	2021
Contract revenue recognized at a point in time		
Program revenue and other	\$ 112,591	\$ 65,369
Special events, net of expenses	122,079	85,052
	<hr/>	<hr/>
Total contract revenue recognized at a point in time	234,670	150,421
Grants and contracts	3,843,564	3,756,531
Contributions of nonfinancial assets	258,842	245,484
Paycheck protection program income	-	403,452
Investment return, net	(40,065)	44,792
	<hr/>	<hr/>
Total revenue	<u>\$ 4,297,011</u>	<u>\$ 4,600,680</u>

*Contribution Revenue*

Contributions of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions of land, buildings, equipment, and other long-lived assets are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor 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.

**SENIOR NEIGHBORS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Revenue Recognition (continued)

Unconditional contributions expected to be collected within one year are reported at their net realizable value. Unconditional contributions expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional contributions depend on the occurrence of a specified future and uncertain event to bind the donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.

Estimates

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

Donated Services and Contributions of Nonfinancial Assets

Volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. As part of the Organization's grant funding, the Organization is required to obtain volunteers that specialize in crisis counseling associated with the Organization's mission. The value of the contributed time is reflected in the accompanying financial statements as contributions and are offset by the like amounts included in expenses.

Advertising

The Organization expenses advertising costs as incurred.

Subsequent Events

The Organization evaluates events and transactions that occur after year end for potential recognition or disclosure in the financial statements. These subsequent events have been considered through February 3, 2023, which is the date the financial statements were available to be issued.

Reclassification

Certain prior year numbers have been reclassified to be in conformity with the current year presentation.

**SENIOR NEIGHBORS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - NATURE OF ORGANIZATION, RISK, AND UNCERTAINTIES**

Senior Neighbors, Inc.'s (the "Organization") is organized as a nonprofit corporation under provisions of Section 501(c)(3) of the Internal Revenue Code, and as such is not subject to income taxes. 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's primary mission is Enhancing the Lives of Seniors. Since its founding in 1972, Senior Neighbors, Inc. has promoted the health and well-being of Kent County's older adults, helping them to remain independent in their homes.

Through the Senior Centers, the Organization provides congregate meals and transportation to Senior Centers and vital appointments, health and wellness classes and information, and socialization opportunities. Case management services are provided to at-risk seniors, coordinating other services including home chore service, shelter assistance, and legal services, emergency needs assistance, and Medicare, Medicaid, and prescription drug counseling. Senior Neighbors operates several older adult volunteer programs including AARP Experience Corps, Foster Grandparents, the Retired and Senior Volunteer Program (RSVP), The Senior Companion Program and Traveling Grannies and Grandpas. During 2022, Senior Neighbors served over 4,000 seniors at its five Senior Centers and Central Office. Senior Neighbors Centers are located in Grand Rapids, Grandville, Lowell, Sparta, and Walker.

Program expenses relate to the aforementioned mission and are described as follows:

Essential Services

Senior Neighbors, Inc. provides a wide range of essential services to older adults to help them stay independent, especially to those with physical, social, or economic needs. These services work to help seniors overcome the many barriers to healthy aging that may be present in their life, from preventing isolation with our five senior centers to our case management team of social workers connecting them with much needed community resources. Above all, Senior Neighbors, Inc. works to meet seniors where they are in life and be there to help. Essential Services programs include Case Management, Healthy Aging Exercise Classes, Home Repairs, Housing Assistance, Medicare and Medicaid Counseling, Elder Refugee Support, and Senior Centers.

Transportation

A variety of transportation options are available throughout Kent County so older adults can get to their desired destinations on a daily basis. Rides are often given for medical appointments, grocery shopping, or a visit to a Senior Neighbors Center. These rides are provided with agency owned vehicles, as well as local public transportation systems.

Food Services

Congregate meals are provided to seniors 60 years of age or more and is a cornerstone of each of the Five Senior Neighbors Centers across Kent County. Oftentimes the nutritionally balanced meal is what attracts seniors to the center, but they find the array of services provided daily are just as important. The sense of community and shared meals at each of these Centers is also a key ingredient to the success of the Meals Program. The pre-prepared meals are cooked locally and provided by Meals on Wheels of Western Michigan. Each day at lunchtime the meals are available to seniors through a requested donation.

**SENIOR NEIGHBORS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 - NATURE OF ORGANIZATION, RISK, AND UNCERTAINTIES (continued)**

Volunteer Programs

Many older adults are looking for a way to stay engaged with their community through service, and Senior Neighbors can provide a connection to opportunities through several different programs. The goal of the volunteer program is to provide seniors with a connection to the community, their peers, and a sense of purpose. Possible volunteer positions include local police departments, food pantries, senior companionship connections, or literacy tutoring for young students.

The Organization is required to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments that potentially subject the Organization to concentrations of significant credit risk consist of cash and cash equivalents. The Organization places its cash and cash equivalents with various FDIC insured financial institutions and thereby limits the amount of credit exposure to any one financial institution. Although such cash balances exceed the federally insured limits at certain times of the year, they are, in the opinion of management, subject to minimal risk.

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

One major funding source provided approximately 53% and 38% of the Organization's revenue for 2022 and 2021, respectively. Additionally, the Organization had two additional major funding sources for 2022 (approximately 11% and 12%) and two additional major funding sources for 2021 (approximately 16% and 12%). The Organization had three funding sources that accounted for 79% (47%, 15%, and 17%) of its accounts receivable and promises to give balances for the year ended September 30, 2022 and three funding sources that accounted for 71% (43%, 15%, and 13%) of its accounts receivable and promises to give balances for the year ended September 30, 2021.

While certain arrangements under which the Organization receives funding are for multiple years, other arrangements are renewed annually. Government grants constitute 77% of the Organization's revenue in 2022 and 69% of the Organization's revenue in 2021, and are subject to this renewal process. If governmental funding of the Organization's services was significantly decreased or eliminated, the Organization would need to substantially reduce service offerings and eliminate costs and/or find alternative funding sources.

**SENIOR NEIGHBORS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 3 - LIQUIDITY AND AVAILABILITY**

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

	<u>2022</u>	<u>2021</u>
Financial assets available at year-end		
Cash and cash equivalents	\$ 861,913	\$ 1,394,382
Promises to give, current portion	116,845	71,845
Accounts receivable	<u>478,663</u>	<u>290,656</u>
Total financial assets, at year end	1,457,421	1,756,883
Donor imposed restrictions		
Less subject to expenditure for specified purpose	<u>(401,375)</u>	<u>(308,169)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,056,046</u></u>	<u><u>\$ 1,448,714</u></u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

**NOTE 4 - FAIR VALUE MEASUREMENTS**

Accounting standards provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques giving the highest priority to readily available unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements) when market prices are not readily available or reliable. The three levels of the fair value hierarchy are described below.

- Level 1: Quoted prices in active markets for identical securities.
- Level 2: Prices determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include prices for similar securities, interest rates, prepayment speeds, credit risk and others.
- Level 3: Prices determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable or deemed less relevant (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Organization's own assumptions about the factors market participants would use in pricing an investment and would be based on the best information available.

From time to time, changes in valuation techniques may result in reclassification of an investment's assigned level within the hierarchy.

The asset'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.

**SENIOR NEIGHBORS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - FAIR VALUE MEASUREMENTS (continued)**

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2022 and 2021, respectively.

*Beneficial Interest in Assets Held at Community Foundation:* Valued by the foundation as the Organization's portion of the total fair values of the underlying securities held by the foundation.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following are market value summaries by the level of the inputs used, as of September 30, 2022 and 2021, respectively, in evaluating the Organization's assets carried at fair value. The inputs or methodology used for valuing securities may not be an indication of the risk associated with investing in those securities.

	Level 1	Level 2	Level 3	
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Total
Description				Sept. 30, 2022
Beneficial interest in assets held at Community Foundation	\$ -	\$ -	\$ 206,849	\$ 206,849

	Level 1	Level 2	Level 3	
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Total
Description				Sept. 30, 2021
Beneficial interest in assets held at Community Foundation	\$ -	\$ -	\$ 246,913	\$ 246,913

See Note 5 for a summary of changes in fair value of the beneficial interest's level 3 assets for the years ended September 30, 2022 and 2021.

**SENIOR NEIGHBORS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD AT COMMUNITY FOUNDATION**

The Organization established an endowment at Grand Rapids Community Foundation (GRCF) during 2016 with an initial deposit of \$182,129 and named itself as the beneficiary. This amount is presented on the statement of financial position as, "Beneficial Interest in Community Foundation", in the amount of \$206,849 and \$246,913 as of September 30, 2022 and 2021, respectively. Although this amount has been recorded as an asset, the Organization has granted variance power to GRCF. The GRCF has received contributions from other third-party donors which the Organization is precluded from recognizing. The fair market value of the entire endowment at GRCF as of September 30, 2022 and 2021, including the amounts above, is \$415,313 and \$507,075, respectively.

Changes in the Organization's beneficial interest for the years ended September 30, 2022 and 2021 are as follows:

	2022	2021
Beneficial interest, beginning of the year	\$ 246,913	\$ 202,121
Investment income (loss)	(37,162)	47,429
Investment fees	(2,902)	(2,637)
	<u>\$ 206,849</u>	<u>\$ 246,913</u>

**NOTE 6 - PROPERTY AND EQUIPMENT**

Major classes of property and equipment consist of the following at September 30:

	Lives	2022	2021
Land		\$ 63,193	\$ 63,193
Building	10 - 39 years	81,026	81,026
Leasehold improvements	5 - 39 years	657,665	657,665
Equipment	3 - 7 years	213,905	213,905
Computer and software	3 - 5 years	190,244	190,244
Vehicles	3 - 5 years	<u>353,584</u>	<u>353,584</u>
Total cost		1,559,617	1,559,617
Less accumulated depreciation		<u>(1,108,957)</u>	<u>(1,009,541)</u>
Net property and equipment		<u>\$ 450,660</u>	<u>\$ 550,076</u>

Depreciation expense was \$99,416 and \$76,421 for the years ended September 30, 2022 and 2021, respectively.

**SENIOR NEIGHBORS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 7 - LEASES**

Operating Lease

The Organization leases an operating facility under an operating lease calling for monthly payments of \$2,502, expiring March 2024. Additionally, the Organization leases a central office location under an operating lease calling for monthly payments of \$5,305. The lease is subject to annual escalation of 2.5% and expires March 2024. Total lease expense for these operating facilities was \$103,962 in 2022 and \$102,161 in 2021. Future operating lease commitments are as follows:

<u>Year Ending September 30,</u>	
2023	\$ 105,811
2024	<u>53,842</u>
TOTAL	<u><u>\$ 159,653</u></u>

Capital Lease

The Organization leases equipment under a capital lease. The economic substance of the lease is that the Organization is financing the acquisition of the assets through the lease, and, accordingly, it is recorded in the Organization's assets and liabilities.

The equipment is included in the Organization's capitalized equipment with a cost of \$21,933 and accumulated depreciation of \$15,353.

The following is a schedule by years of future minimum payments required under the lease together with their present value as of September 30, 2022:

<u>Year Ending September 30,</u>	
2023	\$ 5,292
2024	<u>2,644</u>
	7,936
Less amounts representing interest	<u>(477)</u>
	<u><u>\$ 7,459</u></u>
Capital lease obligation, current portion	<u><u>\$ 4,876</u></u>

**SENIOR NEIGHBORS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following at September 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose	\$ 268,822	\$ 210,911
Subject to the passage of time	<u>132,553</u>	<u>97,258</u>
	<u><u>\$ 401,375</u></u>	<u><u>\$ 308,169</u></u>

Net assets were released from restrictions during the year ended September 30 by incurring expenses satisfying their restricted purposes or by occurrence of the passage of time.

	<u>2022</u>	<u>2021</u>
16 Over 60 Awards - funding for future time period	\$ 80,260	\$ 67,506
Specific program funding	<u>255,844</u>	<u>291,090</u>
	<u><u>\$ 336,104</u></u>	<u><u>\$ 358,596</u></u>

**NOTE 9 - RETIREMENT**

The Organization sponsors a defined contribution retirement plan for substantially all of its employees who meet the eligibility requirements. The Organization contributes to the plan on a discretionary basis equal to 5% of qualified wages. Contributions were \$75,348 in 2022 and \$71,682 in 2021.

**NOTE 10 - CONTRIBUTIONS OF NONFINANCIAL ASSETS**

For the years ended September 30, the Organization recognized the following:

	<u>2022</u>	<u>2021</u>
Donated meals	\$ 164,797	\$ 139,349
Donated facilities	77,302	100,951
Donated volunteer and other expenses	<u>16,743</u>	<u>5,184</u>
	<u><u>\$ 258,842</u></u>	<u><u>\$ 245,484</u></u>

The Organization recognized contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Contributed food and supplies recognized were utilized for the operation of the Organization and its beneficiaries. In valuing food and supplies, the Organization estimated the fair value of the contributions on the basis of estimates of wholesale values that would be received for selling similar products. Contributed services recognized comprise of professional services for administrative matters. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services

**SENIOR NEIGHBORS, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 - CONTRIBUTIONS OF NONFINANCIAL ASSETS (continued)**

Many people have contributed significant amounts of time to the activities of the Organization without compensation. Generally, the Organization does not recognize support, revenue, or expense from services contributed when the recognition criteria are not met. However, the value of contributed services is an allowable match for certain grants. Based upon hours contributed at an established contract rate or fair market value, the Organization received donated services not recorded in the accompanying financial statements as follows:

	<u>2022</u>	<u>2021</u>
Food services	\$ 52,118	\$ 13,850
Transportation	7,455	1,474
Essential services	<u>88,742</u>	<u>23,360</u>
	<u>\$ 148,315</u>	<u>\$ 38,684</u>

**NOTE 11 - ADOPTION OF NEW ACCOUNTING STANDARD**

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07 Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. This guidance is intended to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhanced presentation and disclosure. The Organization adopted the provisions of this guidance on a retrospective basis with no impact to its net assets or change in net assets for the fiscal year ended September 30, 2021.



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February 3, 2023

To the Board of Directors  
Senior Neighbors, Inc.

We have audited the financial statements of Senior Neighbors, Inc. for the year ended September 30, 2022, and we will issue our report thereon dated February 3, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Senior Neighbors, Inc. are described in Note 1 to the financial statements. During 2022, the Organization implemented Accounting Standards Update (ASU) 2020-07 Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The application of existing policies was not changed during 2022. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the functional allocation of expenses is based on management's judgement of the individual's work performed. We evaluated the key factors and assumptions used to develop the functional allocation of expenses in determining that it is reasonable in relation to the financial statements taken as a whole.

No allowance for doubtful accounts with regards to contributions receivable is recorded.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. No sensitive disclosures were noted.

The disclosures in the financial statements are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 3, 2023.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Senior Neighbors, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Maney Costeiran PC*