

SENIOR NEIGHBORS, INC.
REPORT ON FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2023

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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 statement of financial position as of September 30, 2023, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Senior Neighbors, Inc. as of September 30, 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 11 to the financial statements, management has implemented FASB Accounting Standard Update 2016-02, *Leases*. Our opinion is not modified with respect to that matter.

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 7, 2024

SENIOR NEIGHBORS, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023

ASSETS

Current assets	
Cash and cash equivalents	\$ 2,008,550
Accounts receivable	495,084
Promises to give	133,256
Prepaid expenses	<u>23,507</u>
Total current assets	2,660,397
Property and equipment, net of accumulated depreciation/amortization	534,818
Other assets	
Cash and cash equivalents restricted for long-term purposes	60,000
Beneficial interest in community foundation	<u>230,672</u>
TOTAL ASSETS	<u><u>\$ 3,485,887</u></u>

LIABILITIES

Current liabilities	
Accounts payable	\$ 96,708
Accrued liabilities	187,451
Deferred revenue	16,875
Current portion of operating lease liabilities	49,664
Current portion of finance lease liabilities	<u>2,166</u>
TOTAL LIABILITIES	<u>352,864</u>

NET ASSETS

Without donor restrictions	
Undesignated	2,548,255
Board designated	<u>230,672</u>
Total net assets without donor restrictions	<u>2,778,927</u>
With donor restrictions	
Purpose or time restricted	<u>354,096</u>
Total net assets with donor restrictions	<u>354,096</u>
TOTAL NET ASSETS	<u>3,133,023</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 3,485,887</u></u>

See notes to financial statements.

SENIOR NEIGHBORS, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE			
United Way	\$ 2,535	\$ 56,875	\$ 59,410
Contributions of cash and other financial assets	310,213	160,000	470,213
Contributions of nonfinancial assets	297,579	-	297,579
Government grants and contracts			
Federal	889,830	-	889,830
State	728,584	-	728,584
County	1,743,410	-	1,743,410
Other localities	52,975	-	52,975
Employee retention credit	1,085,246	-	1,085,246
Program revenue	126,410	-	126,410
Investment return, net	23,823	-	23,823
Special events, net of expenses of \$86,472	1,400	102,035	103,435
Other revenue	8,380	-	8,380
Gain on disposal of property and equipment	282,669	-	282,669
Net assets released from restriction	366,189	(366,189)	-
	<u>5,919,243</u>	<u>(47,279)</u>	<u>5,871,964</u>
TOTAL PUBLIC SUPPORT AND REVENUE			
	<u>5,919,243</u>	<u>(47,279)</u>	<u>5,871,964</u>
EXPENSES			
Program services			
Essential services	2,008,551	-	2,008,551
Transportation	564,938	-	564,938
Food services	430,509	-	430,509
Volunteer programs	1,126,812	-	1,126,812
	<u>4,130,810</u>	<u>-</u>	<u>4,130,810</u>
Total program services			
	<u>4,130,810</u>	<u>-</u>	<u>4,130,810</u>
Support services			
Management and general	372,254	-	372,254
Fundraising	217,023	-	217,023
	<u>589,277</u>	<u>-</u>	<u>589,277</u>
Total support services			
	<u>589,277</u>	<u>-</u>	<u>589,277</u>
TOTAL EXPENSES	<u>4,720,087</u>	<u>-</u>	<u>4,720,087</u>
CHANGE IN NET ASSETS	1,199,156	(47,279)	1,151,877
Net assets, beginning of year	1,579,771	401,375	1,981,146
Net assets, end of year	<u>\$ 2,778,927</u>	<u>\$ 354,096</u>	<u>\$ 3,133,023</u>

See notes to financial statements.

SENIOR NEIGHBORS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2023

	Program Services					Supporting Services		
	Essential Services	Transportation	Food Services	Volunteer Programs	Total Program Services	Management and General	Fundraising	Totals
Salaries	\$ 1,121,974	\$ 254,091	\$ 119,402	\$ 362,924	\$ 1,858,391	\$ 138,947	\$ 143,736	\$ 2,141,074
Payroll taxes	87,895	28,425	9,034	27,428	152,782	10,823	10,647	174,252
Employee benefits	193,150	24,720	16,348	71,513	305,731	31,344	27,592	364,667
 Total salaries and related expenses	 1,403,019	 307,236	 144,784	 461,865	 2,316,904	 181,114	 181,975	 2,679,993
Professional fees	141,412	11,353	6,270	16,940	175,975	73,519	11,692	261,186
Supplies	52,925	2,678	17,108	11,073	83,784	7,264	791	91,839
Postage	5,197	1,162	-	2,586	8,945	2,204	418	11,567
Telephone	27,235	7,710	6,423	5,487	46,855	2,462	1,835	51,152
Occupancy	83,243	17,874	24,373	12,581	138,071	64,252	6,864	209,187
Printing and publicity	13,413	3,191	3,503	1,187	21,294	2,409	4,585	28,288
Insurance	12,693	2,182	1,394	4,222	20,491	2,968	1,485	24,944
Non-cash resources								
Meals	-	-	202,463	10,308	212,771	-	-	212,771
Facilities	30,229	19,055	18,819	1,220	69,323	-	-	69,323
Supplies	-	-	-	-	-	300	-	300
Volunteer and other expenses	-	-	-	15,257	15,257	-	-	15,257
Assistance for emergency needs	157,106	-	-	-	157,106	-	-	157,106
Local travel	25,256	1,223	-	7,221	33,700	4,303	13	38,016
Transportation	369	179,415	-	10,264	190,048	-	-	190,048
Conferences and meetings	2,153	681	240	7,486	10,560	3,157	258	13,975
Dues and subscriptions	680	-	-	1,703	2,383	5,015	459	7,857
Miscellaneous	-	-	-	-	-	16,194	-	16,194
Equipment	3,888	287	-	554	4,729	673	198	5,600
Special Events	-	-	-	-	-	-	86,472	86,472
Volunteer expenses	-	-	-	540,486	540,486	-	-	540,486
 Total expenses before depreciation/amortization	 1,958,818	 554,047	 425,377	 1,110,440	 4,048,682	 365,834	 297,045	 4,711,561
Depreciation/amortization	49,733	10,891	5,132	16,372	82,128	6,420	6,450	94,998
 Total expenses by function	 2,008,551	 564,938	 430,509	 1,126,812	 4,130,810	 372,254	 303,495	 4,806,559
 Less expenses included with revenues on the statement of activities	 -	 -	 -	 -	 -	 -	 (86,472)	 (86,472)
 TOTAL EXPENSES	 <u>\$ 2,008,551</u>	 <u>\$ 564,938</u>	 <u>\$ 430,509</u>	 <u>\$ 1,126,812</u>	 <u>\$ 4,130,810</u>	 <u>\$ 372,254</u>	 <u>\$ 217,023</u>	 <u>\$ 4,720,087</u>

See notes to financial statements.

SENIOR NEIGHBORS, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2023

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS
AND CASH EQUIVALENTS:

CASH FLOWS FROM OPERATING ACTIVITIES

Changes in net assets	\$ 1,151,877
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities	
Depreciation/amortization expense	94,998
Gain on disposal of property and equipment	(282,669)
Change in value of assets held in perpetual endowment fund, net	(23,823)
Changes in operating assets and liabilities	
Accounts receivable	(16,421)
Promises to give	33,589
Prepaid expenses	26,982
Accounts payable	64,639
Accrued liabilities	8,667
Operating lease right-of-use liability	(102,092)
Operating lease right-of-use assets	98,079
Deferred revenue	915
	<u>(97,136)</u>
Total adjustments	
Net cash provided by operating activities	<u>1,054,741</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(202,213)
Proceeds from disposal of property and equipment	<u>361,569</u>
Net cash provided by investing activities	159,356

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on finance lease obligation	<u>(7,460)</u>
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NET INCREASE IN CASH

AND CASH EQUIVALENTS	1,206,637
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Cash and cash equivalents, beginning of year	<u>861,913</u>
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Cash and cash equivalents, end of year	<u><u>\$ 2,068,550</u></u>
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Cash and cash equivalents	\$ 2,008,550
Restricted cash and cash equivalents	<u>60,000</u>

TOTAL CASH AND CASH EQUIVALENTS	<u><u>\$ 2,068,550</u></u>
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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.

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, 2023:

Accounts receivable, beginning of year	<u>\$ 478,663</u>
Accounts receivable, end of year	<u>\$ 495,084</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, 2023.

Receivable in less than one year	\$ 133,256
Receivable in one to five years	<u>-</u>
	<u><u>\$ 133,256</u></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.

Leases

The Association determines whether an arrangement is or contains a lease at lease inception. On the commencement date, operating leases are recorded as operating lease right-of-use (ROU) assets in the statements of financial position while finance leases are recorded as finance lease ROU assets. Lease liabilities represent the LLC's contractual obligation to make lease payments over the lease term.

For operating leases, the lease liability is measured as the present value of the lease payments over the lease term using either the rate implicit in the lease, if it is determinable, or a risk-free rate if the implicit rate is not determinable. Operating ROU assets are calculated as the present value of the remaining lease payments plus unamortized initial direct costs and repayments of rent, less any unamortized lease incentives. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense is recognized on a straight-line basis over the lease term. The Association has elected to not recognize a ROU asset and lease liability for leases with an initial term of 12 months or less but includes the expense associated with short-term leases in the statements of activities.

SENIOR NEIGHBORS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

For finance leases, the lease liability is measured on an amortized cost basis and increased to reflect interest on the liability and decreased to reflect the lease payment. Interest on the lease liability is determined each period during the lease term as the amount that results in a constant period discount rate on the remaining balance of the liability. The ROU asset is subsequently measured at cost, less any accumulated amortization and any accumulated impairment losses. Amortization on the ROU asset is recognized over the period from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term except for leases with a purchase option for which the Association believes purchase of the asset is expected to be exercised. For assets to be acquired under such purchase options, the ROU asset is amortized over the expected life consistent with the Association's policy for similar property and equipment.

The Association has elected to utilize a risk-free rate as the discount rate when determining the present value of remaining lease payments for both operating and finance leases. Additionally, the Association has elected to not separate non-lease components from lease components and, instead to account for each separate lease component and the related non-lease component as a single lease component. For any related party leasing agreements, the Association has elected to use written terms and conditions for determining whether a lease exists and, if so, the classification and accounting for that lease.

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, 2023:

Deferred revenue, beginning of year	<u>\$ 15,960</u>
Deferred revenue, end of year	<u>\$ 16,875</u>

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.

SENIOR NEIGHBORS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2023.

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.

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.

SENIOR NEIGHBORS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

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, 2023:

Contract revenue recognized at a point in time	
Program revenue and other	\$ 134,790
Special events, net of expenses	<u>103,435</u>
Total contract revenue recognized at a point in time	238,225
Grants and contracts	3,944,422
Contributions of nonfinancial assets	297,579
Employee retention credit	1,085,246
Gain on disposal of property and equipment	282,669
Investment return, net	<u>23,823</u>
Total revenue	<u><u>\$ 5,871,964</u></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.

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.

SENIOR NEIGHBORS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 7, 2024, which is the date the financial statements were available to be issued.

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 2023, Senior Neighbors served over 4,000 seniors at its five Senior Centers and Central Office. Senior Neighbors Centers are located in Grand Rapids, Grandville, Sparta, and Walker.

SENIOR NEIGHBORS, INC.
NOTES TO FINANCIAL STATEMENTS

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

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.

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.

SENIOR NEIGHBORS, INC.
NOTES TO FINANCIAL STATEMENTS

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

One major funding source provided approximately 53% of the Organization's revenue for 2023. Additionally, the Organization had two additional major funding sources for 2023 (approximately 8% and 5%). The Organization had three funding sources that accounted for 66% (36%, 19%, and 11%) of its accounts receivable and promises to give balances for the year ended September 30, 2023.

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 2023 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.

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:

Financial assets available at year-end	
Cash and cash equivalents	\$ 2,068,550
Promises to give, current portion	133,256
Accounts receivable	<u>495,084</u>
 Total financial assets, at year end	 2,696,890
 Donor imposed restrictions	
Less subject to expenditure for specified purpose	<u>(354,096)</u>
 Financial assets available to meet cash needs for general expenditures within one year	 <u><u>\$ 2,342,794</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.

SENIOR NEIGHBORS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - FAIR VALUE MEASUREMENTS (continued)

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.

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

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, 2023, 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	
Description	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs	Total Sept. 30, 2023
Beneficial interest in assets held at Community Foundation	\$ -	\$ -	\$ 230,672	\$ 230,672

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, 2023.

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 \$230,672 as of September 30, 2023 and is also reported as board-designated net assets. 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, 2023 including the amounts above, is \$415,313.

Changes in the Organization's beneficial interest for the years ended September 30, 2023 are as follows:

Beneficial interest, beginning of the year	\$ 206,849
Investment income (loss)	26,817
Investment fees	<u>(2,994)</u>
Beneficial interest, end of the year	<u><u>\$ 230,672</u></u>

NOTE 6 - PROPERTY AND EQUIPMENT

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

	<u>Lives</u>	
Construction in progress		\$ 189,919
Leasehold improvements	5 - 39 years	679,269
Equipment	3 - 7 years	191,972
Computer and software	3 - 5 years	190,244
Vehicles	3 - 5 years	353,584
Right-of-use assets - buildings	5 years	145,296
Right-of-use assets - equipment	5 years	<u>21,933</u>
Total cost		1,772,217
Less accumulated depreciation/amortization		<u>(1,237,399)</u>
Net property and equipment		<u><u>\$ 534,818</u></u>

Depreciation/amortization expense was \$94,998 for the year ended September 30, 2023.

SENIOR NEIGHBORS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - LEASES

Finance Leases

The Organization leases equipment under a financing 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 amortization of \$19,740.

The components of lease expense are as follows for September 30, 2023:

Amortization of ROU Assets	\$ 4,358
Interest on lease liabilities	<u>416</u>
Total	<u><u>\$ 4,774</u></u>

Supplemental cash flow information related to leases are as follows for September 30, 2023:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases (i.e. Interest)	\$ 2,166
Financing cash flows from finance leases (i.e. principal portion)	416

Future minimum lease payments and reconciliations to the statement of financial position at September 30, 2023 are as follows:

<u>Year Ending September 30,</u>	<u>Operating Leases</u>
2024	\$ 2,166

Operating Leases

Operating leases are reflected on the statements of financial position within operating lease right of use assets and the related current and non-current operating lease liabilities. 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 arising from lease agreement. Operating lease right of use assets and liabilities are recognized at the commencement date, or the date on which the lessor makes the underlying asset available for use, based upon the present value of the lease payments over the respective lease term. Lease expense is recognized on a straight-line basis over the lease term, subject to any changes in the lease or expectation regarding the terms.

SENIOR NEIGHBORS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - LEASES (continued)

The Organization has leased office equipment and two office buildings which is reflected below.

Supplemental cash flow information related to leases are as follows:

Cash paid for amounts included in the measurement of lease liabilities	\$ 101,606
Weighted-average remaining lease term in years	0.002
Weighted-average discount rate	2.63%

Future minimum lease payments required under operation leases that have initial or remaining non-cancelable lease terms in excess of one year at September 30, 2023, are as follows:

Year Ending September 30,	Operating Leases
2024	\$ 44,203

Total lease liabilities as presented in the statements of financial position.

Current portion of operating lease liabilities	<u>\$ 49,664</u>
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NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following at September 30, 2023:

Subject to expenditure for specified purpose	\$ 218,657
Subject to the passage of time	<u>135,439</u>
	<u>\$ 354,096</u>

Net assets were released from restrictions during the year ended September 30, 2023 by incurring expenses satisfying their restricted purposes or by occurrence of the passage of time.

16 Over 60 Awards - funding for future time period	\$ 115,555
Specific program funding	<u>250,634</u>
	<u>\$ 366,189</u>

SENIOR NEIGHBORS, INC.
NOTES TO FINANCIAL STATEMENTS

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 \$79,738 in 2023.

NOTE 10 - CONTRIBUTIONS OF NONFINANCIAL ASSETS

For the year ended September 30, 2023, the Organization recognized the following:

Donated meals	\$ 212,771
Donated facilities	69,323
Donated volunteer and other expenses	<u>15,557</u>
	<u><u>\$ 297,651</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.

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 for year ended September 30, 2023 as follows:

Food services	\$ 37,953
Transportation	8,616
Essential services	<u>84,480</u>
	<u><u>\$ 131,049</u></u>

SENIOR NEIGHBORS, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - ADOPTION OF NEW ACCOUNTING STANDARD

For the year ended September 30, 2023, the Association implemented the following new pronouncement: Financial Accounting Standards Board (the “FASB”) Accounting Standard Update (“ASU”) No. 2016-02, *Leases* (Topic 842) (“ASU 2016-02”),

Summary:

On February 25, 2016, the FASB issued ASU 2016-02 and thereafter issued additional ASUs to clarify and update the guidance in ASU 2016-02 (collectively, the “new leases standard”). The objective of ASU 2016-02 is to increase transparency and comparability in financial reporting by requiring statement of financial position recognition of leases and note disclosure of certain information about lease arrangements. The Association adopted the new lease standard using the effective date method of the modified retrospective transition, under which amounts in prior periods presented were not restated. For adoption, the Association elected to not reassess (i) whether any existing contracts contain leases, (ii) initial direct costs, and (iii) and classification of existing leases. The restatement of the beginning of the year had no impact on net assets. The change in assets and liabilities are as follows:

	<u>Assets</u>	<u>Liabilities</u>
Balances as of September 30, 2022, as previously stated	\$ 2,215,419	\$ 234,273
Adoption of FASB ASU 2016-02	<u>145,296</u>	<u>151,756</u>
Balances as of October 1, 2022, as restated	<u><u>\$ 2,360,715</u></u>	<u><u>\$ 386,029</u></u>