

Senior Resources of West Michigan

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

September 30, 2011 and 2010

CONTENTS

INDEPENDENT AUDITORS' REPORT	3
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	5
STATEMENT OF ACTIVITIES	6
STATEMENTS OF FUNCTIONAL EXPENSES	8
STATEMENT OF CASH FLOWS	10
NOTES TO FINANCIAL STATEMENTS	11
SUPPLEMENTAL INFORMATION	
COMBINING SCHEDULES	
FEDERAL GRANT FUNDS – STATEMENT OF ACTIVITIES	24
STATE GRANT FUNDS – STATEMENT OF ACTIVITIES	26
OFFICE OF SERVICES TO THE AGING—GRANT SERVICES	
EXPENSE DETAIL	28

BRICKLEY DELONG

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

January 9, 2012

Board of Directors
Senior Resources of West Michigan
Muskegon, Michigan

We have audited the accompanying statements of financial position of Senior Resources of West Michigan (a Michigan nonprofit corporation) as of September 30, 2011 and 2010 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of Senior Resources of West Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Senior Resources of West Michigan as of September 30, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2012 on our consideration of Senior Resources of West Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

BRICKLEY DELONG

Board of Directors
January 9, 2012
Page 2

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information on pages 24 - 29 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Brickley De Long, P.C.

Senior Resources of West Michigan
STATEMENT OF FINANCIAL POSITION
September 30, 2011 and 2010

ASSETS

	2011	2010
CURRENT ASSETS		
Cash	\$ 2,621,705	\$ 2,371,406
Investments	1,096,466	560,507
Receivables		
Grants	42,815	636,456
Current portion of unconditional promises to give	91,385	152,890
Other	87,407	96,454
	221,607	885,800
 Prepaid expenses	 21,237	 2,892
Total current assets	3,961,015	3,820,605
BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS		
	19,527	-
PROPERTY AND EQUIPMENT		
Leasehold improvements	434,286	434,286
Office equipment	135,939	114,122
	570,225	548,408
Less accumulated depreciation and amortization	(103,534)	(77,077)
	466,691	471,331
OTHER ASSETS		
Unconditional promises to give, noncurrent portion	10,483	99,005
Notes receivable	257,175	216,165
	267,658	315,170
	\$ 4,714,891	\$ 4,607,106
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Payables		
Trade	\$ 802,963	\$ 880,091
Grants	1,129,118	1,189,854
Accrued liabilities	207,090	160,118
Deferred revenue	5,593	19,751
Current maturities of amounts held for others	70,775	76,677
	2,215,539	2,326,491
Total current liabilities		
AMOUNTS HELD FOR OTHERS, less current maturities		
	8,119	118,290
Total liabilities	2,223,658	2,444,781
NET ASSETS		
Unrestricted	2,468,259	2,105,395
Temporarily restricted	22,974	56,930
	2,491,233	2,162,325
	\$ 4,714,891	\$ 4,607,106

The accompanying notes are an integral part of these statements.

Senior Resources of West Michigan
STATEMENT OF FINANCIAL POSITION
September 30, 2011 and 2010

Senior Resources of West Michigan
STATEMENT OF ACTIVITIES
Years ended September 30, 2011 and 2010

	2011		
	Unrestricted	Temporarily restricted	Total
Revenues and support			
Grants			
Federal	\$ 1,601,095	\$ -	\$ 1,601,095
United States Department of Agriculture	139,606	-	139,606
Medicaid Waiver	9,189,887	-	9,189,887
State	1,048,997	-	1,048,997
Other	11,364	-	11,364
Contributions	13,201	-	13,201
Local match	648,437	-	648,437
Investment income			
Interest income	52,178	-	52,178
Realized and unrealized gain (loss)	(51,263)	-	(51,263)
Program income	381,995	-	381,995
Other	97,904	-	97,904
Net assets released from restrictions			
Satisfaction of time restrictions	33,956	(33,956)	-
Total revenues and support	<u>13,167,357</u>	<u>(33,956)</u>	<u>13,133,401</u>
Expenses			
Program services			
Medicaid Waiver	8,915,814	-	8,915,814
Title IIIB	805,224	-	805,224
Nutrition	1,623,531	-	1,623,531
State care management	253,067	-	253,067
Other services	918,324	-	918,324
Supporting services			
Management and general	283,388	-	283,388
Fundraising	5,145	-	5,145
Total expenses	<u>12,804,493</u>	<u>-</u>	<u>12,804,493</u>
Change in net assets	362,864	(33,956)	328,908
Net assets at beginning of year	<u>2,105,395</u>	<u>56,930</u>	<u>2,162,325</u>
Net assets at end of year	<u>\$ 2,468,259</u>	<u>\$ 22,974</u>	<u>\$ 2,491,233</u>

The accompanying notes are an integral part of these statements.

Senior Resources of West Michigan
STATEMENT OF ACTIVITIES
Years ended September 30, 2011 and 2010

2010		
Unrestricted	Temporarily restricted	Total
\$ 1,450,642	\$ -	\$ 1,450,642
181,110	-	181,110
7,212,369	-	7,212,369
1,077,537	-	1,077,537
12,825	-	12,825
26,298	-	26,298
636,213	-	636,213
31,399	-	31,399
(101,974)	-	(101,974)
446,492	-	446,492
73,354	-	73,354
119,640	(119,640)	-
11,165,905	(119,640)	11,046,265
7,220,361	-	7,220,361
745,623	-	745,623
1,680,796	-	1,680,796
285,444	-	285,444
979,091	-	979,091
273,384	-	273,384
-	-	-
11,184,699	-	11,184,699
(18,794)	(119,640)	(138,434)
2,124,189	176,570	2,300,759
\$ 2,105,395	\$ 56,930	\$ 2,162,325

Senior Resources of West Michigan
STATEMENT OF FUNCTIONAL EXPENSES
Year ended September 30, 2011

	Program Services					Supporting Services		Total
	Medicaid Waiver	Title III B	Nutrition	State care Management	Other	Management and General	Fundraising	
Compensation and related expenses								
Salaries and wages	\$ 1,311,671	\$ 104,419	\$ -	\$ 170,621	\$ 51,416	\$ 152,198	\$ -	\$ 1,790,325
Fringe benefits	253,280	20,032	-	28,414	10,507	20,363	-	332,596
	<u>1,564,951</u>	<u>124,451</u>	<u>-</u>	<u>199,035</u>	<u>61,923</u>	<u>172,561</u>	<u>-</u>	<u>2,122,921</u>
Communications	24,975	4,213	-	3,979	3,117	17,497	-	53,781
Contracted support	104,118	-	-	-	-	-	-	104,118
Depreciation	26,457	-	-	-	-	-	-	26,457
Insurance	6,056	508	-	764	1,238	586	-	9,152
Marketing expenses	7,071	-	-	-	-	-	-	7,071
Memberships/consult	-	274	-	-	-	13,347	-	13,621
Office rental	15,494	1,885	-	2,725	6,255	2,867	-	29,226
Office supplies	25,090	2,458	-	2,284	9,668	6,140	5,145	50,785
Professional fees	17,447	1,682	-	3,125	908	7,576	-	30,738
Property taxes	5,974	720	-	1,106	2,355	1,137	-	11,292
Purchase of services	99,242	-	-	-	26,111	-	-	125,353
Repairs and maintenance	47,655	-	-	-	-	-	-	47,655
Travel and conferences	45,853	11,696	-	4,986	30,386	5,120	-	98,041
Utilities	7,596	-	-	-	-	-	-	7,596
Other	18,159	3,641	-	4,620	31,708	28,643	-	86,771
	<u>2,016,138</u>	<u>151,528</u>	<u>-</u>	<u>222,624</u>	<u>173,669</u>	<u>255,474</u>	<u>5,145</u>	<u>2,824,578</u>
Grant/contracted client services	6,899,676	653,696	1,623,531	30,443	744,655	27,914	-	9,979,915
Total expenses	<u>\$ 8,915,814</u>	<u>\$ 805,224</u>	<u>\$ 1,623,531</u>	<u>\$ 253,067</u>	<u>\$ 918,324</u>	<u>\$ 283,388</u>	<u>\$ 5,145</u>	<u>\$ 12,804,493</u>

The accompanying notes are an integral part of these statements.

Senior Resources of West Michigan
STATEMENT OF FUNCTIONAL EXPENSES
Year ended September 30, 2010

	Program Services					Supporting Services		Total
	Medicaid Waiver	Title III B	Nutrition	State care Management	Other	Management and General	Fundraising	
Compensation and related expenses								
Salaries and wages	\$ 943,717	\$ 103,342	\$ -	\$ 196,033	\$ 91,439	\$ 112,095	\$ -	\$ 1,446,626
Fringe benefits	219,601	15,813	-	39,981	16,279	17,946	-	309,620
	1,163,318	119,155	-	236,014	107,718	130,041	-	1,756,246
Communications	19,622	3,795	-	3,989	3,607	15,270	-	46,283
Contracted support	163,274	-	-	-	-	-	-	163,274
Depreciation	-	-	-	-	-	26,879	-	26,879
Insurance	5,500	689	-	933	1,560	5,928	-	14,610
Marketing expenses	4,089	-	-	-	-	-	-	4,089
Memberships/consult	-	5,200	-	-	-	10,394	-	15,594
Office rental	11,745	1,805	-	2,221	6,817	3,061	-	25,649
Office supplies	11,118	2,325	-	2,541	2,400	4,621	-	23,005
Professional fees	16,071	1,324	-	2,525	1,889	16,120	-	37,929
Property taxes	4,863	796	-	877	2,645	1,235	-	10,416
Purchase of Services	29	-	-	-	100,190	-	-	100,219
Repairs and maintenance	33,435	-	-	-	-	-	-	33,435
Travel and conferences	41,279	6,436	-	4,263	8,142	4,962	-	65,082
Utilities	6,392	-	-	-	-	-	-	6,392
Other	14,073	9,343	-	11,790	24,503	29,449	-	89,158
	1,494,808	150,868	-	265,153	259,471	247,960	-	2,418,260
Grant/contracted client services	5,725,553	594,755	1,680,796	20,291	719,620	25,424	-	8,766,439
Total expenses	\$ 7,220,361	\$ 745,623	\$ 1,680,796	\$ 285,444	\$ 979,091	\$ 273,384	\$ -	\$ 11,184,699

The accompanying notes are an integral part of these statements.

Senior Resources of West Michigan
STATEMENT OF CASH FLOWS
Years ended September 30, 2011 and 2010

	2011	2010
Operating activities		
Change in net assets	\$ 328,908	\$ (138,434)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation and amortization	26,457	26,879
Realized and unrealized loss on investments	51,263	101,974
	406,628	(9,581)
 (Increase) decrease in operating assets		
Receivables		
Grants	593,641	(569,384)
Unconditional promises to give	150,027	29,137
Other	9,047	(12,320)
Prepaid expenses	(18,345)	14,600
Increase (decrease) in operating liabilities		
Payables		
Trade	(77,128)	348,366
Grants	(60,736)	1,014,900
Accrued liabilities	46,972	(4,431)
Deferred revenue	(14,158)	9,929
	1,035,948	821,216
Net cash provided by (used for) operating activities		
	1,035,948	821,216
 Investing activities		
Proceeds from sale of investments	791,434	380,760
Investment purchases	(1,378,183)	(68,825)
Contributions to beneficial interest in assets held by others	(20,000)	-
Property and equipment purchases	(21,817)	-
Change in notes receivable	(41,010)	(66,936)
Change in amounts held for others	(116,073)	(141,798)
	(785,649)	103,201
Net cash provided by (used for) investing activities		
	(785,649)	103,201
 INCREASE IN CASH	250,299	924,417
Cash at beginning of year	2,371,406	1,446,989
Cash at end of year	\$ 2,621,705	\$ 2,371,406

The accompanying notes are an integral part of these statements.

Senior Resources of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Senior Resources of West Michigan (Organization) provides, through subcontractor organizations, services to senior citizens of Muskegon, Ottawa, and Oceana (Michigan) counties. A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows.

Adoption of New Accounting Guidance

In January 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-06 to Topic 820, which includes guidance on fair value measurements and disclosures. The guidance requires disclosures of transfers between the various levels of the fair value hierarchy along with the reasons for those transfers. Activity in Level 3 fair value measurements must also be separately presented for purchases, sales, issues and settlements. In addition, the guidance also requires fair value measurement disclosures for each class of assets and liabilities and descriptions of the valuation techniques and inputs used to determine the fair values of each class of assets or liabilities. This guidance is effective for interim and annual periods ending after December 15, 2009, except for the disclosures about purchases, sales, issuances and settlements in the roll forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods with those fiscal years. The Organization adopted these new policies as of October 1, 2010. The adoption of these new policies did not have a material impact on the Organization's Statement of Financial Position and Statement of Activities. The disclosures required by the guidance are included in Note D.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. As of September 30, 2011 and 2010, the Organization did not have any permanently restricted assets.

Unrestricted net assets. Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets. Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or the passage of time.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Revenue Recognition

The Organization records appropriations, grants and earned revenues on an accrual basis. The Organization records as revenue in the period received the following types of contributions, when they are received unconditionally, at their fair value: cash, promises to give (pledges), certain contributed services, and gifts of long-lived and other assets. Conditional contributions are recognized as revenue when the conditions on which they depend have been substantially met. Substantially all of the Organization's grants and appropriations are considered to be contributions for purposes of applying revenue recognition policies. Contributions are recorded net of estimated uncollectible amounts.

Revenue received for expenditures to be incurred in the succeeding year is reported as deferred revenue and is not recognized as revenue until the year earned.

Senior Resources of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Public Support and Revenue

Campaign contributions are generally available for unrestricted use in the related campaign year unless specifically restricted by the donor. Unconditional promises to give are recorded as received. Unconditional promises to give are recorded at their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. The majority of the promises to give are received from a broad base of West Michigan contributors as a result of the campaign. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at market value in the statement of financial position.

Market values for investments are based on quoted market prices.

Gains and losses of disposition are accounted for on a specific identification basis. Net realized and unrealized gains and losses are included in the statement of activities.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Property and Equipment

Property and equipment are recorded at cost or estimated fair market value on the date donated. Property and equipment are individual assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Depreciation and amortization are provided for in amounts sufficient to relate the cost of depreciable and amortizable assets to operations over their estimated service lives utilizing the straight-line method.

Other Assets

The investment in LifeCircles is accounted for by the equity method of accounting.

Compensated Absences

The Organization grants vacation and sick leave to all of its employees. A maximum of 20 days of vacation can be carried over to subsequent periods. Upon termination, employees will be paid the amount they have accrued up to 20 days of vacation and twenty-five percent of sick leave up to 130 hours, providing certain conditions are met.

Volunteers

A number of volunteers, including the members of the Board of Directors, have made significant contributions of time to the Organization's policy-making, program, and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected in the accompanying financial statements.

Senior Resources of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Other Donated Services

Donated services are recognized in the financial statements at their fair market value if the following criteria are met:

- The services require specialized skills and the services are provided by individuals possessing those skills.
- The services would typically need to be purchased if not donated.

Donated services provided to the Organization include time provided by professionals. The estimated values of these services for the years ended September 30, 2011 and 2010 were \$91,346 and \$93,031, respectively.

Description of Activities

Below is a summary of the program services administered by the Organization.

Medicaid Waiver

Provide care management coordination services to the elderly and disabled, meals and other in-home services as part of the Home and Community Based Services Waiver.

Title III B

Provide senior citizens with collaborative care for a variety of services such as access services, health screening, assistive devices, mental health and life-long learning services.

Nutrition

Provide nutritious meals and social activities to older individuals in congregate settings in the community and/or deliver nutritious meals and make daily visits to homebound older adults in the community.

State Care Management

Provide care management and coordination services to the elderly.

Other

Provide various services to the elderly including Medicaid assistance programs, nursing home diversion, long-term care and a variety of other services.

Non-monetary Transactions

Non-monetary transactions are recorded on the basis of the market value of services provided or assets transferred. Fair values of donated medical supplies at September 30, 2011 and 2010 were \$33,981 and \$32,705, respectively.

Tax Status

The Organization is exempt from federal income tax under Internal Revenue Code Section 501(c)(3).

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

Senior Resources of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Reclassifications

Certain prior year accounts have been reclassified for comparative purposes to conform to the current year presentation.

Date of Management's Review

Subsequent events have been evaluated through January 09, 2012, which is the date the financial statements were available to be issued.

NOTE B—CASH

The Organization maintains its cash balances in five financial institutions. The non-interest bearing balances are fully insured by the Federal Deposit Insurance Corporation and the interest bearing balances are insured up to \$250,000. At September 30, 2011, the Organization's uninsured cash balances were approximately \$522,000.

NOTE C—INVESTMENTS

Investments are stated at fair value and consist of fixed income mutual funds and corporate bonds. Fair values at September 30, 2011 and 2010 are summarized as follows:

	2011	2010
Investment type:		
Fixed income mutual funds	\$ 243,681	\$ -
Corporate bonds	852,785	560,507
	\$ 1,096,466	\$ 560,507

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect investment account balances and the amounts reported in the financial statements.

Senior Resources of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE D—FAIR VALUE MEASUREMENTS

Financial standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2011 and 2010.

Mutual funds: Valued at the net asset value of shares held by the Company at year-end.

Corporate bonds: Valued based on yields currently available on comparable securities of issuers with similar credit ratings.

Beneficial interests in assets held by others: The fair value of the Organization's interest in the assets held at the Community Foundation for Muskegon County is based on a percentage interest of those assets' fair value as represented by the Community Foundation's management.

Senior Resources of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE D—FAIR VALUE MEASUREMENTS—Continued

Unconditional promises to give: Promises to give, expected to be collected in less than one year, are measured at the face value net of any estimated uncollectible amount. Promises to give, expected to be collected after one year, are based upon future cash receipts discounted at a rate commensurate with the risks involved.

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 table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of September 30, 2011 and 2010:

Assets at Fair Value as of September 30, 2011				
	Level 1	Level 2	Level 3	Total
Fixed income mutual funds	\$ 243,681	\$ -	\$ -	\$ 243,681
Corporate bonds	852,785	-	-	852,785
Beneficial interest in assets held by others	-	18,427	1,100	19,527
Unconditional promises to give	-	-	101,868	101,868
	\$ 1,096,466	\$ 18,427	\$ 102,968	\$ 1,217,861
Assets at Fair Value as of September 30, 2010				
	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ 560,507	\$ -	\$ -	\$ 560,507
Unconditional promises to give	-	-	251,895	251,895
	\$ 560,507	\$ -	\$ 251,895	\$ 812,402

Senior Resources of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE D—FAIR VALUE MEASUREMENTS—Continued

Level 3 Gains and Losses

The following table sets forth a summary of changes in the fair value of the Organization's level 3 assets for the years ended September 30, 2011:

	Level 3 Assets	
	Year ended September 30, 2011	
	Beneficial interest in assets held by others	Unconditional promises to give
Balance, beginning of year	\$ -	\$ 251,895
Organization contributions	1,100	-
Pledges received and released from restrictions	-	(150,027)
	\$ 1,100	\$ 101,868

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. We evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the year ended September 30, 2011, there were no significant transfers in or out of levels 1, 2 or 3.

NOTE E—BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Fund

The Organization has one endowment fund with the Community Foundation for Muskegon County and one endowment fund with the Grand Haven Area Community Foundation.

The Senior Resources of West Michigan Fund (Muskegon Fund) with the Community Foundation for Muskegon County was established in 2011 by the Organization primarily to transfer Organization operational surpluses, to fund any operational deficiencies, and to receive Muskegon Fund contributions. The agreement with the Community Foundation for Muskegon County allows the Muskegon Fund's income and a portion of the principal to be used for the Organization's general operations.

The Senior Resources of West Michigan Endowed Fund (Grand Haven Fund) with the Grand Haven Area Community Foundation was established in 2011 by the Organization primarily to transfer Organization operational surpluses, to fund any operational deficiencies, and to receive Grand Haven Fund contributions. The agreement with the Grand Haven Area Community Foundation allows the Grand Haven Fund's income and a portion of the principal to be used for the Organization's general operations.

The Community Foundations invest the contributions to the funds in various types of marketable equity and debt securities, U.S. Treasuries, commercial paper, and certificates of deposit. The majority of investments are uninsured and uncollateralized.

Senior Resources of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE E—BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS—CONTINUED

Reporting of the Assets of the Funds

Contributions by the Organization to the endowment funds along with the earnings on these investments are reported at fair value as unrestricted assets of the Organization. The contributions to this fund made by third party donors directly to the Community Foundations have been excluded from the unrestricted assets of the Organization.

Summary of Community Foundation Funds

A summary of revenues, expenses, and changes in the net assets at fair value of the funds, inclusive of the unrestricted assets in the financial statements for the year ended September 30, 2011 follows:

	2011		
	Muskegon Fund	Grand Haven Fund	Total
Revenues			
Organization contributions	\$ 10,000	\$ 10,000	\$ 20,000
Dividends and interest	-	13	13
Realized and unrealized gains (losses) on investments	-	(477)	(477)
	10,000	9,536	19,536
Expenses			
Investment fees	-	9	9
	-	9	9
Revenues over expenses	10,000	9,527	19,527
Net assets at beginning of year	-	-	-
Net assets at end of year	\$ 10,000	\$ 9,527	\$ 19,527

The Board of Trustees of the Community Foundation has the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to a specified organization if, in the sole judgment of the Board, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served. The authority to modify restrictions is sometimes referred to as “variance power” and is a legal standard imposed on all community foundations.

Senior Resources of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE F—UNCONDITIONAL PROMISES TO GIVE AND AMOUNTS HELD FOR OTHERS

The Organization is the beneficiary of a joint capital fundraising campaign that started in January 2008 for the remodeling and equipping of a leased facility. Contributions include cash and pledges receivable up to a five year period to benefit the Organization, AgeWell Services and CALL 211. Unconditional promises to give are net of a 7 percent allowance for doubtful accounts. Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 2 percent.

Unconditional promises to give consist of the following as of September 30, 2011 and 2010:

	2011				
	Total	Senior Resources	Amounts held for others		
			Total	AgeWell Services	CALL 211
Receivable in one year	\$ 99,223	\$ 22,377	\$ 76,846	\$ 71,084	\$ 5,762
Receivable in two to five years	11,501	2,594	8,907	8,239	668
	110,724	24,971	85,753	79,323	6,430
Less allowance for doubtful pledges	(7,394)	(1,667)	(5,727)	(5,297)	(430)
Less discount to net present value	(1,462)	(330)	(1,132)	(1,048)	(84)
Net unconditional promises to give	\$ 101,868	\$ 22,974	\$ 78,894	\$ 72,978	\$ 5,916
	2010				
	Total	Senior Resources	Amounts held for others		
			Total	AgeWell Services	CALL 211
Receivable in one year	\$ 168,523	\$ 38,124	\$ 130,399	\$ 120,510	\$ 9,889
Receivable in two to five years	108,079	24,374	83,705	77,428	6,277
	276,602	62,498	214,104	197,938	16,166
Less allowance for doubtful pledges	(19,362)	(4,375)	(14,987)	(13,855)	(1,132)
Less discount to net present value	(5,345)	(1,195)	(4,150)	(3,847)	(303)
Net unconditional promises to give	\$ 251,895	\$ 56,928	\$ 194,967	\$ 180,236	\$ 14,731

Senior Resources of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE G—NOTES RECEIVABLE

Non-interest bearing notes receivable from the entities in Note F will be collectible after contributions from unconditional promises to give satisfy their related construction obligations.

NOTE H—RETIREMENT PLAN

The Organization maintains a retirement plan, covering substantially all employees who work at least 30 hours per week. Employees are eligible to participate in an elective tax deferred annuity program (403(b)) after six months of employment, and employees are fully-vested three years after date of hire. After one year of service, the Organization will match up to 4 percent of employee compensation. Expense for the years ended September 30, 2011 and 2010 was approximately \$43,600 and \$40,700, respectively.

NOTE I—COMMITMENTS

- **Building Lease** –The Organization conducts its operations in facilities leased under an eight-year sub-lease agreement expiring November 2016. The lease requires current monthly rentals of approximately \$2,500 and the payment of all occupancy costs by the lessee. The lease contains annual adjustments at May 31. Rent expense and surcharges for the years ended September 30, 2011 and 2010 were approximately \$29,200 and \$25,600, respectively.

Future minimum lease payments are as follows:

<u>Year ending September 30,</u>	<u>Amount</u>
2012	\$ 30,400
2013	31,700
2014	33,000
2015	34,800
2016	36,500
Thereafter	6,100
	<u><u>\$ 172,500</u></u>

Senior Resources of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE I—COMMITMENTS—Continued

- **Operating Leases** – The Organization has entered into lease agreements expiring at various dates through December 2016. Expense for each of the years ended September 30, 2011 and 2010 was approximately \$15,400. The following is a schedule of approximate future minimum rental payments under operating leases for the Organization’s equipment.

<u>Year ending September 30,</u>	<u>Amount</u>
2012	\$ 12,051
2013	10,165
2014	2,304
2015	2,304
2016	2,304
Thereafter	384
	<u>\$ 29,513</u>

- **Guarantees** – The Organization is a co-guarantor of 21.3 percent of a revolving line of credit utilized to renovate the building that the Organization is leasing. The balance of the line of credit at September 30, 2011 is \$1,070,607 with no amounts in arrears. The line of credit is limited to \$2,000,000 and bears interest at 395 basis points above the one-month LIBOR and matures December 5, 2012. The Organization could be held liable for its share of the line of credit, unpaid accrued interest and reasonable attorney and such other expenses to the extent permitted by law.

NOTE J—CONTINGENCIES

The Organization participates in grant programs, which are subject to program compliance audits by the grantor or its representatives. Such audits of these programs may be performed at some future date. The amount, if any, of expenses which may be disallowed by the granting agencies cannot be determined at this time although the Organization expects such amounts, if any, to be immaterial.

Senior Resources of West Michigan
NOTES TO FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE K—CONCENTRATION OF FUNDING SOURCES

The Organization's funding sources representing expenditure-reimbursement grants are concentrated for the years ended September 30, 2011 and 2010 as follows:

	2011	2010
Michigan Department of Community Health (MDCH)	\$ 8,909,751	\$ 7,212,369
Michigan Office of Services to the Aging (MOSA)	2,672,816	2,733,025
	\$ 11,582,567	\$ 9,945,394
Total revenues and support	\$ 13,133,401	\$ 11,046,265
MDCH and MOSA revenues as a percent of total revenues and support	88%	90%

As of September 30, 2011 and 2010, MDCH and MOSA represent 72 percent and 100 percent of grants receivable, respectively.

NOTE L—GRANT EXPENSE CONCENTRATIONS

For the years ended September 30, 2011 and 2010, payments to AgeWell Services for programs funded by the Organization are as follows:

	2011		2010
Federal grants	62.1	%	69.1
State grants	30.5		32.4
Medicaid Waiver	3.3		4.5

NOTE M—RESTRICTED NET ASSETS

Temporarily restricted net assets as of September 30, 2011 and 2010 were \$22,974 and \$56,928, respectively. These amounts represent uncollected pledges receivable.

SUPPLEMENTAL INFORMATION

Senior Resources of West Michigan
Federal Grant Funds
COMBINING STATEMENT OF ACTIVITIES
Year ended September 30, 2011

	<u>Combined</u>	<u>Title III B Administration</u>	<u>Title III B Services</u>	<u>Title III C-1 Congregate Meals</u>	<u>Title III C-2 Home Delivered Meals</u>
Revenues and support					
Grants					
Federal	\$ 1,569,740	\$ 140,306	\$ 390,706	\$ 469,223	\$ 258,299
ARRA - Federal	31,355	-	-	-	-
United States Department of Agriculture	95,755	-	-	60,312	35,443
Local match	618,776	-	409,616	52,136	28,062
Program income	240,192	-	4,902	165,485	69,248
Total revenue and support	<u>2,555,818</u>	<u>140,306</u>	<u>805,224</u>	<u>747,156</u>	<u>391,052</u>
Expenses					
Administration					
Salaries and wages	225,040	96,213	104,419	-	-
Fringe benefits	35,837	13,282	20,032	-	-
Office rental	10,103	2,386	1,885	-	-
Office supplies	14,979	3,019	2,458	-	-
Communications	9,028	2,107	4,213	-	-
Travel and conferences	46,318	4,262	11,696	-	-
Professional fees	3,243	1,062	1,682	-	-
Property taxes	3,862	946	720	-	-
Insurance	2,116	488	508	-	-
Memberships/consult	11,383	11,109	274	-	-
Other	39,952	5,432	3,641	-	-
	<u>401,861</u>	<u>140,306</u>	<u>151,528</u>	<u>-</u>	<u>-</u>
Grant/contracted client services	2,148,807	-	653,696	747,156	391,052
Total expenses	<u>2,550,668</u>	<u>140,306</u>	<u>805,224</u>	<u>747,156</u>	<u>391,052</u>
Change in net assets	5,150	-	-	-	-
Net assets at beginning of year	-	-	-	-	-
Net assets at end of year	<u><u>\$ 5,150</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

<u>Title III E Services</u>	<u>Title VII EAP Services</u>	<u>Title III D Health Services</u>	<u>Care Management</u>	<u>MMAP</u>	<u>ARRA EBDP</u>	<u>Title VII/A LTC</u>	<u>Savvy Caregiver</u>
\$ 170,055	\$ 6,225	\$ 27,367	\$ 9,155	\$ 72,681	\$ -	\$ 8,947	\$ 16,776
-	-	-	264	-	31,091	-	-
-	-	-	-	-	-	-	-
74,284	692	3,579	-	44,631	-	-	5,776
-	-	-	557	-	-	-	-
<u>244,339</u>	<u>6,917</u>	<u>30,946</u>	<u>9,976</u>	<u>117,312</u>	<u>31,091</u>	<u>8,947</u>	<u>22,552</u>
-	-	-	-	17,326	-	-	7,082
-	-	-	-	1,449	-	-	1,074
-	-	-	-	5,832	-	-	-
-	-	-	-	3,090	5,155	-	1,257
-	-	-	-	2,487	122	-	99
-	-	-	-	2,795	25,814	-	1,751
-	-	-	-	499	-	-	-
-	-	-	-	2,196	-	-	-
-	-	-	-	1,120	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	30,737	-	-	142
-	-	-	-	<u>67,531</u>	<u>31,091</u>	-	<u>11,405</u>
<u>244,339</u>	<u>6,917</u>	<u>30,946</u>	<u>9,976</u>	<u>44,631</u>	-	<u>8,947</u>	<u>11,147</u>
<u>244,339</u>	<u>6,917</u>	<u>30,946</u>	<u>9,976</u>	<u>112,162</u>	<u>31,091</u>	<u>8,947</u>	<u>22,552</u>
-	-	-	-	5,150	-	-	-
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,150</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Senior Resources of West Michigan
State Grant Funds
COMBINING STATEMENT OF ACTIVITIES
Year ended September 30, 2011

	<u>Combined</u>	<u>Title III B Administration</u>	<u>Congregate Meals</u>	<u>Home Delivered Meals</u>	<u>Alternative Care</u>
Revenues and support					
Grants					
United States Department of Agriculture	\$ 43,851	\$ -	\$ 1,106	\$ 42,745	\$ -
State	1,005,575	24,144	8,605	311,517	105,768
Local match	96,025	-	956	33,844	18,802
Program income	136,444	-	3,035	83,515	-
Total revenue and support	<u>1,281,895</u>	<u>24,144</u>	<u>13,702</u>	<u>471,621</u>	<u>124,570</u>
Expenses					
Administration					
Salaries and wages	214,185	16,556	-	-	-
Fringe benefits	38,684	2,286	-	-	-
Office rental	3,559	411	-	-	-
Office supplies	2,969	519	-	-	-
Communications	4,751	363	-	-	-
Travel and conferences	5,745	733	-	-	-
Professional fees	3,717	183	-	-	-
Property taxes	1,428	163	-	-	-
Insurance	966	84	-	-	-
Memberships/consult	1,912	1,912	-	-	-
Other	6,183	934	-	-	-
	<u>284,099</u>	<u>24,144</u>	<u>-</u>	<u>-</u>	<u>-</u>
Grant/contracted client services	997,796	-	13,702	471,621	124,570
Total expenses	<u>1,281,895</u>	<u>24,144</u>	<u>13,702</u>	<u>471,621</u>	<u>124,570</u>
Change in net assets	-	-	-	-	-
Net assets at beginning of year	<u>1,596</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ 1,596</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>State Respite</u>	<u>Nursing Home Ombudsman</u>	<u>Care Management</u>	<u>Access</u>	<u>In-home Care</u>	<u>Tobacco Respite</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
50,298	32,586	215,913	27,146	89,445	140,153
8,941	2,939	2,770	2,262	9,938	15,573
-	-	24,408	10,185	5,961	9,340
59,239	35,525	243,091	39,593	105,344	165,066
-	-	170,621	27,008	-	-
-	-	28,414	7,984	-	-
-	-	2,725	423	-	-
-	-	2,284	166	-	-
-	-	3,979	409	-	-
-	-	4,986	26	-	-
-	-	3,125	409	-	-
-	-	1,106	159	-	-
-	-	764	118	-	-
-	-	-	-	-	-
-	-	4,620	629	-	-
-	-	222,624	37,331	-	-
59,239	35,525	20,467	2,262	105,344	165,066
59,239	35,525	243,091	39,593	105,344	165,066
-	-	-	-	-	-
-	-	1,596	-	-	-
\$ -	\$ -	\$ 1,596	\$ -	\$ -	\$ -

Senior Resources of West Michigan
OFFICE OF SERVICES TO THE AGING—GRANT SERVICES EXPENSE DETAIL
For the year ended September 30, 2011

<u>Service Category</u>	<u>Title III-B</u>	<u>Title C1</u>	<u>Title C2</u>	<u>Title III-D</u>	<u>Title III-EA Title VIIA</u>	<u>Title III-E</u>	<u>State Ombuds</u>	<u>State HDM</u>	<u>State Cg Meal</u>	<u>State Access</u>
Adult Day Care	\$ 793	\$ -	\$ -	\$ -	\$ -	\$ 52,266	\$ -	\$ -	\$ -	\$ -
Care Management	-	-	-	-	-	-	-	-	-	-
Caregiver Assess/Support	-	-	-	-	-	25,080	-	-	-	-
Community Liv Spprt	-	-	-	-	-	-	-	-	-	27,146
Case Coord/Support	117,057	-	-	-	-	-	-	-	-	-
Congregate Meals	-	469,223	-	-	-	-	-	-	8,605	-
Disease Prev/Health	-	-	-	14,862	-	-	-	-	-	-
Elder Abuse Prevent	-	-	-	-	6,225	-	-	-	-	-
Home Delivered Meals	-	-	258,299	-	-	-	-	311,517	-	-
Homemaker	43,853	-	-	-	-	-	-	-	-	-
I&A-Caregiver	-	-	-	-	-	3,368	-	-	-	-
Information & Referral	64,048	-	-	-	-	-	-	-	-	-
Kinship care	-	-	-	-	-	12,000	-	-	-	-
Legal Assistance	24,746	-	-	-	-	-	-	-	-	-
Medication Management	13,352	-	-	9,365	-	-	-	-	-	-
Ombudsman	4,445	-	-	-	8,947	-	22,009	-	-	-
Pers Emergency Resp	8,980	-	-	3,140	-	-	-	-	-	-
Personal Care	-	-	-	-	-	-	-	-	-	-
Program Development	69,615	-	-	-	-	-	-	-	-	-
Respite Care	1,194	-	-	-	-	68,661	-	-	-	-
Transportation	42,623	-	-	-	-	-	-	-	-	-
Transport-Caregiver	-	-	-	-	-	1,200	-	-	-	-
Training	-	-	-	-	-	7,480	-	-	-	-
Total	\$ 390,706	\$ 469,223	\$ 258,299	\$ 27,367	\$ 15,172	\$ 170,055	\$ 22,009	\$ 311,517	\$ 8,605	\$ 27,146

State In-Home	St. Alt. Care	St. Care Mgmt	LTC CMP	State Respite	TSR State Merit	Sub-total Grants	Other Funds	Program Income	Cash Match	In-Kind Match	Grand Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,721	\$ 103,780	\$ -	\$ 6,760	\$ -	\$ 11,531	\$ 122,071
-	-	215,913	8,419	-	-	224,332	5,517	884	24,082	2,770	257,585
-	-	-	-	-	-	25,080	-	-	55,173	-	80,253
-	-	-	-	-	-	27,146	-	-	10,185	2,262	39,593
-	-	-	-	-	-	117,057	-	-	136,478	27,949	281,484
-	-	-	-	-	-	477,828	56,047	168,900	22,425	42,392	767,592
-	-	-	-	-	-	14,862	-	-	-	1,651	16,513
-	-	-	-	-	-	6,225	-	-	403	289	6,917
-	-	-	-	-	-	569,816	83,559	152,763	32,763	50,457	889,358
52,741	105,768	-	-	-	-	202,362	-	12,834	-	22,485	237,681
-	-	-	-	-	-	3,368	-	-	-	-	3,368
-	-	-	-	-	-	64,048	-	-	7,611	-	71,659
-	-	-	-	-	-	12,000	-	-	11,163	-	23,163
-	-	-	-	-	-	24,746	-	-	75	2,750	27,571
-	-	-	-	-	-	22,717	-	1,094	-	2,524	26,335
-	-	-	10,577	-	-	45,978	-	-	2,351	588	48,917
-	-	-	-	-	-	12,120	-	600	-	1,347	14,067
36,704	-	-	-	-	-	36,704	-	2,446	-	4,078	43,228
-	-	-	-	-	-	69,615	-	-	12,743	25,991	108,349
-	-	-	-	50,298	89,432	209,585	-	13,760	-	23,287	246,632
-	-	-	-	-	-	42,623	-	8,901	195,854	1,541	248,919
-	-	-	-	-	-	1,200	-	-	223	-	1,423
-	-	-	-	-	-	7,480	-	-	-	831	8,311
\$ 89,445	\$ 105,768	\$ 215,913	\$ 18,996	\$ 50,298	\$ 140,153	\$ 2,320,672	\$ 145,123	\$ 368,942	\$ 511,529	\$ 224,723	\$ 3,570,989