



**FINANCIAL STATEMENTS IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS AND
UNIFORM GUIDANCE
JUNE 30, 2025 AND 2024**

SPRINGWELL, INC.

Contents
June 30, 2025 and 2024

	<u>Pages</u>
Unmodified Opinion on Financial Statements Accompanied by Other Information – Not-For-Profit Entity	1 - 1B
Financial Statements:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Statements of Functional Expenses	5 - 6
Notes to Financial Statements	7 - 16
Schedule of Expenditures of Federal Awards	17
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	18 - 19
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	20 - 22
Schedule of Findings and Questioned Costs	23



**Unmodified Opinion on Financial Statements Accompanied by Supplementary
Information – Not-For-Profit Entity**

Independent Auditor's Report

To the Board of Directors of
Springwell, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Springwell, Inc. (a Massachusetts nonprofit corporation) (the Agency), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Springwell, Inc. as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency'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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency'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 the Agency'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.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2025, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2025, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.

AAFCPA, Inc.

Boston, Massachusetts
October 22, 2025

SPRINGWELL, INC.Statements of Financial Position
June 30, 2025 and 2024

Assets	2025	2024
Current Assets:		
Cash and cash equivalents	\$ 14,045,551	\$ 17,336,614
Contracts receivable	22,492,836	23,240,718
Program service fees receivable	5,060,190	4,743,677
Prepaid expenses and other	694,512	573,370
Total current assets	<u>42,293,089</u>	<u>45,894,379</u>
Restricted Cash	-	180,189
Property and Equipment:		
Equipment	682,207	902,634
Furnishings	302,496	302,496
Leasehold improvements	204,836	204,836
	<u>1,189,539</u>	<u>1,409,966</u>
Less - accumulated depreciation	1,118,869	1,282,924
Net property and equipment	<u>70,670</u>	<u>127,042</u>
Right-of-Use Asset - Operating Leases	<u>1,376,800</u>	<u>2,298,490</u>
Total assets	<u>\$ 43,740,559</u>	<u>\$ 48,500,100</u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable, accrued expenses and other	\$ 10,029,534	\$ 16,761,612
Current portion of operating lease liabilities	667,281	957,171
Conditional grant advance	97,940	85,891
Total current liabilities	<u>10,794,755</u>	<u>17,804,674</u>
Operating Lease Liabilities, net	<u>754,781</u>	<u>1,393,963</u>
Total liabilities	<u>11,549,536</u>	<u>19,198,637</u>
Net Assets:		
Without donor restrictions:		
Operating	31,816,667	28,796,281
Designated	-	180,189
Property and equipment	25,408	74,398
Total without donor restrictions	<u>31,842,075</u>	<u>29,050,868</u>
With donor restrictions	<u>348,948</u>	<u>250,595</u>
Total net assets	<u>32,191,023</u>	<u>29,301,463</u>
Total liabilities and net assets	<u>\$ 43,740,559</u>	<u>\$ 48,500,100</u>

The accompanying notes are an integral part of these statements.

Page 2

SPRINGWELL, INC.

Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues:						
Contract revenue	\$ 88,577,451	\$ -	\$ 88,577,451	\$ 81,850,826	\$ -	\$ 81,850,826
Program service fees	29,558,120	-	29,558,120	26,231,671	-	26,231,671
Interest income and other	892,039	-	892,039	818,974	-	818,974
Contributions and grants	331,424	106,127	437,551	402,963	81,713	484,676
Net assets released from purpose restrictions	7,774	(7,774)	-	12,051	(12,051)	-
Total operating revenues	<u>119,366,808</u>	<u>98,353</u>	<u>119,465,161</u>	<u>109,316,485</u>	<u>69,662</u>	<u>109,386,147</u>
Operating Expenses:						
Program services:						
Home care services to elders	106,096,317	-	106,096,317	94,442,876	-	94,442,876
Nursing home screening	1,406,742	-	1,406,742	1,082,498	-	1,082,498
Nutrition and community services	4,332,001	-	4,332,001	4,064,484	-	4,064,484
Protective services	1,645,079	-	1,645,079	1,291,877	-	1,291,877
Total program services	<u>113,480,139</u>	<u>-</u>	<u>113,480,139</u>	<u>100,881,735</u>	<u>-</u>	<u>100,881,735</u>
Support services:						
General and administrative	2,963,868	-	2,963,868	3,468,440	-	3,468,440
Fundraising	131,594	-	131,594	138,024	-	138,024
Total support services	<u>3,095,462</u>	<u>-</u>	<u>3,095,462</u>	<u>3,606,464</u>	<u>-</u>	<u>3,606,464</u>
Total operating expenses	<u>116,575,601</u>	<u>-</u>	<u>116,575,601</u>	<u>104,488,199</u>	<u>-</u>	<u>104,488,199</u>
Changes in net assets from operations	2,791,207	98,353	2,889,560	4,828,286	69,662	4,897,948
Net Assets:						
Beginning of year	<u>29,050,868</u>	<u>250,595</u>	<u>29,301,463</u>	<u>24,222,582</u>	<u>180,933</u>	<u>24,403,515</u>
End of year	<u>\$ 31,842,075</u>	<u>\$ 348,948</u>	<u>\$ 32,191,023</u>	<u>\$ 29,050,868</u>	<u>\$ 250,595</u>	<u>\$ 29,301,463</u>

SPRINGWELL, INC.Statements of Cash Flows
For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 2,889,560	\$ 4,897,948
Adjustments to reconcile changes in net assets to net cash and cash equivalents (used in) provided by operating activities:		
Depreciation	106,932	178,656
Non-cash lease expense	1,019,100	996,682
Changes in operating assets and liabilities:		
Contracts receivable	747,882	(4,468,553)
Program service fees receivable	(316,513)	82,250
Prepaid expenses and other	(121,142)	(13,631)
Accounts payable, accrued expenses and other	(6,732,078)	1,438,832
Operating lease liabilities	(1,026,482)	(1,011,426)
Conditional grant advance	12,049	(213,262)
	<u>(3,420,692)</u>	<u>1,887,496</u>
Net cash and cash equivalents (used in) provided by operating activities		
	<u>(3,420,692)</u>	<u>1,887,496</u>
Cash Flows from Investing Activities:		
Acquisition of property and equipment	<u>(50,560)</u>	<u>-</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	(3,471,252)	1,887,496
Cash, Cash Equivalents, and Restricted Cash:		
Beginning of year	<u>17,516,803</u>	<u>15,629,307</u>
End of year	<u>\$ 14,045,551</u>	<u>\$ 17,516,803</u>
Reconciliation of Cash, Cash Equivalents, and Restricted Cash Reported Within the Statements of Financial Position:		
Cash and cash equivalents	\$ 14,045,551	\$ 17,336,614
Restricted cash	<u>-</u>	<u>180,189</u>
Total cash, cash equivalents, and restricted cash	<u>\$ 14,045,551</u>	<u>\$ 17,516,803</u>

SPRINGWELL, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2025

(With Summarized Comparative Totals for the Year Ended June 30, 2024)

	2025							2024		
	Program Services				Support Services					
	Home Care Services to Elders	Nursing Home Screening	Nutrition and Community Services	Protective Services	Total Program Services	General and Administrative	Fundraising	Total Support Services	Total	
Contracted Services	\$ 94,492,629	\$ -	\$ -	\$ -	\$ 94,492,629	\$ -	\$ -	\$ -	\$ 94,492,629	\$ 84,656,476
Personnel and Related:										
Salaries and wages	8,259,223	1,067,263	2,734,170	1,198,935	13,259,591	1,513,119	87,610	1,600,729	14,860,320	13,166,376
Payroll taxes and fringe benefits	1,989,966	257,211	689,832	288,923	3,225,932	360,569	21,075	381,644	3,607,576	3,194,343
Total personnel and related	10,249,189	1,324,474	3,424,002	1,487,858	16,485,523	1,873,688	108,685	1,982,373	18,467,896	16,360,719
Occupancy:										
Rent	494,632	24,709	118,873	67,129	705,343	302,072	7,363	309,435	1,014,778	1,008,239
Repairs and maintenance	9,821	-	15,423	-	25,244	426,931	7,528	434,459	459,703	395,217
Depreciation	36,693	-	-	-	36,693	70,239	-	70,239	106,932	178,656
Utilities	49,259	1,066	4,289	2,883	57,497	13,055	316	13,371	70,868	40,614
Total occupancy	590,405	25,775	138,585	70,012	824,777	812,297	15,207	827,504	1,652,281	1,622,726
Other Expenses:										
Program support	130,535	13,606	382,654	8,146	534,941	-	-	-	534,941	467,532
Professional fees	215,595	2,135	132,701	15,436	365,867	131,487	81	131,568	497,435	533,685
Staff training and travel	134,179	22,795	102,456	36,547	295,977	2,708	32	2,740	298,717	222,314
Office supplies	147,660	7,456	30,095	8,694	193,905	12,955	518	13,473	207,378	182,303
Recruiting	28,249	4,857	51,539	11,802	96,447	6,935	-	6,935	103,382	155,399
Insurance	-	-	1,225	-	1,225	89,332	-	89,332	90,557	82,242
Printing and postage	36,903	1,595	40,816	1,865	81,179	2,113	1,776	3,889	85,068	72,476
Dues and subscriptions	37,971	-	12,923	-	50,894	26,753	119	26,872	77,766	84,803
Leased equipment	19,216	2,380	8,138	2,774	32,508	2,119	91	2,210	34,718	38,129
Miscellaneous	13,786	1,669	6,867	1,945	24,267	3,481	5,085	8,566	32,833	9,395
Total other expenses	764,094	56,493	769,414	87,209	1,677,210	277,883	7,702	285,585	1,962,795	1,848,278
Total operating expenses before allocation of general and administrative expenses	106,096,317	1,406,742	4,332,001	1,645,079	113,480,139	2,963,868	131,594	3,095,462	116,575,601	104,488,199
General and Administrative Allocation	1,830,593	236,562	611,557	265,744	2,944,456	(2,963,868)	19,412	(2,944,456)	-	-
Total operating expenses	\$ 107,926,910	\$ 1,643,304	\$ 4,943,558	\$ 1,910,823	\$ 116,424,595	\$ -	\$ 151,006	\$ 151,006	\$ 116,575,601	\$ 104,488,199

SPRINGWELL, INC.

Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Services				Total Program Services	Support Services		Total Support Services	Total
	Home Care Services to Elders	Nursing Home Screening	Nutrition and Community Services	Protective Services		General and Adminis- trative	Fundraising		
Contracted Services	\$ 84,656,476	\$ -	\$ -	\$ -	\$ 84,656,476	\$ -	\$ -	\$ -	\$ 84,656,476
Personnel and Related:									
Salaries and wages	7,019,665	768,791	2,507,914	901,974	11,198,344	1,875,642	92,390	1,968,032	13,166,376
Payroll taxes and fringe benefits	1,686,974	184,848	633,240	216,840	2,721,902	450,264	22,177	472,441	3,194,343
Total personnel and related	8,706,639	953,639	3,141,154	1,118,814	13,920,246	2,325,906	114,567	2,440,473	16,360,719
Occupancy:									
Rent	371,729	36,841	115,188	69,930	593,688	407,140	7,411	414,551	1,008,239
Repairs and maintenance	11,858	-	41,442	-	53,300	334,389	7,528	341,917	395,217
Depreciation	74,836	-	-	-	74,836	103,820	-	103,820	178,656
Utilities	15,030	1,501	3,824	2,699	23,054	17,276	284	17,560	40,614
Total occupancy	473,453	38,342	160,454	72,629	744,878	862,625	15,223	877,848	1,622,726
Other Expenses:									
Program support	99,416	10,088	350,940	7,088	467,532	-	-	-	467,532
Professional fees	168,062	41,569	176,983	46,855	433,469	100,119	97	100,216	533,685
Staff training and travel	97,101	10,292	88,462	24,497	220,352	1,930	32	1,962	222,314
Office supplies	113,462	7,750	37,716	7,757	166,685	15,081	537	15,618	182,303
Recruiting	60,653	16,541	58,295	9,989	145,478	9,921	-	9,921	155,399
Insurance	-	-	1,347	-	1,347	80,895	-	80,895	82,242
Printing and postage	33,243	2,029	30,636	2,064	67,972	3,595	909	4,504	72,476
Dues and subscriptions	18,180	-	10,608	-	28,788	55,797	218	56,015	84,803
Leased equipment	16,191	2,248	6,876	2,184	27,499	10,523	107	10,630	38,129
Miscellaneous	-	-	1,013	-	1,013	2,048	6,334	8,382	9,395
Total other expenses	606,308	90,517	762,876	100,434	1,560,135	279,909	8,234	288,143	1,848,278
Total operating expenses before allocation of general and administrative expenses	94,442,876	1,082,498	4,064,484	1,291,877	100,881,735	3,468,440	138,024	3,606,464	104,488,199
General and Administrative Allocation	2,151,682	235,674	776,277	276,494	3,440,127	(3,468,440)	28,313	(3,440,127)	-
Total operating expenses	\$ 96,594,558	\$ 1,318,172	\$ 4,840,761	\$ 1,568,371	\$ 104,321,862	\$ -	\$ 166,337	\$ 166,337	\$ 104,488,199

SPRINGWELL, INC.

Notes to Financial Statements
June 30, 2025 and 2024

1. OPERATIONS AND NONPROFIT STATUS

Springwell, Inc. (the Agency) is a Massachusetts corporation, not-for-profit, founded in 1977. The Agency's primary purpose is to plan, develop and coordinate programs and deliver services which will enhance a person's ability to live in their home and community.

The Agency is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Agency is also exempt from state income taxes. Donors may deduct contributions made to the Agency within IRC regulations.

The programs of the Agency are substantially funded by contracts negotiated with various Federal and Commonwealth of Massachusetts agencies including the Executive Office of Elder Affairs (EOEA). The Agency operates primarily in twenty-two communities and provides in the following programs:

Home Care Services to Elders - The Purchase Service (POS) component permits the Agency to subcontract with area providers for various home care services delivered through programs including, but not limited to, Home Care, Enhanced Community Options Program (ECOP) and Community Choices. The Case Management component provides for administration of these programs. These programs are funded through state budget line items that are administered by the EOEA.

Nursing Home Screening - Provides various screening services, including clinical approval for Adult Day Health and Nursing Home placement, as well as actively working with nursing home residents to create opportunities to return to the community for Medicaid eligible clients.

Nutrition and Community Services - Provides meals to the older adults in their homes and at various community dining sites. Title III grants provide an array of health and social service supports, including healthy aging programs to empower people to manage chronic health conditions.

Protective Services - Provides protective services for elders who are subjects of abuse, neglect, self-neglect, or financial exploitation by family members. The Agency provides this service to residents of seventeen of its twenty-two core communities (the remaining five communities are served by another organization).

2. SIGNIFICANT ACCOUNTING POLICIES

The Agency's financial statements have been prepared in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Cash and Cash Equivalents

The Agency considers all highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. Cash and cash equivalents for the purposes of the statement of cash flows also includes restricted cash.

Contracts Receivable

Contracts receivable at June 30, 2025 and 2024, consist of government contracts receivable. Contracts receivable are recorded at their net realizable value, less allowances for doubtful accounts. There was no allowance for doubtful accounts as of June 30, 2025 and 2024.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Service Fees Receivable

Program service fees receivable are stated at the amount of consideration the Agency expects to be entitled in exchange for providing home health care services. The Agency records any implicit price concessions (see page 11) based upon management's experience and other circumstances, which may affect the ability of clients or third-party payors to meet their obligations. Receivables are considered impaired if full payment is not received in accordance with the contractual terms. The balance of program service fees receivable was \$4,825,927 as of July 1, 2023.

Allowance for Program Service Fees Receivable

The Agency performs individual credit risk assessments which evaluates the individual circumstances, abilities and intentions of each client prior to providing the services. If after providing the services, the Agency becomes aware of specific events, facts or circumstances indicating clients no longer have the ability or intention to pay the amount of consideration to which the Agency is expected to be entitled to provide the program services, then the related program service fees receivable balances are written off as credit loss expense. No material credit loss expense was recognized for the years ended June 30, 2025 and 2024.

Restricted Cash

Restricted cash represents cash balances restricted by EOE (see page 9 and Note 9).

Right-of-Use Asset - Operating Leases and Operating Lease Liabilities

The Agency determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be a lease or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Agency determines such assets are leased because the Agency has the right to obtain substantially all of the economic benefits from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Agency determines it does not have the right to control and direct the use of the identified asset. The Agency's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Agency separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities for its office space. The Agency has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU 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 the lease, measured on a discounted basis. The Agency determines lease classification as operating or finance at the lease commencement date.

2. **SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Right-of-Use Asset - Operating Leases and Operating Lease Liabilities (Continued)

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Agency uses the implicit rate when readily determinable. As most leases do not provide an implicit rate, to determine the present value of lease payments, management uses the risk-free rate at lease commencement.

The lease terms may include options to extend or to terminate the lease that the Agency is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Agency has elected not to record leases with an initial term of twelve months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

Property and Equipment and Depreciation

Property and equipment are recorded at cost when purchased, or at fair value at the date of donation. Renewals and betterments in excess of \$3,000 and a useful life of at least three years are capitalized as additions to the related asset accounts, while repairs and maintenance are expensed as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Equipment	3 years
Furnishings	7 years
Leasehold improvements	Lesser of 10 years or lease term

The Agency accounts for the carrying value of its property and equipment in accordance with the requirements of ASC Topic, *Impairment and Disposal of Long-Lived Assets*. As of June 30, 2025 and 2024, the Agency has not recognized any reduction in the carrying value of its property and equipment in consideration of the requirement.

Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by the Agency. The Agency has grouped its net assets without donor restrictions into the following categories:

Operating net assets represent funds available to carry on the operations of the Agency.

Designated net assets represent funds that have been set aside by EOEА for use in the purchase service component of Home Care and Enhanced Community Options Program.

Property and equipment net assets reflect the net book value of the activities relating to the Agency's property and equipment and ROU assets - operating leases, net of related liabilities.

Net Assets With Donor Restrictions

Net assets with donor restrictions include amounts received with donor restrictions which have not yet been expended for their designated purposes. Net assets with donor restrictions consist of purpose restricted grants.

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Contributions and Grants

In accordance with ASC Subtopic 958-605, *Revenue Recognition* (Topic 958), the Agency must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or other measurable barriers, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that the Agency should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met.

Contracts, contributions and grants from government agencies, foundations, individuals, and corporations are recorded as revenue and net assets without donor restrictions upon receipt or when unconditionally committed by the donor. Donor restricted contributions and grants that are donations with time or purpose restrictions are recognized as revenue and net assets with donor restrictions when received or when unconditionally committed by the donor. Contributions and grants with donor restrictions are transferred to revenue and net assets without donor restrictions as services are performed and costs are incurred, or pro-rata over the period covered by the contributions or grants as time restrictions lapse. Contributions and grants received with donor-imposed conditions and restrictions that are satisfied in the same period are reported as unrestricted contracts, contributions and grants and increase net assets without donor restrictions.

A portion of the Agency's revenue is derived from cost-reimbursable Federal and state contracts and grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Agency has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as conditional grant advance in the statements of financial position. These contracts and grants are considered nonreciprocal transactions because the Agency's clients and service area receive the benefit as a result of the assets transferred.

Revenue from Contracts with Customers

The Agency follows ASC Topic, *Revenue from Contracts with Customers* (Topic 606), whereby program service fees are reported at the estimated transaction price or amount that reflects the consideration to which the Agency expects to be entitled for the transfer of goods or services to a client, then recognizes this revenue when or as the Agency satisfies its performance obligations under a contract, except in transactions where U.S. GAAP provides other applicable guidance. The Agency evaluates its revenue contracts with customers based on the five-step model under Topic 606: (1) Identify the contract with the customer; (2) Identify the performance obligations in the contract; (3) Determine the transaction price; (4) Allocate the transaction price to separate performance obligations; and (5) Recognize revenue when (or as) each performance obligation is satisfied.

Program service fees consist primarily of revenue related to the Senior Care Options (SCO) program under the point of sale (POS) component. SCO POS revenue is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing home health care services. These amounts are due from third-party payors in partnerships with MassHealth (Medicaid) and Medicare. SCO POS revenue includes variable consideration for retroactive revenue adjustments. Generally, the Agency bills the third-party payors several days after the services are performed. Revenue is recognized as the performance obligations are satisfied.

SPRINGWELL, INC.

Notes to Financial Statements
June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Revenue from Contracts with Customers (Continued)

Performance obligations are determined based on the nature of the services provided by the Agency and its subcontractors and consist of home health care and social support services. These services are generally provided at a point in time (date of service) and revenue for performance obligations satisfied at a point in time is generally recognized when services are provided to clients. The Agency does not believe it is required to provide additional goods or services related to that date of service.

The Agency also receives a portion of its program service fees from the SCO program under the case management (CM) component. This component is reimbursed at a set per-member-per-month fee regardless of services provided. Revenue from SCO CM is recognized over the course of the month rather than at a point in time. SCO CM program service fees include variable consideration, which is the varying level of service and procedures that a client may receive in a given month.

The Agency determines the transaction price based on standard charges for goods and services provided and negotiated with third-party payors, reduced by contractual adjustments provided to third-party payors, and implicit price concessions based on a patient's income. The Agency determines its estimates of contractual adjustments based on contractual agreements, its discount policies, and historical experience. The Agency determines its estimate of implicit price concessions based on its historical collection experience within a given class of patients or payors (see page 8).

Program service fees also consist of private client fees related to services provided. Performance obligations and transaction prices are determined consistent with those of SCO POS revenue. Revenue is recognized as services are provided at a point in time.

The Agency has determined that the nature, amount, timing and uncertainty of revenue and cash flows are affected primarily by differences among third-party payors having different reimbursement payment and adjudication methodologies.

Disaggregation of Program Service Fees

The following table presents a disaggregation of program service fees, by type, for the years ended June 30:

	<u>2025</u>	<u>2024</u>
SCO	\$ 28,320,138	\$ 25,340,205
Other health and home care services	822,548	464,550
Private client fees	<u>415,434</u>	<u>426,916</u>
Total	<u>\$ 29,558,120</u>	<u>\$ 26,231,671</u>

The following table presents a disaggregation of program service fees between revenue recognized at a point in time (fee for service) and over time (SCO CM) for the years ended June 30:

	<u>2025</u>	<u>2024</u>
Fee for service	\$ 25,175,500	\$ 22,017,563
SCO CM	<u>4,382,620</u>	<u>4,214,108</u>
Total	<u>\$ 29,558,120</u>	<u>\$ 26,231,671</u>

SPRINGWELL, INC.

Notes to Financial Statements
June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Interest Income and Other

Interest income and other revenue are recognized when earned.

In-kind Goods and Services

The Agency receives services from volunteers primarily for its Nutrition and Home Care programs. The value of these services is not reflected in the accompanying financial statements, since the services by the donating volunteers do not meet the recognition criteria outlined in U.S. GAAP. During fiscal years 2025 and 2024, the estimated value of these donated services was approximately \$999,000 and \$1,076,000, respectively.

Expense Allocation

Expenses related directly to a function are distributed to that function, while other expenses are allocated to functions based upon management's estimates.

The financial statements contain certain categories of expenses that are attributable to program and supporting functions and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include personnel and related, which are allocated based on an estimate of time and level of effort spent on the Agency's program and supporting functions, and occupancy and office supplies, which are allocated on a square footage basis.

Income Taxes

The Agency accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. The Agency has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at June 30, 2025 and 2024. The Agency's information returns are subject to examination by the Federal and state jurisdictions.

Fair Value Measurements

The Agency follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that the Agency would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

The Agency uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of the Agency. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

SPRINGWELL, INC.

Notes to Financial Statements
June 30, 2025 and 2024

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All qualifying assets and liabilities are valued using Level 1 inputs.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through October 22, 2025, which is the date the financial statements were available to be issued. There were no events that met criteria for recognition or disclosure in the financial statements.

3. FUNDING

The Agency receives significant funding from various governmental sources for services rendered under cost-reimbursement and unit-rate contracts. These contracts are subject to possible audit by the appropriate governmental agencies. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of the Agency as of June 30, 2025 and 2024, or on the changes in its net assets for the years then ended.

100% of contract revenues were earned from contracts with EOEA and all contracts receivable were due from EOEA.

The Agency had the following concentrations of payors within program service fees revenue and program service fees receivable as of and for the years ended June 30:

	2025		2024	
	Program Service Fees Revenue	Program Service Fees Receivable	Program Service Fees Revenue	Program Service Fees Receivable
United Healthcare	46%	43%	51%	49%
Tufts Health plan	32%	33%	28%	25%

SPRINGWELL, INC.

Notes to Financial Statements
June 30, 2025 and 2024

4. LINE OF CREDIT

The Agency has available up to \$2,000,000 (\$750,000 at June 30, 2024) under a line of credit agreement with a bank. Borrowings are due on demand and interest is payable monthly at the *Wall Street Journal's* prime rate (7.50% and 8.50% at June 30, 2025 and 2024, respectively) but will not be less than 4% at any time. The line of credit is secured by all assets of the Agency and is renewable annually in November by the bank. As of June 30, 2025 and 2024, there was no outstanding balance under this agreement. Under this agreement, the Agency must meet certain financial covenants. The Agency was in compliance with these covenants as of June 30, 2025 and 2024.

5. RETIREMENT PLANS

The Agency has a defined contribution pension plan covering all eligible employees in accordance with IRC Section 401(k). Employees become eligible after completing one year of service and reaching the age of 21. The Agency matches 50% of participant contributions up to 4% of an employee's annual compensation. The Agency also contributes a discretionary amount determined annually (4.0% and 5.0% for the years ended June 30, 2025 and 2024, respectively). Pension expense was \$812,062 and \$802,948 for the years ended June 30, 2025 and 2024, respectively, and is included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

The Agency also participates in an IRC Section 403(b) Tax Deferred Annuity Plan. Payments are made by participating employees in the form of voluntary salary reductions. The Agency does not contribute to this plan.

6. OPERATING LEASES

The Agency leases office space under operating lease agreements which expire at various times through September 30, 2027.

The Agency also leased office equipment under an operating lease agreement that expired in April 2025.

The following summarizes the line items in the accompanying statement of functional expenses, which include the components of lease expense for the year ended June 30:

	<u>2025</u>	<u>2024</u>
Operating lease costs included in rent	\$ 962,602	\$ 962,602
Operating lease costs included in leased equipment	28,400	34,080
Variable lease costs included in rent	32,436	26,137
Short-term lease cost included in leased equipment	6,318	4,049
Short-term lease cost included in rent	<u>19,740</u>	<u>19,500</u>
Total operating lease expense	<u>\$ 1,049,496</u>	<u>\$ 1,046,368</u>

The maturities of lease liabilities over the remaining lease terms are as follows:

2026	\$ 707,058
2027	617,096
2028	<u>155,005</u>
Total future undiscounted lease payments	1,479,159
Less - present value discount	<u>(57,097)</u>
Present value of lease liability	<u>\$ 1,422,062</u>

SPRINGWELL, INC.

Notes to Financial Statements
June 30, 2025 and 2024

6. OPERATING LEASES (Continued)

The weighted-average discount rate associated with operating leases as of June 30, 2025 and 2024, was 3.83% and 3.67%, respectively. The Agency's weighted-average lease term was 2.1 years and 2.8 years as of June 30, 2025 and 2024, respectively.

As of June 30, 2025, there was one additional operating lease that has been executed but not yet commenced. The Agency has entered into an agreement to lease additional program space for ten years.

7. CONTINGENCY

In the course of the Agency's business, from time-to-time, the Agency could be involved in legal disputes. In the opinion of management, there are no legal proceedings pending or involving the Agency whose outcome is likely to have a material effect on the accompanying financial statements.

8. CONCENTRATION OF CREDIT RISK

The Agency maintains its cash balances in financial institutions in Massachusetts. At certain times during the year, the balances in some of these accounts exceeded the maximum amount of insurance provided by the Federal Deposit Insurance Corporation (FDIC). The Agency utilizes an IntraFi Cash Service account with a Massachusetts bank. This account helps protect all balances in excess of FDIC coverage by spreading the excess funds across member banks in increments less than or equal to the FDIC limit.

The Agency has not experienced any losses in such accounts. The Agency believes it is not exposed to any significant credit risk on cash.

9. DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS

Excess revenue generated from the Purchase Service Home Care and Enhanced Community Options Program are calculated in accordance with the EOEA PI 93-20 "Surplus Funds Policy". The policy requires the use of any surplus generated within these programs to be utilized in the future within these programs unless specific approval is obtained from EOEA.

The following is a summary of the designated net assets without donor restrictions as of and for the years ended June 30, 2025 and 2024, for the Home Care POS and ECOP POS programs:

	<u>2025</u>	<u>2024</u>
Restricted Balance, beginning of year	\$ 180,189	\$ 243,963
Activity	<u>(180,189)</u>	<u>(63,774)</u>
Restricted Balance, end of year	<u>\$ -</u>	<u>\$ 180,189</u>

During fiscal years 2025 and 2024, EOEA authorized the Agency to transfer up to 3% of both programs' current year revenues to cover program deficits in other EOEA programs. During fiscal years 2025 and 2024, the Agency transferred \$537,680 and \$491,820, respectively, under this provision. The activity above is the program surplus net of this transfer and other required and allowed EOEA transfers.

SPRINGWELL, INC.Notes to Financial Statements
June 30, 2025 and 2024

10. LIQUIDITY

The Agency's financial assets available within one year from the statements of financial position date for general operating expenses are as follows at June 30:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 14,045,551	\$ 17,336,614
Contracts receivable	22,492,836	23,240,718
Program service fees receivable	<u>5,060,190</u>	<u>4,743,677</u>
Total financial assets	41,598,577	45,321,009
Less - donor restricted	<u>(348,948)</u>	<u>(250,595)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 41,249,629</u>	<u>\$ 45,070,414</u>

The Agency receives donor restricted contributions, which require resources to be used in a particular manner or in a future period; therefore, the Agency must maintain sufficient resources to meet those responsibilities to its donors. Thus, these financial assets may not be available for general expenditures within one year. As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In the event of an unanticipated liquidity need, the Agency could draw upon its \$2,000,000 line of credit (see Note 4).

11. CONDITIONAL GRANTS

During fiscal years 2025 and 2024, the Agency was awarded government grants totaling \$4,373,401 and \$3,830,985, respectively, that contained funder-imposed conditions that represent a barrier that must be overcome, as well as a right of return of assets or release from obligations. The Agency recognizes related revenue from these government grants when funder-imposed conditions are substantially met. The funder-imposed condition for these grants is the requirement for the Agency to incur qualifying expenses in the Agency's service area.

12. PARTNERSHIP AGREEMENT

The Agency is a member of Massachusetts Administrative Service Unit, LLC (MASU), which is a Massachusetts limited liability company organized on January 14, 2021. MASU was created to contract with third-party payors to provide services, including, but not limited to, facilitating person-centered care for elders, individuals with disabilities and others who are in need of assistance with activities of daily living and those who would benefit from home and community-based, non-medical, in-home services and support. The Agency is a 4% member, along with twenty-three other Massachusetts elder care agencies, and made a \$5,000 capital contribution to MASU during fiscal year 2021. No additional amounts were contributed during fiscal years 2025 and 2024. As of June 30, 2025, MASU has not yet entered into any contractual agreements with any third-party payors.

13. RECLASSIFICATIONS

Certain amounts in the June 30, 2024 financial statements have been reclassified to conform with the June 30, 2025 presentation.

SPRINGWELL, INC.

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing (AL) Number	Pass-through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Health and Human Services:				
Passed-through Commonwealth of Massachusetts, Executive Office of Elder Affairs:				
National Family Caregiver Support, Title III, Part E	93.052	TITLE3FEDYR24SPRWELL TITLE3FEDYR25SPRWELL	\$ 235,050	\$ -
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	TITLE3FEDYR24SPRWELL	40,857	-
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	TITLE3FEDYR24SPRWELL	17,347	-
Money Follows the Person Rebalancing Demonstration	93.791	MSAMONEYFOLLOWPERSON	15,500	-
Elder Abuse Prevention Interventions Program	93.747	FY23ALRLTCSPRINGWLL1	26,889	-
Aging Cluster:				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	TITLE3FEDYR24SPRWELL	929,047	253,782
COVID-19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	FY23BENEFSSSPRINGWEL	14,740	-
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	TITLE3FEDYR24SPRWELL	540,346	-
Nutrition Services Incentive Program	93.053	NSIPPROGRAM2024SPWLL NSIPPROGRAM2025SPRWL	130,806	-
Total Aging Cluster			1,614,939	253,782
Total Expenditures of Federal Awards			\$ 1,950,582	\$ 253,782

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the Federal assistance activity of the Agency and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Note 2: Indirect Cost Rate

The Agency has elected to use the 10% de minimis cost rate for its Federal programs.

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

Independent Auditor's Report

To the Board of Directors of
Springwell, Inc.:

We have audited, in accordance with the 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, the financial statements of Springwell, Inc. (the Agency), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 22, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

AAFCPA, Inc.

Boston, Massachusetts
October 22, 2025



**Report on Compliance for Each Major Federal Program and Report on Internal Control
Over Compliance Required by the Uniform Guidance**

Independent Auditor's Report

To the Board of Directors of
Springwell, Inc.:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Springwell, Inc.'s (the Agency) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Agency's major Federal program for the year ended June 30, 2025. The Agency's major Federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major Federal program for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major Federal program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Agency's Federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to on the previous page occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to on the previous page is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of the major Federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Report on Internal Control Over Compliance

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

AAFCPA, Inc.

Boston, Massachusetts
November 25, 2025

SPRINGWELL, INC.

Schedule of Findings and Questioned Costs
June 30, 2025

1. SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Is a “going concern” emphasis-of-matter paragraph included in the auditor’s report? _____ Yes X No

Internal control over financial reporting:

- Material weakness disclosed? _____ Yes X No
- Significant deficiency disclosed? _____ Yes X No

Noncompliance material to financial statements disclosed? _____ Yes X No

Federal Awards

Internal control over major Federal program:

- Material weakness disclosed? _____ Yes X No
- Significant deficiency disclosed? _____ Yes X No

Type of auditor’s report issued on compliance for major Federal program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major Federal program:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing (AL) Number</u>
Aging Cluster	93.045 93.044 93.053

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

Auditee qualified as low-risk auditee? X Yes _____ No

2. FINANCIAL STATEMENT FINDINGS

None

3. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None