

Midland County
Council on Aging



SENIOR SERVICES
Better Living Starts Here

Year Ended
September 30,
2018

Financial
Statements and
Supplementary
Information

MIDLAND COUNTY COUNCIL ON AGING

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INDEPENDENT AUDITORS' REPORT

February 13, 2019

To the Board of Directors
Midland County Council on Aging
Midland, Michigan

We have audited the accompanying financial statements of *Midland County Council on Aging*, a Michigan not-for-profit corporation, which comprise the statement of financial position as of September 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *Midland County Council on Aging* as of September 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America



MIDLAND COUNTY COUNCIL ON AGING

Statement of Financial Position September 30, 2018

Assets	
Cash and cash equivalents	\$ 4,217,899
Accounts receivable:	
Region VII Area Agency on Aging	93,992
Customer	64,663
Other	45,959
Inventory	25,311
Prepaid expenses	65,296
Promises to give	675,000
Investments	7,185,364
Property and equipment, net	<u>4,202,985</u>
Total assets	<u>\$ 16,576,469</u>
Liabilities	
Accounts payable	\$ 194,358
Accrued payroll, vacation and sick pay	140,208
Client deposits	3,368
Deferred revenue	<u>9,493</u>
Total liabilities	<u>347,427</u>
Commitment (Note 10)	
Net assets	
Unrestricted:	
Investment in property and equipment	4,202,985
Board designated	10,094,194
Undesignated	<u>324,298</u>
Total unrestricted	<u>14,621,477</u>
Temporarily restricted:	
Sanford Building Project	1,573,204
Coleman Senior Center	1,332
Advance Care Planning	6,359
Seasons Adult Day Center	17,017
Technology	<u>9,653</u>
Total temporarily restricted	<u>1,607,565</u>
Total net assets	<u>16,229,042</u>
Total liabilities and net assets	<u>\$ 16,576,469</u>

The accompanying notes are an integral part of these financial statements.

MIDLAND COUNTY COUNCIL ON AGING

Statement of Activities

Year Ended September 30, 2018

	Unrestricted	Temporarily Restricted	Total
Support, revenues, and gains			
Midland County Millage	\$ 3,408,403	\$ -	\$ 3,408,403
Grants:			
Older Americans Act	-	347,406	347,406
Nutritional Services Incentive Program (NSIP)	-	123,464	123,464
Other grants through Area Agency on Aging (AAA)	-	77,767	77,767
Office of Services to the Aging (OSA)	-	130,192	130,192
Program income	932,004	-	932,004
United Way	-	72,195	72,195
Interest and investment income	198,574	-	198,574
Unrealized investment gain	322,889	-	322,889
Private contributions and grants	39,973	1,271,664	1,311,637
Other revenue	52,116	-	52,116
Total support, revenues, and gains	4,953,959	2,022,688	6,976,647
Net assets released from restrictions	1,068,870	(1,068,870)	-
Total support, revenue, gains, and reclassifications	6,022,829	953,818	6,976,647
Expenses			
Program services:			
Access	1,352,791	-	1,352,791
In home	348,264	-	348,264
Nutrition	1,150,175	-	1,150,175
Seasons Adult Day	891,053	-	891,053
Other	191,775	-	191,775
Total program services	3,934,058	-	3,934,058
Supporting services:			
Management and general	991,494	-	991,494
Computer network	6,107	-	6,107
Building occupancy	89,736	-	89,736
Fund development	74,813	-	74,813
Total supporting services	1,162,150	-	1,162,150
Total expenses	5,096,208	-	5,096,208
Change in net assets	926,621	953,818	1,880,439
Net assets, beginning of year	13,694,856	653,747	14,348,603
Net assets, end of year	\$ 14,621,477	\$ 1,607,565	\$ 16,229,042

The accompanying notes are an integral part of these financial statements.

MIDLAND COUNTY COUNCIL ON AGING

Statement of Functional Expenses

Year Ended September 30, 2018

	Program Services					
	Access	In Home	Nutrition	Seasons Adult Day	Other	Total
Salaries and related expenses						
Salaries	\$ 692,748	\$ 263,771	\$ 477,118	\$ 487,260	\$ 82,735	\$ 2,003,632
Payroll taxes and insurance	56,895	26,482	41,609	41,387	6,730	173,103
Employee benefits - health and retirement	102,666	26,334	72,859	93,897	9,173	304,929
Total salaries and related expenses	852,309	316,587	591,586	622,544	98,638	2,481,664
Other expenses						
Professional services and fees	20,093	1,737	1,562	1,492	24,267	49,151
Supplies	66,935	978	62,807	13,201	20,747	164,668
Communications	27,225	515	868	5,625	493	34,726
Rent	14,400	-	-	-	-	14,400
Travel and vehicle	78,725	21,367	68,406	878	5,734	175,110
Repair and maintenance	14,360	-	-	4,098	-	18,458
Conferences and meetings	2,774	1,559	1,262	2,396	15	8,006
Assistance	23,687	-	-	-	-	23,687
Food	997	-	406,328	7,570	-	414,895
Utilities	15,305	-	-	-	-	15,305
Other	16,498	1,439	-	5,233	18,880	42,050
Total other expenses	280,999	27,595	541,233	40,493	70,136	960,456
Total expenses before allocations and depreciation	1,133,308	344,182	1,132,819	663,037	168,774	3,442,120
Allocations:						
Occupancy and network	134,352	4,082	38,108	80,460	16,669	273,671
Food and labor	-	-	(28,568)	28,568	-	-
Depreciation	85,131	-	7,816	118,988	6,332	218,267
Total expenses	\$ 1,352,791	\$ 348,264	\$ 1,150,175	\$ 891,053	\$ 191,775	\$ 3,934,058

The accompanying notes are an integral part of these financial statements.



Supporting Services					
Management and General	Computer Network	Building Occupancy	Fund Development	Total	Total
\$ 461,741	\$ 14,073	\$ 105,061	\$ 50,823	\$ 631,698	\$ 2,635,330
36,189	1,112	10,152	3,841	51,294	224,397
61,798	2,072	18,253	8,509	90,632	395,561
<u>559,728</u>	<u>17,257</u>	<u>133,466</u>	<u>63,173</u>	<u>773,624</u>	<u>3,255,288</u>
74,297	11,682	60,224	221	146,424	195,575
35,934	1,086	21,350	2,024	60,394	225,062
7,867	-	1,213	1,807	10,887	45,613
-	-	-	-	-	14,400
1,865	-	483	894	3,242	178,352
-	-	6,369	-	6,369	24,827
-	-	-	-	-	-
2,229	-	55	2,208	4,492	12,498
-	-	-	-	-	23,687
-	-	467	-	467	415,362
-	-	107,954	-	107,954	123,259
46,725	18,618	11,419	2,096	78,858	120,908
<u>168,917</u>	<u>31,386</u>	<u>209,534</u>	<u>9,250</u>	<u>419,087</u>	<u>1,379,543</u>
728,645	48,643	343,000	72,423	1,192,711	4,634,831
36,947	(48,677)	(263,791)	1,850	(273,671)	-
-	-	-	-	-	-
225,902	6,141	10,527	540	243,110	461,377
<u>\$ 991,494</u>	<u>\$ 6,107</u>	<u>\$ 89,736</u>	<u>\$ 74,813</u>	<u>\$ 1,162,150</u>	<u>\$ 5,096,208</u>

MIDLAND COUNTY COUNCIL ON AGING

Statement of Cash Flows

Year Ended September 30, 2018

Cash flows from operating activities	
Change in net assets	\$ 1,880,439
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Contributions received for capital projects	(1,241,453)
Depreciation	461,377
Gain on disposal of property and equipment	(3,671)
Unrealized gain on investments	(322,889)
Changes in operating assets and liabilities which provided (used) cash:	
Accounts receivable	(60,237)
Inventory	(2,249)
Prepaid expenses	4,742
Accounts payable	134,353
Accrued payroll, vacation and sick pay	11,113
Client deposits	(2,140)
Deferred revenue	3,680
Net cash provided by operating activities	<u>863,065</u>
Cash flows from investing activities	
Proceeds from the sale of investments	974,749
Purchases of investments	(187,000)
Proceeds from the sale of property and equipment	20,660
Purchases of property and equipment	(448,528)
Net cash provided by investing activities	<u>359,881</u>
Cash flows used in financing activities	
Collection of contributions for capital projects	<u>1,166,453</u>
Net increase in cash and cash equivalents	2,389,399
Cash and cash equivalents, beginning of year	<u>1,828,500</u>
Cash and cash equivalents, end of year	<u>\$ 4,217,899</u>

The accompanying notes are an integral part of these financial statements.

MIDLAND COUNTY COUNCIL ON AGING

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activity

Midland County Council on Aging (the “Council”) was organized as a not-for-profit organization for the purpose of providing services and information to older adults. The Council also determines the needs of older adults, informs the public of those needs, performs general advocacy, and develops and coordinates programs and projects to meet the needs of the older adults of Midland County, Michigan.

Funding for the Council is received through a property tax levy, United Way allocation, program income, contributions and various grants, including the Region VII Area Agency on Aging (“Agency”). The Council has an agreement with the Agency whereby the Council agrees to obtain a specified percentage of local matching revenue to qualify for funding.

Descriptions of the various programs are as follows:

Access Services - Includes information, referral, transportation and care coordination services and provides clients with an avenue to other community services.

In Home Services - Encompasses such services as homemaking, personal care and respite services provided to clients within their own homes.

Nutrition Services - Provides well-balanced meals to older adults at Council centers or delivered to clients’ homes.

Seasons Adult Day Services - Provides a warm and secure daytime environment that enhances the cognitive, social, and emotional needs of those with Alzheimer’s disease and related illnesses, while providing respite for family caregivers.

Other Services - These services include caregiver training, marketing, home repair, handyman services, fitness center and education resource development.

Basis of Presentation

The Council reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Temporarily restricted net assets result from donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements. Permanently restricted net assets result from donor-imposed restrictions that require the related assets to be maintained in perpetuity. At September 30, 2018, the Council had no permanently restricted net assets.

Cash and Cash Equivalents

The Council considers all highly liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

MIDLAND COUNTY COUNCIL ON AGING

Notes to Financial Statements

Concentration of Credit Risk

The Council maintains all of its cash, cash equivalents and certificates of deposit balances in four financial institutions located in Midland, Michigan. The balances are insured by the U.S. Government and the Federal Deposit Insurance Corporation up to \$250,000 per institution or are collateralized by the financial institution. At September 30, 2018, \$431,733 of the Council's bank balance of \$5,375,988 was exposed to custodial credit risk. Management believes the Council is not exposed to any significant interest rate or other financial risk on these deposits.

Investments

Investments are reported at their fair values as determined by quoted market prices. Realized gains and losses on sales of investments are determined using the average cost method. Unrealized investment gains and losses are included in the change in unrestricted net assets.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Accounts Receivable

Accounts receivable consists of amounts due from Region VII Area Agency on Aging and from clients for services provided and are stated at the amount management expects to collect from outstanding balances. Based on their assessment of the credit history with clients having outstanding balances and current relationships with them, management has concluded that realized losses on balances outstanding at year-end will not be significant, and thus no allowance is required.

Fair Value Measurements

Fair value refers to the price that would be received to sell an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants in the market in which the reporting entity transacts such sales or transfers based on the assumptions market participants would use when pricing an asset or liability. Assumptions are developed based on prioritizing information within a fair value hierarchy that gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data such as the Council's own data. The Council utilizes fair value measurements to record fair value adjustments to its investments securities and to determine fair value disclosures. These assets are recorded at fair value on a recurring basis. For further discussion on Fair Value Measurements, refer to Note 2.

Income Taxes

The Council is a not-for-profit organization, exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and exempt from similar state and local taxes, and is classified as an organization other than a private foundation, as described in section 509(a). Although the Council was granted income tax exemption by the Internal Revenue Service, such exemption does not apply to "unrelated business taxable income." Such income, pursuant to the Internal Revenue Code and related regulations, includes investment income such as interest received from sources other than directly from the service.

MIDLAND COUNTY COUNCIL ON AGING

Notes to Financial Statements

The Council analyzes its filing positions in the federal and state jurisdictions where it is required to file income tax returns, as well as all open tax years in these jurisdictions. The Council also treats interest and penalties attributable to income taxes, and reflects any charges for such, to the extent they arise, as a component of its management and general expenses.

The Council has evaluated its income tax filing positions for the years 2015 through 2018, the years which remain subject to examination by major tax jurisdiction as of September 30, 2018. The Council concluded that there are no significant uncertain tax positions requiring recognition in the Council's financial statements. The Council does not expect the total amount of unrecognized tax benefits ("UTB") (e.g., tax deductions, exclusions, or credits claimed or expected to be claimed) to significantly change in the next 12 months. The Council does not have any amounts accrued for interest penalties related to UTBs at September 30, 2018, and it is not aware of any claims for such amounts by federal or state income tax authorities.

Inventory

Inventory consists of items for the Council's Nutrition Services program and is stated at the lower of cost or market, determined by first-in, first-out method.

Property and Equipment and Depreciation

Property and equipment are stated at cost. Major improvements and renewals are capitalized while ordinary maintenance and repairs are expensed. Management reviews these assets to determine whether carrying values have been impaired.

The Council follows the practice of capitalizing all expenses for land, buildings, and equipment in excess of \$1,000; donated property and equipment are capitalized at estimated fair value at date of the donation.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from 3 to 40 years.

The Council holds title to all property and equipment presented in the financial statements, although certain property and equipment has been funded by County, State and Federal sources.

The land at 4700 Dublin Avenue is being leased from the City of Midland for an annual rent of one dollar, through August 28, 2050, self-renewing every 5 years thereafter for up to an additional 25 years. The fair value of the land has not been determined.

The land at 737 West Beamish Road is being leased from Jerome Township through July 11, 2118. No compensation shall be paid for the leased property. The fair value of the land has not been determined.

Revenue Recognition

Program income is recognized as services are rendered.

County voted millage revenues are recognized on a monthly basis as allocations are received from Midland County, which approximates the amount levied.

Grant revenue is recognized and earned when actual expenditures are incurred which meet the specific terms of each grant.

Investment income is recognized as earned.

MIDLAND COUNTY COUNCIL ON AGING

Notes to Financial Statements

Restricted and Unrestricted Revenue and Support

Contributions, including unconditional promises to give, are recorded when received, as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose for restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Donated Services

No amounts have been reflected in the accompanying financial statements for donated services, as these services do not meet the criteria for recognition in the financial statements. The Council pays for most services requiring specific expertise. However, many individuals volunteer significant amounts of time in the Council's program services.

Functional Allocation of Expenses

Salaries and related expenses are allocated to the various programs and supporting services based on staff time spent on particular functions. Direct costs are allocated, where possible, to specific functions. Occupancy costs for the Dublin Avenue Building are allocated to applicable programs based on square footage.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the year. Actual results could differ from those estimates.

Upcoming Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which will be effective for the Council's annual financial statements for the year ending September 30, 2019. This ASU (1) reduces the number of net asset classes presented from three to two; (2) requires the presentation of expenses by functional and natural classification in one location; (3) requires quantitative and qualitative disclosures about liquidity and availability of financial assets; and (4) requires the presentation of investment return net of external and direct internal investment expenses. Management has evaluated the provisions of ASU 2016-14 and has determined that the presentation of the financial statements will need to be modified as required by the ASU.

Subsequent Events

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to September 30, 2018, the most recent statement of financial position presented herein, through February 13, 2019, the date these financial statements were available to be issued. No such significant events or transactions have been identified.

MIDLAND COUNTY COUNCIL ON AGING

Notes to Financial Statements

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The fair value 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 Council had no Level 3 investments at year-end. Levels 1 and 2 of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in an active market that the Council has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities;
- 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.

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.

The following is a description of the valuation methodologies used for certain assets recorded at fair value at September 30, 2018.

Certificates of deposit: Valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations considering the creditworthiness of the issuer. All such investments are considered Level 2.

Mutual funds: Fair value measurement for the Council's mutual funds are based upon quoted prices for identical instruments traded in active markets; accordingly, all such investments are considered Level 1.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Council 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 table below presents the recorded amount of assets measured at fair value on a recurring basis as of September 30, 2018.

	Level 1	Level 2	Total
Investments			
Mutual funds	\$ 6,051,878	\$ -	\$ 6,051,878
Certificates of deposit	-	1,133,486	1,133,486
Total investments	\$ 6,051,878	\$ 1,133,486	\$ 7,185,364

MIDLAND COUNTY COUNCIL ON AGING

Notes to Financial Statements

3. PROMISES TO GIVE

At September 30, 2018, promises to give consisted of \$300,000 from the Herbert H. and Grace A. Dow Foundation, \$200,000 from the Gerstacker Foundation, \$100,000 from the Strosacker Foundation, \$50,000 from the Towsley Foundation, and \$25,000 from the Dow Chemical Foundation to construct a new Sanford Senior Center, and develop an inter-generational park and recreation area collaboration with Jerome Township. Certain of these pledges are multi-year agreements and they have not been discounted as management has determined the discount amount to be insignificant as of September 30, 2018. Promises to give are expected to be collected as follows.

< 1 year	\$	450,000
1-5 years		<u>225,000</u>
Total	\$	<u><u>675,000</u></u>

4. PROPERTY AND EQUIPMENT, NET

Property and equipment and related accumulated depreciation as of September 30, 2018, are as follows:

Land	\$	430,169
Construction in progress		275,697
Buildings		7,949,116
Equipment		649,778
Software		60,903
Furniture and fixtures		746,722
Vehicles		<u>443,700</u>
Total		10,556,085
Less accumulated depreciation		<u>(6,353,100)</u>
Property and equipment, net	\$	<u><u>4,202,985</u></u>

Depreciation expense charged to operations for the year ended September 30, 2018 amounted to \$461,377.

5. NET ASSETS DESIGNATIONS

Portions of net assets are segregated for future use, and are, therefore, not considered available for current appropriation or expenditure. Board designations of unrestricted net assets indicate the Council's tentative plans for use of financial resources in a future period.

Board designated net assets at September 30, 2018, are designated for the following purposes:

Future building maintenance	\$	6,050,270
Care management program match for out of county services		82,424
Strategic initiative reserve		100,000
Operations reserve		2,354,000
Future bus for Seasons Adult Day Care		7,500
Sanford building project		<u>1,500,000</u>
Total	\$	<u><u>10,094,194</u></u>

MIDLAND COUNTY COUNCIL ON AGING

■ Notes to Financial Statements

6. COUNTY VOTED MILLAGE

The voted maximum allowable millage of .9000 mills is effective through 2021. The property tax revenue and related expenses are subject to review and audit by the County of Midland. The levy for the next fiscal year, September 30, 2019, will be .8500 mills.

7. FEDERAL AND STATE GRANTS

The Council has received various federal and state grants through the Region VII Area Agency on Aging and Office of Services to the Aging, which are subject to review and audit by the grantor agencies. While such audits could generate expenditure disallowance under terms of the grants, management believes that any disallowed expenditures, if any, and required grant reimbursements would not be material.

8. OPERATING LEASES

The Council rents office space and other facilities under various agreements which are accounted for as operating leases. All lease agreements are cancelable with either ninety (90) or sixty (60) days notice. Net rental expense was \$14,400 for the year ended September 30, 2018.

9. RETIREMENT PLAN

The Council maintains a deferred compensation plan qualifying under Internal Revenue Code Section 401(k). The 401(k) plan covers employees who have completed one year of service with a minimum of 1,000 hours per year. Employees are permitted to contribute into the retirement plan up to a maximum determined by the Internal Revenue Code. The Council makes contributions based on a percentage of eligible wages as defined in the plan. Employer contributions for the year ended September 30, 2018, were \$128,724.

10. COMMITMENT

The Council entered into a commitment related to the Sanford Building Project. As of September 30, 2018 the remaining commitment is approximately \$3,153,000.



**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

February 13, 2019

To the Board of Directors
Midland County Council on Aging
Midland, Michigan

We have audited the financial statements of *Midland County Council on Aging* as of and for the year ended September 30, 2018, and have issued our report thereon dated February 13, 2019, which expressed an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "Rehmann Robson LLC". The signature is written in a cursive, flowing style.

SUPPLEMENTARY INFORMATION

MIDLAND COUNTY COUNCIL ON AGING

Schedule of Functional Expenses - Access Services Year Ended September 30, 2018

	Senior Volunteers and Community	Senior News	Transportation
Salaries and related expenses			
Salaries	\$ 52,575	\$ 30,288	\$ 69,005
Payroll taxes and insurance	4,168	2,458	5,522
Employee benefits - health and retirement	11,424	3,236	10,826
Total salaries and related expenses	68,167	35,982	85,353
Other expenses			
Professional services and fees	100	-	-
Supplies	11,175	11,692	418
Communications	412	11,059	5,438
Rent	-	-	-
Travel and vehicle	7,239	16	45,067
Repair and maintenance	-	-	-
Conferences and meetings	180	-	4
Assistance	-	-	-
Food	-	-	997
Utilities	-	-	-
Other	4,101	50	1,371
Total other expenses	23,207	22,817	53,295
Total expenses before allocations and depreciation	91,374	58,799	138,648
Allocations:			
Occupancy and network	1,983	2,802	27,619
Depreciation	283	303	52,086
Total expenses	\$ 93,640	\$ 61,904	\$ 218,353

See independent auditors' report on supplementary information.



Care Coordination	Senior Centers	Total Access Services
\$ 423,419	\$ 117,461	\$ 692,748
34,293	10,454	56,895
<u>74,807</u>	<u>2,373</u>	<u>102,666</u>
<u>532,519</u>	<u>130,288</u>	<u>852,309</u>
12,727	7,266	20,093
3,645	40,005	66,935
4,917	5,399	27,225
-	14,400	14,400
24,736	1,667	78,725
-	14,360	14,360
2,506	84	2,774
23,687	-	23,687
-	-	997
-	15,305	15,305
<u>3,902</u>	<u>7,074</u>	<u>16,498</u>
<u>76,120</u>	<u>105,560</u>	<u>280,999</u>
608,639	235,848	1,133,308
24,505	77,443	134,352
<u>2,196</u>	<u>30,263</u>	<u>85,131</u>
<u>\$ 635,340</u>	<u>\$ 343,554</u>	<u>\$ 1,352,791</u>

MIDLAND COUNTY COUNCIL ON AGING

Schedule of Functional Expenses - Nutrition Services Year Ended September 30, 2018

	Senior Lunches	Home Delivered Meals	Total Nutrition Services
Salaries and related expenses			
Salaries	\$ 186,310	\$ 290,808	\$ 477,118
Payroll taxes and insurance	15,851	25,758	41,609
Employee benefits - health and retirement	32,568	40,291	72,859
	<u>234,729</u>	<u>356,857</u>	<u>591,586</u>
Total salaries and related expenses			
	<u>234,729</u>	<u>356,857</u>	<u>591,586</u>
Other expenses			
Professional services and fees	781	781	1,562
Supplies	13,167	49,640	62,807
Communications	377	491	868
Travel and vehicle	4,835	63,571	68,406
Conferences and meetings	631	631	1,262
Food	119,808	286,520	406,328
	<u>139,599</u>	<u>401,634</u>	<u>541,233</u>
Total other expenses			
	<u>139,599</u>	<u>401,634</u>	<u>541,233</u>
Total expenses before allocations and depreciation			
	<u>374,328</u>	<u>758,491</u>	<u>1,132,819</u>
Allocations:			
Occupancy and network	11,746	26,362	38,108
Food and labor	(32,354)	3,786	(28,568)
Depreciation	2,946	4,870	7,816
	<u>2,946</u>	<u>4,870</u>	<u>7,816</u>
Total expenses			
	<u>\$ 356,666</u>	<u>\$ 793,509</u>	<u>\$ 1,150,175</u>

See independent auditors' report on supplementary information.

MIDLAND COUNTY COUNCIL ON AGING

Schedule of Functional Expenses - Other Services Year Ended September 30, 2018

	Fitness Center	Caregiver Training	Marketing
Salaries and related expenses			
Salaries	\$ -	\$ 17,775	\$ 11,016
Payroll taxes and insurance	-	1,383	893
Employee benefits - health and retirement	-	3,372	1,205
Total salaries and related expenses	-	22,530	13,114
Other expenses			
Professional services and fees	-	-	-
Supplies	-	250	4,325
Communications	-	124	92
Travel and vehicle	-	39	6
Conferences and meetings	-	-	975
Other	459	472	16,314
Total other expenses	459	885	21,712
Total expenses before allocations and depreciation	459	23,415	34,826
Allocations:			
Occupancy and network	2,774	495	1,201
Depreciation	-	-	-
Total expenses	\$ 3,233	\$ 23,910	\$ 36,027

See independent auditors' report on supplementary information.



Home Repair	Handyman Services	Education	Total Other Services
\$ -	\$ -	\$ 53,944	\$ 82,735
-	-	4,454	6,730
-	-	4,596	9,173
-	-	62,994	98,638
21,500	-	2,767	24,267
-	14,993	1,179	20,747
-	5	272	493
-	3,895	1,794	5,734
-	-	(960)	15
-	-	1,635	18,880
21,500	18,893	6,687	70,136
21,500	18,893	69,681	168,774
-	-	12,199	16,669
-	-	6,332	6,332
<u>\$ 21,500</u>	<u>\$ 18,893</u>	<u>\$ 88,212</u>	<u>\$ 191,775</u>

MIDLAND COUNTY COUNCIL ON AGING

Combining Schedule of Assets and Liabilities
 Federal/State Grant Funds
 September 30, 2018

	Title IIIB Funds	Title IIIC-1 and Title IIIC-2 Funds	Title IIIE Funds
Assets			
Accounts receivable:			
Region VII Area Agency on Aging	\$ 13,198	\$ 43,677	\$ 11,936
Liabilities			
Accounts payable	\$ 13,198	\$ 43,677	\$ 11,936

See independent auditors' report on supplementary information.



Care Management Funds	NSIP Funds	Seasons Adult Day Care Funds	Total Federal/ State Grant Funds
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<u>\$ 8,784</u>	<u>\$ 10,392</u>	<u>\$ 6,005</u>	<u>\$ 93,992</u>
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<u>\$ 8,784</u>	<u>\$ 10,392</u>	<u>\$ 6,005</u>	<u>\$ 93,992</u>
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MIDLAND COUNTY COUNCIL ON AGING

Combining Schedule of Revenues, Expenses and Changes in Net Assets Federal/State Grant Funds Year Ended September 30, 2018

	Title IIIB Funds	Title IIIC-1 and Title IIIC-2 Funds	Title IIIE Funds
Revenues			
Federal/State	\$ 98,398	\$ 249,008	\$ 28,584
Federal - NSIP	-	71,277	-
Program income	2,351	127,113	-
Targeted case management	-	-	-
Local match	10,933	27,668	3,176
Other resources	40,877	442	322
Total revenues	<u>152,559</u>	<u>475,508</u>	<u>32,082</u>
Expenses			
Salaries	103,388	132,186	15,321
Fringe benefits	22,710	23,388	4,779
Travel	7,315	26,841	-
Supplies	66	30,646	2,144
Occupancy	5,648	26,330	829
Communications	710	-	-
Other	12,722	3,983	9,009
Food	-	232,134	-
Total expenses	<u>152,559</u>	<u>475,508</u>	<u>32,082</u>
Change in net assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report on supplementary information.



Care Management Funds	Seasons Adult Day Care Funds	Total Federal/ State/Local Grant Funds
\$ 130,192	\$ 49,183	\$ 555,365
-	-	71,277
-	-	129,464
15,941	-	15,941
14,466	5,465	61,708
9,204	834	51,679
<u>169,803</u>	<u>55,482</u>	<u>885,434</u>
117,193	38,164	406,252
27,918	6,696	85,491
13,342	-	47,498
2,231	4,480	39,567
1,654	6,142	40,603
1,837	-	2,547
5,628	-	31,342
-	-	232,134
<u>169,803</u>	<u>55,482</u>	<u>885,434</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MIDLAND COUNTY COUNCIL ON AGING

Schedule of Revenues and Expenses - Budget and Actual
 Title IIIB - Transportation, Case Coordination and Support,
 Homemaking, and Respite Care
 Year Ended September 30, 2018

	Transportation		
	Budget	Actual	Actual Over (Under) Budget
Revenues			
Federal/State	\$ 14,001	\$ 14,001	\$ -
Program income	200	-	(200)
Local match	1,556	1,556	-
Other resources	15,929	15,929	-
Total revenues	<u>\$ 31,686</u>	<u>\$ 31,486</u>	<u>\$ (200)</u>
Expenses			
Salaries	\$ 10,901	\$ 10,901	\$ -
Fringe benefits	3,379	3,379	-
Travel	562	562	-
Supplies	200	-	200
Occupancy	3,212	3,212	-
Communications	710	710	-
Other	12,722	12,722	-
Total expenses	<u>\$ 31,686</u>	<u>\$ 31,486</u>	<u>\$ 200</u>

See independent auditors' report on supplementary information.



Case Coordination and Support			Homemaking		
Budget	Actual	Actual Over (Under) Budget	Budget	Actual	Actual Over (Under) Budget
\$ 38,635	\$ 38,635	\$ -	\$ 30,324	\$ 30,324	\$ -
100	-	(100)	300	1,608	1,308
4,293	4,293	-	3,369	3,369	-
17,744	17,844	100	5,463	4,155	(1,308)
<u>\$ 60,772</u>	<u>\$ 60,772</u>	<u>\$ -</u>	<u>\$ 39,456</u>	<u>\$ 39,456</u>	<u>\$ -</u>
\$ 44,062	\$ 44,062	\$ -	\$ 32,020	\$ 32,020	\$ -
13,659	13,659	-	3,653	3,653	-
1,305	1,305	-	3,288	3,288	-
-	-	-	66	66	-
1,746	1,746	-	429	429	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 60,772</u>	<u>\$ 60,772</u>	<u>\$ -</u>	<u>\$ 39,456</u>	<u>\$ 39,456</u>	<u>\$ -</u>

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MIDLAND COUNTY COUNCIL ON AGING

Schedule of Revenues and Expenses - Budget and Actual

Title IIIB - Transportation, Case Coordination and Support,
Homemaking, and Respite Care
Year Ended September 30, 2018

	Respite Care		
	Budget	Actual	Actual Over (Under) Budget
Revenues			
Federal/State	\$ 15,438	\$ 15,438	\$ -
Program income	800	743	(57)
Local match	1,715	1,715	-
Other resources	2,949	2,949	-
Total revenues	<u>\$ 20,902</u>	<u>\$ 20,845</u>	<u>\$ (57)</u>
Expenses			
Salaries	\$ 16,405	\$ 16,405	\$ -
Fringe benefits	2,019	2,019	-
Travel	2,160	2,160	-
Supplies	-	-	-
Occupancy	318	261	57
Communications	-	-	-
Other	-	-	-
Total expenses	<u>\$ 20,902</u>	<u>\$ 20,845</u>	<u>\$ 57</u>

See independent auditors' report on supplementary information.



Total Title IIIB

Budget	Actual	Actual Over (Under) Budget
\$ 98,398	\$ 98,398	\$ -
1,400	2,351	951
10,933	10,933	-
42,085	40,877	(1,208)
<u>\$ 152,816</u>	<u>\$ 152,559</u>	<u>\$ (257)</u>

\$ 103,388	\$ 103,388	\$ -
22,710	22,710	-
7,315	7,315	-
266	66	200
5,705	5,648	57
710	710	-
12,722	12,722	-
<u>\$ 152,816</u>	<u>\$ 152,559</u>	<u>\$ 257</u>

concluded

MIDLAND COUNTY COUNCIL ON AGING

Schedule of Revenues and Expenses - Budget and Actual
 Title IIIC-1 and Title IIIC-2 - Congregate Meals and Home Delivered Meals
 Year Ended September 30, 2018

	Congregate Meals		
	Budget	Actual	Actual Over (Under) Budget
Revenues			
Federal/State	\$ 74,304	\$ 74,304	\$ -
Federal - NSIP	17,804	17,335	(469)
Program income	30,297	34,729	4,432
Local match	8,256	8,256	-
Other resources	4,279	56	(4,223)
Total revenues	<u>\$ 134,940</u>	<u>\$ 134,680</u>	<u>\$ (260)</u>
Expenses			
Salaries	\$ 42,942	\$ 43,500	\$ (558)
Fringe benefits	7,460	7,273	187
Travel	-	3	(3)
Supplies	4,137	6,305	(2,168)
Occupancy	9,465	9,710	(245)
Other	6,183	2,983	3,200
Food	64,753	64,906	(153)
Total expenses	<u>\$ 134,940</u>	<u>\$ 134,680</u>	<u>\$ 260</u>

See independent auditors' report on supplementary information.

Home Delivered Meals			Total Title IIIC-1 and Title IIIC-2 Funds		
Budget	Actual	Actual Over (Under) Budget	Budget	Actual	Actual Over (Under) Budget
\$ 174,704	\$ 174,704	\$ -	\$ 249,008	\$ 249,008	\$ -
54,763	53,942	(821)	72,567	71,277	(1,290)
80,000	92,384	12,384	110,297	127,113	16,816
19,412	19,412	-	27,668	27,668	-
11,949	386	(11,563)	16,228	442	(15,786)
<u>\$ 340,828</u>	<u>\$ 340,828</u>	<u>\$ -</u>	<u>\$ 475,768</u>	<u>\$ 475,508</u>	<u>\$ (260)</u>
\$ 88,686	\$ 88,686	\$ -	\$ 131,628	\$ 132,186	\$ (558)
16,115	16,115	-	23,575	23,388	187
26,838	26,838	-	26,838	26,841	(3)
24,341	24,341	-	28,478	30,646	(2,168)
16,620	16,620	-	26,085	26,330	(245)
1,000	1,000	-	7,183	3,983	3,200
167,228	167,228	-	231,981	232,134	(153)
<u>\$ 340,828</u>	<u>\$ 340,828</u>	<u>\$ -</u>	<u>\$ 475,768</u>	<u>\$ 475,508</u>	<u>\$ 260</u>

MIDLAND COUNTY COUNCIL ON AGING

Schedule of Revenues and Expenses - Budget and Actual
 Title III E - Caregiver Training
 Year Ended September 30, 2018

	Budget	Actual	Actual Over (Under) Budget
Revenues			
Federal/State	\$ 29,141	\$ 28,584	\$ (557)
Program income	50	-	(50)
Local match	3,238	3,176	(62)
Other resources	322	322	-
Total revenues	<u>\$ 32,751</u>	<u>\$ 32,082</u>	<u>\$ (669)</u>
Expenses			
Salaries	\$ 15,831	\$ 15,321	\$ 510
Fringe benefits	4,896	4,779	117
Supplies	4,795	2,144	2,651
Occupancy	829	829	-
Other	6,400	9,009	(2,609)
Total expenses	<u>\$ 32,751</u>	<u>\$ 32,082</u>	<u>\$ 669</u>

See independent auditors' report on supplementary information.

MIDLAND COUNTY COUNCIL ON AGING

Schedule of Revenues and Expenses - Budget and Actual State Funds - Care Management Year Ended September 30, 2018

	Budget	Actual	Actual Over (Under) Budget
Revenues			
Federal/State	\$ 130,192	\$ 130,192	\$ -
Targeted case management revenue	18,000	15,941	(2,059)
Local match	14,466	14,466	-
Other resources	8,676	9,204	528
Total revenues	<u>\$ 171,334</u>	<u>\$ 169,803</u>	<u>\$ (1,531)</u>
Expenses			
Salaries	\$ 116,315	\$ 117,193	\$ 878
Fringe benefits	30,489	27,918	(2,571)
Travel	13,000	13,342	342
Supplies	2,000	2,231	231
Occupancy	1,680	1,654	(26)
Communications	2,083	1,837	(246)
Other	5,767	5,628	(139)
Total expenses	<u>\$ 171,334</u>	<u>\$ 169,803</u>	<u>\$ (1,531)</u>

See independent auditors' report on supplementary information.

MIDLAND COUNTY COUNCIL ON AGING

Schedule of Revenues and Expenses - Budget and Actual

State Funds - Seasons Adult Day Care

Year Ended September 30, 2018

	Midland County		
	Budget	Actual	Actual Over (Under) Budget
Revenues			
Federal/State	\$ 39,944	\$ 39,944	\$ -
Program income	100	-	(100)
Local match	4,438	4,438	-
Other resources	834	834	-
Total revenues	<u>\$ 45,316</u>	<u>\$ 45,216</u>	<u>\$ (100)</u>
Expenses			
Salaries	\$ 31,067	\$ 31,067	\$ -
Fringe benefits	5,537	5,537	-
Supplies	4,050	3,950	100
Occupancy	4,662	4,662	-
Total expenses	<u>\$ 45,316</u>	<u>\$ 45,216</u>	<u>\$ 100</u>

See independent auditors' report on supplementary information.



Gladwin County			Total Seasons Adult Day Care		
Budget	Actual	Actual Over (Under) Budget	Budget	Actual	Actual Over (Under) Budget
\$ 9,239	\$ 9,239	\$ -	\$ 49,183	\$ 49,183	\$ -
50	-	(50)	150	-	(150)
1,027	1,027	-	5,465	5,465	-
-	-	-	834	834	-
<u>\$ 10,316</u>	<u>\$ 10,266</u>	<u>\$ (50)</u>	<u>\$ 55,632</u>	<u>\$ 55,482</u>	<u>\$ (150)</u>
\$ 7,097	\$ 7,097	\$ -	\$ 38,164	\$ 38,164	\$ -
1,159	1,159	-	6,696	6,696	-
580	530	50	4,630	4,480	150
1,480	1,480	-	6,142	6,142	-
<u>\$ 10,316</u>	<u>\$ 10,266</u>	<u>\$ 50</u>	<u>\$ 55,632</u>	<u>\$ 55,482</u>	<u>\$ 150</u>