

Midland County
Council on Aging



SENIOR SERVICES
Better Living Starts Here

Year Ended
September 30,
2019

Financial
Statements and
Supplementary
Information

MIDLAND COUNTY COUNCIL ON AGING

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INDEPENDENT AUDITORS' REPORT

February 11, 2020

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, 2019, 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, 2019, 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, 2019

Assets	
Cash and cash equivalents	\$ 3,268,830
Accounts receivable:	
Region VII Area Agency on Aging	49,685
Customer	63,351
Other	1,008
Inventory	36,216
Prepaid expenses	65,600
Promises to give	200,000
Investments	6,205,174
Property and equipment, net	<u>7,479,107</u>
Total assets	<u>\$ 17,368,971</u>
Liabilities	
Accounts payable	\$ 547,911
Accrued payroll, vacation and sick pay	141,453
Client deposits	2,248
Deferred revenue	<u>7,306</u>
Total liabilities	<u>698,918</u>
Net assets	
Without donor restrictions	
Investment in property and equipment	7,477,829
Board designated	8,644,547
Undesignated	<u>514,423</u>
Total without donor restrictions	<u>16,636,799</u>
With donor restrictions	
Coleman Senior Center	1,332
Advance Care Planning	6,359
Seasons Adult Day Center	14,825
Technology	9,460
Investment in property and equipment purchased with federal and state funds	<u>1,278</u>
Total with donor restrictions	<u>33,254</u>
Total net assets	<u>16,670,053</u>
Total liabilities and net assets	<u>\$ 17,368,971</u>

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

MIDLAND COUNTY COUNCIL ON AGING

Statement of Activities

Year Ended September 30, 2019

	Without donor restrictions	With donor restrictions	Total
Support, revenues, and gains			
Midland County Millage	\$ 3,363,082	\$ -	\$ 3,363,082
Grants:			
Older Americans Act	-	351,131	351,131
Nutritional Services Incentive Program (NSIP)	-	118,460	118,460
Other grants through Area Agency on Aging (AAA)	-	66,775	66,775
Office of Services to the Aging (OSA)	-	130,192	130,192
Program income	782,932	-	782,932
United Way	-	80,876	80,876
Investment income, net	192,505	-	192,505
Private contributions and grants	8,788	335,865	344,653
Other revenue	11,135	-	11,135
Total support, revenues, and gains	4,358,442	1,083,299	5,441,741
Net assets released from restrictions	2,657,610	(2,657,610)	-
Total support, revenue, gains, and reclassifications	7,016,052	(1,574,311)	5,441,741
Expenses			
Program services:			
Access	1,327,523	-	1,327,523
In home	314,275	-	314,275
Nutrition	1,252,000	-	1,252,000
Seasons Adult Day	750,793	-	750,793
Other	242,856	-	242,856
Total program services	3,887,447	-	3,887,447
Supporting services:			
Management and general	907,293	-	907,293
Computer network	13,509	-	13,509
Building occupancy	110,703	-	110,703
Fund development	81,778	-	81,778
Total supporting services	1,113,283	-	1,113,283
Total expenses	5,000,730	-	5,000,730
Change in net assets	2,015,322	(1,574,311)	441,011
Net assets, beginning of year	14,621,477	1,607,565	16,229,042
Net assets, end of year	\$ 16,636,799	\$ 33,254	\$ 16,670,053

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

MIDLAND COUNTY COUNCIL ON AGING

Statement of Functional Expenses

Year Ended September 30, 2019

	Program Services					Total
	Access	In Home	Nutrition	Seasons Adult Day	Other	
Salaries and related expenses						
Salaries	\$ 694,497	\$ 236,487	\$ 526,122	\$ 425,785	\$ 121,077	\$ 2,003,968
Payroll taxes and insurance	57,442	23,261	44,752	38,029	9,760	173,244
Employee benefits - health and retirement	100,722	24,807	92,785	62,561	14,225	295,100
Total salaries and related expenses	852,661	284,555	663,659	526,375	145,062	2,472,312
Other expenses						
Professional services and fees	60,631	1,497	9,909	21,592	35,763	129,392
Supplies	85,088	1,467	65,789	17,436	28,950	198,730
Communications	18,805	445	589	3,342	395	23,576
Rent	14,400	-	-	-	-	14,400
Travel and vehicle	77,228	19,134	70,336	747	7,068	174,513
Repair and maintenance	9,235	189	1,679	9,050	839	20,992
Conferences and meetings	2,767	653	1,375	1,234	89	6,118
Assistance	27,604	-	-	-	-	27,604
Food	1,523	-	413,878	6,794	12	422,207
Equipment	12,327	-	-	-	-	12,327
Utilities	52,801	1,169	10,383	23,136	5,189	92,678
Other	28,589	4,698	7,264	34,753	12,843	88,147
Total other expenses	390,998	29,252	581,202	118,084	91,148	1,210,684
Total expenses before depreciation	1,243,659	313,807	1,244,861	644,459	236,210	3,682,996
Depreciation	83,864	468	7,139	106,334	6,646	204,451
Total expenses	\$ 1,327,523	\$ 314,275	\$ 1,252,000	\$ 750,793	\$ 242,856	\$ 3,887,447

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



Supporting Services					
Management and General	Computer Network	Building Occupancy	Fund Development	Total	Total
\$ 432,203	\$ -	\$ 27,493	\$ 52,697	\$ 512,393	\$ 2,516,361
35,344	-	2,671	4,068	42,083	215,327
56,477	-	4,568	12,456	73,501	368,601
524,024	-	34,732	69,221	627,977	3,100,289
47,703	-	22,194	487	70,384	199,776
33,328	-	4,820	1,066	39,214	237,944
7,985	-	228	4,153	12,366	35,942
-	-	-	-	-	14,400
2,134	-	255	942	3,331	177,844
2,675	-	4,493	87	7,255	28,247
1,289	-	31	2,787	4,107	10,225
-	-	-	-	-	27,604
19	-	64	-	83	422,290
-	-	-	-	-	12,327
8,469	-	27,788	535	36,792	129,470
51,821	36	1,624	2,102	55,583	143,730
155,423	36	61,497	12,159	229,115	1,439,799
679,447	36	96,229	81,380	857,092	4,540,088
227,846	13,473	14,474	398	256,191	460,642
\$ 907,293	\$ 13,509	\$ 110,703	\$ 81,778	\$ 1,113,283	\$ 5,000,730

MIDLAND COUNTY COUNCIL ON AGING

Statement of Cash Flows

Year Ended September 30, 2019

Cash flows from operating activities	
Change in net assets	\$ 441,011
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Contributions received for capital projects	(324,851)
Depreciation	460,642
Loss on disposal of property and equipment	94
Unrealized gain on investments	(27,386)
Changes in operating assets and liabilities which provided (used) cash:	
Accounts receivable	90,570
Inventory	(10,905)
Prepaid expenses	(304)
Accounts payable	353,553
Accrued payroll, vacation and sick pay	1,245
Client deposits	(1,120)
Deferred revenue	(2,187)
Net cash provided by operating activities	<u>980,362</u>
Cash flows from investing activities	
Proceeds from matured certificates of deposit	1,007,576
Purchases of property and equipment	<u>(3,736,858)</u>
Net cash used in investing activities	<u>(2,729,282)</u>
Cash flows provided by financing activities	
Collection of contributions for capital projects	<u>799,851</u>
Net decrease in cash and cash equivalents	(949,069)
Cash and cash equivalents, beginning of year	<u>4,217,899</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,268,830</u></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 Midland County 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 two classes of net assets depending on donor-imposed restrictions: net assets without donor restrictions and net assets with donor restrictions. Accordingly, net assets of the Council are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restriction. The governing board can designate from net assets amounts to be used for a specific purpose. Board designated net assets as described in Note 5 are not available to management without prior Board approval. A portion was also invested in property and equipment.

Net assets with donor restrictions - Net assets subject to donor (or certain grantor) imposed restrictions. Some donor - imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. See Note 6.

MIDLAND COUNTY COUNCIL ON AGING

Notes to Financial Statements

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.

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, 2019, \$296,468 of the Council's bank balance of \$3,283,799 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 net investment income in the change in net assets without donor restrictions. Investment income is reported net of external investment expenses.

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 2016 through 2019, the years which remain subject to examination by major tax jurisdiction as of September 30, 2019. 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 or penalties related to UTBs at September 30, 2019, 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.

MIDLAND COUNTY COUNCIL ON AGING

Notes to Financial Statements

Revenue and Support With and Without Donor Restrictions

Contributions, including unconditional promises to give, are recorded when received, as net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

When a restriction expires (that is, when a stipulated time restriction ends or purpose for restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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

The cost of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification (such as salaries and wages, supplies, etc.) detail of expenses by function. Supporting services include activities that are not identifiable with a specific program but that are indispensable to the conduct of those activities and to the Council's existence. 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 functional categories 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.

Change in Accounting Principle

As of October 1, 2018, the Council adopted ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This ASU (1) reduces the number of net asset classes presented from three to two; (2) requires enhanced disclosures concerning board designated net assets; (3) requires the presentation of expenses by functional and natural classification in one location; (4) requires quantitative and qualitative disclosures about liquidity and availability of financial assets; and (5) requires the presentation of investment return net of external and direct internal investment expenses. There were no net asset reclassification adjustments related to the implementation.

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, 2019, the most recent statement of financial position presented herein, through February 11, 2020, 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 2 or 3 investments at year-end. Levels 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.

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

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

The following is a description of the valuation methodologies used for certain assets recorded at fair value at September 30, 2019.

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 recorded amount of assets measured at fair value on a recurring basis as of September 30, 2019 are \$6,205,174.

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.

3. PROMISES TO GIVE

At September 30, 2019, promises to give consisted of \$100,000 from the Gerstacker Foundation, \$50,000 from the Strosacker Foundation, and \$50,000 from the Towsley Foundation to construct the new Sanford Senior Center, and develop an inter-generational park and recreation area collaboration with Jerome Township. The final year for all pledges are expected to be collected in fiscal year 2020.

MIDLAND COUNTY COUNCIL ON AGING

Notes to Financial Statements

4. PROPERTY AND EQUIPMENT, NET

Property and equipment and related accumulated depreciation as of September 30, 2019, are as follows:

Land	\$ 430,169
Construction in progress	146,600
Buildings	11,250,915
Equipment	1,048,417
Software	60,903
Furniture and fixtures	863,967
Vehicles	464,200
	<hr/>
Total	14,265,171
Less accumulated depreciation	(6,786,064)
	<hr/>
Property and equipment, net	<u>\$ 7,479,107</u>

5. BOARD-DESIGNATED NET ASSETS

Net assets subject to expenditure for Board designated purposes consist of the following at September 30, 2019:

Future building maintenance	\$ 6,050,270
Operations reserve	2,361,000
Strategic initiative reserve	100,000
Care management program match for out of county services	82,424
Future bus for Seasons Adult Day Care	7,500
Sanford building project	43,353
	<hr/>
Total board designated net assets	<u>\$ 8,644,547</u>

6. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors. The below table presents the net assets released from restrictions for the year ended September 30, 2019.

Older Americans Act	\$ 351,131
Nutritional Services Incentive Program (NSIP)	118,460
Other grants through Area Agency on Aging (AAA)	66,775
Office of Services to the Aging (OSA)	130,192
United Way	80,876
Sanford building project	1,896,777
Other	13,399
	<hr/>
Total net assets released from restrictions	<u>\$ 2,657,610</u>

MIDLAND COUNTY COUNCIL ON AGING

Notes to Financial Statements

7. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date are comprised of the following as of September 30, 2019:

Financial Assets:	
Cash and cash equivalents	\$ 3,268,830
Accounts receivable	114,044
Inventory	36,216
Promises to give	200,000
Investments	<u>6,205,174</u>
Total financial assets	<u>9,824,264</u>
Less:	
Amounts unavailable for general expenditures within one year due to:	
Board designations	(8,644,547)
Restricted by donors with purpose restrictions	<u>(33,254)</u>
Total amounts unavailable for general expenditures	<u>(8,677,801)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 1,146,463</u>

The Council manages its liquidity required to meet its operating needs while also trying to maximize the investment of its available funds. As part of the Council's liquidity management plan, Council management invests cash in excess of daily requirements in investments such as mutual funds and similar investments. Additionally, the Council has board designated net assets without donor restrictions that, while the Council does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, if necessary. As part of the Council's liquidity plan, levies are received from the County that are available for general expenditures, without donor or other restrictions.

8. 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, 2020, will be .8500 mills.

9. 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.

MIDLAND COUNTY COUNCIL ON AGING

■ Notes to Financial Statements

10. 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, 2019.

11. 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, 2019, were \$126,743.



**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

February 11, 2020

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, 2019, and have issued our report thereon dated February 11, 2020, 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".

SUPPLEMENTARY INFORMATION

MIDLAND COUNTY COUNCIL ON AGING

Schedule of Functional Expenses - Access Services Year Ended September 30, 2019

	Senior Volunteers and Community	Senior News	Transportation
Salaries and related expenses			
Salaries	\$ 47,065	\$ 7,621	\$ 80,568
Payroll taxes and insurance	3,714	622	6,486
Employee benefits - health and retirement	10,256	625	13,190
Total salaries and related expenses	61,035	8,868	100,244
Other expenses			
Professional services and fees	619	153	6,858
Supplies	1,835	15,822	6,170
Communications	778	11,746	60
Rent	-	-	-
Travel and vehicle	4,814	102	49,250
Repair and maintenance	92	-	1,174
Conferences and meetings	222	55	8
Assistance	-	-	-
Food	-	-	1,460
Equipment	-	-	-
Utilities	569	168	7,261
Other	5,429	46	3,133
Total other expenses	14,358	28,092	75,374
Total expenses before depreciation	75,393	36,960	175,618
Depreciation	285	393	48,871
Total expenses	\$ 75,678	\$ 37,353	\$ 224,489

See independent auditors' report on supplementary information.



Care Coordination	Senior Centers	Total Access Services
\$ 417,361	\$ 141,882	\$ 694,497
34,151	12,469	57,442
66,673	9,978	100,722
<hr/>		
518,185	164,329	852,661
<hr/>		
16,666	36,335	60,631
4,827	56,434	85,088
3,498	2,723	18,805
-	14,400	14,400
20,785	2,277	77,228
1,050	6,919	9,235
2,305	177	2,767
27,604	-	27,604
15	48	1,523
-	12,327	12,327
6,493	38,310	52,801
4,171	15,810	28,589
<hr/>		
87,414	185,760	390,998
<hr/>		
605,599	350,089	1,243,659
<hr/>		
4,178	30,137	83,864
<hr/>		
\$ 609,777	\$ 380,226	\$ 1,327,523
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MIDLAND COUNTY COUNCIL ON AGING

Schedule of Functional Expenses - Nutrition Services Year Ended September 30, 2019

	Senior Lunches	Home Delivered Meals	Total Nutrition Services
Salaries and related expenses			
Salaries	\$ 202,844	\$ 323,278	\$ 526,122
Payroll taxes and insurance	16,794	27,958	44,752
Employee benefits - health and retirement	40,852	51,933	92,785
Total salaries and related expenses	260,490	403,169	663,659
Other expenses			
Professional services and fees	3,140	6,769	9,909
Supplies	15,527	50,262	65,789
Communications	270	319	589
Travel and vehicle	4,516	65,820	70,336
Repair and maintenance	534	1,145	1,679
Conferences and meetings	611	764	1,375
Food	95,022	318,856	413,878
Utilities	3,300	7,083	10,383
Other	878	6,386	7,264
Total other expenses	123,798	457,404	581,202
Total expenses before depreciation	384,288	860,573	1,244,861
Depreciation	2,978	4,161	7,139
Total expenses	\$ 387,266	\$ 864,734	\$ 1,252,000

See independent auditors' report on supplementary information.

MIDLAND COUNTY COUNCIL ON AGING

Schedule of Functional Expenses - Other Services Year Ended September 30, 2019

	Fitness Center	Caregiver Training	Marketing
Salaries and related expenses			
Salaries	\$ 815	\$ 15,273	\$ 46,288
Payroll taxes and insurance	78	1,201	3,678
Employee benefits - health and retirement	136	2,428	6,051
Total salaries and related expenses	1,029	18,902	56,017
Other expenses			
Professional services and fees	687	284	11,575
Supplies	140	58	6,828
Communications	6	83	84
Travel and vehicle	8	114	507
Repair and maintenance	122	50	120
Conferences and meetings	-	-	84
Food	-	-	-
Utilities	754	312	742
Other	725	512	10,191
Total other expenses	2,442	1,413	30,131
Total expenses before depreciation	3,471	20,315	86,148
Depreciation	-	-	-
Total expenses	\$ 3,471	\$ 20,315	\$ 86,148

See independent auditors' report on supplementary information.



Home Repair	Handyman Services	Education	Total Other Services
\$ -	\$ 69	\$ 58,632	\$ 121,077
-	5	4,798	9,760
-	1	5,609	14,225
-	75	69,039	145,062
19,252	-	3,965	35,763
-	20,159	1,765	28,950
-	3	219	395
-	4,604	1,835	7,068
-	-	547	839
-	-	5	89
-	-	12	12
-	-	3,381	5,189
-	3	1,412	12,843
19,252	24,769	13,141	91,148
19,252	24,844	82,180	236,210
-	-	6,646	6,646
<u>\$ 19,252</u>	<u>\$ 24,844</u>	<u>\$ 88,826</u>	<u>\$ 242,856</u>

MIDLAND COUNTY COUNCIL ON AGING

Combining Schedule of Assets and Liabilities

Federal/State Grant Funds

September 30, 2019

	Title IIIB Funds	Title IIIC-1 and Title IIIC-2 Funds	Care Management Funds
Assets			
Accounts receivable:			
Region VII Area Agency on Aging	\$ 19,427	\$ 13,306	\$ 2,018
	<u>19,427</u>	<u>13,306</u>	<u>2,018</u>
Liabilities			
Accounts payable	\$ 19,427	\$ 13,306	\$ 2,018
	<u>19,427</u>	<u>13,306</u>	<u>2,018</u>

See independent auditors' report on supplementary information.



NSIP Funds	Seasons Adult Day Care Funds	HCFA - TCM Funds	Total Federal/ State Grant Funds
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<u>\$ 10,151</u>	<u>\$ 4,205</u>	<u>\$ 578</u>	<u>\$ 49,685</u>
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<u>\$ 10,151</u>	<u>\$ 4,205</u>	<u>\$ 578</u>	<u>\$ 49,685</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, 2019

	Title IIIB Funds	Title IIIC-1 and Title IIIC-2 Funds	Title IIIE Funds
Revenues			
Federal/State	\$ 114,630	\$ 236,501	\$ 18,078
Federal - NSIP	-	68,457	-
Program income	3,132	89,600	175
HCFA - TCM	-	-	-
Local match	12,736	26,278	2,009
Other resources	79,632	60,968	52
Total revenues	210,130	481,804	20,314
Expenses			
Salaries	133,526	148,462	14,936
Fringe benefits	29,798	29,551	3,541
Travel	9,217	30,458	111
Supplies	1,294	35,729	427
Occupancy	8,217	20,667	287
Communications	2,402	112	80
Other	25,676	3,712	932
Food	-	213,113	-
Total expenses	210,130	481,804	20,314
Change in net assets	\$ -	\$ -	\$ -

See independent auditors' report on supplementary information.



Care Management Funds	Seasons Adult Day Care Funds	Total Federal/State/Local Grant Funds
\$ 130,192	\$ 48,697	\$ 548,098
-	-	68,457
-	782	93,689
3,480	-	3,480
14,466	5,411	60,900
1,942	20,101	162,695
<u>150,080</u>	<u>74,991</u>	<u>937,319</u>
110,528	47,943	455,395
21,578	11,252	95,720
9,712	206	49,704
2,121	5,364	44,935
1,768	8,182	39,121
2,112	461	5,167
2,261	1,583	34,164
-	-	213,113
<u>150,080</u>	<u>74,991</u>	<u>937,319</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, Respite Care, and Exercise Equipment
Year Ended September 30, 2019

	Transportation			Case Coordination and Support		
	Budget	Actual	Actual Over (Under) Budget	Budget	Actual	Actual Over (Under) Budget
Revenues						
Federal/State	\$ 14,001	\$ 14,001	\$ -	\$ 33,635	\$ 33,635	\$ -
Program income	20	142	122	-	30	30
Local match	1,556	1,556	-	3,737	3,737	-
Other resources	31,814	16,903	(14,911)	33,250	28,774	(4,476)
Total revenues	\$ 47,391	\$ 32,602	\$ (14,789)	\$ 70,622	\$ 66,176	\$ (4,446)
Expenses						
Salaries	\$ 14,049	\$ 12,686	\$ (1,363)	\$ 56,815	\$ 46,571	\$ (10,244)
Fringe benefits	3,349	2,907	(442)	7,547	12,260	4,713
Travel	37	59	22	3,714	2,593	(1,121)
Supplies	301	480	179	-	427	427
Occupancy	5,170	5,284	114	1,143	1,848	705
Communications	1,152	962	(190)	50	558	508
Other	23,333	10,224	(13,109)	1,353	1,919	566
Total expenses	\$ 47,391	\$ 32,602	\$ (14,789)	\$ 70,622	\$ 66,176	\$ (4,446)

See independent auditors' report on supplementary information.

MIDLAND COUNTY COUNCIL ON AGING

Schedule of Revenues and Expenses - Budget and Actual

Title IIIB - Transportation, Case Coordination and Support,
Homemaking, Respite Care, and Exercise Equipment
Year Ended September 30, 2019

	Homemaking			Respite Care		
	Budget	Actual	Actual Over (Under) Budget	Budget	Actual	Actual Over (Under) Budget
Revenues						
Federal/State	\$ 41,556	\$ 41,556	\$ -	\$ 15,438	\$ 15,438	\$ -
Program income	1,580	1,452	(128)	730	1,508	778
Local match	4,617	4,617	-	1,715	1,715	-
Other resources	18,965	22,486	3,521	12,961	10,180	(2,781)
Total revenues	\$ 66,718	\$ 70,111	\$ 3,393	\$ 30,844	\$ 28,841	\$ (2,003)
Expenses						
Salaries	\$ 51,246	\$ 52,279	\$ 1,033	\$ 23,392	\$ 21,990	\$ (1,402)
Fringe benefits	9,995	10,450	455	4,920	4,181	(739)
Travel	4,113	5,081	968	1,901	1,484	(417)
Supplies	202	387	185	94	-	(94)
Occupancy	487	448	(39)	225	637	412
Communications	101	839	738	47	43	(4)
Other	574	627	53	265	506	241
Total expenses	\$ 66,718	\$ 70,111	\$ 3,393	\$ 30,844	\$ 28,841	\$ (2,003)

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See independent auditors' report on supplementary information.



Exercise Equipment - Sanford Center			Total Title IIIB		
Budget	Actual	Actual Over (Under) Budget	Budget	Actual	Actual Over (Under) Budget
\$ 10,000	\$ 10,000	\$ -	\$ 114,630	\$ 114,630	\$ -
-	-	-	2,330	3,132	802
1,111	1,111	-	12,736	12,736	-
-	1,289	1,289	96,990	79,632	(17,358)
<u>\$ 11,111</u>	<u>\$ 12,400</u>	<u>\$ 1,289</u>	<u>\$ 226,686</u>	<u>\$ 210,130</u>	<u>\$ (16,556)</u>
\$ -	\$ -	\$ -	\$ 145,502	\$ 133,526	\$ (11,976)
-	-	-	25,811	29,798	3,987
-	-	-	9,765	9,217	(548)
-	-	-	597	1,294	697
-	-	-	7,025	8,217	1,192
-	-	-	1,350	2,402	1,052
11,111	12,400	1,289	36,636	25,676	(10,960)
<u>\$ 11,111</u>	<u>\$ 12,400</u>	<u>\$ 1,289</u>	<u>\$ 226,686</u>	<u>\$ 210,130</u>	<u>\$ (16,556)</u>

concluded

MIDLAND COUNTY COUNCIL ON AGING

Schedule of Revenues and Expenses - Budget and Actual

Title IIIC-1 and Title IIIC-2 - Congregate Meals, Congregate Special Event and Home Delivered Meals
Year Ended September 30, 2019

	Congregate Meals			Congregate Special Event		
	Budget	Actual	Actual Over (Under) Budget	Budget	Actual	Actual Over (Under) Budget
Revenues						
Federal/State	\$ 61,319	\$ 61,319	\$ -	\$ 10,000	\$ 8,375	\$ (1,625)
Federal - NSIP	17,804	18,418	614	-	-	-
Program income	35,008	30,083	(4,925)	-	-	-
Local match	6,813	6,813	-	1,111	931	(180)
Other resources	14,157	2,763	(11,394)	372	-	(372)
Total revenues	\$ 135,101	\$ 119,396	\$ (15,705)	\$ 11,483	\$ 9,306	\$ (2,177)
Expenses						
Salaries	\$ 44,063	\$ 39,701	\$ (4,362)	\$ 2,200	\$ 2,269	\$ 69
Fringe benefits	8,924	7,983	(941)	200	301	101
Travel	16	57	41	-	12	12
Supplies	7,121	6,741	(380)	3,893	2,942	(951)
Occupancy	6,088	5,601	(487)	-	24	24
Communications	795	58	(737)	-	-	-
Other	4,611	1,617	(2,994)	1,690	1,616	(74)
Food	63,483	57,638	(5,845)	3,500	2,142	(1,358)
Total expenses	\$ 135,101	\$ 119,396	\$ (15,705)	\$ 11,483	\$ 9,306	\$ (2,177)

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
\$ 166,807	\$ 166,807	\$ -	\$ 238,126	\$ 236,501	\$ (1,625)
54,763	50,039	(4,724)	72,567	68,457	(4,110)
67,313	59,517	(7,796)	102,321	89,600	(12,721)
18,534	18,534	-	26,458	26,278	(180)
33,712	58,205	24,493	48,241	60,968	12,727
<u>\$ 341,129</u>	<u>\$ 353,102</u>	<u>\$ 11,973</u>	<u>\$ 487,713</u>	<u>\$ 481,804</u>	<u>\$ (5,909)</u>
\$ 94,721	\$ 106,492	\$ 11,771	\$ 140,984	\$ 148,462	\$ 7,478
15,426	21,267	5,841	24,550	29,551	5,001
31,444	30,389	(1,055)	31,460	30,458	(1,002)
27,214	26,046	(1,168)	38,228	35,729	(2,499)
15,056	15,042	(14)	21,144	20,667	(477)
994	54	(940)	1,789	112	(1,677)
4,099	479	(3,620)	10,400	3,712	(6,688)
152,175	153,333	1,158	219,158	213,113	(6,045)
<u>\$ 341,129</u>	<u>\$ 353,102</u>	<u>\$ 11,973</u>	<u>\$ 487,713</u>	<u>\$ 481,804</u>	<u>\$ (5,909)</u>

MIDLAND COUNTY COUNCIL ON AGING

Schedule of Revenues and Expenses - Budget and Actual
 Title III E - Caregiver Training
 Year Ended September 30, 2019

	Budget	Actual	Actual Over (Under) Budget
Revenues			
Federal/State	\$ 18,078	\$ 18,078	\$ -
Program income	180	175	(5)
Local match	2,009	2,009	-
Other resources	305	52	(253)
Total revenues	<u>\$ 20,572</u>	<u>\$ 20,314</u>	<u>\$ (258)</u>
Expenses			
Salaries	\$ 15,051	\$ 14,936	\$ (115)
Fringe benefits	4,181	3,541	(640)
Travel	22	111	89
Supplies	734	427	(307)
Occupancy	249	287	38
Communications	281	80	(201)
Other	54	932	878
Total expenses	<u>\$ 20,572</u>	<u>\$ 20,314</u>	<u>\$ (258)</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, 2019

	Budget	Actual	Actual Over (Under) Budget
Revenues			
Federal/State	\$ 130,192	\$ 130,192	\$ -
Targeted case management revenue	19,000	3,480	(15,520)
Local match	14,466	14,466	-
Other resources	10,642	1,942	(8,700)
Total revenues	\$ 174,300	\$ 150,080	\$ (24,220)
Expenses			
Salaries	\$ 118,739	\$ 110,528	\$ (8,211)
Fringe benefits	32,901	21,578	(11,323)
Travel	15,000	9,712	(5,288)
Supplies	1,250	2,121	871
Occupancy	1,630	1,768	138
Communications	1,900	2,112	212
Other	2,880	2,261	(619)
Total expenses	\$ 174,300	\$ 150,080	\$ (24,220)

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, 2019

	Midland County		
	Budget	Actual	Actual Over (Under) Budget
Revenues			
Federal/State	\$ 38,743	\$ 38,743	\$ -
Program income	25	629	604
Local match	4,305	4,305	-
Other resources	28,673	18,238	(10,435)
Total revenues	<u>\$ 71,746</u>	<u>\$ 61,915</u>	<u>\$ (9,831)</u>
Expenses			
Salaries	\$ 39,759	\$ 38,559	\$ (1,200)
Fringe benefits	11,595	9,050	(2,545)
Travel	177	166	(11)
Supplies	3,665	4,314	649
Occupancy	6,010	8,182	2,172
Communications	835	371	(464)
Other	9,705	1,273	(8,432)
Total expenses	<u>\$ 71,746</u>	<u>\$ 61,915</u>	<u>\$ (9,831)</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
\$ 9,954	\$ 9,954	\$ -	\$ 48,697	\$ 48,697	\$ -
-	153	153	25	782	757
1,106	1,106	-	5,411	5,411	-
-	1,863	1,863	28,673	20,101	(8,572)
<u>\$ 11,060</u>	<u>\$ 13,076</u>	<u>\$ 2,016</u>	<u>\$ 82,806</u>	<u>\$ 74,991</u>	<u>\$ (7,815)</u>
\$ 6,858	\$ 9,384	\$ 2,526	\$ 46,617	\$ 47,943	\$ 1,326
2,432	2,202	(230)	14,027	11,252	(2,775)
-	40	40	177	206	29
1,145	1,050	(95)	4,810	5,364	554
625	-	(625)	6,635	8,182	1,547
-	90	90	835	461	(374)
-	310	310	9,705	1,583	(8,122)
<u>\$ 11,060</u>	<u>\$ 13,076</u>	<u>\$ 2,016</u>	<u>\$ 82,806</u>	<u>\$ 74,991</u>	<u>\$ (7,815)</u>