

AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019
(With Independent Auditor's Report Thereon)

**AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Area Agency on Aging 1-B
(A Nonprofit Organization)

Report on the Financial Statements

We have audited the accompanying financial statements of the Area Agency on Aging 1-B (a Nonprofit Organization), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of revenue, expenses and changes in net assets, functional expenses and cash flows for the years 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 the auditor's 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.

Auditor's Responsibility (Continued)

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 the Area Agency on Aging 1-B (a Nonprofit Organization) as of September 30, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2019, the Area Agency on Aging 1-B adopted Accounting Standards Update (ASU) 2016-14, Not-For-Profit Entities (Topic 958): Presentation of Financial Statements for Not-For-Profit Entities. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards on page 29 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. Additionally, the accompanying Schedule of Funded Service Categories by Source on pages 31 and 32 is also presented for purposes of additional analysis as required by the State of Michigan, Department of Health and Human Services 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 audits 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 and Schedule of Funded Service Categories by Source are 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 February 28, 2020, on our consideration of the Area Agency on Aging 1-B's (a Nonprofit Organization) internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Area Agency on Aging 1-B's internal control over financial reporting and compliance.

Doeren Mayhew

Troy, Michigan
February 28, 2020

AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)

STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2019 AND 2018

<u>Assets</u>	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 8,936,831	\$ 5,370,208
Investments (note 3)	250,064	494,035
Accounts receivable	3,830,274	4,757,814
Prepaid expenses and other	140,319	191,677
Investment in not-for-profit organization	-	390,000
Equipment and leasehold improvements, at cost, less accumulated depreciation of \$477,939 in 2019 and \$464,804 in 2018 (note 4)	222,894	246,529
Asset for pension benefit (note 9)	<u>193,576</u>	<u>-</u>
Total assets	<u>\$ 13,573,958</u>	<u>\$ 11,450,263</u>

<u>Liabilities and Net Assets</u>	<u>2019</u>	<u>2018</u>
Liabilities:		
Accounts payable	\$ 3,608,383	\$ 2,481,225
Liability for pension benefit (note 9)	-	866,748
Other employee liabilities	929,808	782,531
Due to State of Michigan	158,304	1,010,233
Deferred revenue	35,000	66,625
Note payable (note 14)	<u>2,000,000</u>	<u>-</u>
Total liabilities	6,731,495	5,207,362
Net assets:		
Without donor restrictions	6,397,692	6,082,870
With donor restrictions (note 13)	<u>444,771</u>	<u>160,031</u>
Total net assets	<u>6,842,463</u>	<u>6,242,901</u>
Total liabilities and net assets	<u>\$ 13,573,958</u>	<u>\$ 11,450,263</u>

See accompanying notes to financial statements

AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
NET ASSETS
YEAR ENDED SEPTEMBER 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Federal grants	\$ 13,573,453	\$ -	\$ 13,573,453
State grants	34,490,557	-	34,490,557
Integrated care grants	6,420,284	-	6,420,284
Local support	2,242,025	-	2,242,025
Local - county contributions	700,711	-	700,711
Program income	541,634	-	541,634
Other income	1,868,851	464,614	2,333,465
Interest and investment income	145,075	-	145,075
	<hr/>	<hr/>	<hr/>
Total revenue and support	59,982,590	464,614	60,447,204
Net assets released from restrictions	<hr/> 179,874	<hr/> (179,874)	<hr/> -
	<hr/>	<hr/>	<hr/>
Total revenue, support and net assets released from restrictions	60,162,464	284,740	60,447,204
Program services:			
HCBS Medicaid Waiver	23,629,768	-	23,629,768
Aging and Adult Services program	25,890,319	-	25,890,319
MI Health Link program	6,508,910	-	6,508,910
MMAP programs	602,317	-	602,317
Other programs	1,966,949	-	1,966,949
	<hr/>	<hr/>	<hr/>
Total program services	58,598,263	-	58,598,263
Supporting services:			
Management and general	5,123,372	-	5,123,372
Administration expense allocation	(2,746,886)	-	(2,746,886)
	<hr/>	<hr/>	<hr/>
Total supporting services	2,376,486	-	2,376,486
	<hr/>	<hr/>	<hr/>
Total expenses	60,974,749	-	60,974,749
	<hr/>	<hr/>	<hr/>
(Decrease) increase in net assets before effect of pension liability adjustment	(812,285)	284,740	(527,545)
Effect of pension liability adjustment (note 9)	<hr/> 1,127,107	<hr/> -	<hr/> 1,127,107
	<hr/>	<hr/>	<hr/>
Increase in net assets	314,822	284,740	599,562
Net assets - October 1, 2018	<hr/> 6,082,870	<hr/> 160,031	<hr/> 6,242,901
	<hr/>	<hr/>	<hr/>
Net assets - September 30, 2019	<u>\$ 6,397,692</u>	<u>\$ 444,771</u>	<u>\$ 6,842,463</u>

See accompanying notes to financial statements

AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)

STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
NET ASSETS
YEAR ENDED SEPTEMBER 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:			
Federal grants	\$ 11,601,611	\$ -	\$ 11,601,611
State grants	33,713,453	-	33,713,453
Integrated care grants	6,136,050	-	6,136,050
Local support	1,740,534	-	1,740,534
Local - county contributions	657,564	-	657,564
Program income	756,708	-	756,708
SameAddress program	509,655	-	509,655
Other income	1,715,599	105,323	1,820,922
Interest and investment income	98,321	-	98,321
Total revenue and support	56,929,495	105,323	57,034,818
Net assets released from restrictions	45,826	(45,826)	-
Total revenue, support and net assets released from restrictions	56,975,321	59,497	57,034,818
Program services:			
HCBS Medicaid Waiver	25,217,668	-	25,217,668
Aging and Adult Services program	21,257,460	-	21,257,460
MI Health Link program	6,389,760	-	6,389,760
SameAddress program	1,020,586	-	1,020,586
MMAP programs	596,956	-	596,956
Other programs	1,246,029	-	1,246,029
Total program services	55,728,459	-	55,728,459
Supporting services:			
Management and general	3,520,688	-	3,520,688
Administration expense allocation	(2,464,308)	-	(2,464,308)
Total supporting services	1,056,380	-	1,056,380
Total expenses	56,784,839	-	56,784,839
Increase in net assets before effect of pension liability adjustment	190,482	59,497	249,979
Effect of pension liability adjustment (note 9)	519,906	-	519,906
Increase in net assets	710,388	59,497	769,885
Net assets - October 1, 2017	5,372,482	100,534	5,473,016
Net assets - September 30, 2018	\$ 6,082,870	\$ 160,031	\$ 6,242,901

See accompanying notes to financial statements

**AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)**

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2019**

	Program Services					Supporting Services	
	HCBS Medicaid Waiver	Aging and Adult Services Program	MI Health Link Program	MMAP Programs	Other Programs	Total	Management and General
							Totals
Salaries	\$ 3,069,638	\$ 2,785,422	\$ 464,545	\$ 189,571	\$ 470,062	\$ 6,979,238	\$ 1,508,194
Fringe benefits	567,576	533,208	91,851	27,154	64,164	1,283,953	1,659,805
Payroll taxes	227,631	214,986	33,397	11,047	32,793	519,854	107,722
Total salaries and related expenses	3,864,845	3,533,616	589,793	227,772	567,019	8,783,045	3,275,721
Service contracts	17,670,316	18,957,181	5,468,496	-	1,174,604	43,270,597	-
In-kind	-	1,953,646	-	288,379	-	2,242,025	-
Rent	-	9,057	-	-	-	9,057	328,384
Telephone	347	2,501	17	231	604	3,700	251,333
Utilities	-	-	-	-	-	-	13,547
Supplies	3,090	60,695	1,443	9,785	4,463	79,476	45,582
Meals	1,953	4,749	245	3,714	213	10,874	6,667
Printing and publications	1,052	95,288	55	1,151	4,754	102,300	22,225
Postage	510	53,156	-	5,524	124	59,314	27,034
Travel	82,738	36,074	5,311	4,529	6,411	135,063	6,033
Conferences	1,115	22,831	67	2,672	3,158	29,843	9,996
Technology services	12,109	83,768	(12,250)	967	1,388	85,982	578,065
Accounting services	2,030	-	-	-	-	2,030	49,430
Legal services	23,729	30,366	10,477	-	-	64,572	141,216
Temp services	108,955	-	-	-	15,260	124,215	19,511
Professional services	146,885	166,801	1,250	9,745	58,753	383,434	126,444
Bad debts	-	1,850	20	-	-	1,870	229
Repairs and maintenance	-	3,104	-	-	-	3,104	34
Equipment	-	4,887	-	-	-	4,887	9,156
Insurance	-	-	-	-	-	-	66,509
Memberships	-	7,918	-	-	356	8,274	42,886
Equipment lease	-	-	-	-	-	-	25,067
Total this page	21,919,674	25,027,488	6,064,924	554,469	1,837,107	55,403,662	5,045,069

See accompanying notes to financial statements

**AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)**

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2019**

	Program Services					Supporting Services	
	HCBS Medicaid Waiver	Aging and Adult Services Program	MI Health Link Program	MMAP Programs	Other Programs	Total	Totals
Total previous page	\$ 21,919,674	\$ 25,027,488	\$ 6,064,924	\$ 554,469	\$ 1,837,107	\$ 55,403,662	\$ 60,448,731
Special events	428	76,230	-	10,015	2,890	89,563	117,896
Bank service fees	-	-	-	-	-	-	4,050
Miscellaneous	-	2,753	-	(652)	1,516	3,617	(436)
Sponsorship	-	9,801	-	-	-	9,801	-
Advertising	-	265,890	-	7,430	-	273,320	3,650
Training	8,752	58,496	164	3,807	195	71,414	22,100
Admin. exp. alloc.	1,700,914	449,661	443,822	27,248	125,241	2,746,886	(2,746,886)
Unrealized gain on investments	-	-	-	-	-	-	5,377
Depreciation expense	-	-	-	-	-	-	15,229
Total expenses and transfers	<u>\$ 23,629,768</u>	<u>\$ 25,890,319</u>	<u>\$ 6,508,910</u>	<u>\$ 602,317</u>	<u>\$ 1,966,949</u>	<u>\$ 58,598,263</u>	<u>\$ 60,974,749</u>

See accompanying notes to financial statements

AREA AGENCY ON AGING 1-B (A Nonprofit Organization)

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED SEPTEMBER 30, 2018

	Program Services							Supporting Services	
	HCBS Medicaid Waiver	Aging and Adult Services Program	MI Health Link Program	Same Address	MMAP Programs	Other Programs	Total	Management and General	Totals
Salaries	\$ 3,218,369	\$ 2,240,928	\$ 481,722	\$ 291,293	\$ 202,459	\$ 116,866	\$ 6,551,637	\$ 1,325,756	\$ 7,877,393
Fringe benefits	596,208	334,342	84,525	36,025	11,971	8,238	1,071,309	480,235	1,551,544
Payroll taxes	240,526	163,156	34,752	27,036	14,256	8,163	487,889	97,667	585,556
Total salaries and related expenses	4,055,103	2,738,426	600,999	354,354	228,686	133,267	8,110,835	1,903,658	10,014,493
Service contracts	19,253,455	15,758,943	5,305,078	431,939	-	989,767	41,739,182	-	41,739,182
In-kind	-	1,904,893	-	-	231,709	-	2,136,602	610	2,137,212
Rent	(5,335)	5,330	-	28,059	-	-	28,054	322,600	350,654
Property tax	-	-	-	-	-	-	-	1,419	1,419
Telephone	385	1,823	54	6,810	2,239	19	11,330	227,556	238,886
Utilities	-	-	-	-	-	-	-	14,564	14,564
Supplies	1,539	86,191	2,399	7,940	6,404	629	105,102	39,925	145,027
Meals	892	5,328	86	31	1,475	35	7,847	5,308	13,155
Printing and publications	3,725	54,594	223	391	4,310	58	63,301	18,644	81,945
Postage	862	53,462	18	212	2,104	201	56,859	6,021	62,880
Travel	77,011	32,665	5,090	13,320	9,162	2,377	139,625	5,245	144,870
Conferences	232	18,757	-	150	5,719	35	24,893	6,509	31,402
Recruiting	-	-	-	-	-	-	-	2,160	2,160
Technology services	(137)	8,093	-	9,120	568	(4)	17,640	591,824	609,464
Accounting services	-	-	40,000	-	-	-	40,000	76,155	116,155
Legal services	39,557	-	4,044	12,146	-	-	55,747	53,007	108,754
Temp services	2,524	-	9,197	-	-	19,954	31,675	12,404	44,079
Professional services	62,696	104,744	55,000	4,959	7,346	-	234,745	60,226	294,971
Bad debts	4,948	6,085	-	-	-	-	11,033	-	11,033
Repairs and maintenance	-	-	-	1,729	177	-	1,906	2,095	4,001
Equipment	-	711	-	-	-	-	711	1,443	2,154
Insurance	-	-	-	-	-	-	-	61,795	61,795
Memberships	-	4,186	-	-	-	-	4,186	18,813	22,999
Equipment lease	2,954	-	-	237	2,231	-	5,422	48,921	54,343
Total this page	23,500,411	20,784,231	6,022,188	871,397	502,130	1,146,338	52,826,695	3,480,902	56,307,597

See accompanying notes to financial statements

**AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)**

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2018**

	Program Services							Supporting Services	
	HCBS Medicaid Waiver	Aging and Adult Services Program	MI Health Link Program	Same Address	MMAP Programs	Other Programs	Total	Management and General	Totals
Total previous page	\$ 23,500,411	\$ 20,784,231	\$ 6,022,188	\$ 871,397	\$ 502,130	\$ 1,146,338	\$ 52,826,695	\$ 3,480,902	\$ 56,307,597
Special events	-	65,846	-	20	25,398	-	91,264	14,517	105,781
Bank service fees	-	-	-	8,463	-	-	8,463	10,175	18,638
Miscellaneous	(2,869)	822	-	(120)	-	-	(2,167)	(12,953)	(15,120)
Sponsorship	-	5,781	-	1,495	-	-	7,276	-	7,276
Advertising	-	180,079	-	82,581	35,537	-	298,197	1,700	299,897
Training	1,395	23,028	-	6,750	3,250	-	34,423	11,200	45,623
Admin. exp. alloc.	1,718,731	197,673	367,572	50,000	30,641	99,691	2,464,308	(2,464,308)	-
Depreciation expense	-	-	-	-	-	-	-	15,147	15,147
Total expenses and transfers	<u>\$ 25,217,668</u>	<u>\$ 21,257,460</u>	<u>\$ 6,389,760</u>	<u>\$ 1,020,586</u>	<u>\$ 596,956</u>	<u>\$ 1,246,029</u>	<u>\$ 55,728,459</u>	<u>\$ 1,056,380</u>	<u>\$ 56,784,839</u>

See accompanying notes to financial statements

AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)

STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
(Decrease) increase in net assets before effect of pension liability adjustment	\$ (527,545)	\$ 249,979
Adjustments:		
Depreciation	15,229	15,147
Unrealized gain on investments	(3,029)	(16,639)
Loss on disposal of assets	8,406	-
Bad debt expense	2,099	11,033
Change in pension funding status	1,127,107	519,906
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	925,441	(47,766)
Decrease in prepaid expenses and other	51,358	16,552
Increase in asset for pension benefit	(193,576)	-
Increase in accounts payable	1,127,158	512,505
Decrease in liability for pension benefit	(866,748)	(687,024)
Increase (decrease) in other employee liabilities	147,277	(49,771)
(Decrease) increase in due to State of Michigan	(851,929)	838,233
Decrease in deferred revenue	(31,625)	(125,804)
Total adjustments	<u>1,457,168</u>	<u>986,372</u>
Net cash provided from operating activities	929,623	1,236,351
Cash flows from investing activities:		
Acquisition of property and equipment	-	(10,500)
Sales of investments	247,000	457,029
Sale of investment in not-for-profit organization	<u>390,000</u>	<u>390,000</u>
Net cash provided from investing activities	637,000	836,529
Cash flows from financing activities:		
Proceeds of note payable	<u>2,000,000</u>	<u>-</u>
Net increase in cash and cash equivalents	3,566,623	2,072,880
Cash and cash equivalents - beginning	<u>5,370,208</u>	<u>3,297,328</u>
Cash and cash equivalents - ending	<u><u>\$ 8,936,831</u></u>	<u><u>\$ 5,370,208</u></u>

See accompanying notes to financial statements

AREA AGENCY ON AGING 1-B (A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2019 AND 2018

Note 1 - Nature of Organization and Significant Accounting Policies

Nature of Organization

The Area Agency on Aging 1-B (a Nonprofit Organization), (“the Agency”) is a 501(c)(3), not-for-profit organization. The Agency provides, through contract and direct service purchase, home care support and nutrition services to persons age 60 and above, and to persons with disabilities who are age 18 and older residing in the Michigan counties of Livingston, Macomb, Monroe, Oakland, St. Clair and Washtenaw. The reported revenues and expenses include all amounts received and expended directly by the Agency and contractor organizations in connection with the provision of programs contracted with them by the Agency. The accounts are maintained on the accrual basis of accounting.

Basis of Accounting

The accompanying financial statements have been prepared using the accrual basis of accounting, in accordance with generally accepted accounting principles in the United States.

Classification of Net Assets

Net assets of the Agency are classified as based on the existence or absence of donor-imposed restrictions limiting the Agency’s ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Accordingly, the Agency’s net assets are categorized and reported as follows:

Net Assets Without Donor Restrictions

This portion of the Agency’s net assets is available for general obligations and is not subject to any donor-imposed restrictions. Revenues earned from contributions without donor restrictions, investment income available for general operations and all operating expenses are reported in this category. As needed, the Board may designate net assets to be allocated for specific actions.

**AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

Note 1 - Nature of Organization and Significant Accounting Policies (Continued)

Classification of Net Assets (Continued)

Net Assets With Donor Restrictions

This portion of the Agency's net assets is limited to uses specified by donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other event 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.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Area Agency on Aging 1-B (a Nonprofit Organization) considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The total cash balances on deposit in the United States in non-interest bearing accounts are insured by the Federal Deposit Insurance Corporation (FDIC) with up to \$250,000 per bank. The Agency's cash balance in excess of the FDIC limit at September 30, 2019 and 2018 was \$3,397,586 and \$2,917,572, respectively.

Accounts Receivable

Accounts receivable are stated at invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal payment periods. In addition, a general valuation allowance is established for other accounts receivable based on historical loss experience. At September 30, 2019 and 2018, the Agency had an allowance for doubtful accounts in the amount of \$-0- and \$43,606, respectively. All amounts deemed uncollectible are charged against the allowance for doubtful accounts in the period that determination is made.

**AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

Note 1 - Nature of Organization and Significant Accounting Policies (Continued)

Revenue Recognition/Grants

Grant revenue received for grants determined to be exchange transactions is recognized as services are provided. Revenue from grant awards under expense reimbursement programs is recognized in the period in which the related expenditures are incurred. All revenue is considered to be without donor restrictions unless specifically restricted by the funding source.

Support that is restricted by the funding source is reported as an increase in net assets with donor restrictions. When support is expended to satisfy the restricted purpose, net assets with donor restrictions are classified to net assets without donor restrictions. See Note 13 for the breakdown of net assets with donor restrictions.

The Michigan Department of Health and Human Services (MDCH) MI Choice grant is a capitated rate plan. Under this plan, the Agency is paid a monthly fee for each eligible participant enrolled in the plan at the end of each month. The fee is based on participant age and the level of need for support services. These payments are reconciled each month to determine overpayments (money due back to the State) or underpayments (money due to the Agency). As of September 30, 2019, overpayments were \$158,304 and underpayments were \$173,885. As of September 30, 2018, overpayments were \$1,010,233 and underpayments were \$653,805.

Deferred Revenue

Deferred revenue represents non-federal grant funds received in advance of grant expenditures for non-exchange transactions and foundation funding.

Contributions

Contributions are generally recorded only upon receipt, unless evidence of an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor.

AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

Note 1 - Nature of Organization and Significant Accounting Policies (Continued)

Risks and Uncertainties

The Agency's investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with these investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Equipment and Leasehold Improvements

Equipment and leasehold improvements with a cost greater than \$5,000 are recorded when purchased. The fair market value of donated fixed assets at the time of donation is similarly capitalized. Equipment is depreciated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are depreciated using the straight-line method over the lesser of the estimated useful life or life of the lease. Costs of maintenance and repairs are charged to expense when incurred. Expenditures for major repairs and betterments are capitalized.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Functional Allocation of Expenses

Functional expenses are allocated among the programs and supporting services based on specific identification of costs to programs, as well as various time studies, expense studies and estimates made by the Agency's management. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Agency. The Agency had no fundraising expense for the years ended September 30, 2019 and 2018.

Advertising

Advertising costs are expensed as incurred and amounted to \$276,970 and \$299,897 for the years ended September 30, 2019 and 2018, respectively.

**AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

Note 1 - Nature of Organization and Significant Accounting Policies (Continued)

Cost Method of Accounting for Investments

The Agency sold its 20% membership interest in The Washtenaw PACE, Inc. d/b/a Huron Valley PACE, a 501(c)(3) not-for-profit organization that promotes the wellness, dignity and independence of older adults by providing health care and support services, primarily to low income individuals. The Agency's interest was sold for \$1,373,706 to be paid in three equal annual installments starting June 1, 2017. The last installment was received during the year ended September 30, 2019. The Agency held no membership interest as of September 30, 2019. The Agency recognized a gain on sale from this investment totaling \$77,262 for both of the years ended September 30, 2019 and 2018. There were no dividends received for the years ended September 30, 2019 and 2018.

Reclassification

Certain prior year amounts in the September 30, 2018 financial statements have been reclassified to conform to the presentation of the September 30, 2019 financial statements. These reclassifications had no net effect on the September 30, 2018 net assets, net earnings, or cash flows as previously reported.

Recent Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-For-Profit Entities (Topic 958): Presentation of Financial Statements for Not-For-Profit Entities. ASU 2016-14 improves the net asset classification requirements and disclosure requirements regarding liquidity, financial performance, and cash flows. ASU 2016-14 requires retroactive application and is effective for fiscal years beginning after December 15, 2017. The Organization adopted ASU 2016-14 for the year ended September 30, 2019.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including February 28, 2020, which is the date the financial statements were available to be issued.

**AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

Note 2 - Tax Status

The Area Agency on Aging 1-B (a Nonprofit Organization) is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Agency's income tax filings are subject to audit by various taxing authorities. The Agency's open audit periods are for the fiscal years ended September 30, 2016 - 2019.

Note 3 - Investments and Fair Value Measurements

Investments consist of the following at September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Certificates of deposit	\$ <u>250,064</u>	\$ <u>494,035</u>

At September 30, 2019, the certificates of deposit are scheduled to mature in the fiscal year ending September 30, 2020.

Generally accepted accounting principles (GAAP) establish 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 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The three levels of the fair value hierarchy are described below:

Basis of Fair Value Measurements

- Level 1 - Inputs to the valuation methodology are unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or 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.

**AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

Note 3 - Investments and Fair Value Measurements (Continued)

A financial instrument's 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Disclosures concerning assets measured at fair value on a recurring basis are as follows:

	Fair Value Based on			
	Assets Measured at Fair Value	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobserv- able Inputs (Level 3)
At September 30, 2019:				
Brokered certificates of deposit	\$ 250,064	\$ 250,064	\$ -	\$ -
At September 30, 2018:				
Brokered certificates of deposit	\$ 494,035	\$ 494,035	\$ -	\$ -

The certificates of deposit have been classified as Level 1 using quoted market prices and other relevant information generated by market transactions.

Note 4 - Equipment and Leasehold Improvements

The cost of equipment and leasehold improvements is summarized as follows:

	2019	2018
Equipment	\$ 346,360	\$ 356,860
Leasehold improvements	354,473	354,473
Less accumulated depreciation	(477,939)	(464,804)
Undepreciated cost	\$ 222,894	\$ 246,529

Depreciation expense was \$15,229 and \$15,147 for the years ended September 30, 2019 and 2018, respectively.

AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

Note 5 - Local Support

A majority of the intergovernmental grants that the Agency participates in require local support efforts in terms of cash contributions, donated services or donated facilities. The donated services are valued at the fair market value or at the value for which the contractors would pay if the donated services were not available. These amounts have been reported in the financial statements as local support funds because they meet the following criteria:

- a. The services are significant and form an integral part of the efforts of the contractors; the services require specialized skill and would be performed by salaried personnel if the donated services were not available to accomplish its purpose; and the contractors would continue the programs.
- b. The contractors control the employment of the service donors and the Agency monitors this function.
- c. The Agency has a clearly measurable basis for the amounts.

There were no material amounts of donated services recognized for grant reporting purposes that did not meet the criteria for inclusion in the financial statements. The composition of total donated services recorded for the years ended September 30, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Matching funds	\$ -	\$ 396,678
Donated services	<u>2,242,025</u>	<u>1,740,534</u>
Total donated services	<u>\$ 2,242,025</u>	<u>\$ 2,137,212</u>

AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

Note 6 - Program Services

For the statements of revenue, expenses and changes in net assets for the years ended September 30, 2019 and 2018, support programs included are: Title III - Federal Admin, Title III - Part B, Services, Title III - Part C, Nutrition, Title III - Part D, Preventative Health, Title III - Part E, National Family Caregivers Support Program, Title VII - Elder Abuse Prevention, Title VII/A - LTC Ombudsman, American Recovery and Reinvestment Act, State Respite, State Alternative Care, State Access, State In-Home Services, State Aging Network, Community Care Services, and Ombudsman programs. Other programs include MMAP, Medicaid Ombudsman, Medicaid Waiver, Targeted Care Management, Integrated Care, Michigan Health Endowment Fund and other resources.

Note 7 - Facility Operating Leases

The Agency has entered into various operating lease agreements for office space which expire on various dates through September 2021. The Agency is also obligated under various operating leases for copiers, postage meters, telephone equipment and an automobile. The annual minimum lease payments under these operating leases are as follows for the years ending September 30th:

Year Ending September 30th:

2020	\$ 307,106
2021	<u>303,152</u>
Total	<u>\$ 610,258</u>

Total rent expense on these facility leases for 2019 and 2018 was \$337,441 and \$350,654, respectively. Copiers, postage meters, telephone equipment, and automobile lease expense for 2019 and 2018 was \$25,067 and \$48,921, respectively.

In addition, the Agency has an option to terminate the lease of its Southfield, Michigan office location at any time should the Agency stop receiving federal funds under Title III of the Older Americans Act or not receive other government funding satisfactory to the tenant. A six month written notice of termination is required. A termination fee equal to the sum of the unamortized cost of tenant modifications and leasing commissions, plus six months rent at the current rate is also required. The Agency has not elected to apply this option.

**AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

Note 8 - Concentrations

Approximately \$23,299,000 and \$20,280,000 or 39% and 36% of revenues are federal and state funds received through the State of Michigan, Department of Health and Human Services at September 30, 2019 and 2018, respectively. Accounts receivable from the State of Michigan, Department of Health and Human Services accounted for approximately 21% and 48% of total accounts receivable at September 30, 2019 and 2018, respectively.

Note 9 - Retirement Plans

Defined Benefit Pension Plan

In 2006, the Area Agency on Aging 1-B (a Nonprofit Organization) assumed the full financial obligations of its participants from the former participation in the United Way Community Services and Affiliated Agencies (UWCS) plan. As a result, all assets allocated to the Agency were released in full by UWCS. At that time, the Agency had established its own fully qualified (now frozen) defined benefit pension plan (the Plan) to fund the benefits of these same participants.

The Agency has engaged PNC Bank as the Trustee and investment Custodian of the Plan as of September 30, 2019 and 2018. Watkins, Ross & Co. prepared the actuarial reports as of September 30, 2019 and 2018.

All retirement benefits under the Plan are insured by the Pension Benefit Guarantee Corporation (PBGC) if the Plan terminates. Generally, the PBGC guarantees vested normal age retirement benefits, early retirement benefits and survivor's pensions. However, a statutory ceiling exists, which is adjusted periodically, on the amount of an individual's monthly benefit that the PBGC guarantees.

Whether all participants receive their benefits should the Plan terminate at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide for accumulated benefit obligations and may also depend on the financial condition of the Plan Sponsor and the level of benefits guaranteed by the PBGC.

**AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

Note 9 - Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued)

The following actuarial information in these notes that were prepared by Watkins, Ross & Co. sets forth the benefit obligation, the fair value of plan assets, and the funded status of the Agency's Plan; the amounts recognized in the Agency's financial statements; and the principal weighted-average assumptions used:

	<u>2019</u>	<u>2018</u>
Change in benefit obligation:		
Projected benefit obligation - beginning	\$ 5,212,648	\$ 5,830,201
Interest cost	201,545	193,891
Actuarial gain	31,727	(385,704)
Benefits paid (other than settlement)	(287,374)	(425,740)
Benefits paid (settlement)	<u>(2,314,320)</u>	<u>-</u>
Projected benefit obligation - ending	<u>\$ 2,844,226</u>	<u>\$ 5,212,648</u>
Change in plan assets:		
Fair value of assets - beginning	\$ 4,345,900	\$ 4,276,429
Actual return on assets	178,596	311,455
Employer contributions	1,115,000	183,756
Benefits paid	<u>(2,601,694)</u>	<u>(425,740)</u>
Fair value of assets - ending	<u>\$ 3,037,802</u>	<u>\$ 4,345,900</u>
Funded status at end of year	<u>\$ 193,576</u>	<u>\$ (866,748)</u>

The following sets forth the Plan's funded status accounted to the amounts included in the Agency's statements of financial position.

Actuarial present value of benefit obligations and funded status:

Accumulated benefit and projected obligations	<u>\$ (2,844,226)</u>	<u>\$ (5,212,648)</u>
Plan assets at fair value	<u>\$ 3,037,802</u>	<u>\$ 4,345,900</u>
Asset (liability) for pension benefits	<u>\$ 193,576</u>	<u>\$ (866,748)</u>

**AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)**

**NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

Note 9 - Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued)

The effect of the pension liability adjustment recognized in net assets without donor restrictions consists of the change in other loss from the year ended September 30, 2019 to the year ended September 30, 2018. Other loss for those years is as follows:

	<u>2019</u>	<u>2018</u>
Other loss	\$ <u>340,143</u>	\$ <u>1,467,250</u>

Components of net periodic postretirement benefit cost:

Interest cost	\$ 201,545	\$ 193,891
Expected return on plan assets	(241,317)	(228,196)
Unrecognized net actuarial loss	<u>37,700</u>	<u>50,943</u>
Net periodic postretirement benefit cost	<u>\$ (2,072)</u>	<u>\$ 16,638</u>
Settlement Adjustment	<u>\$ 1,183,855</u>	<u>\$ -</u>

Estimated amounts that will be amortized from net assets over the next fiscal year consist of the following:

Actuarial gain	<u>\$ 1,434</u>	<u>\$ 37,659</u>
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The following are weighted-average assumptions used to determine net periodic benefit cost at September 30, 2019 and 2018:

Discount rate	4.00%	3.50%
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The following are weighted-average assumptions used to determine benefit obligations for the years ended September 30, 2019 and 2018:

Discount rate	4.00%	4.00%
Expected return on plan assets	5.50%	5.50%

AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

Note 9 - Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued)

In fiscal 2019 and 2018, the benefits paid by the Plan totaled \$2,601,694 and \$425,740, respectively. There is no required minimum cash contribution for 2020. The Agency expects the benefits paid by the Plan in the ensuing five fiscal years and thereafter to be as follows:

	<u>Pension Benefits</u>
2020	\$ 363,849
2021	347,784
2022	474,901
2023	331,623
2024	343,792
Thereafter	1,645,077

The Agency's Board of Directors has established an investment policy for the Plan. The general investment principles of the policy require that investments be made solely in the interest of the beneficiaries, that the Plan's funds be invested with care, skill, prudence, and diligence, that the plan investments be reasonably diversified to reduce the risk of large losses, that the Board may employ one or more investment managers to attain plan objectives, and that cash is to be employed productively at all times. The investment management policy of the Plan requires the investment managers to preserve capital, ensure that the risk is commensurate with the given investment style and objectives, and to adhere to the investment management styles for which the investment manager is hired. The goals of each investment manager are to meet or exceed the market index or benchmark selected by the Board and to display an overall level of risk in the portfolio that is consistent with the established benchmark.

AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

Note 9 - Retirement Plans (Continued)

Defined Benefit Pension Plan (Continued)

The significant actuarial assumptions used in the valuations as of October 1, 2018 were: (a) life expectancy of participants (the RP 2014 adjusted to 2006 Total Dataset Mortality with Scale MP-2018 was used), (b) retirement age weighted-average of 65, (c) investment return assumed average rates of return of 5.50%, and (d) discount rate at October 1, 2018 of 4.00%.

The changes in the significant actuarial assumptions since the prior valuation were: (a) the discount rate was changed from 3.50% to 4.00%.

The fair values of the Credit Union's pension plan asset allocation at September 30, 2019 and 2018 is as follows:

		September 30, 2019		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Asset Category</u>	<u>Total</u>			
Cash and cash equivalents	\$ 3,037,802	\$ 3,037,802	\$ -	\$ -
		September 30, 2018		
		Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>Asset Category</u>	<u>Total</u>			
Fixed income funds	\$ 1,412,451	\$ 1,412,451	\$ -	\$ -
Equity funds	2,827,321	2,827,321	-	-
Cash and cash equivalents	106,128	106,128	-	-
	<u>\$ 4,345,900</u>	<u>\$ 4,345,900</u>	<u>\$ -</u>	<u>\$ -</u>

AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

Note 9 - Retirement Plans (Continued)

Defined Contribution 401(k) Plan

The Agency sponsors a tax deferred profit sharing plan for eligible employees under Section 401(k) of the Internal Revenue Code. The Agency recognized \$160,562 and \$121,019 for its matched contributions to the Plan during 2019 and 2018, respectively.

Note 10 - Fringe Benefits

Fringe benefits consisted of the following for the years ended September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Health benefits	\$ 1,257,046	\$ 1,171,850
Insurance (life and disability)	115,029	90,399
Retirement - pension	1,225,455	104,955
401(k) match	160,562	121,019
Other	<u>81,683</u>	<u>63,321</u>
Total	<u>\$ 2,839,775</u>	<u>\$ 1,551,544</u>

Note 11 - Contingencies

In the ordinary course of business, the Agency has become involved in various legal matters. In the opinion of management and legal counsel, the outcome of these legal actions will not have a material adverse effect on the Agency's financial statements.

Note 12 - Revenue Diversification Activities

Management and the Board of Directors have initiated Business to Business and Business to Consumers contracts and operations.

The major initiative, which is a Business to Business initiative, is called Michigan Health Link (MHL). This program incurred \$169,000 and \$306,000 in losses during the years ended September 30, 2019 and 2018, respectively. Management and the Board of Directors are taking measures with this program to limit further losses to the Agency while meeting its obligations under the contracts.

AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

Note 13 - Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following as of September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
MHEF Hospitalization Grant	\$ 58,475	\$ 42,058
Re-Imagine Caregiving	193,960	-
Caregiver Assessment Tool	44,008	-
Livingston Caregiver	23,307	-
2020 Census	27,992	-
Holiday Meals	26,512	31,366
Compassionate & Immediate Care	12	20
Independence & Safety Support	1,415	147
Mission Multiplier	<u>69,090</u>	<u>86,440</u>
Total	<u>\$ 444,771</u>	<u>\$ 160,031</u>

Note 14 - Note Payable

The Agency has a note payable to PNC Bank. The note was used to provide funding necessary to make up the shortfall between assets and liabilities associated with the termination of the Agency's defined benefit pension plan. The note requires monthly payments of \$36,512, including interest at 2.95%, secured by all personal property owned by the Agency, maturing September 2024

	\$ 2,000,000	\$ -
Less current portion of note payable	<u>350,100</u>	<u>-</u>
Total note debt reflected as long-term	<u>\$ 1,649,900</u>	<u>\$ -</u>

AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

Note 14 - Note Payable (Continued)

The debt service requirements of the long-term debt, based on the terms of the note payable for the five years succeeding, are as follows:

Year Ending September 30th:

2020	\$ 350,100
2021	394,186
2022	406,139
2023	418,454
2024	431,121

Covenant

The note agreement with the bank contains a covenant requiring the maintenance of a specific liquidity ratio. Under the terms of the agreement, the bank may call the loan if the Agency is in violation of this covenant. As of September 30, 2019, the Agency was in compliance with the covenant.

Note 15 - Liquidity and Availability

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, comprise the following:

	<u>2019</u>	<u>2018</u>
Total assets available for general expenditure within one year	\$ 12,932,363	\$ 10,319,699
Less those unavailable for general expenditure within one year, due to:		
Restricted by donor with time or purpose restrictions	(444,772)	(160,032)
Less prepaid expenses	<u>(140,319)</u>	<u>(191,677)</u>
Total	<u>\$ 12,347,272</u>	<u>\$ 9,967,990</u>

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 come due. The Agency invests cash in excess of daily requirements in short-term investments.

* * * **End of Notes** * * *

AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2019

Federal Agency/Pass-Through Agency Program Title	Federal CFDA Number	Award Amount	Passed Through to Subrecipients	Federal Expenditures
<u>U.S. Department of Health and Human Services - Passed-Through the State of Michigan</u>				
Special Programs for the Aging Cluster				
Title III - Federal Admin - FY 2019 AIP	93.044	\$ 309,336	\$ -	\$ 309,336
Title III - Part B, Services - FY 2019 AIP	93.044	2,996,541	-	2,996,541
Title III - Federal Admin - FY 2019 AIP	93.045	587,739	-	587,739
Title III - Part C, Nutrition - FY 2019 AIP	93.045	5,597,863	-	5,597,863
Title III - Federal Admin - FY 2019 AIP	93.052	134,046	-	134,046
Nutrition Services Incentive Program - FY 2019 AIP	93.053	1,643,291	-	1,643,291
Total Special Programs for the Aging Cluster		11,268,816	-	11,268,816
Other Federal Awards				
Title III - Part D, Preventative Health - FY 2019 AIP	93.043	202,100	-	202,100
Title III - Part E, National Family Caregivers Support Program - FY 2019 AIP	93.052	1,682,310	-	1,682,310
Title VII - Elder Abuse Prevention - FY 2019 AIP	93.041	41,603	-	41,603
Title VII/A - LTC Ombudsman - FY 2019 AIP	93.042	44,003	-	44,003
Total Other Federal Awards		1,970,016	-	1,970,016
<u>U.S. Department of Health and Human Services - Centers for Medicare and Medicaid Services</u>				
<u>Passed-Through MMAP, Inc.</u>				
MMAP Ship Core - 90SAPG0010-01-00	93.324	220,451	-	220,451
MMAP SMP - 90MP0218-03-02	93.049	70,028	-	70,028
MMAP MHL Counseling - 1J1CMS331414	93.048	30,862	-	30,862
MMAP MIPPA - 1801MIMISH, 1801MIMIAA	93.628	4,549	-	4,549
MMAP MHEF	93.324	8,731	-	8,731
Total Passed through MMAP, Inc.		334,621	-	334,621
Total Federal Expenditures		\$ 13,573,453	\$ -	\$ 13,573,453

See accompanying notes to schedule of expenditures of federal awards

**AREA AGENCY ON AGING 1-B
(A Nonprofit Organization)**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2019**

Note A - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Area Agency on Aging 1-B (a Nonprofit Organization) under programs of the federal government for the year ended September 30, 2019. The information in the schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Area Agency on Aging 1-B (a Nonprofit Organization), it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Area Agency on Aging 1-B (a Nonprofit Organization).

Note B - Summary of Significant Accounting policies

Expenditures reported on the Schedule of Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the Cost Principles for Nonprofit Organizations or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement, as well as cost principles in accordance with the State of Michigan. The Area Agency on Aging 1-B (a Nonprofit Organization) has elected not to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

Note C - Major Programs

Major programs are identified in the Summary of Auditor's Results section of the Schedule of Findings and Questioned Costs.

*** * * End of Notes * * ***

AREA AGENCY ON AGING 1-B (A Nonprofit Organization)

SCHEDULE OF FUNDED SERVICE CATEGORIES BY SOURCE SEPTEMBER 30, 2019

	Administration	Title III-B	Title IIIC-1	Title IIIC-2	Title III-D	Title III-E	Title VII-EAP	Title VII-A	NSIP	Program Income	Cash Match	In-Kind Match	Total
Administration	\$ 1,031,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 217,234	\$ -	\$ 1,248,355
Care Management	-	-	-	-	-	-	-	-	-	-	-	-	-
Case Coord./Support	-	-	-	-	-	-	-	-	-	-	-	-	-
Disaster Advocacy	-	-	-	-	-	-	-	-	-	-	-	-	-
Inform & Assist	-	610,078	-	-	-	-	-	-	-	-	-	67,787	677,865
Education	-	-	-	35,025	-	96,255	-	-	-	-	-	14,587	145,867
Outreach	-	292,902	-	-	-	-	-	-	-	-	-	32,545	325,447
Transportation	-	-	-	-	-	7,624	-	-	-	-	-	848	8,472
Chore	-	555,148	-	-	-	-	-	-	-	-	61,684	-	616,832
Home Care Assist	-	-	-	-	-	509,754	-	-	-	-	-	56,640	566,394
Home Injury Control	-	93,215	-	-	-	53,859	-	-	-	-	16,343	-	163,417
Homemaker	-	-	-	-	-	-	-	-	-	-	-	-	-
Home Health Aide	-	-	-	-	-	-	-	-	-	-	-	-	-
Medication Mgmt.	-	-	-	-	-	-	-	-	-	-	-	-	-
Personal Care	-	-	-	-	-	-	-	-	-	-	-	-	-
Assistive Devices & Technologies	-	113,162	-	-	-	-	-	-	-	-	-	12,574	125,736
Respite Care	-	-	-	-	-	43,465	-	-	-	-	-	4,830	48,295
Friendly Reassurance	-	-	-	-	-	-	-	-	-	-	-	-	-
Legal Assist	-	301,198	-	-	-	-	-	-	-	-	-	33,467	334,665
Community Svc.	-	95,864	-	-	-	-	-	-	-	-	10,652	-	106,516
Adult Day Care	-	17,234	-	-	-	232,623	-	-	-	-	-	27,762	277,619
Dementia ADC	-	-	-	-	-	-	-	-	-	-	-	-	-
Disease Prevention	-	-	-	-	202,100	-	-	-	-	2,467	-	22,456	227,023
Evidence Based Health	-	-	-	-	-	-	-	-	-	-	-	-	-
Health Screening	-	-	-	-	-	-	-	-	-	-	-	-	-
Assist to Deaf	-	45,000	-	-	-	-	-	-	-	-	-	5,000	50,000
Home Repair	-	-	-	-	-	-	-	-	-	-	-	-	-
LTC Ombudsman	-	27,100	-	-	-	-	-	44,003	-	-	-	3,012	74,115
Sr. Ctr. Operations	-	-	-	-	-	-	-	-	-	-	-	-	-
Sr. Ctr. Staffing	-	-	-	-	-	-	-	-	-	-	-	-	-
Vision Services	-	-	-	-	-	-	-	-	-	-	-	-	-
Elder Abuse Prev.	-	36,163	-	-	-	-	41,603	-	-	-	-	4,019	81,785
Options Counseling	-	3,100	-	-	-	-	-	-	-	-	-	345	3,445
In Home Respite Care	-	-	-	-	-	-	-	-	-	-	-	-	-
Creating Confident CG	-	-	-	-	-	-	-	-	-	-	-	-	-
Kinship Support	-	-	-	-	-	-	-	-	-	-	-	-	-
Caregiver Outreach	-	-	-	-	-	478,141	-	-	-	-	-	53,127	531,268
Program Devel.	-	504,127	-	-	-	-	-	-	-	-	-	56,015	560,142
Region Specific	-	-	-	-	-	-	-	-	-	-	-	-	-
CLP	-	327,189	-	-	-	260,589	-	-	-	-	65,310	-	653,088
Cong. Meals	-	-	1,275,991	-	-	-	-	-	245,500	-	-	141,777	1,663,268
HDM	-	-	-	4,286,847	-	-	-	-	1,397,791	-	-	476,317	6,160,955
NSIP	-	-	-	-	-	-	-	-	-	-	-	-	-
Res. Advocacy	-	-	-	-	-	-	-	-	-	-	-	-	-
Vol. Caregiver	-	-	-	-	-	-	-	-	-	-	-	-	-
OHR	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 1,031,121	\$ 3,021,480	\$ 1,275,991	\$ 4,321,872	\$ 202,100	\$ 1,682,310	\$ 41,603	\$ 44,003	\$ 1,643,291	\$ 2,467	\$ 371,223	\$ 1,013,108	\$ 14,650,569

AREA AGENCY ON AGING 1-B (A Nonprofit Organization)

SCHEDULE OF FUNDED SERVICE CATEGORIES BY SOURCE SEPTEMBER 30, 2019

	State Admin	State Access	State In-Home	State Cong.	State HDM	State NHO	State Alt. Care	State MSO	State Care Mgmt.	Merit Award Trust Fund	State CG Support	Respite Escheat	State Aging	Program Income	Cash Match	In-Kind Match	Total
Administration	\$ 175,409	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 73,157	\$ 9,311	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 257,877
Care Management	-	-	-	-	-	-	-	-	310,616	-	-	-	284,488	-	-	66,123	661,227
Case Coord./Support	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disaster Advocacy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Inform & Assist	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Outreach	-	182,434	-	-	-	-	-	-	-	-	-	-	-	-	-	20,271	202,705
Transportation	-	-	-	-	-	-	-	-	-	54,270	-	-	-	-	-	-	54,270
Chore	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Home Care Assist	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Home Injury Control	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Homemaker	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Home Health Aide	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Medication Mgmt.	-	-	16,904	-	-	-	-	-	-	-	-	-	-	-	-	1,879	18,783
Personal Care	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assistive Devices & Technologies	-	-	202,149	-	-	-	-	-	-	-	-	-	-	-	-	22,461	224,610
Respite Care	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Friendly Reassurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community Svc.	-	-	3,033,855	-	-	-	361,324	-	-	553,037	-	399,630	-	190,955	646,076	422,286	5,607,163
Adult Day Care	-	-	-	-	-	-	357,226	-	-	538,588	94,139	-	-	-	-	50,152	1,040,105
Dementia ADC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disease Prevention	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health Screening	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Assist to Deaf	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Home Repair	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
LTC Ombudsman	-	-	-	-	-	73,035	-	27,308	-	-	-	-	-	-	-	11,155	111,498
Sr. Ctr. Operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sr. Ctr. Staffing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vision Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Elder Abuse Prev.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Counseling	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Respite Care	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
In Home Respite Care	-	-	-	-	-	-	-	-	-	121,695	-	-	-	-	-	-	121,695
Kinship Support	-	-	-	-	-	-	-	-	-	50,750	-	-	-	-	-	-	50,750
Caregiver EST	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Program Devel.	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Region Specific	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CLP	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cong. Meals	-	-	-	61,119	-	-	-	-	-	-	-	-	-	-	-	6,791	67,910
HDM	-	-	-	-	3,054,825	-	-	-	-	-	-	-	-	-	-	339,425	3,394,250
Res. Advocacy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vol. Respite Care	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OHR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	\$ 175,409	\$ 182,434	\$ 3,252,908	\$ 61,119	\$ 3,054,825	\$ 73,035	\$ 718,550	\$ 27,308	\$ 310,616	\$ 1,391,497	\$ 103,450	\$ 399,630	\$ 284,488	\$ 190,955	\$ 646,076	\$ 940,543	\$ 11,812,843