



Dan Smith & Company, PC
Certified Public Accountants

ROSCOMMON COUNTY COMMISSION ON AGING
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Roscommon County Commission on Aging

Opinion

We have audited the accompanying financial statements of Roscommon County Commission on Aging (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities for the two years then ended, the statements of functional expenses and cash flows for the one year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Roscommon County Commission on Aging as of September 30, 2023, and the changes in its net assets for the two years then ended and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Roscommon County Commission on Aging and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Roscommon County Commission on Aging's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Roscommon County Commission on Aging's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Roscommon County Commission on Aging's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Dan Smith & Company, PC
Gaylord, MI

November 10, 2023

**ROSCOMMON COUNTY COMMISSION ON AGING
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023**

ASSETS

Current Assets

Cash	\$	862,580
Inventories		6,664
Accounts Receivable		5,141
		874,385
Total Current Assets		874,385

NonCurrent Assets

Building - Houghton Lake		979,252
Building - Prudenville		50,523
Property Improvements		132,330
Furniture and Equipment		241,587
Accumulated Depreciation		(431,577)
		972,115
Total NonCurrent Assets - Net		972,115

Total Assets	\$	1,846,500
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LIABILITIES AND NET ASSETS

Current Liabilities

Accounts Payable	\$	-
Mortgage Payable - Current Portion		38,174
		38,174
Total Current Liabilities		38,174

NonCurrent Liabilities

Mortgage Payable		292,564
		292,564

Total Liabilities		330,738
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Net Assets

Net Assets - Without Donor Restrictions		1,515,762
Net Assets - With Donor Restrictions		-
		1,515,762

Total Net Assets		1,515,762
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Total Liabilities and Net Assets	\$	1,846,500
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See accompanying notes to financial statements.

**ROSCOMMON COUNTY COMMISSION ON AGING
STATEMENT OF ACTIVITIES
FOR THE TWO YEARS ENDED SEPTEMBER 30, 2023**

	<u>WITHOUT DONOR RESTRICTIONS</u>	
	<u>2023</u>	<u>2022</u>
Revenues:		
County Millage	\$ 1,498,781	\$ 1,436,601
Federal Grants	301,180	367,273
State Grants	196,789	159,607
Program Donations	175,740	136,731
Memorial Contribution	76,778	1,272
Senior Activities/Fundraiser Income	45,438	80,632
Waiver Funding	49,411	31,416
Rental Income	29,110	13,731
Interest Income	3,080	411
Miscellaneous	26,910	25,951
	<hr/>	<hr/>
Total Revenues	2,403,217	2,253,625
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Expenditures:		
Salaries	1,208,610	1,357,374
Payroll Taxes & Fringe Benefits	210,062	317,133
Food	301,391	278,772
Travel/Meal Delivery	70,093	103,201
Repairs & Maintenance/Cleaning	62,038	87,059
Depreciation	57,767	61,223
Utilities/Occupancy	50,055	50,542
Senior Activities	37,073	52,488
Kitchen Supplies	31,685	37,929
Insurance	20,514	18,306
Tech/Contractual Services	18,278	29,680
Interest Expense	16,167	17,798
Communications	15,468	21,697
Supplies	13,705	25,980
Professional Services	12,300	8,360
Training	4,924	23,091
Advertising	928	8,167
Miscellaneous	16,278	12,141
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Total Expenditures	2,147,336	2,510,941
	<hr/>	<hr/>
Increase (Decrease) in Net Assets	255,881	(257,316)
	<hr/>	<hr/>
Net Assets - Beginning of Year	1,259,881	1,517,197
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Net Assets - End of Year	\$ 1,515,762	\$ 1,259,881
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See accompanying notes to financial statements.

**ROSCOMMON COUNTY COMMISSION ON AGING
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL
Expenditures				
Salaries	\$ 1,027,319	\$ 145,033	\$ 36,258	\$ 1,208,610
Fringe Benefits	178,553	25,207	6,302	210,062
Food	301,391	-	-	301,391
Travel/Meal Delivery	66,589	3,504	-	70,093
Repair & Maintenance/Cleaning	54,593	7,445	-	62,038
Depreciation	57,767	-	-	57,767
Utilities/Occupancy	42,547	7,508	-	50,055
Senior Activities	37,073	-	-	37,073
Kitchen Supplies	31,685	-	-	31,685
Insurance	15,386	5,128	-	20,514
Tech/Contractual Services	13,709	4,569	-	18,278
Interest Expense	13,742	2,425	-	16,167
Communications	13,148	1,856	464	15,468
Supplies	11,649	1,645	411	13,705
Professional Services	9,225	3,075	-	12,300
Training	4,924	-	-	4,924
Advertising	928	-	-	928
Miscellaneous	13,836	2,442	-	16,278
Total Expenditures	\$ 1,894,064	\$ 209,837	\$ 43,435	\$ 2,147,336

See accompanying notes to financial statements.

**ROSCOMMON COUNTY COMMISSION ON AGING
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

Cash Flows from Operating Activities:

Increase in Net Assets	\$	255,881
Adjustments to Reconcile the Change in Unrestricted Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation		57,767
(Increase) in Inventory		(757)
Decrease in Accounts Receivable		7,061
(Decrease) in Accounts Payable		(3,604)
		316,348

Cash Flows from Investing Activities:

Purchases of Equipment		-
		-
Net Cash Used by Investing Activities		-

Cash Flows from Financing Activities:

Repayment of Long Term Financing		(36,245)
		(36,245)
Net Cash Used by Financing Activities		(36,245)

Net Decrease in Cash and Cash Equivalents		280,103
Cash and Cash Equivalents - October 1, 2022		582,477
		862,580
Cash and Cash Equivalents - September 30, 2023	\$	862,580

See accompanying notes to financial statements.

**ROSCOMMON COUNTY COMMISSION ON AGING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ENTITY

Roscommon County Commission on Aging, a nonprofit organization, is organized to provide services for the purpose of improving the quality of life of the senior citizens of Roscommon County. The Commission's major senior programs include the preparation of congregate and home - delivered meals. During the year ended September 30, 2023, the Commission served approximately 92,000 meals. Additionally, the Commission provides homemaking, personal care, respite and alternative care services. Funding for the Commission is provided primarily through property taxes, federal and state grants, and donations received from the seniors receiving meals and services. The Commission maintains a nine-member board; one (1) County Commissioner; two (2) at-large members suggested by the Commission Director and ratified by the Board of Directors; and two (2) members recommended by each of the three Centers' Advisory Boards. One (1) member from each center may be a community member instead of a congregate client. The community member may be any voting-age person residing in Roscommon County concerned with promoting and safeguarding the welfare of senior citizens.

BASIS OF ACCOUNTING

The financial statements of the Roscommon County Commission on Aging have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities. The statement of activities has been prepared for the Commission as a whole.

FINANCIAL STATEMENT PRESENTATION

The Roscommon County Commission on Aging follows the Accounting Standards Update (ASU) 2016-14, "Presentation of Financial Statements of Not-for-Profit Entities."

Under ASU 2016-14, the Commission is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions or net assets without donor restrictions, based upon existence or absence of donor-imposed restrictions.

At year end, the Commission did not have any net assets with donor restrictions. The **program donations** received from the recipients of either the meals or services do not have restrictions, they are recognized as revenue received for providing either the meal or service.

**ROSCOMMON COUNTY COMMISSION ON AGING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CASH AND CASH EQUIVALENTS

For the purpose of the Statement of Cash Flows, the Commission considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

INVENTORY

The Commission holds food inventory. It is stated at the lower of cost or market determined by the first in, first-out method.

PROPERTY, FURNITURE AND EQUIPMENT

Property, furniture and equipment are carried at cost. Depreciation on these capital assets is computed on a straight-line basis over the estimated useful lives of the respective assets. Depreciation expense amounted to \$57,767 for the year ended September 30, 2023. Certain assets utilized by the Commission at both the administrative office and community centers are not recorded by the Commission. These assets were "carried over" from the TRIO Agency.

PUBLIC SUPPORT AND OTHER REVENUES

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as either "with donor restrictions" or "without donor restriction", depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restriction. During the year ended September 30, 2023, the Commission did not receive any contributions with donor restrictions.

**ROSCOMMON COUNTY COMMISSION ON AGING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

COST ALLOCATION

Expenses identified as applying to a specific program or supporting service are recorded in the appropriate service area as incurred. Joint costs, which are those costs with a common benefit for all programs, are allocated to programs or support services based on the percentages formulated through recent historical tracking.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B: CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Commission to concentrations of credit risk consist principally of cash. Substantially all of the Commission's cash is on deposit with four financial institutions. The carrying amount of the Commission's bank deposits was \$862,580 and the bank balance was \$889,404 at September 30, 2023. These accounts were insured up to \$434,170.

NOTE C: ACCOUNTS RECEIVABLE

The Commission had accounts receivable of \$5,141 as of September 30, 2023, from NEMCSA related to waiver funding.

NOTE D: INVENTORY

The inventory of \$6,664 represents food on hand as of September 30, 2023 and is stated at cost.

NOTE E: INCOME TAX

The Commission is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code, except for amounts representing unrelated business income, if applicable. The Commission had no unrelated business income for the year ended September 30, 2023.

NOTE F: CONTINGENCIES / NEMSCA FUNDING

Certain funded contractual programs are subject to audit by the grantors. Upon audit, some expenditures may be disallowed and as a result, those amounts may be refundable. Such refunds, if any, are generally payable from the Organization's net assets without donor restrictions. The Organization feels that any potential disallowances are immaterial.

**ROSCOMMON COUNTY COMMISSION ON AGING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE G: BUILDINGS

In August, 2014, the County of Roscommon signed a quit claim deed to the Commission for each of the three community centers located in Roscommon, Houghton Lake, and St. Helen. Initially, no monetary value had been established for these buildings, primarily because if the centers cease to be used for “public purposes”, they will revert back to the County. In lieu of paying rent (\$90,000 annually), the Commission will insure, pay for utilities, and maintain the facilities on a future basis.

In 2015 and 2016, the Commission invested approximately \$958,000 into the addition and remodeling of the Houghton Lake Center. In 2018, the Commission received a building in Prudenville from the County for \$1. In 2019, the Commission invested approximately \$50,000 into the Prudenville building.

NOTE H: INSURANCE

The Commission holds commercial insurance to protect against potential losses.

NOTE I: PROPERTY TAXES

A significant portion of the Commission’s revenue comes from a contractual agreement with Roscommon County, which is funded by property taxes. The Commission receives 1.0000 mill (adjusted to .9822) annually from the County to “provide funding for the Roscommon County Commission on Aging programs”. This millage began in 2014 and will continue in effect through the fiscal year 2023, with an extension through 2031. The taxable value in Roscommon County for 2022 was \$1,513,946,180. After chargebacks, including the Higgins Township DDA, and the collection of previous years delinquent personal property taxes, the Commission received \$1,498,781 from the County for the year ended September 30, 2023.

NOTE J: MORTGAGE PAYABLE & LINE OF CREDIT

In February 2021, the Commission refinanced funds that were originally borrowed in 2015 to remodel the Houghton Lake Center. The total amount refinanced was \$419,244. Interest is being charged at a rate of 4.55%, with a monthly payment of \$4,367. Minimum debt service on an annual basis will be approximately \$52,400. The year-end balance was \$330,738. The mortgage is collateralized by the Houghton Lake Center.

In February 2021, the Commission secured a line of credit with the principal sum not to exceed \$200,000. The line of credit has not been borrowed against, and the balance at September 30, 2023 was zero.

**ROSCOMMON COUNTY COMMISSION ON AGING
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

NOTE K: SUBSEQUENT EVENTS

The Commission has evaluated subsequent events and transactions for potential recognition and disclosure through November 10, 2023, the date the financial statements were available to be issued.

NOTE L: DEFERRED COMPENSATION PLAN

The Commission offers participation in a deferred compensation plan for its employees (457 governmental plan). As of September 30, 2023, the plan was not required to make any "matching contributions", therefore there is no expense for the plan for the past fiscal year. Although not currently in force, the plan does allow for "matching contributions" and/or "nonelective contributions". The commission is responsible for the contributions made by the participating employees through payroll withholdings.

NOTE L: LIQUIDITY

The following reflects the Commission's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the financial position date.

Cash and Receivables, at year end	\$ 867,721
Less, Donor imposed restrictions	0
Less, Board designations	0
	<hr/>
Total available to meet cash needs	<u>\$ 867,721</u>