

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to the Financial Statements.....	7 - 14
Schedule of Functional Revenue and Expenses - Without Donor Restrictions.....	15
Schedule of Program Revenue and Expenses by Funding Source - Milwaukee County	16
Schedule of Expenditures of Federal and State Awards.....	17
Notes to the Expenditures of Federal and State Awards.....	18
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financials Statements Performed in Accordance With <i>Government Auditing Standards</i> and the <i>Department of Health Services Audit Guide</i>	19 - 20
Schedule of Findings and Reponses.....	21

Independent Auditor's Report

Board of Directors
Serving Older Adults of Southeast Wisconsin, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Serving Older Adults of Southeast Wisconsin, Inc. which comprise the statement of financial position as of December 31, 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 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 audit. We conducted our audit 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 audit 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 Organization'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 Organization'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 Serving Older Adults of Southeast Wisconsin, Inc. as of December 31, 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.

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Board of Directors
Serving Older Adults of Southeast Wisconsin, Inc.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional revenue and expenses - without donor restrictions and the schedule of program revenue and expenses by funding source - Milwaukee County are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis in accordance with the *Department of Health Services Audit Guide* and is also not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic 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 June 25, 2020, on our consideration of Serving Older Adults of Southeast Wisconsin, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Serving Older Adults of Southeast Wisconsin, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Serving Older Adults of Southeast Wisconsin, Inc.'s internal control over financial reporting and compliance.


RITZ-HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
June 25, 2020

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	\$	86,861	
Grants Receivable		62,927	
Prepaid Expenses		7,452	
Total Current Assets		157,240	\$ 157,240
TOTAL ASSETS			\$ 157,240
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	\$	23,724	
Accrued Payroll and Payroll Taxes		55,840	
Sales Tax Payable		1,926	
Deferred Revenue		6,575	
Total Current Liabilities		88,065	\$ 88,065
NET ASSETS			
Without Donor Restrictions	\$	32,498	
With Donor Restrictions		36,677	
Total Net Assets		69,175	69,175
TOTAL LIABILITIES AND NET ASSETS			\$ 157,240

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

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE			
Contributions	\$ 14,905	\$ 12,629	\$ 27,534
Program Revenue	184,554	24,048	208,602
Milwaukee County Department on Aging	1,222,867	---	1,222,867
Contributed Services	774	---	774
Special Events Revenue	11,438	---	11,438
Miscellaneous Income	2,086	---	2,086
Total Revenue	\$ 1,436,624	\$ 36,677	\$ 1,473,301
EXPENSES			
Program Services	\$ 1,262,517	\$ ---	\$ 1,262,517
Management and General	135,789	---	135,789
Fundraising	15,980	---	15,980
Total Expenses	\$ 1,414,286	\$ ---	\$ 1,414,286
 CHANGE IN NET ASSETS	\$ 22,338	\$ 36,677	\$ 59,015
Net Assets, Beginning of Year	10,160	---	10,160
 NET ASSETS, END OF YEAR	\$ 32,498	\$ 36,677	\$ 69,175

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

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

EXPENSES	Program Services	Management and General	Fundraising	Total
Salaries	\$ 640,900	\$ 109,822	\$ 12,451	\$ 763,173
Payroll Taxes	54,371	9,533	1,057	64,961
Employee Benefits	70,190	3,508	265	73,963
Professional Fees	21,993	4,864	121	26,978
Activity Expenses	70,680	---	---	70,680
Retail Supplies	16,664	---	---	16,664
Sales Tax Expense	1,964	---	---	1,964
Conferences, Meetings, and Training	597	1,096	73	1,766
Supplies	11,643	2,160	100	13,903
Telephone	10,988	400	---	11,388
Information Technology	5,500	69	---	5,569
Postage	---	275	442	717
Travel	1,326	338	233	1,897
Membership Fees	677	4	249	930
Printing	299	---	870	1,169
Utilities	211,739	---	---	211,739
Maintenance of Equipment and Building	125,359	---	---	125,359
Equipment Purchases	6,869	2,396	---	9,265
Property Insurance	8,062	863	114	9,039
Interest Expense	---	28	---	28
Licenses and Permits	108	34	---	142
Events Expense	343	---	---	343
Other Expenses	1,471	399	5	1,875
Donated Services	774	---	---	774
TOTAL EXPENSES	\$ 1,262,517	\$ 135,789	\$ 15,980	\$ 1,414,286

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

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 59,015
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
(Increase) Decrease in Grants Receivable	(62,927)
(Increase) Decrease in Prepaid Expenses	(7,452)
Increase (Decrease) in Accounts Payable	23,724
Increase (Decrease) in Accrued Payroll and Payroll Taxes	55,840
Increase (Decrease) in Sales Tax Payable	1,926
Increase (Decrease) in Deferred Revenue	<u>6,575</u>
Net Cash Provided by Operating Activities	<u>\$ 76,701</u>
Net Increase in Cash and Cash Equivalents	\$ 76,701
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>10,160</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 86,861</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Interest Paid	\$ 28

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

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - Summary of Significant Accounting Policies

Organization

Serving Older Adults of Southeast Wisconsin, Inc.'s purpose is to help shape a community through various services and opportunities where every adult 50 and better will be connected to the resources they need and the opportunities that interest them, throughout the entire aging process.

Serving Older Adults of Southeast Wisconsin, Inc. operates five Milwaukee County Senior Centers. These centers offer adults a place to socialize, exercise, and participate in classes and programs. Anyone 60 or better may join for a delicious, nutritious, and balanced hot lunch available at any of the senior centers as part of Milwaukee County's Senior Dining Program. The Organization provides many events throughout the year and also allows others to use their space for private events.

Accounting Method

The financial statements of the Organization have been prepared on the accrual basis of accounting.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less when purchased.

Grants Receivable

Grants receivable includes government and other grant revenue earned but not yet received by the Organization. Revenue is considered to be earned when the services are performed or related to costs to be reimbursed have been incurred.

Contributions and Grant Revenue

Contributions received and unconditional promises to give are measured at fair value and are reported as increases in net assets. Contributions are considered available for the Organization's general operations and included in net assets without donor restrictions unless specifically restricted by a donor. A restricted contribution is reported in revenue and net assets without donor restrictions when the restriction is met within the same reporting period as the contribution is received. Contributions received restricted for a purpose not yet met or to support a future period are included in net assets with donor restrictions. When a donor restriction from a prior year expires, 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. Conditional contributions are not recognized as revenue until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated if the barrier is not overcome.

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE A - Summary of Significant Accounting Policies (continued)

Net assets restricted for acquisition of building or equipment are reported as net assets with donor restrictions until the specified asset is placed in service when the net assets are released to net assets without donor restrictions.

When a donor requires the investment of a contribution and restricts the use of investment income, the investment income is reported as net assets with donor restrictions until appropriated for the designated time or use when the net assets are released to net assets without donor restrictions.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Accordingly, the value of contributed time that does not meet these requirements has not been determined and is not reflected in the accompanying financial statements.

Government Grants and Contract Revenue

Government grants and contract revenue are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant, contract or other allowable cost manual, are made. Any cash received for revenue not yet earned is considered to be deferred revenue. Revenue earned but not yet paid to the Organization is included in grants receivable. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such review reduces expenditures allowable under these grants or contracts, the Organization records the disallowance at the time the final assessment is made. Management believes that disallowances, if any, would not have a significant effect on the financial statements.

Advertising Costs

The Organization used advertising to promote programs among the audiences served. Advertising costs are expensed as incurred. Advertising expense for the year ended December 31, 2019, was \$1,534.

Functional Expenses

The Organization allocates costs directly to program, management, or fundraising whenever possible. Certain expenses are attributable to one or more programs or supporting functions of the organization. Those expenses include salaries and facilities overhead. Salaries and related personnel costs are allocated based on estimated time and effort and facility costs are allocated based on square footage.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE B - Accounting Change

The Organization's financial statements have changed to adopt the *Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606)*, and all subsequently issued accounting updates issued to clarify the standards. The updates are effective for the year ended December 31, 2019. The updates are required and establish principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The core principle of the guidance is that an organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be titled.

The Organization's financial statements have changed to adopt the *Accounting Standards Update 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* effective for the year ended December 31, 2019. This update is required. The goal of this update is to help organizations determine reciprocal and nonreciprocal transactions. The guidance clarifies that an exchange transaction is when the resource provider receives equal value in return for what the resource provider pays. When the general public is the recipient of the service or goods, the transaction is not considered a reciprocal transaction, it is considered a contribution. The guidance also clarifies that a conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated when the barrier is not overcome.

The Organization applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. Results for reporting periods beginning after January 1, 2019 are presented under Topic 606 while prior period amounts are not adjusted and continue to be reported in accordance with legacy generally accepted accounting principles.

The adoption of this new standard did not result in a material impact to the Organization's financial statements. The adoption of the new standard is the new footnote disclosure regarding program revenue. There was no significant effect on the financial statements related to the adoption of this new standard which would require cumulative effect adjustment to net assets at the date of adoption under the modified retrospective method.

Future Accounting Pronouncements

Accounting Standards Update 2016-02, Leases (Topic 842) will be effective for fiscal years beginning after December 15, 2021. This update requires the recognition of lease assets and lease liabilities on the statement of financial position measured at the present value of lease payments and requires disclosure of key information about the leasing arrangements.

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE B - Accounting Change (continued)

Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326) will be effective for fiscal years beginning after December 15, 2023. The main objective of this update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates, including exploring more forward-looking alternatives.

NOTE C - Liquidity

The Organization has financial assets available for use within one year of the statement of financial position date to meet cash needs for general expenditures and to pay obligations as they come due. The Organization is primarily funded through grant contracts from the Milwaukee County Department on Aging along with program activity fees and contributions. Program income generated in Milwaukee County programs is restricted for use in the respective program and therefore not considered to be available for general operations. Contributions with specific purpose restrictions by donors are excluded from financial assets available for use.

Financial assets available for use consist of the following as of December 31, 2019:

<u>Description</u>	<u>Amount</u>
Cash and Cash Equivalents	\$ 86,861
Grants Receivable	62,927
Less: Amounts Restricted for Use	<u>(36,677)</u>
Financial Assets Available for Use	<u>\$113,111</u>

NOTE D - Grants Receivable

Grants Receivable consists of the following as of December 31, 2019:

<u>Source</u>	<u>Amount</u>
Milwaukee County - Department on Aging	<u>\$62,927</u>
Total	<u>\$62,927</u>

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE E - Deferred Revenue

Deferred revenue consists of the following as of December 31, 2019:

<u>Source</u>	<u>Amount</u>
Activity Income	\$4,825
Other	<u>1,750</u>
Total	<u>\$6,575</u>

NOTE F - Revenue From Contracts with Customers

Program Revenue

The Organization collects program revenue for rental income, retail sales/gift shop income, and activity income. The Organization rents out their space for events or as a place of worship. Revenue is recognized as the performance is satisfied. The Organization also has a gift shop where they sell various items to improve the lives of their clients. Gift shop income and retail sales are recognized at the point of the transaction. The Organization holds various classes for participants including quilting, sewing, yoga, etc. Participants pay for the classes ahead of time and a contract liability is recorded until earned. Total program revenue for the year ended December 31, 2019 is \$208,602.

Beginning Deferred Revenue	\$ ---
Revenue Recognized from Prior Year Deferred	---
New Program Revenue	215,177
Revenue Recognized on New Program Revenue	<u>(208,602)</u>
Total Deferred	<u>\$ 6,575</u>

NOTE G - Donated Services

Individuals donated approximately 31,060 hours to the Organization during the year ended December 31, 2019, with an estimated value of \$225,187 for senior center and dining operations. The values of the donated services are not reflected in the Organization's financial statements.

The Organization received \$774 of donated services for information technology services.

NOTE H - Net Assets with Donor Restrictions

Net assets with donor restrictions consist on the following as of December 31, 2019.

<u>Description</u>	<u>Amount</u>
Senior Centers	
Donor Restricted	\$12,629
Program Revenue	23,548
Promotional Items	<u>500</u>
Total Net Assets with Donor Restrictions	<u>\$36,677</u>

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE I - Concentration of Credit Risk

The Organization receives grants from The Milwaukee County Department of Aging. The Organization's operations rely heavily on the availability of these funds. Approximately 83% of the Organization's revenue and 100% of the grants receivable were from Milwaukee County Department of Aging for and as of the year ended December 31, 2019.

NOTE J - Copier Lease

The Organization signed a lease for four copy machines in January 2020 with a total fair market value of \$12,382 at lease inception. The Organization is required to pay \$330 per month in lease expense for the copiers.

Future payments are expected in future years as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 3,711	\$249	\$ 3,960
2021	3,798	162	3,960
2022	3,888	72	3,960
2023	<u>986</u>	<u>4</u>	<u>990</u>
Total	<u>\$12,383</u>	<u>\$487</u>	<u>\$12,870</u>

NOTE K - Collaborative Arrangement

The Organization collaborates with Milwaukee County in order that each of the organizations may advance their missions in a mutually beneficial relationship. Through the collaboration, the Organization may use the facilities of the senior centers that Milwaukee County owns, including the meal centers. The Organization will provide personnel to coordinate programming at the senior centers, manage the meal programs, fundraise to meet operational needs, hold events and engage the seniors. The Organization will also pay utilities, professional fees and other building maintenance. Milwaukee County will provide funding for approved activities as mutually agreed upon to carry out the approved activities and provide for general administrative and operations as agreed upon. The Organization will submit an annual proposal to Milwaukee County to determine approved activities and costs. The term of the collaboration is for one year beginning January 1, 2019, and with renewal terms available. The agreement may be terminated sooner with mutual consent. In this first year of operations, Milwaukee County supported the Organization with government grants of \$1,222,867 to carry out its programs, of which \$62,927 is included in accounts receivable.

NOTE L - Retirement Benefits

The Organization has an Internal Revenue Code Section 401(k) plan. The plan is funded by voluntary employee contributions under salary reduction agreements. No contributions were made to the plan by the Organization as of December 31, 2019.

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2019

NOTE M - Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of December 31, 2019, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year.

NOTE N - Subsequent Events

The Organization has evaluated events and transactions occurring after December 31, 2019 through June 25, 2020, the date the financial statements are available to be issued, for possible adjustments to the financial statements or disclosures. The Organization has determined that the follow subsequent events need to be disclosed.

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of many businesses and nonprofit organizations. While the disruption is expected to be temporary, there is considerable uncertainty around the duration of the closings. The Organization may be negatively affected by the health emergency. It is unknown at this time what, if any, the impact on the Organization's financial position may be.

The Organization has entered into the Paycheck Protection Program and has received a loan of \$164,200 on April 28, 2020. The Organization may be eligible for full or partial loan extinguishment based on if the proceeds are spent on eligible expenditures in the allotted loan coverage period, if the Organization maintains levels of employment as required in the program, and if other program requirements are met.

The Organization signed a lease for new copiers in January 2020. Lease details and future payments are noted in Note J.

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
SCHEDULE OF FUNCTIONAL REVENUE AND EXPENSES - WITHOUT DONOR RESTRICTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Senior Centers	Dining	Total Program	Management and General	Fundraising	Total 2019
REVENUE						
Contributions	\$ 9,656	\$ 500	\$ 10,156	\$ 707	\$ 4,042	\$ 14,905
Program Revenue	184,554	---	184,554	---	---	184,554
Milwaukee County Department on Aging	1,122,867	100,000	1,222,867	---	---	1,222,867
Contributed Services	774	---	774	---	---	774
Special Events Revenue	7,188	---	7,188	---	4,250	11,438
Miscellaneous Income	1,818	---	1,818	268	---	2,086
	<u>\$ 1,326,857</u>	<u>\$ 100,500</u>	<u>\$ 1,427,357</u>	<u>\$ 975</u>	<u>\$ 8,292</u>	<u>\$ 1,436,624</u>
EXPENSES						
Salaries	\$ 568,887	\$ 72,013	\$ 640,900	\$ 109,822	\$ 12,451	\$ 763,173
Payroll Taxes	48,075	6,296	54,371	9,533	1,057	64,961
Employee Benefits	69,044	1,146	70,190	3,508	265	73,963
Professional Fees	20,062	1,931	21,993	4,864	121	26,978
Activity Expenses	70,255	425	70,680	---	---	70,680
Retail Supplies	16,664	---	16,664	---	---	16,664
Sales Tax Expense	1,964	---	1,964	---	---	1,964
Conferences, Meetings, and Training	472	125	597	1,096	73	1,766
Supplies	11,499	144	11,643	2,160	100	13,903
Telephone	10,761	227	10,988	400	---	11,388
Information Technology	5,500	---	5,500	69	---	5,569
Postage	---	---	---	275	442	717
Travel	1,177	149	1,326	338	233	1,897
Membership Dues	677	---	677	4	249	930
Printing	299	---	299	---	870	1,169
Utilities	204,689	7,050	211,739	---	---	211,739
Maintenance of Equipment and Building	124,806	553	125,359	---	---	125,359
Equipment Purchases	6,830	39	6,869	2,396	---	9,265
Property Insurance	7,449	613	8,062	863	114	9,039
Interest Expense	---	---	---	28	---	28
Licenses and Permits	70	38	108	34	---	142
Special Event Expense	343	---	343	---	---	343
Other Expenses	1,238	233	1,471	399	5	1,875
Donated Services	774	---	774	---	---	774
Admin Allocation	124,796	10,449	135,245	(135,789)	544	---
Total Expenses	<u>\$ 1,296,331</u>	<u>\$ 101,431</u>	<u>\$ 1,397,762</u>	<u>\$ ---</u>	<u>\$ 16,524</u>	<u>\$ 1,414,286</u>
CHANGE IN NET ASSETS	<u>\$ 30,526</u>	<u>\$ (931)</u>	<u>\$ 29,595</u>	<u>\$ 975</u>	<u>\$ (8,232)</u>	<u>\$ 22,338</u>

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
SCHEDULE OF PROGRAM REVENUE AND EXPENSES BY FUNDING SOURCE - MILWAUKEE COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2019

	Senior Center				Dining Program		
	Milwaukee County	Without Donor Restrictions Gift Shop and Retail Sales	With Donor Restrictions Program Revenue	Total Senior Center 2019	Milwaukee County	With Donor Restrictions Program Revenue	Total Dining 2019
REVENUE							
Contributions	\$ ---	\$ ---	\$ 21,785	\$ 21,785	\$ ---	\$ 500	\$ 500
Program Revenue							
Activity Income	---	---	124,824	124,824	---	---	---
Gift Shop Income	---	20,796	---	20,796	---	---	---
Retail Sales	---	26,394	---	26,394	---	---	---
Rental Income	---	---	36,588	36,588	---	---	---
Milwaukee County Department on Aging	1,122,867	---	---	1,122,867	100,000	---	100,000
Contributed Services	---	---	774	774	---	---	---
Special Events Revenue	---	---	7,188	7,188	---	---	---
Miscellaneous Income	---	---	1,818	1,818	---	---	---
	<u>\$ 1,122,867</u>	<u>\$ 47,190</u>	<u>\$ 192,977</u>	<u>\$ 1,363,034</u>	<u>\$ 100,000</u>	<u>\$ 500</u>	<u>\$ 100,500</u>
EXPENSES							
Salaries	\$ 521,179	\$ ---	\$ 47,708	\$ 568,887	\$ 72,013	\$ ---	\$ 72,013
Payroll Taxes	47,565	---	510	48,075	6,296	---	6,296
Employee Benefits	69,035	---	9	69,044	1,146	---	1,146
Professional Fees	18,833	---	1,229	20,062	1,931	---	1,931
Activity Expenses	7,173	---	63,082	70,255	425	---	425
Retail Supplies	---	16,664	---	16,664	---	---	---
Sales Tax Expense	---	---	1,964	1,964	---	---	---
Conferences, Meetings, and Training	104	---	368	472	125	---	125
Supplies	9,319	---	2,180	11,499	144	---	144
Telephone	10,606	---	155	10,761	227	---	227
Information Technology	5,500	---	---	5,500	---	---	---
Travel	1,177	---	---	1,177	149	---	149
Membership Dues	677	---	---	677	---	---	---
Printing	299	---	---	299	---	---	---
Utilities	183,409	---	21,280	204,689	7,050	---	7,050
Maintenance of Equipment and Building	123,403	---	1,403	124,806	553	---	553
Equipment Purchases	6,453	---	377	6,830	39	---	39
Property Insurance	4,905	---	2,544	7,449	613	---	613
Licenses and Permits	70	---	---	70	38	---	38
Special Event Expense	---	---	343	343	---	---	---
Other Expenses	915	---	323	1,238	233	---	233
Donated Services	---	---	774	774	---	---	---
Admin Allocation	112,245	---	12,551	124,796	9,949	500	10,449
	<u>\$ 1,122,867</u>	<u>\$ 16,664</u>	<u>\$ 156,800</u>	<u>\$ 1,296,331</u>	<u>\$ 100,931</u>	<u>\$ 500</u>	<u>\$ 101,431</u>
CHANGE IN NET ASSETS	<u>\$ ---</u>	<u>\$ 30,526</u>	<u>\$ 36,177</u>	<u>\$ 66,703</u>	<u>\$ (931)</u>	<u>\$ ---</u>	<u>\$ (931)</u>

**SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total
FEDERAL EXPENDITURES			
U.S. Department of Health and Human Services			
Wisconsin Department of Health Services			
Milwaukee County Department on Aging			
Special Programs for the Aging - Title III, Part C -			
Nutrition Services/Total Aging Cluster	93.045	560350	\$ 44,970
Temporary Assistance for Needy Families/TANF Cluster	93.558	561	4,717
Social Services Block Grant	93.667	561	<u>8,781</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 58,468</u></u>
STATE EXPENDITURES			
Wisconsin Department of Health Services			
Milwaukee County Department on Aging			
Meal Site Supervision in County-Owned Senior Centers	435.56036	260-419-11	\$ 55,030
Wellness in County-Owned Senior Centers	435.561	260-419-10	<u>50,502</u>
TOTAL STATE EXPENDITURES			<u><u>\$ 105,532</u></u>

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1 - Significant Accounting Policies Used in Preparing the Schedule of Expenditures of Federal and State Awards

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Serving Older Adults of Southeast Wisconsin, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the *Department of Health Services Audit Guide*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Pass through entity identifying numbers are presented when available.

NOTE 2 - 10% De Minimis Cost Rate

The Organization has not elected to use the de minimis cost rate. Indirect costs are allocated based on direct costs and limited to grant terms.

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

Independent Auditor's Report

To the Board of Directors
Serving Older Adults of Southeast Wisconsin, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in accordance with the *Department of Health Services Audit Guide* issued by the Department of Health Services the financial statements of Serving Older Adults of Southeast Wisconsin, Inc., which comprise the statement of financial position as of December 31, 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, and have issued our report thereon dated June 25, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Serving Older Adults of Southeast Wisconsin, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Serving Older Adults of Southeast Wisconsin, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Serving Older Adults of Southeast Wisconsin, Inc.'s internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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



RITZ HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
June 25, 2020

**SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? None Reported
- Significant deficiencies identified? None Reported

Noncompliance material to financial statements noted? No

B. FINANCIAL STATEMENT FINDINGS

No matters were reported.

C. OTHER ISSUES

1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No

2. Does the audit report show audit issues (i.e., material noncompliance, non-material noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *Department of Health Services Audit Guide*? No

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? No

4. Name and signature of partner


Diana Luttmann

5. Date of report June 25, 2020