

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

(With Summarized Totals for the Year Ended December 31, 2019)

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.

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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, 2020, 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, 2020, 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.

Ritz Holman LLP

Serving business, nonprofits, individuals and trusts.

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

Report on Summarized Comparative Information

We have previously audited Serving Older Adults of Southeast Wisconsin, Inc.'s December 31, 2019, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 25, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 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 May 27, 2021, 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
May 27, 2021

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(With Summarized Totals for December 31, 2019)

	2020	2019
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 16,732	\$ 86,861
Grants Receivable	221,645	62,927
Prepaid Expenses	6,120	7,452
Total Current Assets	\$ 244,497	\$ 157,240
TOTAL ASSETS	\$ 244,497	\$ 157,240
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 54,411	\$ 23,724
Accrued Payroll and Payroll Taxes	25,132	55,840
Sales Tax Payable	495	1,926
Deferred Revenue	1,600	6,575
Total Current Liabilities	\$ 81,638	\$ 88,065
NET ASSETS		
Without Donor Restrictions	\$ 71,571	\$ 32,498
With Donor Restrictions	91,288	36,677
Total Net Assets	\$ 162,859	\$ 69,175
TOTAL LIABILITIES AND NET ASSETS	\$ 244,497	\$ 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, 2020
(With Summarized Totals for the Year Ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
REVENUE				
Contributions	\$ 77,747	\$ 21,027	\$ 98,774	\$ 27,534
Program Revenue	13,678	34,084	47,762	208,602
Milwaukee County Department on Aging	1,019,129	---	1,019,129	1,222,867
Paycheck Protection Program	164,200	---	164,200	---
Donated Goods and Services	13,225	---	13,225	774
Special Events Revenue	90	---	90	11,438
Miscellaneous Income	876	---	876	2,086
Net Assets Released from Restrictions	500	(500)	---	---
Total Revenue	<u>\$ 1,289,445</u>	<u>\$ 54,611</u>	<u>\$ 1,344,056</u>	<u>\$ 1,473,301</u>
EXPENSES				
Program Services	\$ 1,095,440	\$ ---	\$ 1,095,440	\$ 1,262,517
Management and General	124,959	---	124,959	135,789
Fundraising	29,973	---	29,973	15,980
Total Expenses	<u>\$ 1,250,372</u>	<u>\$ ---</u>	<u>\$ 1,250,372</u>	<u>\$ 1,414,286</u>
CHANGE IN NET ASSETS	\$ 39,073	\$ 54,611	\$ 93,684	\$ 59,015
Net Assets, Beginning of Year	<u>32,498</u>	<u>36,677</u>	<u>69,175</u>	<u>10,160</u>
NET ASSETS, END OF YEAR	<u>\$ 71,571</u>	<u>\$ 91,288</u>	<u>\$ 162,859</u>	<u>\$ 69,175</u>

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, 2020
(With Summarized Totals for the Year Ended December 31, 2019)

EXPENSES	Program Services	Management and General	Fundraising	2020 Total	2019 Total
Salaries	\$ 776,512	\$ 101,082	\$ 24,017	\$ 901,611	\$ 763,173
Payroll Taxes	61,458	5,483	1,916	68,857	64,961
Employee Benefits	46,652	6,318	273	53,243	73,963
Professional Fees	20,499	6,400	1,113	28,012	26,978
Activity Expenses	22,814	---	---	22,814	70,680
Retail Supplies	4,265	---	---	4,265	16,664
Sales Tax Expense	505	---	---	505	1,964
Conferences, Meetings and Training	508	303	---	811	1,766
Supplies	23,951	1,010	89	25,050	13,903
Telephone	6,738	401	---	7,139	11,388
Information Technology	5,418	162	---	5,580	5,569
Postage	5,837	352	1,367	7,556	717
Travel	1,347	176	---	1,523	1,897
Membership Fees	710	270	---	980	930
Printing	7,155	---	823	7,978	1,169
Utilities	---	---	---	---	211,739
Maintenance of Equipment and Building	42,187	---	---	42,187	125,359
Equipment Purchases	39,235	706	85	40,026	9,265
Property Insurance	11,262	1,304	289	12,855	9,039
Interest Expense	---	49	---	49	28
Licenses and Permits	140	44	---	184	142
Events Expense	---	---	---	---	343
Other Expenses	5,022	899	1	5,922	1,875
Donated Goods and Services	13,225	---	---	13,225	774
TOTAL EXPENSES	<u>\$ 1,095,440</u>	<u>\$ 124,959</u>	<u>\$ 29,973</u>	<u>\$ 1,250,372</u>	<u>\$ 1,414,286</u>

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, 2020
(With Summarized Totals for the Year Ended December 31, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 93,684	\$ 59,015
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
(Increase) Decrease in Grants Receivable	(158,718)	(62,927)
(Increase) Decrease in Prepaid Expenses	1,332	(7,452)
Increase (Decrease) in Accounts Payable	30,687	23,724
Increase (Decrease) in Accrued Payroll and Payroll Taxes	(30,708)	55,840
Increase (Decrease) in Sales Tax Payable	(1,431)	1,926
Increase (Decrease) in Deferred Revenue	<u>(4,975)</u>	<u>6,575</u>
Net Cash (Used) Provided by Operating Activities	<u>\$ (70,129)</u>	<u>\$ 76,701</u>
Net (Decrease) Increase in Cash and Cash Equivalents	\$ (70,129)	\$ 76,701
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>86,861</u>	<u>10,160</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 16,732</u>	<u>\$ 86,861</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ 49	\$ 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, 2020

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

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 and unconditional promises to give received by the Organization 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, 2020

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 the advertising takes place. Advertising expense for the year ended December 31, 2020, was \$1,392.

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, 2020

NOTE B - Comparative Financial Information

The financial information shown for 2019 in the accompanying financial statements is included to provide a basis for comparison with 2020 and presents summarized totals only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized information was derived.

NOTE C - Future Accounting Pronouncements

Accounting Standards Update 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958) will be effective for fiscal years beginning after June 15, 2021. The amendments in this update are required and provide new presentation and disclosure requirements about contributed nonfinancial assets to nonprofits, including additional disclosure requirements for recognized contributed services. Contributed nonfinancial assets will be required to be reported as a separate line in the statement of activities. A financial statement note will be required to provide disaggregated contributed nonfinancial assets by category including: the type of contributed nonfinancial asset; qualitative information about the monetization or utilization of the nonfinancial assets; the policy about the monetization or utilization of nonfinancial assets; a description of restrictions, valuation, and the market used to determine the fair value. The amendments, required to be presented retrospectively to all periods presented, will not change the recognition and measurement requirements for those assets.

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.

Accounting Standards Update 2020-08, Receivables – Nonrefundable Fees and Other Costs (Topic 310-20) will be effective for fiscal years beginning after December 15, 2021. The amendments in this update represent changes to clarify the codification. An organization shall apply the amendment prospectively. This amendment impacts the effective yield of an existing individual callable debt security.

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.

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE D - 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, 2020:

<u>Description</u>	<u>Amount</u>
Cash and Cash Equivalents	\$ 16,732
Grants Receivable	221,645
Less: Amounts Restricted for Use	<u>(91,288)</u>
Financial Assets Available for Use	<u>\$147,089</u>

NOTE E - Grants Receivable

Grants receivable consists of the following as of December 31, 2020:

<u>Source</u>	<u>Amount</u>
Milwaukee County - Department on Aging	\$213,945
Other	<u>7,700</u>
Total	<u>\$221,645</u>

NOTE F - Deferred Revenue

Deferred revenue consists of the following as of December 31, 2020:

<u>Source</u>	<u>Amount</u>
Vertical Church	<u>\$1,600</u>
Total	<u>\$1,600</u>

NOTE G - Donated Goods and Services

Individuals donated approximately 12,915 hours to the Organization during the year ended December 31, 2020, with an estimated value of \$93,636 for senior center and dining operations. The values of the donated services are not reflected in the Organization's financial statements.

The Organization received \$13,225 in donated goods and services, which consisted of \$2,925 for education courses and \$10,300 of computer equipment.

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE H - 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 its 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 it sells various items to improve the lives of its 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, 2020 is \$47,762.

Beginning Deferred Revenue	\$ 6,575
Revenue Recognized from Prior Year Deferred	(6,575)
New Program Revenue	42,787
Revenue Recognized on New Program Revenue	<u>(41,187)</u>
Total Deferred	<u>\$ 1,600</u>

NOTE I - PPP Loan Forgiveness

The Organization entered into the Paycheck Protection Program and received \$164,200 on April 28, 2020. The program provides nonprofit organizations the option to treat the funding as a conditional grant based on how the program operates or a loan based on the legal agreement. The Organization has opted to treat the funding as a conditional grant wherein revenue is recognized when the conditions of the grant are met. The Organization paid eligible costs and maintained employment levels, and thus has determined all grant conditions are met and has included the \$164,200 as revenue in the year ended December 31, 2020. Legal forgiveness of the loan was received on January 15, 2021.

NOTE J - Net Assets with Donor Restrictions

Net assets with donor restrictions consist on the following as of December 31, 2020.

<u>Description</u>	<u>Amount</u>
Senior Centers	
Donor Restricted	\$33,656
Program Revenue	<u>57,632</u>
Total Net Assets with Donor Restrictions	<u>\$91,288</u>

NOTE K - Concentration of Credit Risk

The Organization receives grants from the Milwaukee County Department on Aging. The Organization's operations rely heavily on the availability of these funds. Approximately 76% of the Organization's revenue and 97% of the grants receivable were from the Milwaukee County Department on Aging for and as of the year ended December 31, 2020.

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE L - 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. 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, 2020, and with renewal terms available. The agreement may be terminated sooner with mutual consent. Milwaukee County supported the Organization with government grants of \$1,019,129 to carry out its programs during the year ended December 31, 2020, of which \$213,945 is included in accounts receivable as of December 31, 2020.

NOTE M - 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, 2020.

NOTE N - 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, 2020, 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 O - Subsequent Events

The Organization has evaluated events and transactions occurring after December 31, 2020 through May 27, 2021, 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 pandemic, whose effects first became known in January 2020, is having a broad impact on commerce and financial markets around the world. The United States and global markets experienced significant fluctuations in value resulting from uncertainty caused by the pandemic. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's customers, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE O - Subsequent Events (continued)

On January 26, 2021, the Organization received a second Paycheck Protection Program loan of \$202,483. 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.

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
SCHEDULE OF FUNCTIONAL REVENUE AND EXPENSES - WITHOUT DONOR RESTRICTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Summarized Totals for the Year Ended December 31, 2019)

	Senior Centers	Dining	Total Program	Management and General	Fundraising	2020 Total	2019 Total
REVENUE							
Contributions	\$ 3,687	\$ 29,478	\$ 33,165	\$ 3,000	\$ 41,582	\$ 77,747	\$ 14,905
Program Revenue	13,678	---	13,678	---	---	13,678	184,554
Milwaukee County Department on Aging	892,867	126,262	1,019,129	---	---	1,019,129	1,222,867
Paycheck Protection Program	78,207	41,817	120,024	33,163	11,013	164,200	---
Donated Good and Services	13,225	---	13,225	---	---	13,225	774
Special Events Revenue	65	25	90	---	---	90	11,438
Miscellaneous Income	754	---	754	82	40	876	2,086
Net Assets Released From Restrictions	---	---	---	---	500	500	---
Total Revenue	<u>\$ 1,002,483</u>	<u>\$ 197,582</u>	<u>\$ 1,200,065</u>	<u>\$ 36,245</u>	<u>\$ 53,135</u>	<u>\$ 1,289,445</u>	<u>\$ 1,436,624</u>
EXPENSES							
Salaries	\$ 621,234	\$ 155,278	\$ 776,512	\$ 101,082	\$ 24,017	\$ 901,611	\$ 763,173
Payroll Taxes	48,251	13,207	61,458	5,483	1,916	68,857	64,961
Employee Benefits	44,801	1,851	46,652	6,318	273	53,243	73,963
Professional Fees	18,199	2,300	20,499	6,400	1,113	28,012	26,978
Activity Expenses	20,425	2,389	22,814	---	---	22,814	70,680
Retail Supplies	4,265	---	4,265	---	---	4,265	16,664
Sales Tax Expense	505	---	505	---	---	505	1,964
Conferences, Meetings and Training	508	---	508	303	---	811	1,766
Supplies	22,378	1,573	23,951	1,010	89	25,050	13,903
Telephone	6,738	---	6,738	401	---	7,139	11,388
Information Technology	5,418	---	5,418	162	---	5,580	5,569
Postage	5,832	5	5,837	352	1,367	7,556	717
Travel	1,331	16	1,347	176	---	1,523	1,897
Membership Dues	710	---	710	270	---	980	930
Printing	7,155	---	7,155	---	823	7,978	1,169
Utilities	---	---	---	---	---	---	211,739
Maintenance of Equipment and Building	41,577	610	42,187	---	---	42,187	125,359
Equipment Purchases	35,985	3,250	39,235	706	85	40,026	9,265
Property Insurance	9,372	1,890	11,262	1,304	289	12,855	9,039
Interest Expense	---	---	---	49	---	49	28
Licenses and Permits	120	20	140	44	---	184	142
Special Event Expense	---	---	---	---	---	---	343
Other Expenses	1,973	3,049	5,022	899	1	5,922	1,875
Donated Goods and Services	13,225	---	13,225	---	---	13,225	774
Admin Allocation	77,503	12,644	90,147	(91,716)	1,569	---	---
Total Expenses	<u>\$ 987,505</u>	<u>\$ 198,082</u>	<u>\$ 1,185,587</u>	<u>\$ 33,243</u>	<u>\$ 31,542</u>	<u>\$ 1,250,372</u>	<u>\$ 1,414,286</u>
CHANGE IN NET ASSETS	<u>\$ 14,978</u>	<u>\$ (500)</u>	<u>\$ 14,478</u>	<u>\$ 3,002</u>	<u>\$ 21,593</u>	<u>\$ 39,073</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, 2020

	Senior Center				Dining Program		
	Milwaukee County	Without Donor Restrictions Gift Shop and Retail Sales	With Donor Restrictions Program Revenue	Total Senior Center 2020	Milwaukee County	Without Donor Restrictions Program Revenue	Total Dining 2020
REVENUE							
Contributions	\$ ---	\$ 3,687	\$ 21,027	\$ 24,714	\$ ---	\$ 29,478	\$ 29,478
Program Revenue							
Activity Income	---	---	20,979	20,979	---	---	---
Gift Shop Income	---	6,980	---	6,980	---	---	---
Retail Sales	---	6,698	---	6,698	---	---	---
Rental Income	---	---	13,105	13,105	---	---	---
Milwaukee County Department on Aging	892,867	---	---	892,867	126,262	---	126,262
Paycheck Protection Program	---	78,207	---	78,207	---	41,817	41,817
Contributed Goods and Services	---	13,225	---	13,225	---	---	---
Special Events Revenue	---	65	---	65	---	25	25
Miscellaneous Income	---	754	---	754	---	---	---
Total Revenue	\$ 892,867	\$ 109,616	\$ 55,111	\$ 1,057,594	\$ 126,262	\$ 71,320	\$ 197,582
EXPENSES							
Salaries	\$ 543,027	\$ 78,207	\$ ---	\$ 621,234	\$ 113,461	\$ 41,817	\$ 155,278
Payroll Taxes	48,251	---	---	48,251	13,207	---	13,207
Employee Benefits	44,801	---	---	44,801	1,851	---	1,851
Professional Fees	18,199	---	---	18,199	2,300	---	2,300
Activity Expenses	20,425	---	---	20,425	2,389	---	2,389
Retail Supplies	4,265	---	---	4,265	---	---	---
Sales Tax Expense	505	---	---	505	---	---	---
Conferences, Meetings and Training	508	---	---	508	---	---	---
Supplies	22,378	---	---	22,378	1,573	---	1,573
Telephone	6,738	---	---	6,738	---	---	---
Information Technology	5,418	---	---	5,418	---	---	---
Postage	5,832	---	---	5,832	5	---	5
Travel	1,331	---	---	1,331	16	---	16
Membership Dues	710	---	---	710	---	---	---
Printing	7,155	---	---	7,155	---	---	---
Maintenance of Equipment and Building	41,577	---	---	41,577	610	---	610
Equipment Purchases	35,985	---	---	35,985	3,250	---	3,250
Property Insurance	9,372	---	---	9,372	1,890	---	1,890
Licenses and Permits	120	---	---	120	20	---	20
Other Expenses	1,973	---	---	1,973	3,049	---	3,049
Donated Goods and Services	---	13,225	---	13,225	---	---	---
Admin Allocation	74,297	3,206	---	77,503	12,644	---	12,644
Total Expenses	\$ 892,867	\$ 94,638	\$ ---	\$ 987,505	\$ 156,265	\$ 41,817	\$ 198,082
CHANGE IN NET ASSETS	\$ ---	\$ 14,978	\$ 55,111	\$ 70,089	\$ (30,003)	\$ 29,503	\$ (500)

**SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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			
Aging Cluster			
Special Programs for the Aging - Title III, Part B -			
Grants for Supportive Services and Senior Centers	93.044	560340	<u>\$ 479,807</u>
Special Programs for the Aging - Title III, Part C -			
Nutrition Services	93.045	560260	73,772
Nutrition Services	93.045	560350	<u>22,004</u>
Total CFDA 93.045			<u>\$ 95,776</u>
Total Aging Cluster			<u>\$ 575,583</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 575,583</u></u>
STATE EXPENDITURES			
Wisconsin Department of Health Services			
Milwaukee County Department on Aging			
Meal Site Supervision in County-Owned Senior Centers	435.56036	260-420-11	<u>\$ 30,487</u>
TOTAL STATE EXPENDITURES			<u><u>\$ 30,487</u></u>

The accompanying notes are an integral part of this schedule.

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

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 Wisconsin 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, 2020, 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 May 27, 2021.

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
May 27, 2021

**SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020**

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. SUMMARY OF PRIOR YEAR AUDIT FINDINGS

No prior year audit findings were reported.

D. 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 <i>Department of Health Services Audit Guide</i> ? | 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

May 27, 2021