

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2021

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

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 Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Serving Older Adults of Southeast Wisconsin, Inc. (a nonprofit organization) which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Serving Older Adults of Southeast Wisconsin, Inc. as of December 31, 2021, 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.

Basis for Opinion

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. 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 Serving Older Adults of Southeast Wisconsin, Inc. 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 Serving Older Adults of Southeast Wisconsin, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

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 and *Government 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 and *Government 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 Serving Older Adults of Southeast Wisconsin, Inc.'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 Serving Older Adults of Southeast Wisconsin, Inc.'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.

Report on Summarized Comparative Information

We have previously audited Serving Older Adults of Southeast Wisconsin, Inc.'s December 31, 2020, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 27, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2022, 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 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.


RITZHOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
June 3, 2022

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(With Summarized Totals for December 31, 2020)

ASSETS		2021	2020
CURRENT ASSETS			
Cash and Cash Equivalents		\$ 411,444	\$ 16,732
Grants Receivable		58,736	221,645
Pledges Receivable		150,000	---
Prepaid Expenses		23,807	6,120
Total Current Assets		\$ 643,987	\$ 244,497
TOTAL ASSETS		\$ 643,987	\$ 244,497
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable		\$ 15,583	\$ 54,411
Accrued Payroll and Payroll Taxes		31,913	25,132
Sales Tax Payable		697	495
Deferred Revenue		6,789	1,600
Total Current Liabilities		\$ 54,982	\$ 81,638
NET ASSETS			
Without Donor Restrictions		\$ 158,159	\$ 71,571
With Donor Restrictions		430,846	91,288
Total Net Assets		\$ 589,005	\$ 162,859
TOTAL LIABILITIES AND NET ASSETS		\$ 643,987	\$ 244,497

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, 2021
(With Summarized Totals for the Year Ended December 31, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
REVENUE				
Contributions	\$ 193,638	\$ 311,035	\$ 504,673	\$ 98,774
Earned Revenue	22,506	28,523	51,029	47,762
Milwaukee County - Division on Aging	997,345	---	997,345	1,019,129
Paycheck Protection Program	202,483	---	202,483	164,200
Donated Goods and Services	4,730	---	4,730	13,225
Special Events Revenue	1,351	---	1,351	90
Miscellaneous Income	3,862	---	3,862	876
Total Revenue	\$ 1,425,915	\$ 339,558	\$ 1,765,473	\$ 1,344,056
EXPENSES				
Program Services	\$ 1,137,114	\$ ---	\$ 1,137,114	\$ 1,095,440
Management and General	148,663	---	148,663	124,959
Fundraising	53,550	---	53,550	29,973
Total Expenses	\$ 1,339,327	\$ ---	\$ 1,339,327	\$ 1,250,372
CHANGE IN NET ASSETS	\$ 86,588	\$ 339,558	\$ 426,146	\$ 93,684
Net Assets, Beginning of Year	71,571	91,288	162,859	69,175
NET ASSETS, END OF YEAR	\$ 158,159	\$ 430,846	\$ 589,005	\$ 162,859

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, 2021
(With Summarized Totals for the Year Ended December 31, 2020)

	Program Services	Management and General	Fundraising	2021 Total	2020 Total
EXPENSES					
Salaries	\$ 790,850	\$ 109,505	\$ 35,104	\$ 935,459	\$ 901,611
Payroll Taxes	68,073	8,942	2,989	80,004	68,857
Employee Benefits	66,488	8,060	1,394	75,942	53,243
Professional Fees	30,820	14,667	2,326	47,813	28,012
Activity Expenses	24,520	---	173	24,693	22,814
Retail Supplies	5,405	---	---	5,405	4,265
Sales Tax Expense	---	---	---	---	505
Conferences and Meetings	781	409	1,850	3,040	811
Training	425	1,025	---	1,450	---
Supplies	5,822	1,690	367	7,879	25,050
Telephone	8,217	407	---	8,624	7,139
Information Technology	6,397	268	---	6,665	5,580
Postage	4,527	371	1,511	6,409	7,556
Travel	3,625	45	---	3,670	1,523
Membership Fees	808	140	129	1,077	980
Printing	7,001	108	6,049	13,158	7,978
Maintenance of Equipment and Building	35,207	---	---	35,207	42,187
Equipment Purchases	56,641	1,218	825	58,684	40,026
Property Insurance	10,617	1,416	492	12,525	12,855
Interest Expense	---	---	---	---	49
Licenses and Permits	229	42	26	297	184
Events Expense	94	---	---	94	---
Other Expenses	5,837	350	315	6,502	5,922
Donated Goods and Services	4,730	---	---	4,730	13,225
TOTAL EXPENSES	<u>\$ 1,137,114</u>	<u>\$ 148,663</u>	<u>\$ 53,550</u>	<u>\$ 1,339,327</u>	<u>\$ 1,250,372</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, 2021
(With Summarized Totals for the Year Ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 426,146	\$ 93,684
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
(Increase) Decrease in Grants Receivable	162,909	(158,718)
(Increase) Decrease in Pledges Receivable	(150,000)	---
(Increase) Decrease in Prepaid Expenses	(17,687)	1,332
Increase (Decrease) in Accounts Payable	(38,828)	30,687
Increase (Decrease) in Accrued Payroll and Payroll Taxes	6,781	(30,708)
Increase (Decrease) in Sales Tax Payable	202	(1,431)
Increase (Decrease) in Deferred Revenue	5,189	(4,975)
	<u>\$ 394,712</u>	<u>\$ (70,129)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 394,712	\$ (70,129)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>16,732</u>	<u>86,861</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 411,444</u>	<u>\$ 16,732</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest Paid	\$ ---	\$ 49

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, 2021

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

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.

Pledges Receivable

Pledges receivable are recorded when the Organization receives an unconditional promise to give or when the condition is met of a conditional promise to give. Pledges expected to be paid in more than one year from the statement of financial position date are discounted for risk and estimated present value.

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.

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE A - Summary of Significant Accounting Policies (continued)

Contributions and Grant Revenue (continued)

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.

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, 2021, was \$3,787.

Functional Expenses

The Organization reports costs in the statement of functional expenses as program, management and fundraising. Program costs are those associated with carrying out the mission; management costs are those for management of the Organization including accounting, human resources, office expense, budgeting, or board of directors costs; and fundraising includes costs attributed to the solicitation of contributions. The Organization charges 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.

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE A - Summary of Significant Accounting Policies (continued)

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.

NOTE B - Comparative Financial Information

The financial information shown for 2020 in the accompanying financial statements is included to provide a basis for comparison with 2021 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, 2020, 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.

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE C - Future Accounting Pronouncements (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 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 - Division 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, 2021:

<u>Description</u>	<u>Amount</u>
Cash and Cash Equivalents	\$ 411,444
Grants Receivable	58,736
Pledges Receivable	150,000
Less: Amounts Restricted for Use	<u>(430,846)</u>
Financial Assets Available for Use	<u>\$ 189,334</u>

NOTE E - Concentration of Risk

The Organization maintains its cash balances at two financial institutions. Balances in accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. Balances in excess of that amount are uninsured. At December 31, 2021, the Organization's uninsured cash balance totaled \$130,201.

The Organization's pledges include amounts due of \$100,000 and \$50,000 respectively from two donors and grants receivable is fully due from the Milwaukee County - Division on Aging. The concentration of receivables from each individual source constitutes a risk to the Organization. The Organization's revenue is derived 56% from the Milwaukee County - Division on Aging, which also constitutes a concentration of revenue from one source.

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE F - Grants Receivable

Grants receivable consists of the following as of December 31, 2021:

<u>Source</u>	<u>Amount</u>
Milwaukee County - Division on Aging	<u>\$58,736</u>
Total	<u>\$58,736</u>

NOTE G - Pledges Receivable

Pledges receivable consists of foundation grants totaling \$150,000 as of December 31, 2021. The pledges are expected to be collected in 2022.

NOTE H - Deferred Revenue

Deferred revenue consists of the following as of December 31, 2021:

<u>Source</u>	<u>Amount</u>
Rental Income	\$4,275
Earned Revenue	<u>2,514</u>
Total	<u>\$6,789</u>

NOTE I - Donated Goods and Services

Individuals donated approximately 15,370 hours to the Organization during the year ended December 31, 2021, with an estimated value of \$438,654 for senior center and dining operations. The values of the donated services are not reflected in the Organization's financial statements.

The Organization received \$4,730 in donated goods and services, which consisted of \$4,730 in computer equipment.

NOTE J - PPP Loan Forgiveness

The Organization entered into the Paycheck Protection Program and received \$202,483 on January 26, 2021. 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 \$202,483 as revenue in the year ended December 31, 2021. Legal forgiveness of the loan was received on August 31, 2021.

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE K - Revenue From Contracts with Customers

Earned Revenue

The Organization collects earned 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 earned revenue for the year ended December 31, 2021 is \$51,029.

Beginning Deferred Revenue	\$ 1,600
Revenue Recognized from Prior Year Deferred	(1,600)
New Earned Revenue	56,218
Revenue Recognized on New Earned Revenue	<u>(49,429)</u>
Total Deferred	<u>\$ 6,789</u>

NOTE L - Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of December 31, 2021:

<u>Description</u>	<u>Amount</u>
Senior Centers	
Donor Restricted	\$ 47,904
Earned Revenue	86,155
Technology	205,386
Dining	32,710
Grant Writing	<u>58,691</u>
Total Net Assets with Donor Restrictions	<u>\$430,846</u>

NOTE M - 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 support 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, 2021, with renewal terms available. The agreement may be terminated sooner with mutual consent. Milwaukee County supported the Organization with government grants of \$997,345 to carry out its programs during the year ended December 31, 2021, of which \$58,736 is included in accounts receivable as of December 31, 2021.

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2021

NOTE N - 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, 2021.

NOTE O - 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, 2021, 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 P - Subsequent Events

The Organization has evaluated events and transactions occurring after December 31, 2021, through June 3, 2022, 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 following 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.

On February 14, 2022, the Organization signed a promissory note which provides them an available line of credit of \$200,000. Any balance on the line of credit is payable on demand and the lender has the right to cancel the line of credit as it relates to future advances at any time. The line of credit bears interest at the Johnson Bank Reference Rate plus 1.00%.

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
SCHEDULE OF FUNCTIONAL REVENUE AND EXPENSES - WITHOUT DONOR RESTRICTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Summarized Totals for the Year Ended December 31, 2020)

	Senior Centers	Dining	Technology	Total Program	Management and General	Fundraising	2021 Total	2020 Total
REVENUE								
Contributions	\$ 8,026	\$ 790	\$ 91,614	\$ 100,430	\$ 2,500	\$ 90,708	\$ 193,638	\$ 77,747
Earned Revenue	22,506	---	---	22,506	---	---	22,506	13,678
Milwaukee County - Division on Aging	896,053	100,297	995	997,345	---	---	997,345	1,019,129
Paycheck Protection Program	148,173	---	892	149,065	42,701	10,717	202,483	164,200
Donated Good and Services	4,730	---	---	4,730	---	---	4,730	13,225
Special Events Revenue	1,351	---	---	1,351	---	---	1,351	90
Miscellaneous Income	2,788	---	---	2,788	65	1,009	3,862	876
Net Assets Released From Restrictions	---	---	---	---	---	---	---	500
Total Revenue	\$ 1,083,627	\$ 101,087	\$ 93,501	\$ 1,278,215	\$ 45,266	\$ 102,434	\$ 1,425,915	\$ 1,289,445
EXPENSES								
Salaries	\$ 690,370	\$ 68,666	\$ 31,814	\$ 790,850	\$ 109,505	\$ 35,104	\$ 935,459	\$ 901,611
Payroll Taxes	59,159	6,419	2,495	68,073	8,942	2,989	80,004	68,857
Employee Benefits	64,842	1,283	363	66,488	8,060	1,394	75,942	53,243
Professional Fees	27,187	1,941	1,692	30,820	14,667	2,326	47,813	28,012
Activity Expenses	20,784	3,736	---	24,520	---	173	24,693	22,814
Retail Supplies	5,405	---	---	5,405	---	---	5,405	4,265
Sales Tax Expense	---	---	---	---	---	---	---	505
Conferences and Meetings	481	---	300	781	409	1,850	3,040	811
Training	400	---	25	425	1,025	---	1,450	---
Supplies	4,924	691	207	5,822	1,690	367	7,879	25,050
Telephone	7,842	---	375	8,217	407	---	8,624	7,139
Information Technology	6,397	---	---	6,397	268	---	6,665	5,580
Postage	3,929	---	598	4,527	371	1,511	6,409	7,556
Travel	3,196	---	429	3,625	45	---	3,670	1,523
Membership Dues	808	---	---	808	140	129	1,077	980
Printing	4,511	---	2,490	7,001	108	6,049	13,158	7,978
Maintenance of Equipment and Building	32,163	3,044	---	35,207	---	---	35,207	42,187
Equipment Purchases	26,547	4,575	25,519	56,641	1,218	825	58,684	40,026
Property Insurance	9,114	889	614	10,617	1,416	492	12,525	12,855
Interest Expense	---	---	---	---	---	---	---	49
Licenses and Permits	110	42	77	229	42	26	297	184
Special Event Expense	94	---	---	94	---	---	94	---
Other Expenses	5,479	290	68	5,837	350	315	6,502	5,922
Donated Goods and Services	4,730	---	---	4,730	---	---	4,730	13,225
Admin Allocation	83,682	9,511	9,110	102,303	(105,965)	3,662	---	---
Total Expenses	\$ 1,062,154	\$ 101,087	\$ 76,176	\$ 1,239,417	\$ 42,698	\$ 57,212	\$ 1,339,327	\$ 1,250,372
CHANGE IN NET ASSETS	\$ 21,473	\$ ---	\$ 17,325	\$ 38,798	\$ 2,568	\$ 45,222	\$ 86,588	\$ 39,073

Technology program purchases included in prepaid expenses \$ 17,325

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
SCHEDULE OF PROGRAM REVENUE AND EXPENSES BY FUNDING SOURCE - MILWAUKEE COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2021

	Senior Center				Dining Program			
	Milwaukee County	Without Donor Restrictions Gift Shop and Retail Sales	With Donor Restrictions Earned Revenue	Total Senior Center 2021	Milwaukee County	Without Donor Restrictions Earned Revenue	With Donor Restrictions Earned Revenue	Total Dining 2021
REVENUE								
Contributions	\$ ---	\$ 8,026	\$ 14,248	\$ 22,274	\$ ---	\$ 790	\$ 32,710	\$ 33,500
Earned Revenue								
Activity Income	---	7,198	12,453	19,651	---	---	---	---
Gift Shop Income	---	7,982	---	7,982	---	---	---	---
Retail Sales	---	7,326	---	7,326	---	---	---	---
Rental Income	---	---	16,070	16,070	---	---	---	---
Milwaukee County - Division on Aging	896,053	---	---	896,053	100,297	---	---	100,297
Paycheck Protection Program	---	148,173	---	148,173	---	---	---	---
Contributed Goods and Services	---	4,730	---	4,730	---	---	---	---
Special Events Revenue	---	1,351	---	1,351	---	---	---	---
Miscellaneous Income	---	2,788	---	2,788	---	---	---	---
Total Revenue	\$ 896,053	\$ 187,574	\$ 42,771	\$ 1,126,398	\$ 100,297	\$ 790	\$ 32,710	\$ 133,797
EXPENSES								
Salaries	\$ 541,549	\$ 148,821	\$ ---	\$ 690,370	\$ 68,212	\$ 454	\$ ---	\$ 68,666
Payroll Taxes	59,036	123	---	59,159	6,406	13	---	6,419
Employee Benefits	64,842	---	---	64,842	1,283	---	---	1,283
Professional Fees	26,660	527	---	27,187	1,897	44	---	1,941
Activity Expenses	17,569	3,215	---	20,784	3,736	---	---	3,736
Retail Supplies	4,951	454	---	5,405	---	---	---	---
Conferences and Meetings	481	---	---	481	---	---	---	---
Training	400	---	---	400	---	---	---	---
Supplies	4,924	---	---	4,924	691	---	---	691
Telephone	7,804	38	---	7,842	---	---	---	---
Information Technology	6,397	---	---	6,397	---	---	---	---
Postage	3,929	---	---	3,929	---	---	---	---
Travel	3,196	---	---	3,196	---	---	---	---
Membership Dues	808	---	---	808	---	---	---	---
Printing	4,511	---	---	4,511	---	---	---	---
Maintenance of Equipment and Building	32,163	---	---	32,163	3,044	---	---	3,044
Equipment Purchases	21,294	5,253	---	26,547	4,575	---	---	4,575
Property Insurance	9,114	---	---	9,114	889	---	---	889
Licenses and Permits	100	10	---	110	42	---	---	42
Special Event Expense	94	---	---	94	---	---	---	---
Other Expenses	4,983	496	---	5,479	290	---	---	290
Donated Goods and Services	---	4,730	---	4,730	---	---	---	---
Admin Allocation	81,248	2,434	---	83,682	9,232	279	---	9,511
Total Expenses	\$ 896,053	\$ 166,101	\$ ---	\$ 1,062,154	\$ 100,297	\$ 790	\$ ---	\$ 101,087
CHANGE IN NET ASSETS	\$ ---	\$ 21,473	\$ 42,771	\$ 64,244	\$ ---	\$ ---	\$ 32,710	\$ 32,710

**SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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 - Division on Aging			
Aging Cluster			
Special Programs for the Aging - Title III, Part C -			
Nutrition Services	93.045	560360	\$ 96,374
Total CFDA 93.045			<u>\$ 96,374</u>
Total Aging Cluster			<u>\$ 96,374</u>
TOTAL FEDERAL EXPENDITURES			<u><u>\$ 96,374</u></u>
STATE EXPENDITURES			
Wisconsin Department of Health Services			
Milwaukee County - Division on Aging			
Meal Site Supervision in County - Owned Senior Centers	435.560360	260-421-11	\$ 3,859
TOTAL STATE EXPENDITURES			<u><u>\$ 3,859</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, 2021

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.

Independent Auditor's 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*

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. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 3, 2022.

Report on 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) as a basis for designing 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 Organization'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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



RITZ-HOLMAN LLP
Certified Public Accountants

Milwaukee, Wisconsin
June 3, 2022

**SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021**

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.

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 *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 3, 2022