

**SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

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

**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, 2022, 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, 2022, 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.

***Ritz Holman LLP***  
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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, 2021, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 3, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, 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 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 May 24, 2023, 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.

  
RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
May 24, 2023

**SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2022**  
**(With Summarized Totals for December 31, 2021)**

	2022	2021
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 454,519	\$ 411,444
Grants Receivable	51,422	58,736
Pledges Receivable	---	150,000
Prepaid Expenses	32,880	23,807
Total Current Assets	\$ 538,821	\$ 643,987
<b>FIXED ASSETS</b>		
Equipment	\$ 18,705	\$ ---
Vehicles	20,938	---
Total Fixed Assets	\$ 39,643	\$ ---
Less: Accumulated Depreciation	(2,119)	---
Net Fixed Assets	\$ 37,524	\$ ---
<b>TOTAL ASSETS</b>	\$ 576,345	\$ 643,987
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 20,983	\$ 15,583
Accrued Payroll and Payroll Taxes	38,320	31,913
Sales Tax Payable	297	697
Deferred Revenue	9,302	6,789
Total Current Liabilities	\$ 68,902	\$ 54,982
<b>NET ASSETS</b>		
Without Donor Restrictions	\$ 241,564	\$ 158,159
With Donor Restrictions	265,879	430,846
Total Net Assets	\$ 507,443	\$ 589,005
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 576,345	\$ 643,987

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, 2022**  
**(With Summarized Totals for the Year Ended December 31, 2021)**

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
<b>REVENUE</b>				
Contributions	\$ 257,889	\$ 52,489	\$ 310,378	\$ 504,673
Earned Revenue	105,979	---	105,979	34,959
Rental Income	58,233	---	58,233	16,070
Milwaukee County - Division on Aging	1,017,634	---	1,017,634	997,345
Paycheck Protection Program	---	---	---	202,483
Donated Goods and Services	21,004	---	21,004	4,730
Special Events Revenue	8,750	---	8,750	1,351
Miscellaneous Income	8,645	---	8,645	3,862
Net Assets Released from Restrictions	217,456	(217,456)	---	---
Total Revenue	<u>\$ 1,695,590</u>	<u>\$ (164,967)</u>	<u>\$ 1,530,623</u>	<u>\$ 1,765,473</u>
<b>EXPENSES</b>				
Program Services	\$ 1,359,369	\$ ---	\$ 1,359,369	\$ 1,137,114
Management and General	142,337	---	142,337	148,663
Fundraising	110,479	---	110,479	53,550
Total Expenses	<u>\$ 1,612,185</u>	<u>\$ ---</u>	<u>\$ 1,612,185</u>	<u>\$ 1,339,327</u>
CHANGE IN NET ASSETS	\$ 83,405	\$ (164,967)	\$ (81,562)	\$ 426,146
Net Assets, Beginning of Year	<u>158,159</u>	<u>430,846</u>	<u>589,005</u>	<u>162,859</u>
NET ASSETS, END OF YEAR	<u>\$ 241,564</u>	<u>\$ 265,879</u>	<u>\$ 507,443</u>	<u>\$ 589,005</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, 2022**  
(With Summarized Totals for the Year Ended December 31, 2021)

EXPENSES	Program Services	Management and General	Fundraising	2022 Total	2021 Total
Salaries	\$ 933,703	\$ 106,431	\$ 49,853	\$ 1,089,987	\$ 935,459
Payroll Taxes	71,270	8,102	3,799	83,171	80,004
Employee Benefits	92,435	6,971	4,445	103,851	75,942
Professional Fees	38,261	8,522	41,859	88,642	47,813
Activity Expenses	46,831	---	1,876	48,707	24,693
Retail Supplies	13,483	---	---	13,483	5,405
Conferences and Meetings	2,190	1,946	302	4,438	3,040
Training	315	---	55	370	1,450
Supplies	3,871	1,722	570	6,163	7,879
Telephone	9,294	371	---	9,665	8,624
Information Technology	8,371	452	---	8,823	6,665
Postage	130	239	1,702	2,071	6,409
Travel	3,672	456	97	4,225	3,670
Membership Fees	661	357	---	1,018	1,077
Printing	641	169	4,166	4,976	13,158
Maintenance of Equipment and Building	40,904	383	---	41,287	35,207
Equipment Purchases	54,288	3,488	126	57,902	58,684
Depreciation	2,119	---	---	2,119	---
Property Insurance	12,474	1,216	892	14,582	12,525
Licenses and Permits	1,322	203	229	1,754	297
Events Expense	309	---	93	402	94
Other Expenses	1,821	1,309	415	3,545	6,502
Donated Goods and Services	21,004	---	---	21,004	4,730
<b>TOTAL EXPENSES</b>	<b>\$ 1,359,369</b>	<b>\$ 142,337</b>	<b>\$ 110,479</b>	<b>\$ 1,612,185</b>	<b>\$ 1,339,327</b>

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, 2022**  
**(With Summarized Totals for the Year Ended December 31, 2021)**

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (81,562)	\$ 426,146
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation Expense	2,119	---
(Increase) Decrease in Grants Receivable	7,314	162,909
(Increase) Decrease in Pledges Receivable	150,000	(150,000)
(Increase) Decrease in Prepaid Expenses	(9,073)	(17,687)
Increase (Decrease) in Accounts Payable	5,400	(38,828)
Increase (Decrease) in Accrued Payroll and Payroll Taxes	6,407	6,781
Increase (Decrease) in Sales Tax Payable	(400)	202
Increase (Decrease) in Deferred Revenue	2,513	5,189
	<u>\$ 82,718</u>	<u>\$ 394,712</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	<u>\$ (39,643)</u>	<u>\$ ---</u>
	<u>\$ (39,643)</u>	<u>\$ ---</u>
Net Increase in Cash and Cash Equivalents	\$ 43,075	\$ 394,712
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>411,444</u>	<u>16,732</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 454,519</u></u>	<u><u>\$ 411,444</u></u>

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, 2022**

**SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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.

**Fixed Assets**

Fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The Organization capitalizes all fixed assets greater than \$5,000.

**SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**Leases**

The Organization recognizes operating and finance leases in accordance with the *FASB Accounting Standards Codification (ASC) 842*. A lease exists when an organization has the right to control the use of property, plant or equipment over a lease term. The lessee classifies a lease as either a finance or operating lease. The accounting of a finance lease is similar to when an asset is purchased. An operating lease is when the right-of-use of an asset exists over the lease-term, but that the lease doesn't meet the definition of a finance lease. The Organization has elected to establish a threshold to exclude lease assets and obligations that are immaterial to the financial statements. The Organization recognizes individual lease assets and liabilities when they are greater than \$5,000. The Organization has elected not to apply the recognition requirements in ASC 842 to short-term leases (those with a term of 12 or less months) and no expected purchase at the end of the term.

**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.

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.

**SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**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, 2022, was \$12,810.

**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.

**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, 2022**

**NOTE B - Accounting Standard Changes and Future Accounting Pronouncement**

**Accounting Standards Changes**

The Organization's financial statements include implementation of the following accounting standards updates:

*Accounting Standards Update 2020-07, Not-for-Profit entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* This update requires contributed nonfinancial assets to be reported as a separate line in the statement of activities. A financial statement note is 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 in this update are applied on a retrospective basis. The implementation of this standard has not materially affected the financial statements of the Organization.

*Accounting Standards Update 2020-08, Codification Improvements to Subtopic 310-20, Receivables – Nonrefundable Fees and Other Costs.* This update clarifies that an entity should reevaluate whether a callable debt security is within the scope of paragraph 310-20-32-33 for each reporting period. This amendment impacts the effective yield of an existing individual callable debt security. Amendments in this update are applied on a prospective basis as of the beginning of the period of adoption for existing or newly purchased callable debt securities. The implementation of this standard has not materially affected the financial statements of the Organization.

*Accounting Standards Update 2016-02, Leases (Topic 842), which supersedes existing guidance in Topic 840, Leases.* The FASB subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-01, *Land Easement Practical Expedient for Transition to Topic 842*; ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow-scope Improvements for Lessors*; ASU 2019-01, *Leases (Topic 842): Codification Improvements*; ASU 2020-05, *Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments*; and ASU 2021-09, *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. Topic 842 amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-to-use (ROU) assets and lease liabilities on the statement of financial position for operating leases. The implementation of these standards has not materially affected the financial statements of the Organization.

**SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE B - Accounting Standard Changes and Future Accounting Pronouncement (continued)**

**Future Accounting Pronouncement**

*Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326)* will be effective for fiscal years beginning after December 15, 2022. 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 generally accepted accounting principles 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 - Comparative Financial Information**

The financial information shown for 2021 in the accompanying financial statements is included to provide a basis for comparison with 2022 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, 2021, from which the summarized information was derived.

**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 become 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. The Organization has a \$200,000 line of credit available to meet cash flow needs. The line of credit was not in use as of December 31, 2022.

Financial assets available for use consist of the following as of December 31, 2022:

<u>Description</u>	<u>Amount</u>
Cash and Cash Equivalents	\$ 454,519
Grants Receivable	51,422
Less: Amounts Restricted for Use	<u>(265,879)</u>
Financial Assets Available for Use	<u>\$240,062</u>

**SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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. At December 31, 2022, the Organization's uninsured cash balance totaled \$131,820.

The Organization's grants receivable are fully due from the Milwaukee County - Division on Aging. The concentration of receivables from one individual source constitutes a risk to the Organization. The Organization's revenue is derived 66% from the Milwaukee County - Division on Aging, which also constitutes a concentration of revenue from one source.

**NOTE F - Grants Receivable**

Grants receivable consists of the following as of December 31, 2022:

<u>Source</u>	<u>Amount</u>
Milwaukee County - Division on Aging	<u>\$51,422</u>
Total	<u>\$51,422</u>

**NOTE G - Deferred Revenue**

Deferred revenue consists of the following as of December 31, 2022:

<u>Source</u>	<u>Amount</u>
Rental Income	\$7,295
Earned Revenue	<u>2,007</u>
Total	<u>\$9,302</u>

**NOTE H - Donated Goods and Services**

Individuals donated approximately 22,703 hours to the Organization during the year ended December 31, 2022, with an estimated value of \$653,496 for senior center and dining operations. The values of the donated services are not reflected in the Organization's financial statements.

The Organization received \$21,004 in donated goods, which consisted of office furniture. The goods were utilized by the various senior centers and were valued at fair value using sales of similar items.

**NOTE I - Line of Credit**

The Organization has a variable rate revolving line of credit with an available balance of \$200,000. The agreement, entered into on February 14, 2022, automatically renews on an annual basis unless notified by the lender at least 30 days prior to the maturity date. The Organization is required to pay all accrued and unpaid interest on a monthly basis. Interest on the outstanding balance is based on the prime rate plus 1% (the loan rate was 8.50% as of December 31, 2022). The line of credit had no balance as of December 31, 2022.



**SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE J - Leasing Activity**

The Organization rents out its space for events or as a place of worship. All leases are short-term. Rental income during the year ended December 31, 2022, was \$58,233. Cash received for rentals occurring in future periods was \$7,295 as of December 31, 2022, and is included in refundable advances.

**NOTE K - Revenue From Contracts with Customers**

**Earned Revenue**

The Organization collects earned revenue from gift shop and activity income. The Organization's gift shop provides various items for sale to improve the lives of its clients. Gift shop revenue is recognized at the point of the sale transaction. The Organization receives activity revenue from various classes provided to participants including classes such as quilting, sewing, and yoga. Participants pay for the classes ahead of time and a refundable advance liability is recorded until the class takes place and the revenue is earned. Total earned revenue for the year ended December 31, 2022, was \$105,979. There were no assets as of December 31, 2022 or 2021. Refundable advances were \$2,007 and \$2,514 as of December 31, 2022 and 2021, respectively.

**NOTE L - Net Assets with Donor Restrictions**

Net assets with donor restrictions consist of the following as of December 31, 2022:

<u>Description</u>	<u>Amount</u>
Senior Centers	
Donor Restricted	\$ 52,143
Earned Revenue	53,812
Technology	104,763
Dining	33,074
Van	775
Gamill	5,834
Operations	10,000
Grant Writing	<u>5,478</u>
Total Net Assets with Donor Restrictions	<u>\$265,879</u>

**SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**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 provides 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 provides funding for approved activities as mutually agreed upon and provides for general administrative and operations support as agreed upon. The Organization submits an annual proposal to Milwaukee County to determine approved activities and costs. The term of the collaboration is for one year and renews annually. The agreement may be terminated sooner with mutual consent. Milwaukee County supported the Organization with government grants of \$1,017,634 to carry out its programs during the year ended December 31, 2022, of which \$51,422 is included in grants receivable as of December 31, 2022.

**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, 2022.

**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, 2022, 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, 2022, through May 24, 2023, the date the financial statements are available to be issued, for possible adjustments to the financial statements or disclosures. The Organization has determined that no subsequent events need to be disclosed.

**SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.**  
**SCHEDULE OF FUNCTIONAL REVENUE AND EXPENSES - WITHOUT DONOR RESTRICTIONS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**  
**(With Summarized Totals for the Year Ended December 31, 2021)**

	Senior Centers	Dining	Technology	Total Program	Management and General	Fundraising	2022 Total	2021 Total
<b>REVENUE</b>								
Contributions	\$ 140,275	\$ 711	\$ 25,834	\$ 166,820	\$ 2,500	\$ 88,569	\$ 257,889	\$ 193,638
Earned Revenue	104,984	---	995	105,979	---	---	105,979	6,436
Rental Income	58,233	---	---	58,233	---	---	58,233	16,070
Milwaukee County - Division on Aging	892,867	124,767	---	1,017,634	---	---	1,017,634	997,345
Paycheck Protection Program	---	---	---	---	---	---	---	202,483
Donated Good and Services	21,004	---	---	21,004	---	---	21,004	4,730
Special Events Revenue	8,549	---	---	8,549	---	201	8,750	1,351
Miscellaneous Income	1,224	---	---	1,224	7,344	77	8,645	3,862
Net Assets Released From Restrictions	32,974	---	131,269	164,243	---	53,213	217,456	---
<b>Total Revenue</b>	<b>\$ 1,260,110</b>	<b>\$ 125,478</b>	<b>\$ 158,098</b>	<b>\$ 1,543,686</b>	<b>\$ 9,844</b>	<b>\$ 142,060</b>	<b>\$ 1,695,590</b>	<b>\$ 1,425,915</b>
<b>EXPENSES</b>								
Salaries	\$ 753,842	\$ 97,788	\$ 82,073	\$ 933,703	\$ 106,431	\$ 49,853	\$ 1,089,987	\$ 935,459
Payroll Taxes	57,355	7,457	6,458	71,270	8,102	3,799	83,171	80,004
Employee Benefits	89,951	1,304	1,180	92,435	6,971	4,445	103,851	75,942
Professional Fees	31,101	4,510	2,650	38,261	8,522	41,859	88,642	47,813
Activity Expenses	44,007	671	2,153	46,831	---	1,876	48,707	24,693
Retail Supplies	13,483	---	---	13,483	---	---	13,483	5,405
Conferences and Meetings	2,135	55	---	2,190	1,946	302	4,438	3,040
Training	315	---	---	315	---	55	370	1,450
Supplies	3,841	30	---	3,871	1,722	570	6,163	7,879
Telephone	8,676	618	---	9,294	371	---	9,665	8,624
Information Technology	8,371	---	---	8,371	452	---	8,823	6,665
Postage	72	---	58	130	239	1,702	2,071	6,409
Travel	3,467	55	150	3,672	456	97	4,225	3,670
Membership Dues	661	---	---	661	357	---	1,018	1,077
Printing	379	---	262	641	169	4,166	4,976	13,158
Maintenance of Equipment and Building	38,664	2,240	---	40,904	383	---	41,287	35,207
Equipment Purchases	13,066	43	41,179	54,288	3,488	126	57,902	58,684
Depreciation	2,119	---	---	2,119	---	---	2,119	---
Property Insurance	10,396	982	1,096	12,474	1,216	892	14,582	12,525
Licenses and Permits	485	42	795	1,322	203	229	1,754	297
Special Event Expense	309	---	---	309	---	93	402	94
Other Expenses	1,553	194	74	1,821	1,309	415	3,545	6,502
Donated Goods and Services	21,004	---	---	21,004	---	---	21,004	4,730
Admin Allocation	109,299	9,489	13,288	132,076	(142,337)	10,261	---	---
<b>Total Expenses</b>	<b>\$ 1,214,551</b>	<b>\$ 125,478</b>	<b>\$ 151,416</b>	<b>\$ 1,491,445</b>	<b>\$ ---</b>	<b>\$ 120,740</b>	<b>\$ 1,612,185</b>	<b>\$ 1,339,327</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 45,559</b>	<b>\$ ---</b>	<b>\$ 6,682</b>	<b>\$ 52,241</b>	<b>\$ 9,844</b>	<b>\$ 21,320</b>	<b>\$ 83,405</b>	<b>\$ 86,588</b>
Fixed Asset Purchases	\$ 39,643							

**SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.**  
**SCHEDULE OF PROGRAM REVENUE AND EXPENSES BY FUNDING SOURCE - MILWAUKEE COUNTY**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	Senior Center				Dining Program			
	Milwaukee County	Without Donor Restrictions Gift Shop and Retail Sales	With Donor Restrictions Earned Revenue	Total Senior Center 2022	Milwaukee County	Without Donor Restrictions Earned Revenue	With Donor Restrictions Earned Revenue	Total Dining 2022
<b>REVENUE</b>								
Contributions	\$ ---	\$ 140,275	\$ 11,479	\$ 151,754	\$ ---	\$ ---	\$ 711	\$ 711
Earned Revenue								
Activity Income	---	64,072	---	64,072	---	---	---	---
Gift Shop Income	---	18,064	---	18,064	---	---	---	---
Retail Sales	---	22,848	---	22,848	---	---	---	---
Rental Income	---	58,233	---	58,233	---	---	---	---
Milwaukee County - Division on Aging	892,867	---	---	892,867	124,767	---	---	124,767
Contributed Goods and Services	---	21,004	---	21,004	---	---	---	---
Special Events Revenue	---	8,549	---	8,549	---	---	---	---
Miscellaneous Income	---	1,224	---	1,224	---	---	---	---
Net Assets Released From Restrictions	---	32,974	---	32,974	---	---	---	---
Total Revenue	<u>\$ 892,867</u>	<u>\$ 367,243</u>	<u>\$ 11,479</u>	<u>\$ 1,271,589</u>	<u>\$ 124,767</u>	<u>\$ ---</u>	<u>\$ 711</u>	<u>\$ 125,478</u>
<b>EXPENSES</b>								
Salaries	\$ 591,379	\$ 162,463	\$ ---	\$ 753,842	\$ 97,077	\$ ---	\$ 711	\$ 97,788
Payroll Taxes	45,870	11,485	---	57,355	7,457	---	---	7,457
Employee Benefits	69,663	20,288	---	89,951	1,304	---	---	1,304
Professional Fees	24,230	6,871	---	31,101	4,510	---	---	4,510
Activity Expenses	14,900	29,107	---	44,007	671	---	---	671
Retail Supplies	---	13,483	---	13,483	---	---	---	---
Conferences and Meetings	801	1,334	---	2,135	55	---	---	55
Training	---	315	---	315	---	---	---	---
Supplies	3,150	691	---	3,841	30	---	---	30
Telephone	6,689	1,987	---	8,676	618	---	---	618
Information Technology	4,989	3,382	---	8,371	---	---	---	---
Postage	72	---	---	72	---	---	---	---
Travel	3,101	366	---	3,467	55	---	---	55
Membership Dues	623	38	---	661	---	---	---	---
Printing	379	---	---	379	---	---	---	---
Maintenance of Equipment and Building	31,077	7,587	---	38,664	2,240	---	---	2,240
Equipment Purchases	8,532	4,534	---	13,066	43	---	---	43
Depreciation	-	2,119	---	2,119	---	---	---	---
Property Insurance	5,214	5,182	---	10,396	982	---	---	982
Licenses and Permits	461	24	---	485	42	---	---	42
Special Event Expense	237	72	---	309	---	---	---	---
Other Expenses	1,142	411	---	1,553	194	---	---	194
Donated Goods and Services	-	21,004	---	21,004	---	---	---	---
Admin Allocation	80,358	28,941	---	109,299	9,489	---	---	9,489
Total Expenses	<u>\$ 892,867</u>	<u>\$ 321,684</u>	<u>\$ ---</u>	<u>\$ 1,214,551</u>	<u>\$ 124,767</u>	<u>\$ ---</u>	<u>\$ 711</u>	<u>\$ 125,478</u>
<b>CHANGE IN NET ASSETS</b>	<u>\$ ---</u>	<u>\$ 45,559</u>	<u>\$ 11,479</u>	<u>\$ 57,038</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>
Fixed Asset Purchases		<u>\$ 39,643</u>						

**SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total
<b>FEDERAL EXPENDITURES</b>			
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	560355	\$ 45,010
Nutrition Services	93.045	560353	24,767
Total CFDA 93.045			<u>\$ 69,777</u>
Total Aging Cluster			<u>\$ 69,777</u>
<b>TOTAL FEDERAL EXPENDITURES</b>			<u><u>\$ 69,777</u></u>
<b>STATE EXPENDITURES</b>			
Wisconsin Department of Health Services			
Milwaukee County - Division on Aging			
Meal Site Supervision in County - Owned Senior Centers	435.560355	260-422-11	\$ 54,990
<b>TOTAL STATE EXPENDITURES</b>			<u><u>\$ 54,990</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, 2022**

**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, 2022, 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 24, 2023.

**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  
May 24, 2023



**SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**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 <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 24, 2023