

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(With Summarized Totals for the Year Ended December 31, 2022)

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, 2023, 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, 2023, 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, 2022, financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 24, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, 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 June 26, 2024, 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
June 26, 2024

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023
(With Summarized Totals for December 31, 2022)

ASSETS	2023	2022
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 256,362	\$ 454,519
Grants Receivable	182,695	51,422
Pledges Receivable	45,500	---
Accounts Receivable	6,065	---
Prepaid Expenses	16,197	32,880
Total Current Assets	\$ 506,819	\$ 538,821
FIXED ASSETS		
Equipment	\$ 18,705	\$ 18,705
Vehicles	20,938	20,938
Total Fixed Assets	\$ 39,643	\$ 39,643
Less: Accumulated Depreciation	(5,859)	(2,119)
Net Fixed Assets	\$ 33,784	\$ 37,524
TOTAL ASSETS	\$ 540,603	\$ 576,345
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 5,390	\$ 20,983
Accrued Payroll and Payroll Taxes	39,970	38,320
Sales Tax Payable	289	297
Deferred Revenue	6,650	9,302
Total Current Liabilities	\$ 52,299	\$ 68,902
NET ASSETS		
Without Donor Restrictions	\$ 321,154	\$ 241,564
With Donor Restrictions	167,150	265,879
Total Net Assets	\$ 488,304	\$ 507,443
TOTAL LIABILITIES AND NET ASSETS	\$ 540,603	\$ 576,345

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, 2023
(With Summarized Totals for the Year Ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	2023 Total	2022 Total
REVENUE				
Contributions	\$ 282,424	\$ 141,860	\$ 424,284	\$ 310,378
Earned Revenue	68,895	---	68,895	105,979
Rental Income	75,006	---	75,006	58,233
Milwaukee County DHHS	1,073,910	---	1,073,910	1,017,634
Donated Goods and Services	108,142	---	108,142	21,004
Special Events Revenue	13,748	---	13,748	8,750
Miscellaneous Income	3,484	---	3,484	8,645
Net Assets Released from Restrictions	240,589	(240,589)	---	---
Total Revenue	<u>\$ 1,866,198</u>	<u>\$ (98,729)</u>	<u>\$ 1,767,469</u>	<u>\$ 1,530,623</u>
EXPENSES				
Program Services	\$ 1,510,000	\$ ---	\$ 1,510,000	\$ 1,359,369
Management and General	159,052	---	159,052	142,337
Fundraising	117,556	---	117,556	110,479
Total Expenses	<u>\$ 1,786,608</u>	<u>\$ ---</u>	<u>\$ 1,786,608</u>	<u>\$ 1,612,185</u>
CHANGE IN NET ASSETS	\$ 79,590	\$ (98,729)	\$ (19,139)	\$ (81,562)
Net Assets, Beginning of Year	<u>241,564</u>	<u>265,879</u>	<u>507,443</u>	<u>589,005</u>
NET ASSETS, END OF YEAR	<u>\$ 321,154</u>	<u>\$ 167,150</u>	<u>\$ 488,304</u>	<u>\$ 507,443</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, 2023
(With Summarized Totals for the Year Ended December 31, 2022)

EXPENSES	Program Services	Management and General	Fundraising	2023 Total	2022 Total
Salaries	\$ 995,299	\$ 106,203	\$ 57,182	\$ 1,158,684	\$ 1,089,987
Payroll Taxes	79,874	8,425	4,289	92,588	83,171
Employee Benefits	80,785	2,600	6,115	89,500	103,851
Professional Fees	5,589	32,805	41,176	79,570	88,642
Activity Expenses	105,284	---	100	105,384	48,707
Retail Supplies	14,105	---	---	14,105	13,483
Conferences and Meetings	908	3,258	---	4,166	4,438
Training	---	---	---	---	370
Supplies	4,429	906	525	5,860	6,163
Telephone	9,602	378	---	9,980	9,665
Information Technology	6,948	358	---	7,306	8,823
Postage	159	150	1,095	1,404	2,071
Travel	3,798	120	13	3,931	4,225
Membership Fees	326	734	---	1,060	1,018
Printing	828	155	4,811	5,794	4,976
Maintenance of Equipment and Building	49,364	7	---	49,371	41,287
Equipment Purchases	23,626	356	26	24,008	57,902
Depreciation	3,739	---	---	3,739	2,119
Interest Expense	---	16	---	16	---
Property Insurance	14,660	1,182	1,057	16,899	14,582
Licenses and Permits	718	563	---	1,281	1,754
Events Expense	339	---	1,167	1,506	402
Other Expenses	1,478	836	---	2,314	3,545
Donated Goods and Services	108,142	---	---	108,142	21,004
TOTAL EXPENSES	\$ 1,510,000	\$ 159,052	\$ 117,556	\$ 1,786,608	\$ 1,612,185

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, 2023
(With Summarized Totals for the Year Ended December 31, 2022)

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (19,139)	\$ (81,562)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation Expense	3,739	2,119
(Increase) Decrease in Grants Receivable	(131,273)	7,314
(Increase) Decrease in Pledges Receivable	(45,500)	150,000
(Increase) Decrease in Accounts Receivable	(6,065)	---
(Increase) Decrease in Prepaid Expenses	16,683	(9,073)
Increase (Decrease) in Accounts Payable	(15,593)	5,400
Increase (Decrease) in Accrued Payroll and Payroll Taxes	1,650	6,407
Increase (Decrease) in Sales Tax Payable	(8)	(400)
Increase (Decrease) in Deferred Revenue	<u>(2,651)</u>	<u>2,513</u>
Net Cash (Used) Provided by Operating Activities	<u>\$ (198,157)</u>	<u>\$ 82,718</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	<u>\$ ---</u>	<u>\$ (39,643)</u>
Net Cash Used by Investing Activities	<u>\$ ---</u>	<u>\$ (39,643)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	\$ (198,157)	\$ 43,075
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>454,519</u>	<u>411,444</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 256,362</u></u>	<u><u>\$ 454,519</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Donated Stock	\$ 5,070	\$ ---

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, 2023

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023

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, 2023

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, 2023, was \$1,997.

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, 2023

NOTE B - Accounting Standard Changes

Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326) is 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. The implementation of this standard did not materially impact the financial statements of the Organization.

NOTE C - Comparative Financial Information

The financial information shown for 2022 in the accompanying financial statements is included to provide a basis for comparison with 2023 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, 2022, 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 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, 2023.

Financial assets available for use consist of the following as of December 31, 2023:

<u>Description</u>	<u>Amount</u>
Cash and Cash Equivalents	\$ 256,362
Grants Receivable	182,695
Pledges Receivable	45,500
Accounts Receivable	6,065
Less: Amounts Restricted for Use	<u>(150,375)</u>
Financial Assets Available for Use	<u>\$ 340,247</u>

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE E - Concentration of Risk

The Organization's grants receivable is derived 96% from the Milwaukee County. The concentration of receivables from one source constitutes a risk to the Organization. The Organization's revenue is derived 61% from the Milwaukee County, which also constitutes a concentration of revenue from one source.

NOTE F - Grants Receivable

Grants receivable consists of the following as of December 31, 2023:

<u>Source</u>	<u>Amount</u>
Milwaukee County DHHS	\$182,025
Other	<u>670</u>
Total	<u>\$182,695</u>

NOTE G - Pledges Receivable

Pledges receivable totals \$45,500, which consists of foundation grants of \$44,000 and a general donation of \$1,500 as of December 31, 2023. The pledges are expected to be collected in 2024.

NOTE H - Deferred Revenue

Deferred revenue consists of the following as of December 31, 2023:

<u>Source</u>	<u>Amount</u>
Rental Income	<u>\$6,650</u>
Total	<u>\$6,650</u>

NOTE I - Donated Goods and Services

The Organization received \$108,142 in donated goods, which consisted of office furniture valued at \$1,825 and food valued at \$106,316. The furniture was used throughout the senior centers and the food was provided to seniors. The goods were valued at prices for similar items in the wholesale market. The \$108,142 of furniture and food are included in the financial statements.

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE I - Donated Goods and Services (continued)

The Organization works in partnership with Hunger Task Forces to provide food stock boxes to seniors. Organization staff and volunteers work with staff of Hunger Task Force staff to distribute stock boxes to eligible individuals. Serving Older Adults of Southeast Wisconsin, Inc. is not considered a sub-recipient because it assists in the program while Hunger Task Force is onsite providing the direct program services. The food provided to seniors through the stock box program is not included in the financial statements.

Individuals donated approximately 29,874 hours to the Organization during the year ended December 31, 2023, with an estimated value of \$1,000,480 for senior center and dining operations. The values of the donated services are not reflected in the Organization's financial statements.

NOTE J - 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 9.50% as of December 31, 2023). The line of credit had no balance as of December 31, 2023.

NOTE K - 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, 2023, was \$75,006. Cash received for rentals occurring in future periods was \$6,650 as of December 31, 2023, and is included in refundable advances. The deferred revenue as of December 31, 2023, was \$6,650.

NOTE L - 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, 2023, was \$68,895. There were no assets as of December 31, 2023, or 2022. Refundable advances were \$-0- and \$2,007 as of December 31, 2023, and 2022, respectively.

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

NOTE M - Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of December 31, 2023:

<u>Description</u>	<u>Amount</u>
Technology	\$127,041
Clinton Rose Black History	1,000
Gammill	5,834
2024 Operations	14,000
Senior Center 2024 Activities	2,775
Health and Wellness	<u>16,500</u>
Total Net Assets with Donor Restrictions	<u>\$167,150</u>

NOTE N - 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 \$1,073,910 to carry out its programs during the year ended December 31, 2023, of which \$182,025 is included in grants receivable as of December 31, 2023.

NOTE O - 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, 2023.

NOTE P - 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, 2023, 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 Q - Subsequent Events

The Organization has evaluated events and transactions occurring after December 31, 2023, through June 26, 2024, 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, 2023
(With Summarized Totals for the Year Ended December 31, 2022)

	Senior Centers	Dining	Technology	Total Program	Management and General	Fundraising	2023 Total	2022 Total
REVENUE								
Contributions	\$ 188,287	\$ ---	\$ 17,940	\$ 206,227	\$ ---	\$ 76,197	\$ 282,424	\$ 257,889
Earned Revenue	68,230	---	665	68,895	---	---	68,895	105,979
Rental Income	75,006	---	---	75,006	---	---	75,006	58,233
Milwaukee County DHHS	915,592	100,000	58,318	1,073,910	---	---	1,073,910	1,017,634
Donated Good and Services	108,142	---	---	108,142	---	---	108,142	21,004
Special Events Revenue	8,764	20	---	8,784	---	4,964	13,748	8,750
Miscellaneous Income	1,068	---	80	1,148	2,309	27	3,484	8,645
Net Assets Released From Restrictions	105,955	33,074	85,307	224,336	---	16,253	240,589	217,456
Total Revenue	\$ 1,471,044	\$ 133,094	\$ 162,310	\$ 1,766,448	\$ 2,309	\$ 97,441	\$ 1,866,198	\$ 1,695,590
EXPENSES								
Salaries	\$ 798,330	\$ 108,048	\$ 88,921	\$ 995,299	\$ 106,203	\$ 57,182	\$ 1,158,684	\$ 1,089,987
Payroll Taxes	63,527	9,091	7,256	79,874	8,425	4,289	92,588	83,171
Employee Benefits	78,877	1,019	889	80,785	2,600	6,115	89,500	103,851
Professional Fees	20,925	2,574	2,610	26,109	11,057	42,404	79,570	88,642
Activity Expenses	41,442	---	63,842	105,284	---	100	105,384	48,707
Retail Supplies	14,105	---	---	14,105	---	---	14,105	13,483
Conferences and Meetings	728	135	45	908	3,258	---	4,166	4,438
Training	---	---	---	---	---	---	---	370
Supplies	4,160	144	125	4,429	906	525	5,860	6,163
Telephone	9,602	---	---	9,602	378	---	9,980	9,665
Information Technology	6,801	---	147	6,948	358	---	7,306	8,823
Postage	159	---	---	159	150	1,095	1,404	2,071
Travel	2,454	231	1,113	3,798	120	13	3,931	4,225
Membership Dues	326	---	---	326	734	---	1,060	1,018
Printing	347	29	452	828	155	4,811	5,794	4,976
Maintenance of Equipment and Building	49,314	50	---	49,364	7	---	49,371	41,287
Equipment Purchases	22,708	130	788	23,626	356	26	24,008	57,902
Depreciation	3,739	---	---	3,739	---	---	3,739	2,119
Interest	---	---	---	---	16	---	16	---
Property Insurance	12,247	1,098	1,315	14,660	1,182	1,057	16,899	14,582
Licenses and Permits	278	44	396	718	563	---	1,281	1,754
Special Event Expense	339	---	---	339	---	1,167	1,506	402
Other Expenses	1,376	78	24	1,478	836	---	2,314	3,545
Donated Goods and Services	108,142	---	---	108,142	---	---	108,142	21,004
Admin Allocation	103,283	11,580	10,122	124,985	(137,304)	12,319	---	---
Total Expenses	\$ 1,343,209	\$ 134,251	\$ 178,045	\$ 1,655,505	\$ ---	\$ 131,103	\$ 1,786,608	\$ 1,612,185
CHANGE IN NET ASSETS	\$ 127,835	\$ (1,157)	\$ (15,735)	\$ 110,943	\$ 2,309	\$ (33,662)	\$ 79,590	\$ 83,405

**SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
SCHEDULE OF PROGRAM REVENUE AND EXPENSES BY FUNDING SOURCE - MILWAUKEE COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Senior Centers				Dining Program			
	Milwaukee County	Without Donor Restrictions Gift Shop and Retail Sales	With Donor Restrictions Earned Revenue	Total Senior Center 2023	Milwaukee County	Without Donor Restrictions Earned Revenue	With Donor Restrictions Earned Revenue	Total Dining 2023
REVENUE								
Contributions	\$ ---	\$ 188,287	\$ 20,275	\$ 208,562	\$ ---	\$ ---	\$ ---	\$ ---
Earned Revenue								
Activity Income	---	24,943	---	24,943	---	---	---	---
Gift Shop Income	---	22,503	---	22,503	---	---	---	---
Retail Sales	---	20,784	---	20,784	---	---	---	---
Rental Income	---	75,006	---	75,006	---	---	---	---
Milwaukee County DHHS	915,592	---	---	915,592	100,000	---	---	100,000
Contributed Goods and Services	---	108,142	---	108,142	---	---	---	---
Special Events Revenue	---	8,764	---	8,764	---	20	---	20
Miscellaneous Income	---	1,068	---	1,068	---	---	---	---
Net Assets Released From Restrictions	---	105,955	---	105,955	---	33,074	---	33,074
Total Revenue	<u>\$ 915,592</u>	<u>\$ 555,452</u>	<u>\$ 20,275</u>	<u>\$ 1,491,319</u>	<u>\$ 100,000</u>	<u>\$ 33,094</u>	<u>\$ ---</u>	<u>\$ 133,094</u>
EXPENSES								
Salaries	\$ 602,644	\$ 195,686	\$ ---	\$ 798,330	\$ 86,719	\$ 21,329	\$ ---	\$ 108,048
Payroll Taxes	45,240	18,287	---	63,527	1,139	7,952	---	9,091
Employee Benefits	77,589	1,288	---	78,877	839	180	---	1,019
Professional Fees	18,402	2,523	---	20,925	1,071	1,503	---	2,574
Activity Expenses	20,367	21,075	---	41,442	---	---	---	---
Retail Supplies	11,721	2,384	---	14,105	---	---	---	---
Conferences and Meetings	---	728	---	728	135	---	---	135
Supplies	3,191	969	---	4,160	134	10	---	144
Telephone	9,053	549	---	9,602	---	---	---	---
Information Technology	6,654	147	---	6,801	---	---	---	---
Postage	159	---	---	159	---	---	---	---
Travel	2,007	447	---	2,454	218	13	---	231
Membership Dues	---	326	---	326	---	---	---	---
Printing	---	347	---	347	---	29	---	29
Maintenance of Equipment and Building	3,403	45,911	---	49,314	---	50	---	50
Equipment Purchases	21,075	1,633	---	22,708	65	65	---	130
Depreciation	---	3,739	---	3,739	---	---	---	---
Property Insurance	8,237	4,010	---	12,247	811	287	---	1,098
Licenses and Permits	---	278	---	278	---	44	---	44
Special Event Expense	---	339	---	339	---	---	---	---
Other Expenses	1,350	26	---	1,376	---	78	---	78
Donated Goods and Services	4,142	104,000	---	108,142	---	---	---	---
Admin Allocation	80,358	22,925	---	103,283	8,869	2,711	---	11,580
Total Expenses	<u>\$ 915,592</u>	<u>\$ 427,617</u>	<u>\$ ---</u>	<u>\$ 1,343,209</u>	<u>\$ 100,000</u>	<u>\$ 34,251</u>	<u>\$ ---</u>	<u>\$ 134,251</u>
CHANGE IN NET ASSETS	<u>\$ ---</u>	<u>\$ 127,835</u>	<u>\$ 20,275</u>	<u>\$ 148,110</u>	<u>\$ ---</u>	<u>\$ (1,157)</u>	<u>\$ ---</u>	<u>\$ (1,157)</u>

SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
SCHEDULE OF PROGRAM REVENUE AND EXPENSES BY FUNDING SOURCE - MILWAUKEE COUNTY
FOR THE YEAR ENDED DECEMBER 31, 2023

	Technology			Total Technology 2023
	Milwaukee County	Without Donor Restrictions Gift Shop and Retail Sales	With Donor Restrictions Earned Revenue	
REVENUE				
Contributions	\$ ---	\$ 17,940	\$ 107,585	\$ 125,525
Earned Revenue				
Activity Income	---	665	---	665
Gift Shop Income	---	---	---	---
Retail Sales	---	---	---	---
Rental Income	---	---	---	---
Milwaukee County DHHS	58,318	---	---	58,318
Contributed Goods and Services	---	---	---	---
Special Events Revenue	---	---	---	---
Miscellaneous Income	---	80	---	80
Net Assets Released From Restrictions	---	85,307	---	85,307
Total Revenue	\$ 58,318	\$ 103,992	\$ 107,585	\$ 269,895
EXPENSES				
Salaries	\$ 11,137	\$ 77,784	\$ ---	\$ 88,921
Payroll Taxes	907	6,349	---	7,256
Employee Benefits	---	889	---	889
Professional Fees	1,589	1,021	---	2,610
Activity Expenses	44,174	19,668	---	63,842
Retail Supplies	---	---	---	---
Conferences and Meetings	---	45	---	45
Supplies	46	79	---	125
Telephone	---	---	---	---
Information Technology	147	---	---	147
Postage	---	---	---	---
Travel	318	795	---	1,113
Membership Dues	---	---	---	---
Printing	---	452	---	452
Maintenance of Equipment and Building	---	---	---	---
Equipment Purchases	---	788	---	788
Depreciation	---	---	---	---
Property Insurance	---	1,315	---	1,315
Licenses and Permits	---	396	---	396
Special Event Expense	---	---	---	---
Other Expenses	---	24	---	24
Donated Goods and Services	---	---	---	---
Admin Allocation	---	10,122	---	10,122
Total Expenses	\$ 58,318	\$ 119,727	\$ ---	\$ 178,045
CHANGE IN NET ASSETS	\$ ---	\$ (15,735)	\$ 107,585	\$ 91,850

**SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Total
FEDERAL EXPENDITURES			
U.S. Department of Agriculture			
Hunger Task Force of Milwaukee			
Emergency Food Assistance Program (Food Commodities)			
Total ALN 10.569/Food Distribution Cluster	10.569		<u>\$ 105,454</u>
U.S. Department of Health and Human Services			
Milwaukee County DHHS			
Special Programs for the Aging, Title III, Part B,			
Grants for Supportive Services and Senior Centers			
ARPA IIIB	93.044	560343	\$ 326,672
Senior Center - Title III-B	93.044	560340	<u>30,000</u>
Total ALN 93.044			<u>\$ 356,672</u>
Special Programs for the Aging - Title III, Part C -			
Nutrition Services	93.045	560355	<u>42,880</u>
Total Aging Cluster			<u>\$ 399,552</u>
 TOTAL FEDERAL EXPENDITURES			 <u>\$ 505,006</u>
STATE EXPENDITURES			
Wisconsin Department of Health Services			
Milwaukee County DHHS			
Meal Site Supervision in County - Owned Senior Centers		435.560355	<u>\$ 57,120</u>
 TOTAL STATE EXPENDITURES			 <u>\$ 57,120</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, 2023

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*, 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, 2023, 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 26, 2024.

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 26, 2024

**SERVING OLDER ADULTS OF SOUTHEAST WISCONSIN, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2023**

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 26, 2024