

**Northeast Missouri Area
Agency on Aging
Kirksville, Missouri**

**Annual Financial Statements
And Accompanying Auditor's Report**

For the Year Ended June 30, 2017

Northeast Missouri Area Agency on Aging

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Northeast Missouri Area Agency on Aging

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Section I

Financial Statements and

Supplementary Information

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Independent Auditor's Report

To the Board of Directors
Northeast Missouri Area Agency
on Aging
Kirksville, Missouri

To the Missouri Department
of Health and Senior Services
Division of Senior and Disability Services
Jefferson City, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of Northeast Missouri Area Agency on Aging (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Missouri Department of Health and Senior Services, Division of Senior and Disability Services "Mandated Audit Criteria." Those standards and the "Mandated Audit Criteria" require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeast Missouri Area Agency on Aging as of June 30, 2017, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is also not a required part of the 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 March 4, 2018, on our consideration of Northeast Missouri Area Agency on Aging's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. 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 Northwest Missouri Area Agency on Aging'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 Northeast Missouri Area Agency on Aging's internal control over financial reporting and compliance.

Marsh, Espey & Riggs, P.C.

Maryville, Missouri
March 4, 2018

**Northeast Missouri Area Agency on Aging
Statement of Financial Position
June 30, 2017**

Assets

Cash	\$ 257,711
Grants receivable:	
Missouri Department of Health and Senior Services	20,694
Other	42,486
Accounts receivable:	
Missouri HealthNet Division	175,568
Prepaid expenses	8,711
Property, net of accumulated depreciation	<u>122,526</u>
 Total assets	 <u><u>627,696</u></u>

Liabilities

Refundable advances:	
Missouri Department of Health and Senior Services funds held in trust	40,259
Accounts payable	430,369
Accrued liabilities	<u>19,515</u>
 Total liabilities	 <u><u>490,143</u></u>

Net Assets

Unrestricted	<u>137,553</u>
 Total net assets	 <u><u>137,553</u></u>
 Total liabilities and net assets	 <u><u>\$ 627,696</u></u>

See accompanying notes to financial statements.

**Northeast Missouri Area Agency on Aging
Statement of Activities
For the Year Ended June 30, 2017**

	<u>Unrestricted</u>
Revenues:	
Missouri Department of Health and Senior Services	\$ 2,276,947
Other Federal Programs	179,850
Missouri HealthNet Division	1,011,087
Missouri Department of Transportation	75,923
Program Income	1,118,589
Interest on Local Funds	81
Interest	2,124
Other Cash - DHSS Match	119,869
Other Cash - Non-DHSS Match	1,095,161
Total revenues	<u>5,879,631</u>
Expenses:	
Program Services:	
Supportive	684,243
Ombudsman	45,481
Congregate Meals	1,520,877
Home Delivered Meals	3,170,496
Disease Prevention and Health Promotion	20,598
Family Caregivers	133,538
Special Programs:	
MIPPA	10,317
Navigator	134,949
Benefit Enrollment Center	44,901
Supporting Activities:	
Area Agency Administration	114,150
Area Agency Funds	4,056
Total expenses	<u>5,883,606</u>
Change in net assets	(3,975)
Net assets, beginning of year	<u>141,528</u>
Net assets, end of year	<u><u>\$ 137,553</u></u>

See accompanying notes to financial statements.

**Northeast Missouri Area Agency on Aging
Statement of Functional Expenses
For the Year Ended June 30, 2017**

	Supporting Activities		Program Services							Total
	Area Agency Administration	Area Agency Funds	Supportive	Ombudsman	Congregate	Home Delivered	Disease & Health	Family Caregivers	Special Programs	
Expenses:										
Personnel and fringe	\$ 93,684	\$ -	\$ 39,913	\$ 1,095	\$ 12,597	\$ 31,212	\$ 959	\$ 10,596	\$ -	\$ 190,056
Travel	8,614	-	271	-	404	404	-	85	-	9,778
Occupancy and communications	3,228	-	1,950	50	558	1,290	45	483	-	7,604
Printing, supplies, postage	2,437	-	1,433	36	408	953	32	354	-	5,653
Equipment:										
Computer, fax, printing	-	-	-	-	-	-	-	-	-	-
Other Costs:										
Maintenance and repairs	714	-	431	11	123	285	10	107	-	1,681
Professional services	45	-	27	1	8	18	1	7	-	107
NAPIS	481	-	4,784	1,252	3,818	3,818	-	3,236	-	17,389
Insurance and bonding	2,823	-	1,704	44	487	1,128	39	422	-	6,647
Memberships, dues, subscriptions	1,235	-	18	-	5	12	-	5	-	1,275
Advertising	889	-	910	14	154	355	12	132	-	2,466
Contractual services	-	-	632,802	42,978	1,502,315	3,131,021	19,500	118,111	190,167	5,636,894
Depreciation	-	4,056	-	-	-	-	-	-	-	4,056
Total expenses	\$ 114,150	\$4,056	\$ 684,243	\$ 45,481	\$ 1,520,877	\$ 3,170,496	\$ 20,598	\$ 133,538	\$ 190,167	\$ 5,883,606

See accompanying notes to financial statements.

Northeast Missouri Area Agency on Aging
Statement of Cash Flows
For the Year Ended June 30, 2017

Cash Flows From Operating Activities:

Cash received from:

Missouri Department of Health and Senior Services	\$ 2,243,087
Other Federal Programs	140,641
Missouri HealthNet Division	996,800
Missouri of Department Transportation	75,923
Program income	1,118,589
Interest on local funds	81
Interest	2,124
Other cash - DHSS match	119,869
Other cash - Non-DHSS match	1,095,161
Cash paid to contractors	(5,585,046)
Cash paid to suppliers and employees	(238,361)
Net cash used for operating activities:	<u>(31,132)</u>

Cash flows from investing activities:

Purchase of property	<u>(765)</u>
Net cash used for investing activities	<u>(765)</u>

Net decrease in cash (31,897)

Cash, beginning of year 289,608

Cash, end of year 257,711

Reconciliation of Change in Net Assets to Net Cash

Flows from Operating Activities:

Change in net assets	(3,975)
Adjustments to reconcile change in net assets to net cash used for operating activities:	
Depreciation	4,056
(Increase) decrease in:	
Grants receivable:	
Missouri Department of Health and Senior Services	(13,885)
Other	(39,209)
Accounts receivable:	
Missouri HealthNet Division	(14,287)
Prepaid expenses	2,139
Increase (decrease) in:	
Refundable advances:	
Missouri Department of Health and Senior Services funds held in trust	(19,975)
Accounts payable	51,696
Accrued liabilities	2,308
Net cash used for operating activities	<u>\$ (31,132)</u>

See accompanying notes to financial statements.

Northeast Missouri Area Agency on Aging
Notes to Financial Statements
June 30, 2017

Note 1 – Organization and Nature of Activities

Northeast Missouri Area Agency on Aging (the Organization) is a not-for-profit community-based organization incorporated in 1973 and governed by a local Board of Directors. The primary purpose of the Organization is the establishment of the priorities and development of overall plans for programs on aging in the Multi-County Area of Northeast Missouri. The Organization receives funds under Title III and other Titles of the Older Americans Act (OAA), as amended, and such other sources as may become available. The Organization is mandated by the OAA to use subgrants or contracts with service providers to provide all services under OAA funding sources. The Organization may request a waiver, from the Missouri Department of Health and Senior Services, Division of Senior and Disability Services, to provide a service directly. The level of services provided is dependent upon the amount of funding provided under contract from the Missouri Department of Health and Senior Services. The accompanying financial statements include all funds that are directly controlled by the Organization.

Description of Program Services and Supporting Activities

The following program and supporting services are included in the accompanying financial statements:

Supportive – provides transportation, homemaker, personal care, legal assistance, and information and assistance services to older individuals.

Ombudsman – provides services of an ombudsman to receive, investigate, and act on complaints by older individuals who are residents of long-term care facilities and to advocate for the well being of those older individuals.

Congregate – provides a daily meal and other appropriate nutrition services in a congregate setting primarily to older individuals and other eligible recipients.

Home Delivered – provides a home delivered meal daily primarily to older individuals and other eligible recipients.

Disease Prevention and Health Promotion – provides the powerful tools for caregivers program.

Family Caregivers – provides in-home respite and information and assistance services to assist family caregivers in providing extended care to older persons.

Special Programs – provides outreach to low-income beneficiaries (MIPPA), assistance with accessing health insurance coverage under the Affordable Care Act (Navigator) and outreach and assistance with benefit programs (Benefit Enrollment Center).

Northeast Missouri Area Agency on Aging
Notes to Financial Statements
June 30, 2017

Note 1 – Organization and Nature of Activities (continued)

Description of Program Services and Supporting Activities (continued)

Area Agency Administration – includes the functions necessary to ensure an adequate working environment; provide coordination and articulation of the Area Agency’s programs; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of the Area Agency.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

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

Basis of Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Assets are sequenced according to their nearness of conversion to cash, and liabilities are sequenced according to the nearness of their maturity and resulting use of cash.

Accounting Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through March 4, 2018, the date on which the financial statements were available to be issued.

Fund Accounting

To facilitate observance of limitations and restrictions placed on the use of resources available to the Organization, the accounts of the Organization are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose. Separate accounts are maintained for each fund; however, for financial reporting purposes the funds have been combined.

Northeast Missouri Area Agency on Aging
Notes to Financial Statements
June 30, 2017

Note 2 – Summary of Significant Accounting Policies (continued)

Revenue Recognition

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Unconditional promises to give are reported at net realizable value if expected to be received in one year or less and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Cost reimbursement grants (federal grants and state general revenues) are recognized as revenue when allowable expenditures are incurred and all other grant related requirements have been met. Cash entitlement in lieu of commodities is earned when received or receivable and the Organization has served enough eligible meals to qualify for the cash entitlement in lieu of commodities. Program income is recognized when received. Interest income is recognized in the period earned. Other cash is recognized when earned consistent with the terms and conditions that govern the funding.

Budgetary Accounting

Budgets are adopted for each service provided based on an Area Plan approved by the Missouri Department of Health and Senior Services. Budget revisions are determined in accordance with applicable Missouri Department of Health and Senior Services regulations on grant administration.

Cash equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents include all highly liquid investments with a maturity of three months or less when acquired. The Organization has no cash equivalents at June 30, 2017.

Accounts Receivable

Accounts receivables are reported at unpaid balances adjusted for any charge offs. Accounts receivables are considered past due after one year. Past due accounts are not assessed a finance charge. There are no past due accounts receivables.

Allowance for Doubtful Accounts

The Organization has not established an allowance for doubtful accounts as the majority of the Organization's receivables are due from governmental agencies and experience has shown that the Organization is able to collect all amounts due.

**Northeast Missouri Area Agency on Aging
Notes to Financial Statements
June 30, 2017**

Note 2 – Summary of Significant Accounting Policies (continued)

Property and Equipment

Additions and betterments of \$500 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Property and equipment are carried at cost.

Property and equipment acquired with grant award funds is owned by the Organization while used in the program for which it was purchased or in other future authorized programs. The funding sources, however, have a reversionary interest in the property and equipment purchased with grant funds. The disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations.

Equipment acquired with grant award funds is charged to expense in the period of purchase instead of being depreciated over its useful life. Generally accepted accounting principles require that equipment acquired with grant award funds be depreciated. If the equipment were capitalized and depreciated (using the straight-line method), the cost of equipment, net of depreciation, at June 30, 2017 would be \$1,248. This practice does not represent a material departure from generally accepted accounting principles.

Property is being depreciated on the straight-line basis over the estimated useful lives of the assets as follows:

Building and improvements	40 years
Parking lot	10 years

Funds held in trust

The Organization records Missouri Department of Health and Senior Services (DHSS) unearned grant allotment balances as a refundable advance until they are expended for the purpose of the grant and all other grant related requirements have been met, at which time they are recognized as revenue.

Compensated Absences

Employees of the Organization are entitled to paid vacation and paid sick days, depending on job classification, length of service, and other factors. The Organization's policy is to recognize the costs of compensated absences when incurred. Total vested leave at June 30, 2017 amounted to \$19,515 and is reported as "accrued liabilities" in the Statement of Financial Position.

Northeast Missouri Area Agency on Aging
Notes to Financial Statements
June 30, 2017

Note 2 – Summary of Significant Accounting Policies (continued)

Net Assets

The Organization's net assets are classified as follows:

Permanently restricted net assets: consist of funds in which donors or other outside parties have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to the principal.

Temporarily restricted net assets: consist of those net assets whose use by the Organization have been limited by donors to later periods of time or after specified dates or to specified purposes.

Unrestricted net assets: represents those net assets whose use is not restricted by donors, even though their use may be limited in other respects, such as by contract or by board designation. Changes in net assets arising from exchange transactions are included as well as resources derived from gifts and contributions. These resources are used at the discretion of the governing board to meet current expenses for any purpose.

Limitations on Unrestricted Net Assets

Grantor agencies impose significant limitations on the use of grant resources. Therefore, unrestricted net assets derived from grant resources are limited in use to those activities which are allowed under the terms of the grant awards and related grant program rules and regulations. Funds not used for purposes specified in the grant award document or the related grant program rules and regulations may be required to be repaid by the grantor agency.

Contributions

Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence or nature of any donor restrictions.

Donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted contributions.

Donated Facilities, Materials and Services

Donated services are recognized as contributions at their estimated fair value if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and the service would typically need to be purchased if not donated. There were no contributed services meeting the requirements for recognition in the financial statements.

Northeast Missouri Area Agency on Aging
Notes to Financial Statements
June 30, 2017

Note 2 – Summary of Significant Accounting Policies (continued)

Donated Facilities, Materials and Services (continued)

Other donated services, which have not been included in the financial statements because they do not meet the criteria for recognition, were contributed by various individuals and organizations. The total estimated fair value of donated services that are not recognized in the financial statements is \$287,763 for 2017. Donated facilities, materials and services are used to meet non-Federal share matching requirements of the grant programs.

Concentration of Cash

The Organization maintains its cash deposits in one financial institution located in Kirksville, Missouri. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2017, the Organization's uninsured cash balance totals \$21,840. U.S. Treasury Notes, with a market value on June 30, 2017 of \$597,375, are pledged as collateral for cash balances in excess of federally insured limits. The Organization has not experienced any losses in bank deposit accounts. The Organization believes it is not exposed to any significant credit risk on cash balances.

Concentration of Credit Risk

The Organization receives support from various federal and state agencies. At June 30, 2017, 82% of the grants and contracts receivable balances were due from state governmental agencies.

Concentration of Revenue

The Organization receives approximately 60% of its revenues from federal and state governmental agencies. Of this amount, approximately 64% is received from the Missouri Department of Health and Senior Services and approximately 29% from the Missouri HealthNet Division. Approximately 40% of the Organization's revenues are from program income and other cash generated through awards to various organizations for the delivery of services to eligible recipients.

Expense Allocation

Shared costs are allocated to benefiting programs using various allocation methods, depending on the type of shared cost being allocated. Shared costs are those costs incurred for the common benefit of all Organization programs, but which cannot be readily identified with a final cost objective. Expenses are allocated to program services and supporting activities on the following bases:

Personnel and fringe – Salaries and wages, leave, and fringe benefits are allocated to each program or activity in accordance with job descriptions and time analysis for various functions.

Northeast Missouri Area Agency on Aging
Notes to Financial Statements
June 30, 2017

Note 2 – Summary of Significant Accounting Policies (continued)

Expense Allocation (continued)

Travel, napis user access fees, memberships and dues, and depreciation – Costs are billed directly to the program benefited.

Occupancy and communications, printing, supplies and postage, equipment, maintenance and repairs, professional services, insurance and bonding, subscriptions, and advertising – Costs are allocated to each program based on square footage occupied.

Income Taxes

The Organization is a not-for-profit organization exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. It is also exempt from state income taxes under the Missouri Not-for-Profit Corporation Act.

Uncertain Tax Positions

The accounting standards on accounting for uncertainty in income taxes address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization shall recognize the tax benefit from an uncertain tax position when it is more likely than not, based on the technical merits, that the tax position will be sustained on examination. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income.

Management evaluates the Organization's tax positions annually for any potential changes or issues that may result in uncertainty in the accounting for income taxes. As of June 30, 2017, management believes the Organization's tax status to be that of a not-for-profit entity. Management has reviewed all sources of revenue and does not believe the Organization to be subject to income tax on unrelated business income. The Organization did not record any interest or penalties in the statement of activities or statement of financial position as of and during the year ended June 30, 2017. Tax returns filed for the years ended June 30, 2015 through 2017 remain subject to examination by the Internal Revenue Service.

Advertising

The Organization's policy is to expense advertising costs as they are incurred. Total advertising costs expensed in 2017 was \$2,466.

Northeast Missouri Area Agency on Aging
Notes to Financial Statements
June 30, 2017

Note 3 – Cash

The Organization must comply with various restrictions on deposits which are imposed by federal and state regulations as follows:

Deposits: All deposits with financial institutions must be held in depositories insured by the FDIC and deposits in excess of FDIC coverage limits must be collateralized. Also, Federal regulations require that all advances of Federal funds shall be deposited and maintained in insured accounts whenever possible.

Note 4 – Grants Receivable

The following is a summary of grants receivable at June 30, 2017:

	<u>Conditional Promises to Give due in:</u>			<u>Total</u>	<u>Allowance</u>
	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>		
Missouri Department of Health and Senior Services	\$ 20,694	\$ -	\$ -	\$ 20,694	\$ -
Other:					
Navigator	37,865	-	-	37,865	-
Benefit Enrollment Center	4,621	-	-	4,621	-
Total	<u>\$ 63,180</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,180</u>	<u>\$ -</u>

Note 5 – Property and Equipment

The following is a summary of property at June 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Building and improvements	141,657	765	-	142,422
Parking lot	7,000	-	-	7,000
Total	173,657	765.00	-	174,422
Accumulated depreciation	(47,840)	(4,056)	-	(51,896)
Net	<u>\$ 125,817</u>	<u>\$ (3,291)</u>	<u>\$ -</u>	<u>\$ 122,526</u>

The aggregate depreciation charged to operations for 2017 was \$4,056. The depreciation policies are described in Note 2.

Northeast Missouri Area Agency on Aging
Notes to Financial Statements
June 30, 2017

Note 6 – Equipment Inventory

In accordance with grant regulations, the Organization has established an amount of \$500 for inventory control purposes only. The following is a summary of changes in equipment inventory for the fiscal year ended June 30, 2017:

Balance, beginning of year	\$ 30,222
Additions	--
Dispositions	(--)
Balance, end of year	<u>\$ 30,222</u>

Note 7 – Employee Benefit Plan

The Organization has a Simplified Employee Pension plan under section 408k of the Internal Revenue Code. Plan contributions are made to individual retirement accounts of all eligible employees. The Organization contributed 15% per month for the year ended June 30, 2017, for total plan contributions of \$20,394.

Note 8 – Commitments and Contingencies

Grant Awards

Financial awards from Federal and state governmental agencies in the form of grants are subject to audit by the appropriate grantor agency. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. The Organization believes that disallowed costs, if any, based upon subsequent audits by the grantor agencies will not have a material effect on the overall financial position of the Organization.

Grants Payable to Others

The Organization is mandated by the Older Americans Act (OAA) to use subgrants or contracts with service providers to provide all services under OAA funding sources, unless the Organization is granted a waiver to provide services directly. The Organization has entered into subgrants with service providers for the provision of supportive, ombudsman, congregate, home delivered, and family caregivers services for fiscal year 2017 – 2018.

Note 9 – Special Events

During 2017, the Organization did not conduct any special events that were peripheral or incidental to the Organization's central activities.

Supplementary Information

**Northeast Missouri Area Agency on Aging
Supplementary Information
Schedule of Financial Position
June 30, 2017**

	<u>Grant Basis</u>	<u>GAAP Adjustments</u>	<u>GAAP Basis</u>
Assets			
Cash	\$ 257,711	-	\$ 257,711
Grants receivable:			
Missouri Department of Health and Senior Services	20,694	-	20,694
Other	42,486	-	42,486
Accounts receivable:			
Missouri HealthNet Division	175,568	-	175,568
Prepaid expenses	8,711	-	8,711
Property, net of accumulated depreciation	<u>-</u>	<u>122,526</u>	<u>122,526</u>
Total assets	<u>505,170</u>	<u>122,526</u>	<u>627,696</u>
Liabilities			
Refundable advances:			
Missouri Department of Health and Senior Services funds held in trust	40,259	-	40,259
Accounts payable	430,369	-	430,369
Accrued liabilities	<u>19,515</u>	<u>-</u>	<u>19,515</u>
Total liabilities	<u>490,143</u>	<u>-</u>	<u>490,143</u>
Net Assets			
Unrestricted	<u>15,027</u>	<u>122,526</u>	<u>137,553</u>
Total net assets	<u>15,027</u>	<u>122,526</u>	<u>137,553</u>
Total liabilities and net assets	<u>\$ 505,170</u>	<u>\$ 122,526</u>	<u>\$ 627,696</u>

**Northeast Missouri Area Agency on Aging
Supplementary Information
Schedule of Activities
For the Year Ended June 30, 2017**

	<u>Budget Basis</u>	<u>GAAP Adjustments</u>	<u>GAAP Basis</u>
Revenues			
Missouri Department of Health and Senior Services	\$ 2,276,947	\$ -	\$ 2,276,947
Other Federal Programs	179,850	-	179,850
Missouri HealthNet Division	1,011,087	-	1,011,087
Missouri Department of Transportation	75,923	-	75,923
Program Income	1,118,589	-	1,118,589
Interest on local funds	81	-	81
Interest	2,124	-	2,124
Other Cash - DHSS match	119,869	-	119,869
Other Cash - Non-DHSS match	1,095,161	-	1,095,161
Total Revenues	<u>5,879,631</u>	<u>-</u>	<u>5,879,631</u>
Expenditures			
Personnel and fringe	190,056	-	190,056
Travel	9,778	-	9,778
Occupancy and communications	7,604	-	7,604
Printing, supplies, postage	5,653	-	5,653
Equipment:			
Computer, fax, printing	-	-	-
Other Costs:			
Maintenance and repairs	2,446	(765)	1,681
Professional services	107	-	107
NAPIS	17,389	-	17,389
Insurance and bonding	6,647	-	6,647
Memberships, dues, subscriptions	1,275	-	1,275
Advertising	2,466	-	2,466
Contractual services	5,636,894	-	5,636,894
Depreciation	-	4,056	4,056
Total expenditures	<u>5,880,315</u>	<u>3,291</u>	<u>5,883,606</u>
Change in net assets	(684)	(3,291)	(3,975)
Net assets, beginning of year	<u>15,711</u>	<u>125,817</u>	<u>141,528</u>
Net assets, end of year	<u>\$ 15,027</u>	<u>\$ 122,526</u>	<u>\$ 137,553</u>

**Northeast Missouri Area Agency on Aging
Supplementary Information
Schedule of Financial Position - Fund Accounting
June 30, 2017**

	Administration	Supportive	Ombudsman	Congregate	Home Delivered	Disease Prev. & Health Prom.	Family Caregivers	Special Programs	Area Agency Funds	Eliminations (Due to/From)	Total
Assets:											
Cash	\$ 2,483	\$ 82,275	\$ -	\$ 50,829	\$ 78,579	\$ 2,389	\$ 26,129	\$ -	\$ 15,027	\$ -	\$ 257,711
Grants receivable:											
Missouri Department of Health and Senior Services	-	-	3,754	-	-	-	16,940	-	-	-	20,694
Other	-	-	-	-	-	-	-	42,486	-	-	42,486
Accounts receivable:											
Missouri HealthNet Division	-	-	-	-	175,568	-	-	-	-	-	175,568
Prepaid Expense	8,711	-	-	-	-	-	-	-	-	-	8,711
Due from other funds	-	69	-	-	-	-	-	-	-	(69)	-
Total assets	<u>11,194</u>	<u>82,344</u>	<u>3,754</u>	<u>50,829</u>	<u>254,147</u>	<u>2,389</u>	<u>43,069</u>	<u>42,486</u>	<u>15,027</u>	<u>(69)</u>	<u>505,170</u>
Liabilities:											
Refundable advances:											
Missouri Department of Health and Senior Services funds held in trust	-	16,644	-	3,915	1,383	2,298	16,019	-	-	-	40,259
Accounts payable	399	62,663	3,585	45,698	249,388	3	26,147	42,486	-	-	430,369
Accrued liabilities	10,795	3,037	100	1,216	3,376	88	903	-	-	-	19,515
Due to other funds	-	-	69	-	-	-	-	-	-	(69)	-
Total liabilities	<u>11,194</u>	<u>82,344</u>	<u>3,754</u>	<u>50,829</u>	<u>254,147</u>	<u>2,389</u>	<u>43,069</u>	<u>42,486</u>	<u>-</u>	<u>(69)</u>	<u>490,143</u>
Net Assets:											
Unrestricted	-	-	-	-	-	-	-	-	15,027	-	15,027
Total net assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,027</u>	<u>-</u>	<u>15,027</u>
Total liabilities and net assets	<u>\$ 11,194</u>	<u>\$ 82,344</u>	<u>\$ 3,754</u>	<u>\$ 50,829</u>	<u>\$ 254,147</u>	<u>\$ 2,389</u>	<u>\$ 43,069</u>	<u>\$ 42,486</u>	<u>\$ 15,027</u>	<u>\$ (69)</u>	<u>\$ 505,170</u>

**Northeast Missouri Area Agency on Aging
Supplementary Information
Schedule of Activities - by Funding Source - Fund Accounting
For the Year Ended June 30, 2017**

	Administration	Supportive	Ombudsman	Congregate	Home Delivered	Disease Prev. & Health Prom.	Family Caregivers	Special Programs	Area Agency Funds	Eliminations (Other In-Kind)	Total
Revenues:											
MO Dept of Health & Senior Services	\$ 114,150	\$ 470,645	\$ 45,443	\$ 565,873	\$ 923,238	\$ 20,576	\$ 126,705	\$ 10,317	\$ -	\$ -	\$ 2,276,947
Other Federal Programs	-	-	-	-	-	-	-	-	179,850	-	179,850
Missouri HealthNet Division	-	-	-	-	1,011,087	-	-	-	-	-	1,011,087
MO Department of Transportation	-	75,923	-	-	-	-	-	-	-	-	75,923
Program Income	-	57,956	-	668,594	387,620	-	4,419	-	-	-	1,118,589
Interest on local funds	-	-	-	-	-	-	-	-	81	-	81
Interest	-	442	38	572	920	22	130	-	-	-	2,124
Other Cash - DHSS match	-	-	-	41,920	77,949	-	-	-	-	-	119,869
Other Cash - Non-DHSS match	-	79,277	-	243,918	769,682	-	2,284	-	-	-	1,095,161
Other In-Kind - DHSS Match	47,926	84,225	4,662	65,404	37,972	-	47,574	-	-	(287,763)	-
Total Revenues	162,076	768,468	50,143	1,586,281	3,208,468	20,598	181,112	10,317	179,931	(287,763)	5,879,631
Expenditures:											
MO Dept of Health & Senior Services	114,150	470,645	45,443	565,873	923,238	20,576	126,705	10,317	-	-	2,276,947
Other Federal Programs	-	-	-	-	-	-	-	-	179,850	-	179,850
Missouri HealthNet Division	-	-	-	-	1,011,087	-	-	-	-	-	1,011,087
MO Highway and Transportation	-	75,923	-	-	-	-	-	-	-	-	75,923
Program Income	-	57,956	-	668,594	387,620	-	4,419	-	-	-	1,118,589
Interest on local funds	-	-	-	-	-	-	-	-	-	-	-
Interest	-	442	38	572	920	22	130	-	-	-	2,124
Other Cash - DHSS match	-	-	-	41,920	77,949	-	-	-	-	-	119,869
Other Cash - Non-DHSS match	-	79,277	-	243,918	769,682	-	2,284	-	765	-	1,095,926
Other In-Kind - DHSS match	47,926	84,225	4,662	65,404	37,972	-	47,574	-	-	(287,763)	-
Total Expenditures	162,076	768,468	50,143	1,586,281	3,208,468	20,598	181,112	10,317	180,615	(287,763)	5,880,315
Change in net assets	-	-	-	-	-	-	-	-	(684)	-	(684)
Net assets, beginning of year											
Other Cash - Non-DHSS match	-	-	-	-	-	-	-	-	15,711	-	15,711
Total net assets, beginning of year	-	-	-	-	-	-	-	-	15,711	-	15,711
Net assets, end of year											
Other Cash - Non-DHSS match	-	-	-	-	-	-	-	-	15,027	-	15,027
Total net assets, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,027	\$ -	\$ 15,027

**Northeast Missouri Area Agency on Aging
Supplementary Information
Schedule of Expenditures - Actual - Fund Accounting
For the Year Ended June 30, 2017**

	Total	Administration	Supportive	Ombudsman	Congregate	Home Delivered	Disease Prev. & Health Prom.	Family Caregivers	Special Programs	Area Agency Funds
Personnel and fringe	\$ 190,056	\$ 93,684	\$ 39,913	\$ 1,095	\$ 12,597	\$ 31,212	\$ 959	\$ 10,596	\$ -	\$ -
Travel	9,778	8,614	271	-	404	404	-	85	-	-
Occupancy and communications	7,604	3,228	1,950	50	558	1,290	45	483	-	-
Printing, supplies, postage	5,653	2,437	1,433	36	408	953	32	354	-	-
Equipment:										
Computer, fax, printing	-	-	-	-	-	-	-	-	-	-
Other Costs:										
Maintenance and repairs	2,446	714	431	11	123	285	10	107	-	765
Professional services	107	45	27	1	8	18	1	7	-	-
NAPIS	17,389	481	4,784	1,252	3,818	3,818	-	3,236	-	-
Insurance and bonding	6,647	2,823	1,704	44	487	1,128	39	422	-	-
Memberships, dues, subscriptions	1,275	1,235	18	-	5	12	-	5	-	-
Advertising	2,466	889	910	14	154	355	12	132	-	-
Contractual services	5,636,894	-	632,802	42,978	1,502,315	3,131,021	19,500	118,111	190,167	-
Subtotal	5,880,315	114,150	684,243	45,481	1,520,877	3,170,496	20,598	133,538	190,167	765
In-Kind - DHSS match	287,763	47,926	84,225	4,662	65,404	37,972	-	47,574	-	-
Total Expenditures	<u>\$ 6,168,078</u>	<u>\$ 162,076</u>	<u>\$ 768,468</u>	<u>\$ 50,143</u>	<u>\$ 1,586,281</u>	<u>\$ 3,208,468</u>	<u>\$ 20,598</u>	<u>\$ 181,112</u>	<u>\$190,167</u>	<u>\$ 765</u>

**Northeast Missouri Area Agency on Aging
Supplementary Information
Schedule of Expenditures - Actual - Fund Accounting
Supportive Program
For the Year Ended June 30, 2017**

	<u>Totals</u>	<u>Legal</u>	<u>Transportation</u>	<u>Information and Assistance</u>	<u>Homemaker</u>	<u>Personal Care</u>	<u>Public Education and Information</u>
Personnel and fringe	\$ 39,913	\$ 1,714	\$ 2,267	\$ 14,434	\$ 4,745	\$ 4,651	\$ 12,102
Travel	271	17	82	-	86	86	-
Occupancy and communications	1,950	81	108	698	228	226	609
Printing, supplies, postage	1,433	60	85	510	167	165	446
Equipment:							
Computer, fax, printing	-	-	-	-	-	-	-
Other Costs:							
Maintenance and repairs	431	18	24	154	50	50	135
Professional services	27	1	1	10	3	3	9
NAPIS	4,784	303	935	302	1,622	1,622	-
Insurance and bonding	1,704	71	94	609	200	198	532
Memberships, dues, subscriptions	18	1	1	6	2	2	6
Advertising	910	396	30	192	63	62	167
Contractual services	<u>632,802</u>	<u>41,739</u>	<u>310,426</u>	<u>-</u>	<u>216,705</u>	<u>63,932</u>	<u>-</u>
Subtotal	684,243	44,401	314,053	16,915	223,871	70,997	14,006
In-Kind - DHSS match	<u>84,225</u>	<u>6,441</u>	<u>24,540</u>	<u>3,102</u>	<u>36,530</u>	<u>11,014</u>	<u>2,598</u>
Total Expenditures	<u>\$ 768,468</u>	<u>\$ 50,842</u>	<u>\$ 338,593</u>	<u>\$ 20,017</u>	<u>\$ 260,401</u>	<u>\$ 82,011</u>	<u>\$ 16,604</u>

Northeast Missouri Area Agency on Aging
Supplementary Information
Schedule of Expenditures - Actual - Fund Accounting
Disease Prevention Health Promotions Program
For the Year Ended June 30, 2017

	<u>Totals</u>	<u>EB Education/ Presentations</u>
Personnel and fringe	\$ 959	\$ 959
Travel	-	-
Occupancy and communications	45	45
Printing, supplies, postage	32	32
Equipment:		
Computer, fax, printing	-	-
Other Costs:		
Maintenance and repairs	10	10
Professional services	1	1
NAPIS	-	-
Insurance and bonding	39	39
Memberships, dues, subscriptions	-	-
Advertising	12	12
Contractual services	<u>19,500</u>	<u>19,500</u>
Subtotal	20,598	20,598
In-Kind - DHSS match	-	-
Total Expenditures	<u>\$ 20,598</u>	<u>\$ 20,598</u>

**Northeast Missouri Area Agency on Aging
 Supplementary Information
 Schedule of Expenditures - Actual - Fund Accounting
 Family Caregiver Support Program
 For the Year Ended June 30, 2017**

	<u>Totals</u>	<u>Information and Assistance</u>	<u>In-Home Respite</u>
Personnel and fringe	\$ 10,596	\$ 6,095	\$ 4,501
Travel	85	-	85
Occupancy and communications	483	266	217
Printing, supplies, postage	354	195	159
Equipment:			
Computer, fax, printing	-	-	-
Other Costs:			
Maintenance and repairs	107	59	48
Professional services	7	4	3
NAPIS	3,236	1,618	1,618
Insurance and bonding	422	233	189
Memberships, dues, subscriptions	5	3	2
Advertising	132	73	59
Contractual services	<u>118,111</u>	<u>-</u>	<u>118,111</u>
Subtotal	133,538	8,546	124,992
In-Kind - DHSS match	<u>47,574</u>	<u>2,900</u>	<u>44,674</u>
Total Expenditures	<u>\$ 181,112</u>	<u>\$ 11,446</u>	<u>\$ 169,666</u>

**Northeast Missouri Area Agency on Aging
 Supplementary Information
 Schedule of Expenditures - Actual - Fund Accounting
 Special Programs
 For the Year Ended June 30, 2017**

	<u>Totals</u>	<u>MIPPA</u>	<u>Navigator Grant</u>	<u>Benefit Enrollment Center</u>
Personnel and fringe	\$ -	\$ -	\$ -	\$ -
Travel	-	-	-	-
Occupancy and communications	-	-	-	-
Printing, supplies, postage	-	-	-	-
Equipment:				
Computer, fax, printing	-	-	-	-
Other Costs:				
Maintenance and repairs	-	-	-	-
Professional services	-	-	-	-
NAPIS	-	-	-	-
Insurance and bonding	-	-	-	-
Memberships, dues, subscriptions	-	-	-	-
Advertising	-	-	-	-
Contractual services	<u>190,167</u>	<u>10,317</u>	<u>134,949</u>	<u>44,901</u>
Subtotal	190,167	10,317	134,949	44,901
In-Kind - DHSS match	-	-	-	-
Total Expenditures	<u>\$ 190,167</u>	<u>\$ 10,317</u>	<u>\$ 134,949</u>	<u>\$ 44,901</u>

**Northeast Missouri Area Agency on Aging
Supplementary Information
Schedule of Priority Supportive Program Expenditures
By Services and Funding Sources
For the Year Ended June 30, 2017**

	<u>DHSS</u>	<u>MoDOT</u>	<u>Medicaid</u>	<u>Program Income</u>	<u>Interest</u>	<u>Other Cash- Non-DHSS</u>	<u>In-kind</u>	<u>Total</u>
Access Services:								
Transportation	\$ 139,059	\$ 75,923	\$ -	\$ 48,316	\$ 138	\$ 50,617	\$ 24,540	\$ 338,593
Information and Events	14,006						2,598	16,604
Information & Assistance	16,915	-	-	-	-	-	3,102	20,017
Total Access Services	<u>169,980</u>	<u>75,923</u>	<u>-</u>	<u>48,316</u>	<u>138</u>	<u>50,617</u>	<u>30,240</u>	<u>375,214</u>
In-Home Services:								
Homemaker	196,775	-	-	7,826	209	19,061	36,530	260,401
Personal Care	62,206	-	-	1,568	52	7,171	11,014	82,011
Total In-Home Services	<u>258,981</u>	<u>-</u>	<u>-</u>	<u>9,394</u>	<u>261</u>	<u>26,232</u>	<u>47,544</u>	<u>342,412</u>
Legal Services	41,684	-	-	246	43	2,428	6,441	50,842
Total Priority Services	<u>470,645</u>	<u>75,923</u>	<u>-</u>	<u>57,956</u>	<u>442</u>	<u>79,277</u>	<u>84,225</u>	<u>768,468</u>
Reconciliation:								
Total Expenditures	<u>470,645</u>	<u>75,923</u>	<u>-</u>	<u>57,956</u>	<u>442</u>	<u>79,277</u>	<u>84,225</u>	<u>768,468</u>
Per Schedule of Activities- by Fund Source - Fund Accountin	<u>470,645</u>	<u>75,923</u>	<u>-</u>	<u>57,956</u>	<u>442</u>	<u>79,277</u>	<u>84,225</u>	<u>768,468</u>
Variance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Section II

Single Audit Reporting

**Northeast Missouri Area Agency on Aging
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2017**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Carryover From Prior Year	Current Year Grant Award/ P.I. Received	Expenditures	Unexpended Balance at June 30, 2017		Passed Through to Subrecipients
						Unremitted	Remitted	
U.S. Department of Health and Human Services:								
<i>Passed Through Missouri Department of Health and Senior Services:</i>								
Aging Cluster:								
Administration for Community Living:								
Special Programs for the Aging:								
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	ERS10517005	\$ 78,291	\$ 557,559	\$ 480,854	\$ 138,352	\$ 16,644	\$ 426,910
Title III, Part B - Program Income	93.044	ERS10517005	-	57,956	57,956	-	-	57,956
Program total					538,810			484,866
Title III, Part C, Subpart 1 - Nutrition Services	93.045	ERS10517005	48,847	369,813	370,049	44,696	3,915	351,487
Title III, Part C, Subpart 1 - Program Income	93.045	ERS10517005	-	668,594	668,594	-	-	668,594
Title III, Part C, Subpart 2 - Nutrition Services	93.045	ERS10517005	183,387	182,029	225,991	138,042	1,383	174,315
Title III, Part C, Subpart 2 - Program Income	93.045	ERS10517005	-	387,620	387,620	-	-	387,620
Program total					1,652,254			1,582,016
Nutrition Services Incentive Program	93.053	ERS10517005	-	316,002	316,002	-	-	316,002
Total Aging Cluster					2,507,066			2,382,884
Other Programs:								
Administration for Community Living:								
Special Programs for the Aging:								
Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	ERS10517005	-	1,539	1,539	-	-	1,539
Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	ERS10517005	-	6,387	6,387	-	-	6,387
Title III, Part D - Disease Prevention and Health Promotion Services	93.043	ERS10517005	13,032	27,819	20,576	17,977	2,298	19,478
National Family Caregiver Support, Title III, Part E	93.052	ERS10517005	77,811	163,871	143,091	82,572	16,019	111,278
Title III, Part E - Program Income	93.052	ERS10517005	-	4,419	4,419	-	-	4,419
Program total					147,510			115,697
Administration for Children and Families:								
Social Services Block Grant	93.667	ERS10517005	-	69,475	69,475	-	-	32,122

(continued)

**Northeast Missouri Area Agency on Aging
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2017**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Carryover From Prior Year	Current Year Grant Award/ P.I. Received	Expenditures	Unexpended Balance at June 30, 2017		Passed Through to Subrecipients
						Unremitted	Remitted	
Administration for Community Living:								
Medicare Enrollment Assistance Program	93.071	ERS10517005	10,567	10,050	10,317	10,300	-	10,317
<i>Passed Through Missouri Alliance of Area Agencies on Aging:</i>								
Medicare Enrollment Assistance Program	93.071	None		9,687	9,687	-	-	9,687
Medicare Enrollment Assistance Program	93.071	None	-	35,214	35,214	-	-	35,214
Program total					<u>55,218</u>			<u>55,218</u>
Centers for Medicare and Medicaid Services:								
Cooperative Agreement to Support Navigators in Federally-facilitated and State Partnership Marketplaces	93.332	5NAVCA150226-02-00	-	134,949	134,949	-	-	134,949
Total Department of Health and Human Services					<u>2,942,720</u>			
Total Expenditures of Federal Awards			<u>411,935</u>	<u>3,002,983</u>	<u>2,942,720</u>	<u>431,939</u>	<u>40,259</u>	<u>2,748,274</u>
State of Missouri Funds:								
Missouri Department of Health and Senior Services:								
General Revenue	N/A	ERS10517005	-	629,408	629,408	-	-	581,198
Elderly Home Delivered Meals Trust Fund	N/A	ERS10517005	-	3,258	3,258	-	-	3,258
Missouri Department of Transportation:								
Missouri Highways and Transportation Commission Elderly and Handicapped Transportation Assistance Program	N/A	TMEHTP17NE1	-	75,923	75,923	-	-	75,923
Total Expenditures of State Awards			-	<u>708,589</u>	<u>708,589</u>	-	-	<u>660,379</u>
Total Expenditures of Federal and State Awards			<u>\$ 411,935</u>	<u>\$ 3,711,572</u>	<u>\$ 3,651,309</u>	<u>\$ 431,939</u>	<u>\$ 40,259</u>	<u>\$ 3,408,653</u>

See accompanying notes to the schedule of expenditures of federal and state awards.

Northeast Missouri Area Agency on Aging
Notes to Schedule of Expenditures of
Federal and State Awards
For the Year Ended June 30, 2017

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of Northeast Missouri Area Agency on Aging under programs of the federal and state governments for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Northeast Missouri Area Agency on Aging, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Northeast Missouri Area Agency on Aging.

Note B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C – Indirect Cost Rate

Northeast Missouri Area Agency on Aging has not elected to use the 10-percent de minimis indirect cost rate allowed under the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Note D – Reconciliation of Schedule to Financial Statements

Expenditures of federal and state sources per page 19 of supplementary information:

Missouri Department of Health and Senior Services	\$2,276,947
Other federal programs	179,850
Missouri Department of Transportation	75,923
Program income	<u>1,118,589</u>
Total expenditures of Federal and State Awards	<u>\$3,651,309</u>

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**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***

To the Board of Directors
Northeast Missouri Area Agency
on Aging
Kirksville, Missouri

To the Missouri Department
of Health and Senior Services
Division of Senior and Disability Services
Jefferson City, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the Missouri Department of Health and Senior Services, Division of Senior and Disability Services "Mandated Audit Criteria," the financial statements of Northeast Missouri Area Agency on Aging (a nonprofit organization), which comprise the statement of financial position as of June 30, 2017, 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 March 4, 2018.

Compliance and Other Matters

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

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northeast Missouri Area Agency on Aging's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northeast Missouri Area Agency on Aging's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

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* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Marsh, Espey & Riggs, P.C.

Maryville, Missouri
March 4, 2018

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**Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors
Northeast Missouri Area Agency
on Aging
Kirksville, Missouri

To the Missouri Department of
Health and Senior Services
Division of Senior and Disability Services
Jefferson City, Missouri

Report on Compliance for Each Major Federal Program

We have audited Northeast Missouri Area Agency on Aging's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northeast Missouri Area Agency on Aging's major federal programs for the year ended June 30, 2017. Northeast Missouri Area Agency on Aging's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Northeast Missouri Area Agency on Aging's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the Missouri Department of Health and Senior Services, Division of Senior and Disability Services "Mandated Audit Criteria." Those standards, the Uniform Guidance, and the "Mandated Audit Criteria" require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northeast Missouri Area Agency on Aging's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Northeast Missouri Area Agency on Aging's compliance.

Opinion on Each Major Federal Program

In our opinion, Northeast Missouri Area Agency on Aging complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of Northeast Missouri Area Agency on Aging is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Northeast Missouri Area Agency on Aging's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northeast Missouri Area Agency on Aging's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Marsh, Espey & Riggs, P.C.

Maryville, Missouri
March 4, 2018

**Northeast Missouri Area Agency on Aging
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2017**

Section I – Summary of Auditors' Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP? Unmodified

Internal control over financial reporting:

Material weaknesses identified? Yes No

Significant deficiencies identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified? Yes No

Significant deficiencies identified? Yes None reported

Type of auditor's report issued on compliance for major federal programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? Yes No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.044; 93.045; 93.053	Aging Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

Prior Audit Findings

There were no findings or questioned costs reported in Section II or Section III of the prior year's Schedule of Findings and Questioned Costs.