

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

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

For the Year Ended June 30, 2019

Northeast Missouri Area Agency on Aging

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Northeast Missouri Area Agency on Aging

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Independent Auditor's Report

To the Board of Directors
Northeast Missouri Area Agency on Aging
Kirksville, 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, 2019, 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, 2019, 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 February 9, 2020, 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 Northeast 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 & Merrill, P.C.

Maryville, Missouri

February 9, 2020

Section I

Financial Statements and

Supplementary Information

**Northeast Missouri Area Agency on Aging
Statement of Financial Position
June 30, 2019**

Assets

Cash	\$ 273,233
Grants receivable:	
Missouri Department of Health and Senior Services	65,269
Other	9,454
Accounts receivable:	
Missouri HealthNet Division	169,211
Prepaid expenses	9,181
Property, net of accumulated depreciation	<u>114,299</u>
 Total assets	 <u>640,647</u>

Liabilities

Refundable advances:	
Missouri Department of Health and Senior Services funds held in trust	66,331
Accounts payable	422,105
Accrued liabilities	<u>22,639</u>
 Total liabilities	 <u>511,075</u>

Net Assets

Without donor restrictions	<u>129,572</u>
 Total net assets	 <u>129,572</u>
 Total liabilities and net assets	 <u>\$ 640,647</u>

See accompanying notes to financial statements.

**Northeast Missouri Area Agency on Aging
Statement of Activities
For the Year Ended June 30, 2019**

	<u>Without Donor Unrestricted</u>
Revenues	
Missouri Department of Health and Senior Services	\$ 2,301,542
Other Federal Programs	74,378
Missouri HealthNet Division	997,380
Missouri Department of Transportation	80,664
Program Income	1,022,270
Interest on Local Funds	168
Interest	2,452
Other Cash - DHSS Match	345,621
Other Cash - Non-DHSS Match	543,848
Total revenues	<u>5,368,323</u>
Expenses	
Program Services:	
Supportive	675,430
Ombudsman	45,167
Congregate Nutrition	1,301,204
Home Delivered Nutrition	3,009,967
Disease Prevention and Health Promotion	17,316
Family Caregivers	135,310
Special Programs:	
MIPPA	10,935
Navigator	55,638
Benefit Enrollment Center	18,740
Supporting Activities:	
Area Agency Administration	98,448
Area Agency Funds	4,114
Total expenses	<u>5,372,269</u>
Change in net assets	(3,946)
Net assets, beginning of year	<u>133,518</u>
Net assets, end of year	<u>\$ 129,572</u>

See accompanying notes to financial statements.

Northeast Missouri Area Agency on Aging
Statement of Functional Expenses
For the Year Ended June 30, 2019

	Supporting Activities		Program Services							Total
	Area Agency Administration	Area Agency Funds	Supportive	Ombudsman	Congregate Nutrition	Home Delivered Nutrition	Disease Prevention & Health Promotion	Family Caregivers	Special Programs	
Expenses										
Personnel and fringe	\$ 81,078	\$ -	\$ 42,488	\$ 1,828	\$ 19,126	\$ 34,733	\$ 910	\$ 14,762	\$ -	\$ 194,925
Travel	5,842	-	220	-	446	445	-	60	-	7,013
Occupancy and communications	3,227	-	2,381	79	953	1,688	84	771	-	9,183
Printing, supplies, postage	2,113	-	1,522	61	604	1,071	29	523	-	5,923
Equipment:										
Computer, fax, printing	1,234	-	922	53	371	657	17	315	-	3,569
Other Costs:										
Maintenance and repairs	533	-	395	19	159	281	7	135	-	1,529
Professional services	102	-	65	4	30	54	1	26	-	282
NAPIS	688	-	3,682	1,311	5,009	5,009	-	1,278	-	16,977
Insurance and bonding	2,263	-	1,660	57	668	1,183	32	568	-	6,431
Memberships, dues, subscriptions	1,025	-	289	20	107	775	5	90	-	2,311
Advertising	343	-	250	9	101	180	51	87	-	1,021
Contractual services	-	-	621,556	41,726	1,273,630	2,963,891	16,180	116,695	85,313	5,118,991
Depreciation	-	4,114	-	-	-	-	-	-	-	4,114
Total expenses	\$ 98,448	\$ 4,114	\$ 675,430	\$ 45,167	\$ 1,301,204	\$ 3,009,967	\$ 17,316	\$ 135,310	\$ 85,313	\$ 5,372,269

See accompanying notes to financial statements.

**Northeast Missouri Area Agency on Aging
Statement of Cash Flows
For the Year Ended June 30, 2019**

Cash Flows From Operating Activities:

Cash received from:	
Missouri Department of Health and Senior Services	\$ 2,292,021
Other Federal Programs	69,804
Missouri HealthNet Division	993,137
Missouri of Department Transportation	80,664
Program income	1,022,270
Interest	2,620
Other cash - DHSS match	345,621
Other cash - Non-DHSS match	543,848
Cash paid to contractors	(5,103,576)
Cash paid to suppliers and employees	<u>(247,806)</u>
Net increase in cash	(1,397)
Cash, beginning of year	<u>274,630</u>
Cash, end of year	<u><u>273,233</u></u>

**Reconciliation of Change in Net Assets to Net Cash
Flows from Operating Activities:**

Change in net assets	(3,946)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	4,114
(Increase) decrease in:	
Grants receivable:	
Missouri Department of Health and Senior Services	(17,836)
Other	(4,574)
Accounts receivable:	
Missouri HealthNet Division	(4,243)
Prepaid expenses	(1,291)
Increase (decrease) in:	
Refundable advances:	
Missouri Department of Health and Senior Services funds held in trust	8,315
Accounts payable	16,996
Accrued liabilities	<u>1,068</u>
Net cash provided by operating activities	<u><u>\$ (1,397)</u></u>

See accompanying notes to financial statements.

Northeast Missouri Area Agency on Aging
Notes to Financial Statements
June 30, 2019

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 services and supporting activities are included in the accompanying financial statements:

Supportive – provides transportation, homemaker, personal care, legal assistance, information and assistance, and public education and information 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 Nutrition – provides a daily meal and other appropriate nutrition services in a congregate setting primarily to older individuals and other eligible recipients.

Home Delivered Nutrition – 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” evidence-based education program.

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

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, 2019**

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 two mutually exclusive classes of net assets:

With donor restrictions: the part of net assets that is subject to donor-imposed restrictions.

Without donor restrictions: the part of net assets that is not subject to donor-imposed restrictions, 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.

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 February 9, 2020, the date on which the financial statements were available to be issued.

Northeast Missouri Area Agency on Aging
Notes to Financial Statements
June 30, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

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.

Public Support, Revenues and Expenses

Contributions

Unconditional promises to give are recognized as contribution revenue 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.

Contributions received are recorded as “without donor restrictions” or “with donor restrictions,” depending on the existence and nature of any donor restrictions. All contributions are considered to be “without donor restrictions” unless specifically restricted by the donor or subject to legal restrictions.

Contributions are reported in the “with donor restriction” class of net assets if they are received with donor stipulations that limit their use through either purpose or time restrictions or both. When donor restrictions expire (that is, when the purpose restriction is fulfilled or the time restriction 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. It is the Organization’s policy to record donor-restricted contributions whose restrictions are met in the same reporting period as contributions without donor restrictions. Contributions restricted to the purchase of property or equipment are considered to be met when the asset is placed in service.

Northeast Missouri Area Agency on Aging
Notes to Financial Statements
June 30, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Public Support, Revenues and Expenses (continued)

Other revenue is reported when earned.

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.

Expenses are reported when incurred.

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, 2019.

Accounts Receivable

Accounts receivables are reported at unpaid balances adjusted for any charge offs. Accounts receivable 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, 2019

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, 2019 would be \$3,567. 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	10-40 years
Parking lot	10 years

Funds held in trust

The Organization records Missouri Department of Health and Senior Services (DISS) 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, 2019 amounted to \$22,639 and is reported as "accrued liabilities" in the Statement of Financial Position.

Northeast Missouri Area Agency on Aging
Notes to Financial Statements
June 30, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Net Assets

The excess or deficiency of assets over liabilities of a not-for-profit entity.

Limitations on Net Assets Without Donor Restrictions

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.

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.

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 \$286,494 for 2019. 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, 2019, the Organization's uninsured cash balance totals \$36,818. U.S. Treasury Notes and an Adair County, Missouri School District general obligation bond, with a total market value on June 30, 2019 of \$398,676, 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, 2019, 96% of the grants and contracts receivable balances were due from state governmental agencies.

Northeast Missouri Area Agency on Aging
Notes to Financial Statements
June 30, 2019

Note 2 – Summary of Significant Accounting Policies (continued)

Concentration of Revenue

The Organization receives approximately 64% of its revenues from federal and state governmental agencies. Of this amount, approximately 67% was received from the Missouri Department of Health and Senior Services and approximately 29% from the Missouri HealthNet Division. Approximately 36% 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.

Functional Allocation of Expenses

Expenses are summarized and categorized based upon their functional classification as either program services or supporting activities. Specific expenses that are readily identifiable to a single program or supporting activity are charged directly to that function. Certain categories of expenses are attributable to more than one program service or supporting activity. These expenses require allocation on a reasonable basis that is consistently applied.

The expenses that 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.

Travel, naps user access fees, memberships and dues – 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.

**Northeast Missouri Area Agency on Aging
Notes to Financial Statements
June 30, 2019**

Note 2 – Summary of Significant Accounting Policies (continued)

Uncertain Tax Positions

FASB 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, 2019, 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's policy is to recognize interest and penalties related to income taxes as income tax expense in the statement of activities. The Organization did not recognize any interest or penalties for the year ended June 30, 2019.

Advertising

The Organization's policy is to expense advertising costs as they are incurred. Total advertising costs expensed in 2019 was \$1,021.

Note 3 – Liquidity and Availability of Resources

Financial assets available for general expenditure within one year are as follows as of June 30, 2019:

Cash	\$ 273,233
Grants receivable	74,723
Accounts receivable	<u>169,211</u>
Financial assets, at year-end	517,167
Less those unavailable for general expenditures within one year, due to:	
Restricted by donor with purpose restriction	<u> -</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 517,167</u>

As part of its liquidity management, the Organization's goal is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

**Northeast Missouri Area Agency on Aging
Notes to Financial Statements
June 30, 2019**

Note 4 – 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 5 – Grants Receivable

The following is a summary of grants receivable at June 30, 2019:

	<u>Conditional Promises to Give due in:</u>				<u>Allowance</u>
	<u>Less than 1 year</u>	<u>1 to 5 years</u>	<u>More than 5 years</u>	<u>Total</u>	
Missouri Department of Health and Senior Services	\$ 65,269	\$ -	\$ -	\$ 65,269	\$ -
Missouri Alliance of Area Agencies on Aging	<u>9,454</u>	<u>-</u>	<u>-</u>	<u>9,454</u>	<u>-</u>
Total	<u>\$ 74,723</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,723</u>	<u>\$ -</u>

Note 6 – Property and Equipment

The following is a summary of property at June 30, 2019:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Ending Balance</u>
Land	\$ 25,000	\$ -	\$ -	\$ 25,000
Building and improvements	142,422	-	-	142,422
Parking lot	<u>7,000</u>	<u>-</u>	<u>-</u>	<u>7,000</u>
Total	174,422	-	-	174,422
Accumulated depreciation	<u>(56,009)</u>	<u>(4,114)</u>	<u>-</u>	<u>(60,123)</u>
Net	<u>\$ 118,413</u>	<u>\$ (4,114)</u>	<u>\$ -</u>	<u>\$ 114,299</u>

The aggregate depreciation charged to operations for 2019 was \$4,114. The depreciation policies are described in Note 2.

Northeast Missouri Area Agency on Aging
Notes to Financial Statements
June 30, 2019

Note 7 – 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, 2019:

Balance, beginning of year	\$ 30,222
Additions	3,569
Dispositions	<u>(3,930)</u>
Balance, end of year	<u>\$ 29,861</u>

Note 8 – 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, 2019, for total plan contributions of \$23,709.

Note 9 – 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, disease prevention and health promotion, family caregivers services, and navigator assistance services for fiscal year 2019 – 2020.

Note 10 – Special Events

During 2019, the Organization did not conduct any special events that were peripheral or incidental to the Organization's central activities.

Northeast Missouri Area Agency on Aging
Notes to Financial Statements
June 30, 2019

Note 11 – Adoption of Accounting Pronouncement

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU also requires changes in the way certain information is aggregated and reported, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard is effective for the Organization's year ending June 30, 2019 and thereafter and must be applied on a retrospective basis. The Organization adopted the ASU effective July 1, 2018. Adoption of the ASU resulted in a reclassification of net assets at July 1, 2018 as follows:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted net assets	\$ 133,518	\$ -
Net assets without donor restrictions	-	133,518
Total net assets	<u>\$ 133,518</u>	<u>\$ 133,518</u>

Supplementary Information

**Northeast Missouri Area Agency on Aging
Supplementary Information
Schedule of Financial Position
June 30, 2019**

	Grant Basis	GAAP Adjustments	GAAP Basis
Assets			
Cash	\$ 273,233	-	\$ 273,233
Grants receivable:			
Missouri Department of Health and Senior Services	65,269	-	65,269
Other	9,454	-	9,454
Accounts receivable:			
Missouri HealthNet Division	169,211	-	169,211
Prepaid expenses	9,181	-	9,181
Property, net of accumulated depreciation	-	114,299	114,299
 Total assets	 526,348	 114,299	 640,647
Liabilities			
Refundable advances:			
Missouri Department of Health and Senior Services funds held in trust	66,331	-	66,331
Accounts payable	422,105	-	422,105
Accrued liabilities	22,639	-	22,639
 Total liabilities	 511,075	 -	 511,075
Net Assets			
Unrestricted	15,273	114,299	129,572
 Total net assets	 15,273	 114,299	 129,572
 Total liabilities and net assets	 \$ 526,348	 \$ 114,299	 \$ 640,647

**Northeast Missouri Area Agency on Aging
Supplementary Information
Schedule of Activities
For the Year Ended June 30, 2019**

	<u>Budget Basis</u>	<u>GAAP Adjustments</u>	<u>GAAP Basis</u>
Revenues			
Missouri Department of Health and Senior Services	\$ 2,301,542	\$ -	\$ 2,301,542
Other Federal Programs	74,378	-	74,378
Missouri HealthNet Division	997,380	-	997,380
Missouri Department of Transportation	80,664	-	80,664
Program Income	1,022,270	-	1,022,270
Interest on local funds	168	-	168
Interest	2,452	-	2,452
Other Cash - DHSS match	345,621	-	345,621
Other Cash - Non-DHSS match	543,848	-	543,848
Total Revenues	<u>5,368,323</u>	<u>-</u>	<u>5,368,323</u>
Expenditures			
Personnel and fringe	194,925	-	194,925
Travel	7,013	-	7,013
Occupancy and communications	9,183	-	9,183
Printing, supplies, postage	5,923	-	5,923
Equipment:			
Computer, fax, printing	3,569.00	-	3,569.00
Other Costs:			
Maintenance and repairs	1,529	-	1,529
Professional services	282	-	282
NAPIS	16,977	-	16,977
Insurance and bonding	6,431	-	6,431
Memberships, dues, subscriptions	2,311	-	2,311
Advertising	1,021	-	1,021
Contractual services	5,118,991	-	5,118,991
Depreciation	-	4,114	4,114
Total expenditures	<u>5,368,155</u>	<u>4,114</u>	<u>5,372,269</u>
Change in net assets	168	(4,114)	(3,946)
Net assets, beginning of year	<u>15,105</u>	<u>118,413</u>	<u>133,518</u>
Net assets, end of year	<u>\$ 15,273</u>	<u>\$ 114,299</u>	<u>\$ 129,572</u>

Northeast Missouri Area Agency on Aging
Supplementary Information
Schedule of Financial Position - Fund Accounting
June 30, 2019

	Administration	Supportive	Ombudsman	Congregate Nutrition	Home Delivered Nutrition	Disease Prevention & Health Promotion	Family Caregivers	Special Programs	Area Agency Funds	Eliminations (Due to/From)	Total
Assets:											
Cash	\$ -	\$ 78,927	\$ -	\$ 47,715	\$ 89,416	\$ 7,186	\$ 34,716	\$ -	\$ 15,273	\$ -	\$ 273,233
Grants receivable:											
Missouri Department of Health and Senior Services	4,504	22,646	3,711	450	-	10,348	23,610	-	-	-	65,269
Other	-	-	-	-	-	-	9,454	-	-	-	9,454
Accounts receivable:											
Missouri HealthNet Division	-	-	-	-	169,211	-	-	-	-	-	169,211
Prepaid Expense	5,809	3,372	-	-	-	-	-	-	-	-	9,181
Due from other funds	-	5	-	-	-	-	-	-	-	(5)	-
Total assets	10,313	104,950	3,711	48,165	258,627	17,534	58,326	9,454	15,273	(5)	526,348
Liabilities:											
Refundable advances:											
Missouri Department of Health and Senior Services funds held in trust	-	24,486	-	3,636	7,277	7,193	23,739	-	-	-	66,331
Accounts payable	876	75,547	3,494	42,308	247,313	10,235	32,878	9,454	-	-	422,105
Accrued liabilities	9,437	4,917	212	2,221	4,037	106	1,709	-	-	-	22,639
Due to other funds	-	-	5	-	-	-	-	-	-	(5)	-
Total liabilities	10,313	104,950	3,711	48,165	258,627	17,534	58,326	9,454	-	(5)	511,075
Net Assets:											
Unrestricted	-	-	-	-	-	-	-	-	15,273	-	15,273
Total net assets	-	-	-	-	-	-	-	-	15,273	-	15,273
Total liabilities and net assets	\$ 10,313	\$ 104,950	\$ 3,711	\$ 48,165	\$ 258,627	\$ 17,534	\$ 58,326	\$ 9,454	\$ 15,273	\$ (5)	\$ 526,348

**Northeast Missouri Area Agency on Aging
Supplementary Information
Schedule of Activities - by Funding Source - Fund Accounting
For the Year Ended June 30, 2019**

	Administration	Supportive	Ombudsman	Congregate Nutrition	Home Delivered Nutrition	Disease Prevention & Health Promotion	Family Caregivers	Special Programs	Area Agency Funds	Eliminations (Other In-Kind)	Total
Revenues:											
MO Dept of Health & Senior Services	\$ 98,448	\$ 465,500	\$ 45,120	\$ 542,830	\$ 995,533	\$ 17,290	\$ 125,886	\$ 10,935	\$ -	\$ -	\$ 2,301,542
Other Federal Programs	-	-	-	-	997,380	-	-	74,378	-	-	74,378
Missouri HealthNet Division	-	-	-	-	-	-	-	-	-	-	997,380
MO Department of Transportation	-	80,664	-	-	-	-	-	-	-	-	80,664
Program Income	-	65,205	-	579,481	368,818	-	8,766	-	-	-	1,022,270
Interest on local funds	-	-	-	-	-	-	-	-	168	-	168
Interest	-	521	47	647	1,058	26	153	-	-	-	2,452
Other Cash - DHSS match	-	-	-	60,999	284,622	-	-	-	-	-	345,621
Other Cash - Non-DHSS match	-	63,540	-	117,247	362,556	-	505	-	-	-	543,848
Other In-Kind - DHSS Match	34,977	85,094	3,327	64,951	49,409	-	48,736	-	-	(286,494)	-
Total Revenues	133,425	760,524	48,494	1,366,155	3,059,376	17,316	184,046	85,313	168	(286,494)	5,388,323
Expenditures:											
MO Dept of Health & Senior Services	98,448	465,500	45,120	542,830	995,533	17,290	125,886	10,935	-	-	2,301,542
Other Federal Programs	-	-	-	-	997,380	-	-	74,378	-	-	74,378
Missouri HealthNet Division	-	-	-	-	-	-	-	-	-	-	997,380
MO Highway and Transportation	-	80,664	-	-	-	-	-	-	-	-	80,664
Program Income	-	65,205	-	579,481	368,818	-	8,766	-	-	-	1,022,270
Interest on local funds	-	-	-	-	-	-	-	-	-	-	-
Interest	-	521	47	647	1,058	26	153	-	-	-	2,452
Other Cash - DHSS match	-	-	-	60,999	284,622	-	-	-	-	-	345,621
Other Cash - Non-DHSS match	-	63,540	-	117,247	362,556	-	505	-	-	-	543,848
Other In-Kind - DHSS match	34,977	85,094	3,327	64,951	49,409	-	48,736	-	-	(286,494)	-
Total Expenditures	133,425	760,524	48,494	1,366,155	3,059,376	17,316	184,046	85,313	-	(286,494)	5,388,155
Change in net assets	-	-	-	-	-	-	-	-	168	-	168
Net assets, beginning of year											
Other Cash - Non-DHSS match	-	-	-	-	-	-	-	-	15,105	-	15,105
Total net assets, beginning of year	-	-	-	-	-	-	-	-	15,105	-	15,105
Net assets, end of year											
Other Cash - Non-DHSS match	-	-	-	-	-	-	-	-	15,273	-	15,273
Total net assets, end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,273	\$ -	\$ 15,273

Northeast Missouri Area Agency on Aging
Supplementary Information
Schedule of Expenditures - Actual - Fund Accounting
For the Year Ended June 30, 2019

	Total	Administration	Supportive	Ombudsman	Congregate Nutrition	Home Delivered Nutrition	Disease Prevention & Health Promotion	Family Caregivers	Special Programs	Area Agency Funds
Personnel and fringe	\$ 194,925	\$ 81,078	\$ 42,488	\$ 1,828	\$ 19,126	\$ 34,733	\$ 910	\$ 14,762	\$ -	\$ -
Travel	7,013	5,842	220	-	446	445	-	60	-	-
Occupancy and communications	9,183	3,227	2,381	79	953	1,688	84	771	-	-
Printing, supplies, postage	5,923	2,113	1,522	61	604	1,071	29	523	-	-
Equipment										
Computer, fax, printing	3,569	1,234	922	53	371	657	17	315	-	-
Other Costs:										
Maintenance and repairs	1,529	533	395	19	159	281	7	135	-	-
Professional services	282	102	65	4	30	54	1	26	-	-
NAPIS	16,977	688	3,682	1,311	5,009	5,009	-	1,278	-	-
Insurance and bonding	6,431	2,263	1,660	57	668	1,183	32	568	-	-
Memberships, dues, subscriptions	2,311	1,025	289	20	107	775	5	90	-	-
Advertising	1,021	343	250	9	101	180	51	87	-	-
Contractual services	5,118,991	-	621,556	41,726	1,273,630	2,963,891	16,180	116,695	85,313	-
Total cash expenditures	5,368,155	98,448	675,430	45,167	1,301,204	3,009,967	17,316	135,310	85,313	-
In-Kind - DHSS match	286,494	34,977	85,094	3,327	64,951	49,409	-	48,736	-	-
Total Expenditures	\$5,654,649	\$ 133,425	\$760,524	\$ 48,494	\$1,366,155	\$3,059,376	\$17,316	\$184,046	\$ 85,313	\$ -

Northeast Missouri Area Agency on Aging
Supplementary Information
Schedule of Expenditures - Actual - Fund Accounting
Supportive Program
For the Year Ended June 30, 2019

	Totals	Legal Assistance	Transportation	Information and Assistance	Homemaker	Personal Care	Public Education and Information
Personnel and fringe	\$ 42,488	\$ 1,676	\$ 2,364	\$ 11,076	\$ 8,869	\$ 8,935	\$ 9,568
Travel	220	37	64	-	60	59	-
Occupancy and communications	2,381	85	117	640	484	491	564
Printing, supplies, postage	1,522	54	75	399	317	319	358
Equipment:							
Computer, fax, printing	922	33	46	245	188	190	220
Other Costs:							
Maintenance and repairs	395	14	20	105	81	81	94
Professional services	65	3	4	9	15	16	18
NAPIS	3,682	222	222	904	1,167	1,167	-
Insurance and bonding	1,660	60	82	441	340	342	395
Memberships, dues, subscriptions	289	10	13	70	54	54	88
Advertising	250	9	12	67	51	51	60
Contractual services	621,556	39,310	329,411	-	206,072	46,763	-
Total cash expenditures	675,430	41,513	332,430	13,956	217,698	58,468	11,365
In-Kind - DHSS match	85,094	6,533	24,445	2,529	38,335	11,191	2,061
Total Expenditures	\$ 760,524	\$ 48,046	\$ 356,875	\$ 16,485	\$ 256,033	\$ 69,659	\$ 13,426

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, 2019

	<u>Totals</u>	<u>EB Education/ Presentations</u>
Personnel and fringe	\$ 910	\$ 910
Travel	-	-
Occupancy and communications	84	84
Printing, supplies, postage	29	29
Equipment:		
Computer, fax, printing	17	17
Other Costs:		
Maintenance and repairs	7	7
Professional services	1	1
NAPIS	-	-
Insurance and bonding	32	32
Memberships, dues, subscriptions	5	5
Advertising	51	51
Contractual services	<u>16,180</u>	<u>16,180</u>
Total cash expenditures	17,316	17,316
In-Kind - DHSS match	-	-
Total Expenditures	<u>\$ 17,316</u>	<u>\$ 17,316</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, 2019

	Totals	Information and Assistance	In-Home Respite
Personnel and fringe	\$ 14,762	\$ 6,409	\$ 8,353
Travel	60	-	60
Occupancy and communications	771	314	457
Printing, supplies, postage Equipment:	523	224	299
Computer, fax, printing	315	137	178
Other Costs:			
Maintenance and repairs	135	59	76
Professional services	26	11	15
NAPIS	1,278	111	1,167
Insurance and bonding	568	248	320
Memberships, dues, subscriptions	90	39	51
Advertising	87	38	49
Contractual services	116,695	-	116,695
Total cash expenditures	135,310	7,590	127,720
In-Kind - DHSS match	48,736	2,613	46,123
Total Expenditures	\$ 184,046	\$ 10,203	\$ 173,843

Northeast Missouri Area Agency on Aging
Supplementary Information
Schedule of Expenditures - Actual - Fund Accounting
Special Programs
For the Year Ended June 30, 2019

	Totals	MIPPA	Navigator Grant	Benefit Enrollment Center
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>85,313</u>	<u>10,935</u>	<u>55,638</u>	<u>18,740</u>
Total cash expenditures	<u>85,313</u>	<u>10,935</u>	<u>55,638</u>	<u>18,740</u>
In-Kind - DHSS match	-	-	-	-
Total Expenditures	<u>\$ 85,313</u>	<u>\$ 10,935</u>	<u>\$ 55,638</u>	<u>\$ 18,740</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, 2019

	Mo Department of Health and Senior Services	Missouri Department of Transportation	Missouri HealthNet Division	Program Income	Interest	Other Cash- Non-DHSS Match	In-kind DHSS Match	Total
Access Services:								
Transportation	\$ 138,427	\$ 80,664	\$ -	\$ 51,322	\$ 163	\$ 61,854	\$ 24,445	\$ 356,875
Information and Events	11,365	-	-	-	-	-	2,061	13,426
Information & Assistance	13,956	-	-	-	-	-	2,529	16,485
Total Access Services	163,748	80,664	-	51,322	163	61,854	29,035	386,786
In-Home Services:								
Homemaker	206,483	-	-	10,572	246	397	38,335	256,033
Personal Care	53,807	-	-	3,311	61	1,289	11,191	69,659
Total In-Home Services	260,290	-	-	13,883	307	1,686	49,526	325,692
Legal Services	41,462	-	-	-	51	-	6,533	48,046
Total Priority Services	465,500	80,664	-	65,205	521	63,540	85,094	760,524
Reconciliation:								
Total Expenditures	465,500	80,664	-	65,205	521	63,540	85,094	760,524
Per Schedule of Activities- by Funding Source - Fund Accounting	465,500	80,664	-	65,205	521	63,540	85,094	760,524
Variance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2019

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, 2019		Passed Through to Subrecipients
						Unremitted	Remitted	
U.S. Department of Health and Human Services:								
Passed Through Missouri Department of Health and Senior Services:								
Aging Cluster:								
Administration for Community Living:								
Special Programs for the Aging:								
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	ERS10519005	\$ 219,258	\$ 411,005	\$ 473,448	\$ 132,329	\$ 24,486	\$ 416,700
Title III, Part B - Program Income	93.044	ERS10519005	-	65,205	65,205	-	-	65,205
Program total					538,653			481,905
Title III, Part C, Subpart 1 - Nutrition Services	93.045	ERS10519005	84,032	427,595	364,422	143,569	3,636	337,495
Title III, Part C, Subpart 1 - Program Income	93.045	ERS10519005	-	579,481	579,481	-	-	579,481
Title III, Part C, Subpart 2 - Nutrition Services	93.045	ERS10519005	152,036	327,697	272,705	199,751	7,277	227,688
Title III, Part C, Subpart 2 - Program Income	93.045	ERS10519005	-	368,818	368,818	-	-	368,818
Program total					1,585,426			1,513,482
Nutrition Services Incentive Program	93.053	ERS10519005	-	294,966	294,966	-	-	294,966
Total Aging Cluster					2,419,045			2,290,353
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	ERS10519005	-	2,179	2,179	-	-	2,179
Title VII, Chapter 2 - Long Term Care	93.042	ERS10519005	-	7,041	7,041	-	-	7,041
Ombudsman Services for Older Individuals	93.043	ERS10519005	33,937	31,100	17,290	40,554	7,193	16,180
Title III, Part D - Disease Prevention and Health Promotion Services	93.052	ERS10519005	133,083	187,566	140,310	156,600	23,739	107,424
National Family Caregiver Support, Title III, Part E	93.052	ERS10519005	-	8,766	8,766	-	-	8,766
Title III, Part E - Program Income					149,076			116,190
Program total								
Administration for Children and Families:								
Social Services Block Grant	93.667	ERS10519005	-	78,836	78,836	-	-	42,155

(continued)

Northeast Missouri Area Agency on Aging
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2019

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, 2019		Passed Through to Subrecipients
						Unremitted	Remitted	
Administration for Community Living:								
Medicare Enrollment Assistance Program	93.071	ERS10519005	10,935	9,315	10,935	9,315	-	10,935
<i>Passed Through Missouri Alliance of Area Agencies on Aging:</i>								
Medicare Enrollment Assistance Program	93.071	None	9,498	18,992	18,740	9,750	-	18,740
Program total					<u>29,675</u>			<u>29,675</u>
Centers for Medicare and Medicaid Services:								
Cooperative Agreement to Support Navigators in Federally-facilitated Exchanges	93.332	5NAVCA150226-03-00	1,522	-	1,522	-	-	1,522
Cooperative Agreement to Support Navigators in Federally-facilitated Exchanges	93.332	1NAVCA180343-01-00	-	60,000	54,116	5,884	-	54,116
Program total					<u>55,638</u>			<u>55,638</u>
Total Department of Health and Human Services					<u>2,758,780</u>			<u>2,559,411</u>
Total Federal Awards			<u>644,301</u>	<u>2,878,562</u>	<u>2,758,780</u>	<u>697,752</u>	<u>66,331</u>	<u>2,559,411</u>
State of Missouri Funds:								
Missouri Department of Health and Senior Services:								
General Revenue	N/A	ERS10519005	-	636,553	636,553	-	-	589,210
Elderly Home Delivered Meals Trust Fund	N/A	ERS10519005	-	2,857	2,857	-	-	2,857
Missouri Department of Transportation:								
Missouri Highways and Transportation Commission								
Elderly and Handicapped Transportation Assistance Program	N/A	TMEHTP19NA1	-	80,664	80,664	-	-	80,664
Total State Awards				<u>720,074</u>	<u>720,074</u>			<u>672,731</u>
Total Federal and State Awards			<u>\$644,301</u>	<u>\$3,598,636</u>	<u>\$3,478,854</u>	<u>\$697,752</u>	<u>\$66,331</u>	<u>\$3,232,142</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, 2019**

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, 2019. 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 elected not 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 21 of supplementary information:

Missouri Department of Health and Senior Services	\$2,301,542
Other federal programs	74,378
Missouri Department of Transportation	80,664
Program income	<u>1,022,270</u>
Total expenditures of Federal and State Awards	<u>\$3,478,854</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

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, 2019, 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 February 9, 2020.

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 & Merrill, P.C.

Maryville, Missouri

February 9, 2020

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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

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, 2019. 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, 2019.

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 & Merrill, P.C.

Maryville, Missouri

February 9, 2020

**Northeast Missouri Area Agency on Aging
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019**

Section I – Summary of Auditors' Results

Financial Statements

The type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP?

Unmodified Qualified Adverse Disclaimer

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 report the auditor issued on compliance for major federal programs?

Unmodified Qualified Adverse Disclaimer

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

Identification of major federal programs:

CFDA Number
93.044; 93.045; 93.053

Name of Federal Program or Cluster
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.