

**AREA AGENCY ON AGING OF
WESTERN MICHIGAN, INC.**

*FINANCIAL STATEMENTS, ADDITIONAL INFORMATION
AND SINGLE AUDIT*

Years Ended September 30, 2021 and 2020

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AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

PURPOSE AND BOARD OF DIRECTORS

September 30, 2021

PURPOSE

Area Agency on Aging of Western Michigan, Inc.'s purpose is to provide older persons and persons with disabilities in social and economic need with services designed to maintain independence and dignity through planning resource use, funding and coordinating supportive services, advocating on behalf of older adults, and educating communities about aging issues.

BOARD OF DIRECTORS

Executive Committee

Chairperson
Vice Chairperson
Secretary
Treasurer
Representative of Advisory Council
Member at Large

Bill Routley
Marilyn Burns
Carol Hennessy
Cindy LaBelle
Robert Sundholm
Nancy Nielson

Allegan
Ionia
Kent
Lake
Mason
Mecosta
Montcalm
Newaygo
Osceola
City of Grand Rapids

Rick Cain, Stuart Peet
Dennis Sitzer, David Hodges
Carol Hennessy, Nancy Nielsen
Marilyn Burns, Betty Dermyer
Ron Bacon, Kim Halladay
Sharon Bongard, Bill Routley
Linda Weger, Michael Beach
Kenneth DeLaat, Cindy LaBelle
Richard Karns, Tim Mitchell
Jane Devries, Milinda Ysasi

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Board of Directors
Area Agency on Aging of Western Michigan, Inc.
Grand Rapids, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Area Agency on Aging of Western Michigan, Inc. which comprise the statement of financial position as of September 30, 2021, and the related statements of activities and changes in net assets, 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Area Agency on Aging of Western Michigan, Inc. as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Area Agency on Aging of Western Michigan, Inc. as of and for the year ended September 30, 2020, were audited by Beene Garter LLP whose report dated June 28, 2021 expressed an unmodified opinion on those statements.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of Area Agency Grant Funds – Support Services Detail is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal 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 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 June 27, 2022, on our consideration of Area Agency on Aging of Western Michigan, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Area Agency on Aging of Western Michigan, Inc.'s internal control over financial reporting and compliance.



Beene Garter
A Doeren Mayhew Firm
Grand Rapids, MI
June 27, 2022

FINANCIAL STATEMENTS

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

STATEMENTS OF FINANCIAL POSITION

September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 6,649,069	\$ 4,817,131
Certificates of deposit	4,308,031	7,014,518
Accounts receivable	467,401	345,109
Grants receivable	6,479,191	5,720,541
Prepaid expenses	175,215	131,585
Property and equipment	<u>2,664,993</u>	<u>2,751,254</u>
TOTAL ASSETS	<u>\$ 20,743,900</u>	<u>\$ 20,780,138</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 4,536,398	\$ 5,290,926
Accrued liabilities	719,345	709,274
Loan payable	<u>-</u>	<u>1,410,652</u>
TOTAL LIABILITIES	5,255,743	7,410,852
Net Assets		
Net assets without donor restrictions	15,387,086	13,278,708
Net assets with donor restrictions	<u>101,071</u>	<u>90,578</u>
TOTAL NET ASSETS	<u>15,488,157</u>	<u>13,369,286</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 20,743,900</u>	<u>\$ 20,780,138</u>

See accompanying notes

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended September 30, 2021

	Net assets without donor restrictions	Net assets with donor restrictions	Total
Public Support and Revenue			
Contributions	\$ -	\$ 64,898	\$ 64,898
Federal Medicaid waiver contract	31,672,573	-	31,672,573
Federal grants	5,859,868	-	5,859,868
State grants	3,978,920	-	3,978,920
Local sources	12,691,031	-	12,691,031
Program	13,275	-	13,275
Paycheck Protection Program loan forgiveness	1,410,652	-	1,410,652
Net assets released from restrictions			
Expiration of time restrictions	35,000	(35,000)	-
Satisfaction of donor requirements	19,405	(19,405)	-
	55,680,724	10,493	55,691,217
Expenses			
Program services	51,639,045	-	51,639,045
General and administrative	1,933,301	-	1,933,301
	53,572,346	-	53,572,346
CHANGE IN NET ASSETS	2,108,378	10,493	2,118,871
Net Assets at Beginning of Year	13,278,708	90,578	13,369,286
NET ASSETS AT END OF YEAR	\$ 15,387,086	\$ 101,071	\$ 15,488,157

See accompanying notes

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended September 30, 2020		
	Net assets without donor restrictions	Net assets with donor restrictions	Total
	<u> </u>	<u> </u>	<u> </u>
Public Support and Revenue			
Contributions	\$ 1,976	\$ 66,598	\$ 68,574
Federal Medicaid waiver contract	28,239,061	-	28,239,061
Federal grants	6,649,163	-	6,649,163
State grants	3,819,279	-	3,819,279
Local sources	11,032,458	-	11,032,458
Program	178,247	-	178,247
Net assets released from restrictions			
Expiration of time restrictions	35,000	(35,000)	-
Satisfaction of donor requirements	32,521	(32,521)	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL PUBLIC SUPPORT AND REVENUE	49,987,705	(923)	49,986,782
Expenses			
Program services	49,062,154	-	49,062,154
General and administrative	1,976,797	-	1,976,797
	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENSES	51,038,951	-	51,038,951
CHANGE IN NET ASSETS	(1,051,246)	(923)	(1,052,169)
Net Assets at Beginning of Year	<u>14,329,954</u>	<u>91,501</u>	<u>14,421,455</u>
NET ASSETS AT END OF YEAR	<u>\$ 13,278,708</u>	<u>\$ 90,578</u>	<u>\$ 13,369,286</u>

See accompanying notes

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2021

	Program Expenses	General and Administrative	Total
Salaries	\$ 4,622,076	\$ 1,212,277	\$ 5,834,353
Employee benefits	1,604,369	398,793	2,003,162
Subcontractors	44,509,507	-	44,509,507
Occupancy	180,979	79,620	260,599
Office supplies	215,851	55,223	271,074
Marketing and promotion	20,776	5,002	25,778
Travel	66,853	16,462	83,315
Professional fees	347,961	125,352	473,313
Telephone	70,301	13,513	83,814
Advocacy	-	27,059	27,059
Advocacy for Senior Issues	372	-	372
TOTAL EXPENSES	\$ 51,639,045	\$ 1,933,301	\$ 53,572,346

See accompanying notes

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended September 30, 2020

	Program Expenses	General and Administrative	Total
Salaries	\$ 4,595,034	\$ 1,286,044	\$ 5,881,078
Employee benefits	1,523,383	406,686	1,930,069
Subcontractors	42,123,581	-	42,123,581
Occupancy	182,122	88,768	270,890
Office supplies	178,830	89,595	268,425
Marketing and promotion	24,341	7,103	31,444
Travel	87,261	12,419	99,680
Professional fees	271,596	46,428	318,024
Telephone	66,307	13,362	79,669
Advocacy	-	26,392	26,392
Advocacy for Senior Issues	9,699	-	9,699
TOTAL EXPENSES	\$ 49,062,154	\$ 1,976,797	\$ 51,038,951

See accompanying notes

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

STATEMENTS OF CASH FLOWS

Years Ended September 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 2,118,871	\$ (1,052,169)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities		
Depreciation expense	116,497	115,709
Paycheck Protection Program loan forgiveness	(1,410,652)	-
Changes in operating assets and liabilities		
Accounts receivable	(122,292)	10,344
Grants receivable	(758,650)	(2,914,276)
Prepaid expenses	(43,630)	(29,287)
Accounts payable	(754,528)	1,567,607
Accrued liabilities	10,071	155,228
	(844,313)	(2,146,844)
NET CASH USED BY OPERATING ACTIVITIES		
Cash Flows from Investing Activities		
Net change in certificates of deposit	2,706,487	(1,386,286)
Purchase of property and equipment	(30,236)	(7,700)
	2,676,251	(1,393,986)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES		
Cash Flows from Financing Activities		
Proceeds from Paycheck Protection Program SBA loan	-	1,410,652
	1,831,938	(2,130,178)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents at Beginning of Year	4,817,131	6,947,309
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 6,649,069	\$ 4,817,131

See accompanying notes

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS

September 30, 2021 and 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activity

Area Agency on Aging of Western Michigan, Inc. (Agency) was founded in May 1974 as a Michigan nonprofit organization, designated by the Michigan Commission on Service to the Aging, to plan and coordinate Older American Programs in a nine county region of western Michigan. The Agency provides older persons and persons with disabilities in social and economic need with services designed to maintain independence and dignity through planning resource use, funding and coordinating supportive services, advocating on behalf of older adults, and educating communities about aging issues. The Agency is governed by a board of directors that consists of two representatives from each of the nine counties and the city of Grand Rapids.

Financial Statement Format

The Agency is required to report information regarding its financial position and activities according to two classes of net assets - without donor restriction and with donor restriction. Net assets with donor restrictions consist of \$35,000 funding for a future time period and the balance for various program restrictions.

Basis of Accounting

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

Cash and Cash Equivalents

The Agency maintains its cash and cash equivalents at three financial institutions. Cash equivalents consist of money market funds. Deposits are insured by the Federal Deposit Insurance Corporation. From time to time during the year, the Agency may have cash on deposit in excess of the federally insured limit.

Certificates of Deposit

The Agency maintains investments in the form of certificates of deposit at several financial institutions. The certificates bear interest at varying rates up to 0.70% with the latest maturity in January 2023 and penalties for early withdrawal. The carrying value of the certificates of deposit include interest earned through the end of the year. The certificates of deposit are insured by the Federal Deposit Insurance Corporation.

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021 and 2020

Grants and Accounts Receivable

Grants receivable represents revenue earned from federal, state, or local funding sources for services purchased on behalf of Agency clients. Revenue is earned and recorded when the underlying service is provided or purchased for the Agency client.

Grants and accounts receivable are stated at the amount management expects to collect from balances outstanding. Management has reviewed the balances that comprise the various categories of grants receivable and determined such balances to be fully collectible. Accordingly, no provision for uncollectible accounts is included in the financial statements. If amounts become uncollectible, a provision for the potential loss will be charged to operations when that determination is made. All grants receivable are expected to be collected within one year.

Property and Equipment

Expenditures for property related to the main facility are capitalized at cost, and depreciation is computed using the straight-line method over the estimate useful life of the asset. Equipment used by the Agency is purchased with resources from grants that specify that the title remain with the grantor. Accordingly, expenditures for equipment are recorded as expenses of the program benefited.

Property, plant, and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Management annually reviews assets to determine whether carrying values have been impaired. If the expected future cash flow from the use of the asset and its eventual disposition is less than the carrying amount of the asset, an impairment loss is recognized and measured using the asset's fair value. No such losses were recognized during 2021 and 2020.

Donations of property and equipment are recorded as support at estimated fair value at the time received. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021 and 2020

Contributions

Contributions received are recorded as with or without donor restriction depending on the existence and/or nature of any donor restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. The Agency reports gifts of cash and other assets as donor restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restriction. If the restriction will be met in the same reporting period, the support will be recorded as without donor restriction.

Revenue Recognition

Grant revenue received for grants determined to be exchange transactions is recognized as services are provided. Revenue from conditional grant awards under expense reimbursement programs is recognized in the period during which conditions are substantially met. In cases where the conditions are substantially met in advance of receiving the grant reimbursement, revenue and grants receivable are recorded. In cases where a grant advance is received prior to the conditions being substantially met, the advance is recorded as deferred revenue.

Payments under cost-reimbursable contracts are recognized at the point in time that the expenditures are incurred.

Included in state grant revenue is the Michigan Department of Health and Human Services (MDCH) MI Choice grant, which is a capitated rate plan. Under this plan, the Agency is paid a monthly fee for each eligible participant enrolled in the plan at the end of each month. Revenue is recognized at the point in time services are provided. The fee is based on participant age and the level of need for support services. These payments are reconciled each month to determine overpayments (money due back to the State) or underpayments (money due to the Agency). Total revenue recognized under this grant amounts to \$31,672,573 and \$28,239,061 as of September 30, 2021 and 2020, respectively.

Functional Allocation Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Fund-raising costs are not material and are included in general and administrative expenses.

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021 and 2020

Income Taxes

The Internal Revenue Service has determined the Agency is exempt from income taxes under provisions of Code Section 501(c)(3) whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. The Agency currently has no unrelated business activity. Accordingly, no provision for income taxes has been recorded. In addition, the Agency qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Tax positions taken are assessed for uncertainty and a provision may be recorded if a tax position is not likely to be sustained upon examination.

Subsequent Events

Management has evaluated significant events or transactions occurring subsequent to September 30, 2021, for potential recognition or disclosure in these financial statements. The evaluation was performed through June 27, 2022 the date the financial statements were available for issuance.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with U.S. generally accepted accounting principles. 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 vary from the estimates that were used.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, Leases (Topic 842), which provides guidance for accounting for leases. The new guidance requires organizations to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. The ASU is effective for annual periods beginning after December 15, 2021.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326). The main provisions of this pronouncement include requiring financial assets to be presented at the net amount expected to be collected utilizing an allowance for credit losses. The ASU is effective for annual periods beginning after December 15, 2022.

The Agency is currently evaluating the impact this guidance will have on the financial statements.

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021 and 2020

NOTE 2 - IMPLEMENTATION OF NEW ACCOUNTING GUIDANCE

The FASB issued new guidance that created Topic 606, Revenue from Contracts with Customers, in the Accounting Standards Codification (ASC). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition. It requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, Other Assets and Deferred Costs – Contracts with Customers, to the ASC to require the deferral of incremental costs of obtaining a contract with a customer. Collectively, the new Topic 606 and Subtopic 340-40 are referred to as the “new guidance.” Contribution revenue is not subject to the new guidance.

The Agency adopted the requirements of the new guidance as of October 1, 2020, utilizing the modified retrospective method of transition. The effect of applying the new guidance was not significant to the financial statements.

NOTE 3 - LIQUIDITY

The Agency’s financial assets which are available within one year of the balance sheet date for general expenditure are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 6,649,069	\$ 4,817,130
Certificates of deposit	4,308,031	7,014,518
Accounts receivable	467,401	345,109
Grants receivable	6,479,191	5,720,541
	<u>\$ 17,903,692</u>	<u>\$ 17,897,298</u>

As part of Area Agency’s liquidity management, the Agency has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As part of its liquidity management, the Agency invests cash in excess of daily requirements in a ladder portfolio of short-term investments, primarily marketable certificates of deposits and money market sweep accounts.

The Agency shall maintain a minimum fund balance in cash and cash equivalents sufficient to fund 90 days of normal operational costs (approximately \$10,790,000). This amount will be based on documented operational expenses (non-capital) for all programs in the most recent fiscal year for which there are audited financial statements. Exceptions to the 90-day threshold may be granted by the Area Agency Board or Executive Committee.

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021 and 2020

Cash expenditures and/or financial commitments outside of approved budgets that would reduce fund balance below the 90-day threshold required formal approval from one of the following: Area Agency Board Chair (if immediate need determined by Executive Director and Finance Director) or Executive Committee of the Board of Directors.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 586,625	\$ 586,625
Building	2,998,156	2,967,921
	<u>3,584,781</u>	<u>3,554,546</u>
Accumulated depreciation	<u>(919,788)</u>	<u>(803,292)</u>
	<u>\$ 2,664,993</u>	<u>\$ 2,751,254</u>

NOTE 5 - LOAN PAYABLE / PAYROLL PROTECTION PROGRAM

During 2020, the Agency secured a note payable with a bank and the U.S. Small Business Administration for \$1,410,652. The note was obtained pursuant to the Paycheck Protection Program (PPP) of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, with payment and maturity terms as defined in the Act. Proceeds from the loan are to be used for qualifying expenses as defined by the CARES Act and Economic Aid Act. The Agency applied for forgiveness under the Paycheck Protection Program with the U.S. Small Business Administration and received full forgiveness of the note payable and accrued interest. Accordingly, the Agency recorded a gain on debt extinguishment of \$1,410,652 as a component of revenue within the statement of activities and changes in net assets.

NOTE 6 - PENSION PLAN

Substantially all Agency employees are included in a Simplified Employee Pension - Individual Retirement Account (SEP - IRA) Plan. An employee becomes eligible on the first day of the plan period following 90 days of employment. The Agency contributes 10% of the gross amount of each employee's salary into the SEP - IRA. Total contributions were \$569,845 and \$585,350 for the years ended September 30, 2021 and 2020, respectively.

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021 and 2020

NOTE 7 - CONCENTRATIONS OF RISK

Area Agency on Aging of Western Michigan, Inc. received significant funding from three governmental agencies during each of the years ended September 30, 2021 and 2020 as follows:

	Grants Receivable Prior to Netting of Unearned Advances		Public Support and Revenue	
	2021	2020	2021	2020
Aging and Adult Service Agency (AASA)	30%	52%	10%	13%
Kent County senior millage	33%	14%	23%	22%
Federally funded Medicaid waiver program	16%	13%	58%	56%

The Agency's operations are concentrated in services to senior citizens. In addition, the Agency operates in a heavily regulated environment. The operations of the Agency are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, AASA. Such administrative directives, rules, and regulations are subject to change by an Act of Congress or an administrative change mandated by AASA. Changes may occur with little notice or inadequate funding to pay for the related cost, including the administrative burden, to comply with a change.

NOTE 8 - CONTINGENCIES

The Agency participates in federal grant programs. These programs are subject to compliance audits. The audits of the programs for September 30, 2021 have been conducted and a Single Audit Report has been issued. However, the compliance audit reports have not yet been accepted by the grantors. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Agency expects such amounts, if any, to be immaterial.

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

September 30, 2021 and 2020

NOTE 9 - RISKS & UNCERTAINTIES

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has significantly impacted the economic conditions in the U.S and globally throughout 2020 and 2021. While many industries have returned to normal operating conditions, there is still uncertainty about future outbreaks and related economic effects. At this time, management does not anticipate significant disruptions in the Agency's operations.

ADDITIONAL INFORMATION

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

SUPPLEMENTAL SCHEDULE: FUNDED SERVICE CATEGORIES BY SOURCE

Year Ended September 30, 2021

Service Category	Federal	State	Title III-D			State Care Mgmt		PREVNT	State Cgvr	St. Respite	Merit	CARES	State	CRF DCW		
	Admin	Admin	Title III-B	Title VII-A Title III-EAP	Title III-E	State Access	State In-Home	St. Alt. Care	State ANS State NHO	Support State MSO	Escheat Funds		Award Trust Fund	Title III C-1 Congregate State HDM	Prem Pay NSIP	
Care Management	\$ -	\$ -	\$ -	\$ -	\$ 91,335	\$ -	\$ 431,825	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Caregiver Information & Assistance	-	-	3,734	-	21,075	-	-	-	-	-	-	-	-	-		
Outreach	-	-	140,440	-	-	-	-	-	-	-	-	-	-	-		
Transportation	-	-	170,642	-	-	-	-	-	-	-	-	-	-	-		
Homemaker	-	-	20,775	-	-	-	141,537	97,400	22,880	-	-	-	-	-		
Medication Management	-	-	-	-	-	-	11,935	1,815	2,787	-	-	-	-	-		
Assistive Devices & Technology	-	-	22,876	-	-	-	76,034	17,500	-	-	-	-	-	-		
Disaster Recovery & Outreach	-	-	-	-	-	-	-	-	-	-	-	71,364	-	-		
Respite Care	-	-	12,566	-	23,750	-	89,166	-	5,414	17,492	48,096	79,954	-	-		
Overnight Respite Care	-	-	-	-	-	-	-	-	-	-	-	2,590	-	-		
Homemaker - Respite Care	-	-	-	-	10,209	-	44,848	-	-	-	7,819	16,916	-	-		
Personal Care - Respite Care	-	-	-	-	7,596	-	24,980	-	-	-	5,327	15,472	-	-		
Legal Assistance	-	-	97,485	-	46,220	-	-	-	-	-	-	-	-	-		
Adult Day Care	-	-	-	-	33,314	-	-	-	45,304	16,000	80,373	150,225	-	-		
Disease Prevention	-	-	30,073	71,227	-	-	-	-	-	-	-	-	-	-		
LTC Ombudsman	-	-	14,507	13,851	-	-	-	-	41,700	16,968	-	-	45,098	-		
Senior Center Staffing	-	-	68,093	-	-	-	-	-	-	-	-	-	-	-		
Elder Abuse Prevention	-	-	-	14,755	-	-	-	-	-	-	-	-	-	-		
Caregiver Support Group	-	-	-	-	21,854	-	-	-	-	-	-	-	-	-		
Caregiver Supplemental	-	-	-	-	2,802	-	-	-	-	-	-	-	-	-		
Kinship Support	-	-	-	-	29,874	-	-	-	-	-	-	-	-	-		
Caregiver Education	-	-	-	-	42,810	-	-	-	-	-	-	-	-	-		
Caregiver Training	-	-	-	-	571	-	-	-	-	-	-	-	-	-		
Program Development	-	-	188,472	-	-	-	-	-	-	-	-	-	-	-		
Nutrition Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Congregate Meals	-	-	-	-	-	-	-	-	-	-	-	-	762,411	21,744	149,203	
Home Delivered Meals	-	-	-	-	-	-	-	-	-	-	-	-	77,564	1,494,624	1,084,577	686,960
Region Specific	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Outreach & Assistance	-	-	33,000	-	-	27,404	-	-	-	-	-	-	-	-		
Caregiver Focal Point	-	-	-	-	70,808	-	-	-	-	-	-	-	-	-		
Care Management	-	-	-	-	64,431	-	-	-	22,240	-	-	-	-	-		
Home Support	-	-	-	-	-	37,500	-	-	-	-	-	-	-	-		
Demencia Friends	-	-	4,692	-	-	-	-	-	-	-	-	-	-	-		
Community Living Supports	-	-	-	-	-	-	693,994	138,397	-	-	14,931	8,742	-	-		
Administration	354,443	59,074	-	-	-	-	-	-	-	-	-	123,642	-	-		
SUPPORT SERVICES TOTAL	\$ 354,443	\$ 59,074	\$ 807,355	\$ 99,833	\$ 466,649	\$ 64,904	\$ 1,514,319	\$ 255,112	\$ 140,325	\$ 50,460	\$ 156,546	\$ 265,157	\$ 326,410	\$ 2,257,035	\$ 1,106,321	\$ 836,163

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2021

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Grant Period	Agency or Pass-through Number	Federal Award Amount	Passed Through To Subrecipients	Total Federal Expenditures
Department of Health and Human Services						
Passed through State of Michigan						
Aging & Adult Services Agency						
Special Programs for the Aging						
Title III, Part B						
Grants for Supportive Services and Senior Centers - Administration	93.044	10/20-09/21	E20213897;4278	\$ 108,077	\$ -	\$ 101,195
Grants for Supportive Services and Senior Centers - Social Services	93.044	10/20-09/21	E20213897;4278	1,093,982	523,665	807,355
COVID-19 Grants for Supportive Services and Senior Centers - Administration - CARES Act	93.044	10/20-09/21	E20213897;4278	36,704	-	31,791
COVID-19 Grants for Supportive Services and Senior Centers - Social Services - CARES Act	93.044	10/20-09/21	2001MISSC3-01	159,541	-	40,606
Title III, Part C - Nutrition Services						
Administration	93.045	10/20-09/21	E20213897;4278	219,073	-	205,122
Part 1 (Congregate Meals)	93.045	10/20-09/21	E20213897;4278	852,763	704,252	762,411
Part 2 (Home Delivered Meals)	93.045	10/20-09/21	E20213897;4278	1,498,578	1,494,624	1,494,624
COVID-19 Administration - CARES Act	93.045	10/20-09/21	E20213897;4278	88,090	-	76,298
COVID-19 Services - CARES Act	93.045	10/20-09/21	E20213897;4278	77,564	77,564	77,564
COVID-19 Administration - Part 2 Supplemental Nutrition Funding	93.045	12/20-09/21	E20213897;4278	11,822	-	6,828
COVID-19 Services - Part 2 Supplemental Nutrition Funding	93.045	12/20-09/21	E20213897;4278	103,954	103,954	103,954
Nutrition Services Incentive Program	93.053	10/20-09/21	E20213897;4278	836,163	836,163	836,163
Subtotal Aging Cluster					3,740,222	4,543,911

The accompanying notes are an integral part of this schedule

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2021

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Grant Period	Agency or Pass-through Number	Federal Award Amount	Pass Through To Subrecipients	Total Federal Expenditures
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043	10/20-09/21	E20213897;4278	\$ 83,976	\$ 32,149	\$ 71,227
Special Programs for the Aging Title VII, Chapter 2 Long Term Care Ombudsman Services for Older Individuals	93.042	10/20-09/21	E20213897;4278	18,447	-	13,851
COVID -19 Long Term Care Ombudsman Services for Older Individuals - CARES Act	93.042	10/20-09/21	2001MIOMC3-00	45,098	-	45,098
Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	10/20-09/21	E20213897;4278	14,801	-	14,755
Title III, Part E National Family Caregiver Support, Title III, Part E - Administration	93.052	10/20-09/21	E20213897;4278	51,399	-	48,126
National Family Caregiver Support, Title III, Part E COVID-19 National Family Caregiver Support, Title III, Part E - Administration - CARES Act	93.052	10/20-09/21	E20213897;4278	589,212	213,824	466,649
COVID-19 National Family Caregiver Support, Title III, Part E - CARES Act	93.052	04/20-09/20	2001MIFCC3-00	17,958	-	15,554
	93.052	04/20-09/20	2001MIFCC3-00	61,319	-	39,500

The accompanying notes are an integral part of this schedule

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2021

Federal Grantor/Pass Through Grantor/Program Title	Assistance Listing Number	Grant Period	Agency or Pass-through Number	Federal Award Amount	Pass Through To Subrecipients	Total Federal Expenditures
COVID-19 Immunization Support Grant	93.268	02/21-09/21	E20213897;4278	\$ 53,000	\$ -	\$ 4,158
COVID-19 No Wrong Door System Grant	93.048	01/21-09/21	E2021	172,785	-	129,216
Passed through Michigan Medicare/Medicaid Assistance Program, Inc.:						
State Health Insurance Assistance Program	93.324	04/20-03/21	90SAPG0090-01-04	76,550	-	42,867
State Health Insurance Assistance Program	93.324	04/20-03/21	90SAPG0090-02-00	80,084	-	41,367
Special Programs for the Aging						
Title IV and Title II Discretionary Projects	93.048	06/20-05/21	90MPPG0039-03-00	21,011	-	14,225
Title IV and Title II Discretionary Projects	93.048	06/20-05/21	90MPPG0039-03-00	21,011	-	7,964
Medical Assistance Program - Medicaid Admin	93.778	10/20-09/21	2105MI5ADM	22,633	-	20,502
Medical Assistance Program - Medicaid Services	93.778	10/20-09/21	2105MI5MAP	49,332	-	44,686
Total Department of Health and Human Services					<u>3,986,195</u>	<u>5,563,656</u>
Department of the Treasury						
Passed through State of Michigan						
Aging & Adult Services Agency						
Coronavirus Relief Fund						
COVID-19 Personal Care/Essential Care Boxes	21.019	10/20-12/20	E2021	22,990	-	22,990
COVID-19 Direct Care Worker Premium Pay	21.019	10/20-2/21	E2021	184,020	78,509	78,509
Total Department of Labor					<u>78,509</u>	<u>101,499</u>
Total Federal Awards					<u>\$ 4,064,704</u>	<u>\$ 5,665,155</u>

The accompanying notes are an integral part of this schedule

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

September 30, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Area Agency on Aging of Western Michigan, Inc. (Agency) under programs of the federal government for the year ended September 30, 2021. 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 the Agency, it is not intended to and does not present the financial position, related statements of activities and changes in net assets, functional expenses or cash flows of the Agency.

NOTE 2 - 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 the Uniform Guidance, Cost Principles for Nonprofit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Agency has elected not to use the 10% de minimis indirect costs rate allowed under the Uniform Guidance and has agreed upon indirect cost rates with each oversight agency.

NOTE 3 - DONATED PERSONAL PROTECTIVE EQUIPMENT - UNAUDITED

During 2021, the Agency received a delivery of personal protective equipment (PPE) from the Michigan Department of Health and Human Services Aging and Adult Services Agency in response to the COVID-19 pandemic. These donated items include facial masks. The Agency used the PPE for employees, service providers, and program participants. The estimated value of the PPE received of approximately \$24,000 was determined in accordance with the provisions of the Uniform Guidance based on the fair market value at the time of receipt.

The estimated value of the PPE is unaudited.

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

September 30, 2021

NOTE 4 - TOTAL FUNDING SUMMARIZED BY FEDERAL PROGRAM

Program	Assistance Listing #	Federal Expenditures
Special Programs for the Aging		
Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	\$ 908,550
COVID-19 Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	72,397
Title III, Part C- Nutrition Services	93.045	2,462,157
COVID-19 Title III, Part C- Nutrition Services	93.045	264,644
Title III, Part D- Disease Prevention and Health Promotion Services	93.043	71,227
Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	13,851
COVID-19 Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	45,098
Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	14,755
Title IV and Title II Discretionary Projects	93.048	22,189
MI COVID-19 No Wrong Door System Grant	93.048	129,216
National Family Caregiver Support, Title III, Part E	93.052	514,775
COVID-19 National Family Caregiver Support, Title III, Part E	93.052	55,054
Nutrition Services Incentive Program	93.053	836,163
COVID-19 Immunization Support Grant	93.268	4,158
State Health Insurance Assistance Program	93.324	84,234
Medical Assistance Program	93.778	65,188
COVID-19 Coronavirus Relief Fund	21.019	101,499
		<u><u>\$ 5,665,155</u></u>

**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***

**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**

Board of Directors
Area Agency on Aging of Western Michigan, Inc.
Grand Rapids, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Area Agency on Aging of Western Michigan, Inc., which comprise the statement of financial position as of September 30, 2021 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 27, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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.

Compliance and Other Matters

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

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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Beene Garter
A Doeren Mayhew Firm
Grand Rapids, Michigan
June 27, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Area Agency on Aging of Western Michigan, Inc.
Grand Rapids, Michigan

Report on Compliance for Each Major Federal Program

We have audited Area Agency on Aging of Western Michigan, Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Agency's major federal program for the year ended September 30, 2021. The Agency's major federal program is 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 the Agency's major federal program 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; and 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). Those standards and the Uniform Guidance 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 the Agency'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 Area Agency on Aging of Western Michigan, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on the major federal program is not modified with respect to these matters.

Area Agency on Aging of Western Michigan's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Area Agency on Aging of Western Michigan's response was not subjected to auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Agency 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 the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 the Agency'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 a 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, we did identify a deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-001, that we consider to be a significant deficiency.

Area Agency on Aging of Western Michigan's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Area Agency on Aging of Western Michigan's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



Beene Garter
A Doeren Mayhew Firm
Grand Rapids, Michigan
June 27, 2022

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2021

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Area Agency on Aging of Western Michigan, Inc. were prepared in accordance with GAAP.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Area Agency on Aging of Western Michigan, Inc. were disclosed during the audit.
4. One significant deficiency in internal control over major federal award programs disclosed during the audit is reported in the Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by Uniform Guidance. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award program for Area Agency on Aging of Western Michigan, Inc. expresses an unmodified opinion.
6. An audit finding required to be reported in accordance with 2 CFR section 200.516(a) is reported in this Schedule.
7. The program tested as a major program was Special Programs for the Aging (Aging Cluster of Programs) CFDA #93.044, #93.045 and #93.053.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Area Agency on Aging of Western Michigan, Inc. was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

Current year – None

Prior year – None

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended September 30, 2021

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

Current Year

Aging Cluster – Assistance Listing #94.044, #93.045, #93.053

#2021-001 – Significant Deficiency in Internal Controls over Reporting, and Compliance Finding: Grant and Contract Management; Reporting

Conditions/Cause

- Knowledge related to certain grant reporting requirements and deadlines was limited to one person within the Agency, and there was not a documented system in place to track the numerous reporting requirements and deadlines. As a result, the Agency was late in filing required reports. The second of the quarterly CARES Act Financial Status Reports for the Aging Cluster was submitted late. The report was due on April 15, 2021 and was submitted April 21, 2021. The fourth of the quarterly FSR reports for the Aging Cluster were also submitted late despite being provided multiple extensions.

Criteria

- Reports are required to be filed by the deadlines provided in the grant agreements. Controls surrounding reporting responsibilities should follow written policies that establish procedures for periodic monitoring, verification and timely reporting. A tracking system should be in place to promote compliance with reporting deadlines.

Context/Effect

- The CARES FFCRA report for the period ended March 31, 2021, was submitted on April 21, 2021. The reports are due 15 days after the period end. The funding agency reached out to management after the due date to inquire of the status. No extension was requested.
- The 4th quarter and final FSR report for the period ended September 30, 2021, was submitted on January 11, 2022. The final reports are typically due December 15. Management requested an extension and one was granted until December 31, 2021. Extensions were requested after this date and granted, but the report was still submitted after the extended deadline.

AREA AGENCY ON AGING OF WESTERN MICHIGAN, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended September 30, 2021

Recommendations:

- We recommend implementation of a documented tracking system for reports according to the deadlines provided by the funding entity. In the event an extension is necessary, that extension should be requested prior to the due date and should be documented. We also recommend that multiple people be involved in the reporting process, so that reports can still be filed timely in the event of unexpected absences or turnover in staff.

Views of Responsible Officials and Planned Corrective Actions

Management concurs with the observations of the auditors. Reports are to be reviewed and submitted prior to each deadline. The Agency will work to develop a tracking system to support compliance with reporting deadlines.

Prior Year – None

CORRECTIVE ACTION PLAN



3215 EAGLECREST DR. NE
GRAND RAPIDS, MI
49525-7005
Ph: 616.456.5664 Fx: 616.456.5692
1.888.456.5664
www.aaawm.org

The Source for Seniors

CORRECTIVE ACTION PLAN

June 27, 2022

Area Agency on Aging of Western Michigan respectfully submits the following corrective action plan for the year ended September 30, 2021.

Beene Garter
A Doeren Mayhew Firm
56 Grandville Ave SW Suite 100
Grand Rapids, MI 49503

Audit Period: October 1, 2020 – September 30, 2021

The finding from the 2021 schedule of findings and questioned costs are discussed below. The finding is numbered consistently with the number assigned in the schedule.

FINDING – FEDERAL AWARD PROGRAM AUDIT

Aging Cluster – Assistance Listing #94.044, #93.045, #93.053

#2021-001 – Significant Deficiency in Internal Controls over Reporting, and Compliance Finding: Grant and Contract Management; Reporting

Recommendations:

- It's recommended to implement a documented tracking system for reports according to the deadlines provided by the funding entity. In the event an extension is necessary, that extension should be requested prior to the due date and should be documented. Multiple people should be involved in the reporting process, so that reports can still be filed timely in the event of unexpected absences or turnover in staff.

Actions Taken:

- The Agency has filled all open positions within the finance department. Management has developed a reporting spreadsheet to track all deadlines for reports by funding agency to ensure all deadlines are met.

If there are any questions regarding this plan, please call Vince Lambert at 616.222.7060.

Sincerely,

Vince Lambert
Finance Director
Area Agency on Aging of Western Michigan