

Oceana County Council on Aging

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

Years ended December 31, 2024 and 2023

Oceana County Council on Aging

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INDEPENDENT AUDITOR'S REPORT

April 10, 2025

To the Board of Directors
Oceana County Council on Aging
Hart, MI 49420**Opinion**

We have audited the accompanying financial statements of Oceana County Council on Aging (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and December 31, 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oceana County Council on Aging as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Oceana County Council on Aging and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Oceana County Council on Aging's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Oceana County Council on Aging's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Oceana County Council on Aging's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Lake Michigan CPA Services, PLLC

Ludington, Michigan
April 10, 2025

Oceana County Council on Aging

Statements of Financial Position
December 31, 2024 and 2023

ASSETS

CURRENT ASSETS

	2024	2023
Cash and cash equivalents	\$ 201,969	\$ 155,940
Investments	390,845	121,302
Accounts receivable	34,379	48,607
Prepaid expenses	17,234	14,049
Total current assets	644,427	339,898

NONCURRENT ASSETS

Property and equipment		
Land	60,386	60,386
Land improvements	65,789	65,789
Buildings and improvements	1,751,854	1,750,454
Equipment	459,496	416,629
Vehicles	1,326,687	1,075,969
Less: accumulated depreciation	(1,520,162)	(1,359,572)
Property and equipment, net	2,144,050	2,009,655
Total assets	\$ 2,788,477	\$ 2,349,553

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 7,145	\$ 2,874
Accrued liabilities	50,925	52,173
Current portion, note payable	-	46,857
Other liabilities	47,936	23,982
Total current liabilities	106,006	125,886

NET ASSETS

Net assets without donor restrictions	2,682,471	2,223,667
Total liabilities and net assets	\$ 2,788,477	\$ 2,349,553

The accompanying notes are an integral part of this statement.

Oceana County Council on Aging

Statements of Activities For the Years Ended December 31, 2024 and 2023

	December 31, 2024			December 31, 2023
	Without donor restrictions	With donor restrictions	Total	Total
REVENUES				
Grants	\$ 409,111	\$ -	\$ 409,111	\$ 246,341
Contributions	104,445	-	104,445	70,214
Oceana County millage	1,442,613	-	1,442,613	1,385,979
Program service fees	380,752	-	380,752	306,336
Rental income	12,450	-	12,450	7,469
Investment income	81,269	-	81,269	23,448
Fundraising	10,490	-	10,490	9,748
Other revenues	8,866	-	8,866	3,638
Total revenues	2,449,996	-	2,449,996	2,053,173
Net assets released from restrictions	-	-	-	-
Total revenues and net assets released from restrictions	2,449,996	-	2,449,996	2,053,173
EXPENSES				
Program services				
Senior Care Services	413,138	-	413,138	491,390
Senior Center Programs	428,361	-	428,361	342,293
Transportation services	670,694	-	670,694	564,657
Supporting services				
Management and general	478,999	-	478,999	471,744
Total expenses	1,991,192	-	1,991,192	1,870,084
Change in net assets	458,804	-	458,804	183,089
Net assets at January 1	2,223,667	-	2,223,667	2,040,578
Net assets at December 31	\$ <u>2,682,471</u>	\$ <u>-</u>	\$ <u>2,682,471</u>	\$ <u>2,223,667</u>

The accompanying notes are an integral part of this statement.

Oceana County Council on Aging

Statements of Functional Expenses For the Year Ended December 31, 2024

	Program Services			Supporting Services	
	Senior Resources	Senior Programming	Transportation services	Management and general	Total
Compensation	\$ 327,198	\$ 235,556	\$ 244,074	\$ 226,291	\$ 1,033,119
Payroll taxes	43,443	18,946	19,636	18,333	100,358
Employee benefits	14,594	40,582	41,191	50,068	146,435
Advertising	-	-	386	1,071	1,457
Bank charges and credit card fees	-	2,421	-	979	3,400
Contract services	-	-	107,050	-	107,050
Depreciation	-	-	74,130	86,460	160,590
Dues, licenses, and permits	-	-	-	1,270	1,270
Gasoline	-	-	44,240	-	44,240
Insurance	-	-	49,117	8,530	57,647
Interest	-	-	-	562	562
Maintenance, repair and equipment	3,168	-	58,119	34,085	95,372
Meal and kitchen expenses	-	77,392	-	-	77,392
Office expense	-	-	-	13,339	13,339
Other expense	1,815	-	-	10,652	12,467
Professional fees	-	-	-	4,000	4,000
Programming expenses	5,862	43,075	-	-	48,937
Travel, training and conferences	10,613	-	29,590	1,776	41,979
Utilities	6,445	-	3,161	21,583	31,189
Volunteer expenses	-	10,389	-	-	10,389
	<u>\$ 413,138</u>	<u>\$ 428,361</u>	<u>\$ 670,694</u>	<u>\$ 478,999</u>	<u>\$ 1,991,192</u>

The accompanying notes are an integral part of this statement.

Oceana County Council on Aging

Statements of Functional Expenses

For the Year Ended December 31, 2023

	Program Services			Supporting Services	
	Senior Resources	Senior Center Programs	Transportation services	Management and general	Total
Compensation	\$ 367,352	\$ 193,571	\$ 236,305	\$ 238,163	\$ 1,035,391
Payroll taxes	61,466	424	18,858	20,222	100,970
Employee benefits	24,874	28,665	43,440	43,757	140,736
Advertising	-	-	655	929	1,584
Bad debt	-	-	-	2,643	2,643
Bank charges and credit card fees	-	2,057	-	968	3,025
Contract services	-	-	60,150	-	60,150
Depreciation	-	-	51,378	83,499	134,877
Dues, licenses, and permits	-	-	-	1,062	1,062
Gasoline	-	-	49,971	-	49,971
Insurance	1,487	-	39,831	10,167	51,485
Interest	-	-	-	4,614	4,614
Maintenance, repair and equipment	8,845	-	36,883	26,688	72,416
Meal and kitchen expenses	-	61,020	-	-	61,020
Office expense	-	-	-	7,404	7,404
Other expense	16,324	-	1,463	3,109	20,896
Printing and postage	-	-	-	2,130	2,130
Professional fees	-	-	-	3,900	3,900
Programming expenses	4,594	48,636	-	-	53,230
Travel, training and conferences	-	155	22,489	2,413	25,057
Utilities	6,448	-	3,234	20,076	29,758
Volunteer expenses	-	7,765	-	-	7,765
	<u>\$ 491,390</u>	<u>\$ 342,293</u>	<u>\$ 564,657</u>	<u>\$ 471,744</u>	<u>\$ 1,870,084</u>

The accompanying notes are an integral part of this statement.

Oceana County Council on Aging

Statements of Cash Flows For the Years Ended December 31, 2024 and 2023

CASH FLOWS FROM OPERATING ACTIVITIES	2024	2023
Increase/(decrease) in net assets	\$ 458,804	\$ 183,089
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	160,590	134,877
(Increase)/decrease in operating assets:		
Accounts receivable	14,228	(10,181)
Prepaid expenses	(3,185)	6,755
Increase/(decrease) in operating liabilities:		
Accounts payable	4,271	(13,688)
Accrued liabilities	(1,248)	6,887
Other liabilities	23,954	9,751
Net cash provided by operating activities	657,414	317,490
 CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of investments	(269,543)	(121,302)
Purchase of fixed assets	(294,985)	(92,603)
Net cash used for investing activities	(564,528)	(213,905)
 CASH FLOWS FOR FINANCING ACTIVITIES		
Proceeds from/(reductions in) loan payable	(46,857)	(205,100)
 NET CHANGE IN CASH AND CASH EQUIVALENTS	46,029	(101,515)
Cash and cash equivalents at January 1	155,940	257,455
Cash and cash equivalents at December 31	\$ 201,969	\$ 155,940

Cash paid for interest was \$562 for the year ended December 31, 2024 and \$4,614 for the year ended December 31, 2023.

The accompanying notes are an integral part of this statement.

Oceana County Council on Aging

Notes to the Financial Statements
December 31, 2024 and 2023

Note A. Summary of significant accounting policies

Organization and basis of presentation

Oceana County Council on Aging is a non-for-profit organization located in Hart, Michigan, which provides services and programs to older adults in Oceana County. Oceana County Council on Aging serves as an information and referral center, while also providing support and advocacy to senior citizens. The Organization is incorporated under the laws of the State of Michigan and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business income.

The financial statements of Oceana County Council on Aging have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted net assets include resources over which the Board of Directors has discretionary control. Temporarily restricted net assets are resources which are subject to donor imposed restrictions, which will be satisfied by the actions of the Organization or passage of time. Restricted contributions received in the same year in which the restrictions are met are recorded as an increase in unrestricted support at the time of receipt.

Revenues are reported as increases in unrestricted net assets unless the use of the related asset is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets are reported as reclassifications between the applicable classes of net assets.

Program activities

Oceana County Council on Aging was created for the purpose of providing services and assistance to area seniors, including senior meals, healthcare clinics, homemaking assistance, personal care services, nutritional education, senior trips, recreational and educational activities, transportation, and social events. Program activity costs include the cost of food for senior meals, programming expenses, fuel for transportation vehicles, compensation for direct care workers, and other direct expenses.

Oceana County Council on Aging

Notes to the Financial Statements
December 31, 2024 and 2023

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Property and Equipment

All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful life of the asset as follows:

	<u>Years</u>
Building improvements	15-25
Equipment	5-15
Vehicles	7

It is not the Organization's policy to imply time restrictions expiring over the useful life of the donated asset. In the absence of donor-imposed restrictions on the use of the asset, gifts of long-lived assets are reported as unrestricted support.

Oceana County Council on Aging

Notes to the Financial Statements
December 31, 2024 and 2023

Donated Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, solicitations, and various committee assignments.

Advertising

The Organization uses advertising to promote its programs to the clients it serves. The costs of advertising are expensed as incurred. For the years ended December 31, 2024 and 2023, advertising costs totaled \$1,457 and \$1,584, respectively.

Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

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.

Note B. Cash and Investments

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash deposits. The Organization maintains its cash balances with two financial institutions. As of December 31, 2024, all of the Council's cash balances of \$201,969 were insured by the Federal Deposit Insurance Corporation. As of December 31, 2023, \$155,940 of the Council's cash balances were insured by the Federal Deposit Insurance Corporation.

Oceana County Council on Aging

Notes to the Financial Statements
December 31, 2024 and 2023

As of December 31, 2024, the Organization had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fitch Rating</u>	<u>Percent</u>
External investment pool – Michigan CLASS	\$390,845	AAA-V1	100%

The Organization invests excess funds in an external investment pool, as evidenced by shares owned in the MBIA Michigan CLASS investment pool. The pool invests in a portfolio of investments legally permissible for Michigan local units of government, as the title is held in Oceana County's name and the Organization has a designed fund within Oceana County for taxes collected by the County on behalf of the Organization.

Note C. Endowment Fund

The Organization has an endowment fund with the Community Foundation of Oceana County. The Oceana County Council on Aging Fund was established in 2010 to receive contributions. The agreement with the Community Foundation of Oceana County allows income and a portion of the principal be used for the Organization's general operations. The Boards of Trustees of the Community Foundation for Oceana County has the power to modify any restriction or condition on the distribution of funds for any specified charitable purpose or to a specified organization if, in the sole judgment of the Boards, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served. The authority to modify restrictions is sometimes referred to as "variance power" and is a legal standard imposed on all community foundations.

Oceana County Council on Aging

Notes to the Financial Statements December 31, 2024 and 2023

The Community Foundation invests the contributions in various types of marketable equity and debt securities, U.S. Treasuries, commercial paper, and certificates of deposit. The majority of investments are uninsured and uncollateralized. Contributions to endowment funds made by third party donors have been excluded from the unrestricted assets of the Organization. A summary of the revenues, expenses, and changes in net assets at fair value of the fund, exclusive of the unrestricted assets in the financial statements for the years ended December 31, 2024 and December 31, 2023 follows:

	Year ended December 31, 2024	Year ended December 31, 2023
Revenues		
Contributions	\$ 300	\$ 150
Dividends and interest	717	668
Investment gains and losses	2,370	3,368
Total revenues	3,387	4,186
Expenses		
Grants awarded	1,054	1,040
Investment fees	331	286
Total expenses	1,385	1,326
Revenues over/(under) expenses	2,002	2,860
Net assets, January 1	27,169	24,309
Net assets, December 31	\$ 29,171	\$ 27,169

Note D. Oceana County Millage Support

The Organization receives the majority of its support from Oceana County taxpayers through an operating millage levy of .9838 mills on taxable value of \$1,481,115,387. The net tax support for the year ended December 31, 2024 was \$1,442,613. The net tax support for the year ended December 31, 2023 was \$1,385,979.

Oceana County Council on Aging

Notes to the Financial Statements
December 31, 2024 and 2023

Note E. Land, Buildings, and Equipment

Fixed asset activity for the year ended December 31, 2024 was as follows:

	Balance January 1, 2024	Additions	Dispositions	Balance December 31, 2024
Land	\$ 60,386	\$ -	\$ -	\$ 60,386
Depreciable assets				
Equipment and furniture	416,629	42,867	-	459,496
Land improvements	65,789	-	-	65,789
Vehicles	1,075,969	250,718		1,326,687
Building and improvements	1,750,454	1,400	-	1,751,854
Total	3,308,841	294,985	-	3,603,826
Less accumulated depreciation				
Equipment and furniture	310,700	30,227	-	340,927
Land improvements	8,306	4,386	-	12,692
Vehicles	822,433	74,130		896,563
Building and improvements	218,133	51,847	-	269,980
Total accumulated depreciation	1,359,572	160,590	-	1,520,162
Total land, equipment and furniture, vehicles and buildings, net	<u>\$ 2,009,655</u>	<u>\$ 134,395</u>	<u>\$ -</u>	<u>\$ 2,144,050</u>

Oceana County Council on Aging

Notes to the Financial Statements
December 31, 2024 and 2023

Fixed asset activity for the year ended December 31, 2023 was as follows:

	Balance January 1, 2023	Additions	Dispositions	Balance December 31, 2023
Land	\$ 60,386	\$ -	\$ -	\$ 60,386
Depreciable assets				
Equipment and furniture	404,960	11,669	-	416,629
Land improvements	51,284	14,505	-	65,789
Vehicles	1,029,093	46,876		1,075,969
Building and improvements	1,730,901	19,553	-	1,750,454
Total	<u>3,216,238</u>	<u>92,603</u>	<u>-</u>	<u>3,308,841</u>
Less accumulated depreciation				
Equipment and furniture	282,299	28,401	-	310,700
Land improvements	4,645	3,661	-	8,306
Vehicles	771,055	51,378		822,433
Building and improvements	166,696	51,437	-	218,133
Total accumulated depreciation	<u>1,224,695</u>	<u>134,877</u>	<u>-</u>	<u>1,359,572</u>
Total land, equipment and furniture, vehicles and buildings, net	<u>\$ 2,051,929</u>	<u>\$ (42,274)</u>	<u>\$ -</u>	<u>\$ 2,009,655</u>

Note F. Note Payable

The Organization borrowed \$1,025,000 in 2018 to finance a new building. The following is a summary of long-term debt activity for the year ended December 31, 2024:

	Balance January 1, 2024	Additions	Reductions	Balance December 31, 2024
Bank note payable due in monthly installments of interest only through April 2024 at 4.75% Principal payments of \$205,000 due annually and ending in 2024	\$ <u>46,847</u>	\$ <u>-</u>	\$ <u>(46,847)</u>	\$ <u>93,694</u>

Oceana County Council on Aging

Notes to the Financial Statements
December 31, 2024 and 2023

Note G. Liquidity and Availability

The financial assets as of December 31, 2024, which are available for general expenses within one year of the Statement of Financial Position date, are comprised of the following:

Cash and cash equivalents	\$ 201,969
Investments	390,845
Receivables	<u>34,379</u>
Total	<u>\$ 627,193</u>

Note H. Retirement Plan

The Organization sponsors a Simple Retirement Plan, which covers all employees of the Organization. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization matches up to 3% of wages for eligible employees up to \$6,000 per year. For the years ended December 31, 2024 and 2023, the Organization contributed \$23,010, and \$21,078, respectively, to the Simple Retirement Plan.

Note I. Grant awards

Financial awards from federal, state, and local governmental entities in the form of grants are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

Note J. Date of management review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 10, 2025, the date the financial statements were available to be issued.