

# Northeast Michigan Community Service Agency, Inc.

Alpena, Michigan

Financial Statements  
and Supplementary Information

Year Ended September 30, 2024



**WIPFLI**

# Northeast Michigan Community Service Agency, Inc.

## Financial Statements and Supplementary Information

Year Ended September 30, 2024

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## **Independent Auditor's Report**

Board of Directors  
Northeast Michigan Community Service Agency, Inc.  
Alpena, Michigan

### ***Report on the Audit of the Financial Statements***

#### ***Opinion***

We have audited the accompanying financial statements of Northeast Michigan Community Service Agency, Inc., which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeast Michigan Community Service Agency, Inc. as of September 30, 2024, 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 ("GAAP").

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northeast Michigan Community Service Agency, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States, 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 Northeast Michigan Community Service Agency, Inc.'s ability to continue as a going concern for one year after the date 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

## ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules on pages 25-26 and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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. 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 May 30, 2025, on our consideration of Northeast Michigan Community Service Agency, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northeast Michigan Community Service Agency, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northeast Michigan Community Service Agency, Inc.'s internal control over financial reporting and compliance.

*Wipfli LLP*

Wipfli LLP

Madison, Wisconsin

May 30, 2025

# Northeast Michigan Community Service Agency, Inc.

## Statement of Financial Position

September 30, 2024

<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 11,053,799
Grants receivable	4,758,893
Accounts receivable	1,017,567
Prepaid expenses	14,341
Total current assets	16,844,600
Other assets:	
Investments	1,997,682
Certificates of deposit	228,944
Right-of-use assets - operating	5,604,984
Investment in related organization	174,308
Total other assets	8,005,918
Property and equipment, net	2,531,817
<b>TOTAL ASSETS</b>	<b>\$ 27,382,335</b>
<b>Liabilities and Net Assets</b>	
Current liabilities:	
Accounts payable	\$ 2,445,041
Accrued payroll and related expenses	1,642,901
Refundable advances	279,427
Lease liability - operating	1,193,670
Total current liabilities	5,561,039
Long-term liabilities: Lease liabilities - operating	4,411,314
Total Liabilities	9,972,353
Net assets:	
Without donor restrictions:	
Designated	8,556,836
Undesignated	5,465,047
Investment in land, building and equipment	2,531,817
Total net assets without donor restrictions	16,553,700
With donor restrictions	856,282
Total net assets	17,409,982
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 27,382,335</b>

# Northeast Michigan Community Service Agency, Inc.

## Statement of Activities Year Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue:			
Public support	\$ 65,624,904	\$ 366,280	\$ 65,991,184
Food commodities received	1,140,985	0	1,140,985
Program income	320,810	0	320,810
Investment income	458,536	0	458,536
Other	513,873	0	513,873
Net assets released from restrictions	608,045	( 608,045)	0
<b>Total revenue</b>	<b>68,667,153</b>	<b>( 241,765)</b>	<b>68,425,388</b>
Expenses:			
Program Services:			
Early childhood programs	34,868,918	0	34,868,918
Community based care programs	15,078,239	0	15,078,239
Aging programs	4,509,396	0	4,509,396
Weatherization and utility programs	4,767,032	0	4,767,032
Housing programs	1,534,777	0	1,534,777
Youth services programs	2,926,699	0	2,926,699
Volunteer programs	595,022	0	595,022
Community development programs	586,706	0	586,706
<b>Total program services</b>	<b>64,866,789</b>	<b>0</b>	<b>64,866,789</b>
Management and general	2,702,321	0	2,702,321
<b>Total expenses</b>	<b>67,569,110</b>	<b>0</b>	<b>67,569,110</b>
<b>Change in net assets</b>	<b>1,098,043</b>	<b>( 241,765)</b>	<b>856,278</b>
<b>Net assets - Beginning of the year</b>	<b>15,455,657</b>	<b>1,098,047</b>	<b>16,553,704</b>
<b>Net assets - End of the year</b>	<b>\$ 16,553,700</b>	<b>\$ 856,282</b>	<b>\$ 17,409,982</b>

# Northeast Michigan Community Service Agency, Inc.

## Statement of Functional Expenses Year Ended September 30, 2024

	Early Childhood	Community Based Care	Aging	Weatherization and Utility Programs	Housing Programs	Youth Services	Volunteer	Community Development	Program Services	Management & General	Total Expenses
<b>Expenses:</b>											
Salaries	\$ 17,863,980	\$ 2,160,227	\$ 415,142	\$ 515,566	\$ 522,686	\$ 1,856,411	\$ 212,208	\$ 314,711	\$ 23,860,931	\$ 1,141,207	\$ 25,002,138
Payroll taxes and fringe benefits	7,479,174	844,515	144,144	198,451	200,971	836,577	80,762	121,889	9,906,483	438,546	10,345,029
Occupancy	1,938,313	24,132	2,204	55,085	979	500	2,397	12,344	2,035,954	85,494	2,121,448
Travel and transportation:											
Out of area travel	20,476	739	0	155	652	165	1,317	1,935	25,439	15,093	40,532
Travel and transportation	399,011	64,352	21,440	48,213	40,952	21,056	11,877	11,448	618,349	41,326	659,675
Supplies	2,751,091	58,059	54,671	27,274	17,141	47,727	9,625	32,050	2,997,638	286,899	3,284,537
Equipment repairs and maintenance	29,409	216	66	78	72	575	24	532	30,972	4,944	35,916
Audit and legal services	0	0	0	0	0	0	0	0	0	310,486	310,486
Contractual:											
Subawards and flowthroughs (exempt)	2,722,940	0	1,062,775	0	0	118,165	0	0	3,903,880	0	3,903,880
Subawards and contracts	420,633	79,900	2,525,053	239	42,000	25,000	0	0	3,092,825	1,148	3,093,973
Trainings and meetings	267,815	13,809	32,109	1,900	788	6,869	1,360	26,984	351,634	33,706	385,340
Participant costs (exempt)	0	0	0	0	0	0	269,796	0	269,796	0	269,796
Client services	149,618	11,800,420	226,289	2,323,113	692,400	2,944	25	63,178	15,257,987	0	15,257,987
Printing and publications	68,592	( 874)	( 1,135)	830	2,785	( 4)	347	307	70,848	12,763	83,611
Communication	175,120	22,689	2,181	11,695	8,938	53	2,605	44	223,325	41,214	264,539
Insurance	121,884	9,378	4,604	12,528	2,793	5,318	2,121	210	158,836	30,244	189,080
Dues and memberships	19,954	0	16,337	0	0	0	660	0	36,951	6,743	43,694
Other	235,761	677	3,516	1,680	1,620	5,343	( 102)	1,074	249,569	119,011	368,580
Other (exempt)	( 19,980)	0	0	0	0	0	0	0	( 19,980)	0	( 19,980)
Depreciation	225,127			50,458				0	275,585	133,497	409,082
Food commodities distributed (exempt)	0	0	0	1,519,767	0	0	0	0	1,519,767	0	1,519,767
<b>Total expenses</b>	<u>\$ 34,868,918</u>	<u>\$ 15,078,239</u>	<u>\$ 4,509,396</u>	<u>\$ 4,767,032</u>	<u>\$ 1,534,777</u>	<u>\$ 2,926,699</u>	<u>\$ 595,022</u>	<u>\$ 586,706</u>	<u>\$ 64,866,789</u>	<u>\$ 2,702,321</u>	<u>\$ 67,569,110</u>

See accompanying notes to financial statements.

# Northeast Michigan Community Service Agency, Inc.

## Statement of Cash Flows Year Ended September 30, 2024

Increase (decrease) in cash and cash equivalents:

Cash flows from operating activities:

Change in net assets	\$	856,278
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Adjustments to reconcile change in net assets to  
net cash from operating activities:

Depreciation		409,082
Loss on disposal of property and equipment		23,438
Net realized and unrealized gains on investments	(	47,328)
Non-cash lease expense		1,286,532
Changes in operating assets and liabilities:		
Grants receivable	(	1,256,667)
Accounts receivable	(	647,474)
Prepaid expenses		8,999
Inventory		378,782
Accounts payable		523,360
Accrued payroll and related expenses		70,909
Refundable advances		151,047
Operating lease liability	(	1,286,532)

Net cash from operating activities		470,426
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Cash flows from investing activities:

Purchase of investments	(	1,046,330)
Proceeds from sale of investments		977,518
Reinvestment of interest on certificates of deposit	(	19,585)
Proceeds from certificates of deposit		258,749
Investment in related organization	(	174,308)
Purchase of property and equipment	(	643,148)
Proceeds from the sale of property and equipment		56,500

Net cash from investing activities	(	590,604)
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Change in cash and cash equivalents	(	120,178)
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Cash and cash equivalents - Beginning of the year		11,173,977
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Cash and cash equivalents - End of the year	\$	11,053,799
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Supplemental Schedule of Other Cash Activity

Obtain a right-of-use asset in exchange for a lease liability	\$	64,304
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Operating cash flows from operating leases	\$	1,543,796
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# Northeast Michigan Community Service Agency, Inc.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies

#### Nature of Activities

Northeast Michigan Community Service Agency, Inc. (NEMCSA) was organized as a Michigan nonprofit corporation on August 15, 1968 as Northeast Michigan Community Action, Inc. NEMCSA was formed to plan, establish, coordinate and operate programs to promote the health, education and welfare of the residents of 11 counties of northeastern Michigan, which remains its primary service area. Several of NEMCSA's programs encompass additional counties. NEMCSA's principal programs include:

**Early Childhood Programs** – Provide education, social services, health/dental, nutrition, mental health, and disability services to participating families for children 3-5 years of age whose family incomes are at or below 100% of poverty; provide Early Head Start programs for expectant families and/or 0-3 years old, which focus on a healthy childhood with proper nutrition, parental nurturing, and strengthening the parent-child bond to prepare infants and toddlers for healthy growth and development; provide Great Start Readiness Program preschool and supportive services for 4 year old's with family income up to 250% of poverty. Head Start and Great Start Readiness operates in twenty-one counties. Early Head Start operates in twelve counties. NEMCSA has delegated a portion of Head Start program services to one other nonprofit agency in Farwell, Michigan. Approximately 51% of NEMCSA's revenue and support is derived from Early Childhood Programs. During the year ended September 30, 2024, NEMCSA received notification that it will not be automatically renewed for an additional five-year award cycle of its Head Start program which ends June 30, 2025. NEMCSA has submitted an application to continue providing Head Start services in their service area and is working with the Department of Health and Human Services on extended funding to continue providing Head Start services during the proposal evaluation process.

**Community Based Care Programs** - Provide long term care services and support to older adults and persons with disabilities aged 18 and older who are eligible for Medicaid-covered nursing facility level of care. Services are to assist them in remaining in the community setting of their choice. Services are designed to locate, mobilize and manage a variety of home care and other services needed as an alternative of nursing home placement. Approximately 22% of NEMCSA's revenue and support is derived from Community Based Care Programs.

**Aging Programs** – Assist Medicaid recipients in making educated decisions choosing a managed health plan; provide in-home services, including homemaking, personal care, home delivered meals and respite care for recipients 60 years of age and older, and respite care for recipients or caregivers 18 and older who possess a need for assistance with certain activities of daily living; provide evidence-based disease prevention, health promotion, and caregiver educational programs; provide congregate meal sites in all twelve counties served by the Area Agency on Aging; provide information and education to families and individuals about long-term care facilities and services through an Ombudsman, who acts as a liaison between residents, care providers and state regulatory agencies. Approximately 7% of NEMCSA's revenue and support is derived from Aging Programs.

**Community and Other Programs** – Provide the following services to individuals that have income at or below a certain percentage of Federal Poverty guidelines; provide rental and utility assistance to persons faced with homelessness, or re-house those already homeless; provide utility and deliverable fuel assistance to households who are disconnected or in threat thereof; provide energy-efficiency upgrades to homes in an effort to reduce energy costs incurred by households; provide nutritious food items and nutrition education to individuals most vulnerable to malnutrition. Approximately 8% of NEMCSA's revenue and support is derived from Community and Other Programs which also includes School Success and Volunteer Programs.

# Northeast Michigan Community Service Agency, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies** (Continued)

#### **Nature of Activities** (Continued)

NEMCSA has its corporate office in Alpena, Michigan, and is supported primarily through federal and state governmental grants and contracts. In the current year, a significant amount of grants and contract revenues were provided by a few major funding sources. It is always considered reasonably possible that projects, grants or contributions could be lost in the near term. NEMCSA's mission is to provide quality planning, programs and services to individuals, families, and communities through the best use of human and financial resources.

#### **Basis of Presentation**

The financial statements of NEMCSA are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

#### **Use of Estimates**

The preparation of financial statements in accordance with GAAP, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue, support, and expenses during the reporting period. Actual results could differ from those estimates.

#### **Cash and Cash Equivalents**

NEMCSA considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

#### **Accounts Receivable**

For accounts receivables, the estimate of the allowance for credit losses is based on an analysis of historical loss experience, current receivable aging, and management's assessment of current conditions and expected changes during a reasonable and supportable forecast period. NEMCSA uses an aging method to estimate allowances for credit losses. Management assesses collectability by pooling receivables with similar risk characteristics and evaluates receivables individually when specific customer balances no longer share those risk characteristics. NEMCSA considers these receivables to be collectible and, therefore, no allowance for credit losses have been recorded. If amounts become uncollectible, they will be charged to operations when that determination is made.

#### **Food Commodities Received**

Food commodities received represents the value of food received from the State of Michigan, Department of Education for distribution to low-income households. Commodities are charged to expense when the commodities are distributed.

# Northeast Michigan Community Service Agency, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Investments**

Investments consist of an investment account that holds marketable certificates of deposits and a money market fund. The investments are recorded at fair value.

#### **Certificates of Deposit**

Certificates of deposit are carried at cost, plus accrued interest. These certificates of deposit are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies, and/or have a long history of no credit losses. Based on this analysis, NEMCSA believes it will collect all amounts owed on these certificates of deposit and has not recognized an allowance for credit losses on them.

#### **Investment in Related Organization**

NEMCSA has a 50% equity investment in PACE Northeast Michigan ("PNM"). The joint venture will provide an alternative to traditional nursing home care for northeast Michigan residents by offering prepaid, capitated, comprehensive health care services designed to meet various objectives and is accounted for under the equity method. Programs of All-Inclusive Care for the Elderly ("PACE") is certified by the U.S. Department of Health and Human Services, Centers for Medicare and Medicaid Services ("CMS") in Michigan.

#### **Property and Equipment**

Property, equipment, and leasehold improvements are capitalized at cost or if donated, at the estimated fair value on the date of donation. Depreciation is provided for using the straight-line method over the estimated useful life of the asset. NEMCSA considers items with a cost greater than \$5,000 and a useful life greater than one year to be property and equipment. Leasehold improvements are amortized by the straight-line method over the expected lease term or useful life, whichever is shorter. Amortization expense is included with depreciation expense.

Property and equipment purchased with grant funds are owned by NEMCSA while used in the program for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The property and equipment purchased with grant funds is normally restricted for use in specific programs operated by NEMCSA. The net book value of property and equipment acquired with grant funds at September 30, 2024, was \$711,425.

#### **Lease Accounting**

NEMCSA is a lessee in multiple operating leases. If the contract provides the NEMCSA the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Right-of-use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

# Northeast Michigan Community Service Agency, Inc.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Lease Accounting (Continued)

The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Increases (decreases) to variable lease payments due to subsequent changes in an index or rate are recorded as variable lease expense (income) in the future period in which they are incurred.

NEMCSA has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. For operating leases with lease payments that fluctuate over the lease term, the total lease costs are recognized on a straight-line basis over the lease term.

For all underlying classes of assets, NEMCSA has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that NEMCSA is reasonably certain to exercise. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases with lease costs included in short-term lease expense. NEMCSA recognizes short-term lease cost on a straight-line basis over the lease term.

NEMCSA made an accounting policy election to not separate the lease components of a contract and its associated non-lease components to determine the lease payment.

#### Classification of Net Assets

Net assets and revenue are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of NEMCSA and changes therein are classified and reported as follows:

**Net assets without donor restrictions:** Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. These assets also include property and equipment acquired with grant funds that remain in NEMCSA's possession.

**Net assets with donor restrictions:** Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

# Northeast Michigan Community Service Agency, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **Designation of Net Assets Without Donor Restrictions**

It is the policy of the Board of Directors of NEMCSA to review its plans for future activities and to designate appropriate sums of net assets without donor restrictions to assure adequate financing of such activities and related contingencies. Designated net assets earmarked for ongoing grants and contract programs were \$8,556,836 as of September 30, 2024.

#### **Revenue Recognition**

##### Contributions

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions received are recognized as refundable advances until the barrier(s) to entitlement are overcome, at which point they are recognized as revenue. Unconditional contributions are recognized as revenue when received.

Contributions are considered available for use without donor restrictions unless specifically restricted by the donor. Contributions are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. Unconditional promised to give cash or other assets are reported at fair value at the date the conditional contributions are recognized when the barrier(s) to entitlement are overcome.

Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a 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. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

##### Program Income

Program income is recognized in the same manner as contribution revenue and represents amounts contributed by program beneficiaries. The contributions are to help defray the cost of the specific program in which the beneficiary received assistance.

# Northeast Michigan Community Service Agency, Inc.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Revenue Recognition (Continued)

##### Grants and Contracts (public support)

Grants and contracts are either recorded as contributions or exchange transactions based on criteria contained in the grant award:

- Grant awards that are contributions – Unconditional grants are reported as fair value at the date the grant is received. Conditional grants are recognized only when the conditions on which they depend are substantially met and the grant becomes unconditional. Grants that qualify as conditional contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are included in refundable advances in the accompanying statement of financial position.
- Grant awards that are exchange transactions – Exchange transactions are reimbursed based on a predetermined rate for services performed in accordance with the terms of the award. Revenue is recognized when control of the promised goods or services are transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

##### Revenue from Contracts with Customers

NEMCSA recognized revenue from exchange transactions from contracts with customers. NEMCSA's exchange revenue results from providing mobility, nutrition, and medical services to its clients in exchange for various predetermined capitation rates. The rates depend on the age of the customer. Revenue is recognized at the point in time that the services are provided.

Total revenue from contracts recognized as exchange transactions during the year ended September 30, 2024, and included on the statement of activities as public support, is Waiver revenue of \$16,061,369.

NEMCSA determined at September 30, 2024 there were no services provided without a contract in place, and therefore, has no expected adjustments to receivables and revenue. The receivables from contracts with customers for services provided are included in grants receivable on the Statement of Financial Position, and are as follows:

Accounts receivable from contracts with customers at October 1, 2023	\$82,048
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Accounts receivable from contracts with customers at September 30, 2024	\$119,879
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NEMCSA does not have any contract assets or liabilities at September 30, 2024 or October 1, 2023.

# Northeast Michigan Community Service Agency, Inc.

## Notes to Financial Statements

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### **Note 1: Summary of Significant Accounting Policies (Continued)**

#### **In-Kind Contributions**

GAAP requires that only contributions that create or enhance non-financial assets, or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, be recorded. During the year ended September 30, 2024, NEMCSA received no contributions that met GAAP revenue recognition requirements. NEMCSA received contributions of nonprofessional volunteer services of \$3,388,382 primarily for its Early Childhood, Aging, and Volunteer programs. The nonprofessional volunteer services are not reported in the statement of activities as they do not meet the criteria to be recorded under GAAP.

#### **Matching Funds**

Various programs are funded at less than 100% of the project's total forecasted expenditures, with the difference being NEMCSA's responsibility. These additional funds, or matching funds, may be comprised of third-party contributions, valuation of donated services and goods or program income unique to that grant. Additionally, other non-federal grants and projects may be used to fulfill the matching requirement, as approved by the original funding source. These financial statements include only externally generated matching funds.

#### **Income Tax**

NEMCSA is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. NEMCSA 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)(2). NEMCSA is also exempt from Michigan corporate income tax.

NEMCSA is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. NEMCSA has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

#### **Functional Allocation of Costs**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting. Occupancy and related costs are allocated based on square footage.

# Northeast Michigan Community Service Agency, Inc.

## Notes to Financial Statements

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### Note 1: Summary of Significant Accounting Policies (Continued)

#### Adoption of Accounting Pronouncement

The Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) No. 2016-13, *Measurement of Credit Losses on Financial Instruments*. This standard significantly changes how financial assets measured at amortized cost are presented. Such assets, which include most loans, are presented at the net amount expected to be collected over their remaining contractual lives. Estimated credit losses are based on relevant information about historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amounts. The standard also changes the accounting for credit losses related to securities available for sale and purchased financial assets with a more-than-insignificant amount of credit deterioration since origination.

NEMCSA adopted ASU No. 2016-13 on October 1, 2023. The net impact to net assets would have been immaterial, thus no adjustment was made to net assets upon the adoption of the standard.

#### Subsequent Events

NEMCSA has evaluated events and transactions for potential recognition or disclosure in the financial statements through May 30, 2025, which is the date the financial statements were available to be issued.

### Note 2: Concentration of Credit Risk

NEMCSA maintains its cash balances at several financial institutions and credit unions in overnight deposits, demand deposits and certificates of deposits. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Association (NCUA) up to \$250,000. The certificates of deposit are held at a credit union and a bank. The respective balance in each of the certificates of deposit is less than the \$250,000 NCUA and FDIC amount. NEMCSA has not experienced any losses with these cash accounts and management believes NEMCSA is not exposed to any significant credit risk on its cash.

### Note 3: Liquidity and Availability

Financial assets available for general expenditure, that is without donor or designations limiting their use, within twelve months of September 30, 2024, are comprised of the following:

Cash and cash equivalents	\$ 11,053,799
Grants receivable	4,758,893
Accounts receivable	1,017,567
Subtotal Financial Assets	16,830,259
Less: accounts payable	(2,445,041)
Less: accrued payroll and related expenses	(1,642,901)
Less: refundable advances	(279,427)
Less: board designated net assets	(8,556,836)
Less: net assets with donor restrictions in cash	(856,282)
Net Financial Assets available	\$ 3,049,772

# Northeast Michigan Community Service Agency, Inc.

## Notes to Financial Statements

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### Note 3: Liquidity and Availability (Continued)

NEMCSA does not have a formal liquidity policy but maintains sufficient financial assets in liquid form such as cash and cash equivalents to meet operational needs. In addition, the board can approve using the board designated net assets if needed. NEMCSA can rely on a lower cash balance as it is primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred, an organization can request reimbursement from the funding source. NEMCSA has grant commitments for future expenses of approximately \$22,610,000 at September 30, 2024.

### Note 4: Grants Receivable

Grants receivable at September 30, 2024, consist of amounts due from the U.S. Department of Health and Human Services, Michigan Department of Human Services, Michigan State Housing Development Authority and other various funding sources as follows by program service areas:

Early Childhood Programs	\$ 2,408,085
Aging Services Programs	1,025,091
Community Programs	435,895
Community Based Care Programs	277,802
Volunteer Programs	86,378
Community Development Programs	141,367
Housing	172,002
Youth Services	212,273
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Total	\$ 4,758,893

### Note 5: Investments

Investments consist of the following at September 30, 2024:

Money market	\$ 1,294,333
Marketable certificates of deposit	703,349
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Total	\$ 1,997,682

Investment income consists of interest and dividends on investments of \$411,208 and net realized and unrealized gain on investments of \$47,328.

# Northeast Michigan Community Service Agency, Inc.

## Notes to Financial Statements

### Note 6: Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Some assets and liabilities are measured at fair value on a recurring basis under accounting principles generally accepted in the United States. Other assets and liabilities, such as impaired investments, are measured at fair value on a nonrecurring basis. At September 30, 2024, the Organization does not have any liabilities that are measured at fair value on a recurring basis, and there are no assets or liabilities measured on a nonrecurring basis.

Money market funds are valued at \$1 per share as the net asset value (NAV) and marketable certificates of deposit are valued using other market data on interest rates.

Information regarding the fair value of assets measured at fair value on a recurring basis as of September 30, 2024, is as follows:

	Level 1	Level 2	Level 3	Total
Money market	\$ 0	\$ 1,294,333	\$ 0	\$ 1,294,333
Marketable certificates of deposit	0	703,349	0	703,349
Total	\$ 0	\$ 1,997,682	\$ 0	\$ 1,997,682

### Note 7: Investment in Related Organization

PNM was organized as a Michigan nonprofit corporation on June 18, 2024. PNM's fiscal year-end is March 31. NEMCSA has agreed to contribute a cash investment of \$750,000 for a 50% equity investment in PNM. NEMCSA has contributed \$174,308, as of September 30, 2024. Presbyterian Villages of Michigan ("PVM") has agreed to contribute grant funds of \$5,000,000, net of administrative fees, from the Michigan Department of Health and Human Services for their 50% equity investment. As of September 30, 2024, NEMCSA has receivable of \$695,373 from PNM.

PNM's activity at September 30, 2024, is as follows:

Assets	\$ 1,133,476
Liabilities	(1,133,476)
Net assets	\$ 0
Net income	\$ 0

# Northeast Michigan Community Service Agency, Inc.

## Notes to Financial Statements

### Note 8: Property and Equipment

A summary of property and equipment at September 30, 2024, is as follows:

Land and land improvements	\$ 115,000
Buildings	449,430
Building improvements	2,739,450
Leasehold improvements	141,800
Vehicles and equipment	2,626,204
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Total property and equipment	6,071,884
Accumulated depreciation	3,540,067
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Property and equipment, net	\$ 2,531,817

### Note 9: Leases

Most facilities that NEMCSA utilizes are leased. Leased facilities are for programmatic and administrative needs under non-cancelable leases expiring at various dates. The majority of leases entered into include one or more options to renew. The renewal terms can extend the lease term from one to twelve years. The exercise of lease renewal options is at the discretion of NEMCSA. Renewal option periods are included in the measurement of the ROU asset and lease liability when the exercise is reasonably certain to occur.

The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain of exercise.

NEMCSA's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments due under the lease contracts include fixed payments.

Components of lease expense were as follows for the year ended September 30, 2024:

Lease cost:	
Operating lease cost	\$ 1,543,796
Short-term lease costs	9,703
<hr/>	
Total lease cost	\$ 1,553,499

Weighted-average remaining lease term in years - Operating leases 7.02

Weighted-average discount rate - Operating leases 4.15 %

# Northeast Michigan Community Service Agency, Inc.

## Notes to Financial Statements

### Note 9: Leases (Continued)

Maturities of lease liabilities are as follows as of September 30, 2024:

2025	\$ 1,396,852
2026	963,835
2027	911,453
2028	699,560
2029	545,649
Thereafter	1,926,050
Total lease payments	6,443,399
Less: imputed interest	(838,415)
Total	\$ 5,604,984

### Note 10: Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

Education and Literacy Programs	\$ 41,139
Energy Assistance Programs	241,833
Housing Programs	4,494
Youth and Family Services	258,050
Other Programs	310,766
Total net assets with donor restrictions	\$ 856,282

Net assets with donor restrictions of \$608,045 were released from donor restrictions as a result of expenditures in accordance with purpose restrictions.

### Note 11: Employee Retirement Plan

NEMCSA has a defined contribution pension plan (the Plan) covering employees working in eligible classes who have completed one year of service, worked at least 1,000 hours in the determination year and have attained eighteen years of age. NEMCSA's contributions to the Plan for participants are 5% of the total earned compensation for the eligible employee through their fifth year of employment, and increases to 10% of the total earned compensation beginning their sixth year. Each participant has a 100% vested interest in all amounts credited to their account upon entry into the Plan. NEMCSA's contribution to the Plan for the year ended September 30, 2024 was \$1,707,763.

# Northeast Michigan Community Service Agency, Inc.

## Notes to Financial Statements

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### Note 12: Grant Awards

At September 30, 2024, NEMCSA had received commitments for future funding various grant awards of approximately \$22,610,000. These commitments are not recognized in the accompanying financial statements as revenue and receivables as they are conditional awards.

### Note 13: Contributed Nonfinancial Assets

Contributed nonfinancial assets included in food commodities received and in-kind revenue on the statement of activities are as follows:

<i>Source</i>	Revenue	Utilization in Programs and Activities	Donor- imposed Restriction	Valuation Techniques & Inputs
		Community Based Care Programs		Values provided by the State of Michigan Department of Education
Food commodities received	\$ 1,140,985		None	

## **Supplementary Information**

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**Northeast Michigan Community Service Agency, Inc.**

**Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2024**

AL Number	Grant Number	Program Name	Grantor Agency	Subrecipient Expenditures	Federal Expenditures
<b>DEPARTMENT OF AGRICULTURE</b>					
10.187	04-000-1021 (232252)	Emergency Food Assistance Program-Commodity Credit Corporation	State of Michigan - Department of Education	\$ 0	\$ 3,379
	04-000-1021 (232252)	Emergency Food Assistance Program-CCC Food Distribution	State of Michigan - Department of Education	0	202,770
		<b>Total Federal Expenditures AL # 10.187</b>		<b>0</b>	<b>206,149</b>
10.558	040000001 (241920)	Child and Adult Care Food Program - Meal Reimbursement	State of Michigan - Department of Education	0	1,324,940
	040000001 (242010)	Child Care Cash in lieu of Commodities	State of Michigan - Department of Education	0	55,804
		<b>Total Federal Expenditures AL # 10.558</b>		<b>0</b>	<b>1,380,744</b>
<b>Food Distribution Program Cluster</b>					
10.565	04-000-1021 (240930)	Commodity Supplement Food Program	State of Michigan - Department of Education	0	136,725
	04-000-1021 (240930)	Commodity Supplemental Food Distribution	State of Michigan - Department of Education	0	865,890
		<b>Total Federal Expenditures AL # 10.565</b>		<b>0</b>	<b>1,002,615</b>
10.568	04-000-1021 (240990)	Emergency Food Assistance Program	State of Michigan - Department of Education	0	62,977
	04-000-1021 (222277)	Emergency Food Asst. Prgm - Reach and Resiliency	State of Michigan - Department of Education	0	23
		<b>Total Federal Expenditures AL # 10.568</b>		<b>0</b>	<b>63,000</b>
10.569	04-000-1021 (240990)	Emergency Food Asst. Prgm - Food Commodities	State of Michigan - Department of Education	0	451,107
		<b>Total Food Distribution Program Cluster (10.565, 10.568, and 10.569)</b>		<b>0</b>	<b>1,516,722</b>
		<b>Total Department of Agriculture</b>		<b>0</b>	<b>3,103,615</b>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>					
14.169	HUD-2022-Northeast MI-005	Housing Counseling Assistance Program	Michigan State Housing Development Authority	0	14,979
14.231	HML-2022-103-ESF	Emergency Solutions Grant Program	Michigan State Housing Development Authority	0	173,309
	HML-2023-103-ESF	Emergency Solutions Grant Program	Michigan State Housing Development Authority	0	236,675
		<b>Total Federal Expenditures AL # 14.231</b>		<b>0</b>	<b>409,984</b>
14.239	HML-2023-103-HPP	Home Investment Partnerships Program	Michigan State Housing Development Authority	0	123,928
14.267	MI0743R5F002200	Continuum of Care Program	Department of Housing and Urban Development	0	105,075
	E20243463-001	Continuum of Care Program	State of Michigan - Department of Health & Human Services	0	420,004
	HML-2023-Northeas-103-CES	Continuum of Care Program	Michigan State Housing Development Authority	0	161,050
	HML-2024-Northeas-103-CES	Continuum of Care Program	Michigan State Housing Development Authority	0	27,269
		<b>Total Federal Expenditures AL # 14.267</b>		<b>0</b>	<b>713,398</b>
		<b>Total Department of Housing and Urban Development</b>		<b>0</b>	<b>1,262,289</b>
<b>DEPARTMENT OF LABOR</b>					
17.235	E20234399;4252;4447;4442;4445	Senior Community Service Employment Program	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	0	48,323
	E20244646;4441;4422;4420;4595	Senior Community Service Employment Program	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	0	16,261
		<b>Total Department of Labor; Federal Expenditures AL # 17.235</b>		<b>0</b>	<b>64,584</b>
<b>DEPARTMENT OF TREASURY</b>					
21.023	HML-2022-Northeas-103-CERA2	COVID-19 Emergency Rental Assistance	Michigan State Housing Development Authority	0	69,108

**Northeast Michigan Community Service Agency, Inc.**

**Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2024**

<b>AL Number</b>	<b>Grant Number</b>	<b>Program Name</b>	<b>Grantor Agency</b>	<b>Subrecipient Expenditures</b>	<b>Federal Expenditures</b>
<b>DEPARTMENT OF TREASURY (Continued)</b>					
21.026	HAF-2021-Northeast Mi-00001	COVID-19 Homeowner Assistance Fund	Michigan State Housing Development Authority	<b>0</b>	<b>6,110</b>
21.027	E20242785-001	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	State of Michigan - Department of Health & Human Services	0	353,490
	E20245405-00	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	State of Michigan - Department of Health & Human Services	0	78,325
	MIGNMCSA	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	State of Michigan - Department of Labor and Economic Opportunity	0	248,512
		<b>Total Federal Expenditures AL # 21.027</b>		<b>0</b>	<b>680,327</b>
		<b>Total Department of the Treasury</b>		<b>0</b>	<b>755,545</b>
<b>DEPARTMENT OF ENERGY</b>					
81.042	E20242787-001	Weatherization Assistance for Low Income Persons	State of Michigan - Department of Health & Human Services	0	621,360
	E20235392-00/E20242827-00	Weatherization Assistance for Low Income Persons	State of Michigan - Department of Health & Human Services	0	642,898
	E20245596-00/E20250048-00	Weatherization Assistance for Low Income Persons	State of Michigan - Department of Health & Human Services	0	40,814
		<b>Total Department of Energy; Total Federal Expenditures AL # 81.042</b>		<b>0</b>	<b>1,305,072</b>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>					
93.041	E20244646;4441;4422;4420;4595	Title VII, Ch. 3-Prgms for Prev. of Elder Abuse, Neglect & Exploitation	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	<b>0</b>	<b>7,302</b>
93.042	E20244646;4441;4422;4420;4595	Title VII, Ch. 2 - Long Term Care for Ombudsman Svcs for Older Individuals	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	0	16,491
	E20244646;4441;4422;4420;4595	COVID-19 Title VII, Ch. 2 - Long Term Care for Ombudsman ARP Ombudsman (OMC6)	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	4,523	8,150
		<b>Total Federal Expenditures AL # 93.042</b>		<b>4,523</b>	<b>24,641</b>
93.043	E20244646;4441;4422;4420;4595	Title III, Part D - Disease Prevention & Health Promotion Services	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	17,355	22,611
	E20244646;4441;4422;4420;4595	COVID-19 Title III, Part D - Disease Prev. & Hlth Promotion Svcs ARP III-D Svcs (PHC6)	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	2,494	33,396
		<b>Total Federal Expenditures AL # 93.043</b>		<b>19,849</b>	<b>56,007</b>
<b>Aging Cluster</b>					
93.044	E20244646;4441;4422;4420;4595	Title III, Part B-Grants for Supportive Services & Senior Centers	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	0	46,194
	E20244646;4441;4422;4420;4595	Title III, Part B-Grants for Supportive Services & Senior Centers	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	339,630	366,024
	E20244646;4441;4422;4420;4595	COVID-19 Title III, Part B-Grants for Supportive Services & Sr Ctrs ARP III-B Admin (SSC6)	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	0	28,239
	E20244646;4441;4422;4420;4595	COVID-19 Title III, Part B-Grants for Supportive Services & Sr Ctrs ARP III-B Services (SSC6)	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	139,305	134,562
	E20244646;4441;4422;4420;4595	COVID-19 Title III, Part B-Grants for Supportive Services & Sr Ctrs ARP III-B Admin (SSC6)	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	0	326
	E20244646;4441;4422;4420;4595	COVID-19 Title III, Part B-Grants for Supportive Services & Sr Ctrs ARP III-B Services (SSC6)	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	8,150	8,150
		<b>Total Federal Expenditures AL # 93.044</b>		<b>487,085</b>	<b>583,495</b>

**Northeast Michigan Community Service Agency, Inc.**

**Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2024**

AL Number	Grant Number	Program Name	Grantor Agency	Subrecipient Expenditures	Federal Expenditures
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>					
93.045	E20244646;4441;4422;4420;4595	Title III, Part C - Nutrition Services	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	0	108,960
	E20244646;4441;4422;4420;4595	Title III, Part C - Nutrition Services	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	855,870	946,087
	E20244646;4441;4422;4420;4595	COVID-19 Title III, Part C - Nutrition Services ARP III-C1 Admin (CMC6)	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	0	20,073
	E20244646;4441;4422;4420;4595	COVID-19 Title III, Part C - Nutrition Services ARP III-C1 Services (CMC6)	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	94,716	94,716
	E20244646;4441;4422;4420;4595	COVID-19 Title III, Part C - Nutrition Services ARP III-C2 Admin (HDC6)	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	0	13,669
	E20244646;4441;4422;4420;4595	COVID-19 Title III, Part C - Nutrition Services ARP III-C2 Services (HDC6)	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	75,893	75,893
	E20244646;4441;4422;4420;4595	COVID-19 Title III, Part C - Nutrition Services ARPA III-C1 Admin (CMC6)	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	0	354
	E20244646;4441;4422;4420;4595	COVID-19 Title III, Part C - Nutrition Services ARPA III-C1 Services (CMC6)	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	8,845	8,845
	E20244646;4441;4422;4420;4595	COVID-19 Title III, Part C - Nutrition Services ARPA III-C2 Admin (HDC6)	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	0	531
	E20244646;4441;4422;4420;4595	COVID-19 Title III, Part C - Nutrition Services ARPA III-C2 Services (HDC6)	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	13,267	13,267
<b>Total Federal Expenditures AL # 93.045</b>				<b>1,048,591</b>	<b>1,282,395</b>
93.053	E20244646;4441;4422;4420;4595	Nutrition Services Incentive Program	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	<b>322,920</b>	<b>322,920</b>
<b>Total Aging Cluster (93.044, 93.045, and 93.053)</b>				<b>1,858,596</b>	<b>2,188,810</b>
93.048	90MPPG0085	Special Programs for Aging_ Title IV and Title II - Discretionary Projects	MMAP, Inc.	0	17,938
	90MPPG0085	Special Programs for Aging_ Title IV and Title II -	MMAP, Inc.	0	1,312
<b>Total Federal Expenditures AL # 93.048</b>				<b>0</b>	<b>19,250</b>
93.052	E20244646;4441;4422;4420;4595	National Family Caregiver Support , Title III, Part E	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	77,618	248,313
	E20244646;4441;4422;4420;4595	National Family Caregiver Support , Title III, Part E	State of Michigan - Dept. of Health & Human Services - Aging and Adult	0	22,541
	E20244646;4441;4422;4420;4595	COVID-19 ARP NFCS Title III, Part E -Admin (FCC6)	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	0	1,084
	E20244646;4441;4422;4420;4595	COVID-19 ARP NFCS Title III, Part E -Services (FCC6)	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	32,325	27,096
<b>Total Federal Expenditures AL # 93.052</b>				<b>109,943</b>	<b>299,034</b>
93.324	E20241514	State Health Insurance Assistance Program	State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency	0	20,829
	E20241514	State Health Insurance Assistance Program	State of Michigan - Dept. of Health & Human Services - Aging and Adult	0	17,495
<b>Total Federal Expenditures AL # 93.324</b>				<b>0</b>	<b>38,324</b>
93.558	E20240224	Community Services Block Grant SSP	State of Michigan - Department of Health & Human Services	0	1,525,000
	E20244777	Diaper Bank	State of Michigan - Department of Health & Human Services	0	93,997
<b>Total Federal Expenditures AL # 93.558</b>				<b>0</b>	<b>1,618,997</b>

**Northeast Michigan Community Service Agency, Inc.**

**Schedule of Expenditures of Federal Awards  
Year Ended September 30, 2024**

AL Number	Grant Number	Program Name	Grantor Agency	Subrecipient Expenditures	Federal Expenditures
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>					
93.568	E20242986	Low-Income Home Energy Assistance	State of Michigan - Department of Health & Human Services	<b>0</b>	<b>469,199</b>
93.569	E20242468	Community Services Block Grant	State of Michigan - Department of Health & Human Services	0	483,306
	E20240200	Community Services Block Grant	State of Michigan - Department of Health & Human Services	0	136,170
		<b>Total Federal Expenditures AL # 93.569</b>		<b>0</b>	<b>619,476</b>
<b>Head Start Cluster</b>					
93.600	05CH011635-04	Head Start	U.S. Department of Health and Human Services	1,355,022	11,518,973
	05CH011635-05-03	Head Start	U.S. Department of Health and Human Services	1,359,495	17,440,794
	05CH011635-05-01	COVID-19 Head Start C-19 Carryover	U.S. Department of Health and Human Services	0	179,740
		<b>Total Federal Expenditures AL # 93.600</b>		<b>2,714,517</b>	<b>29,139,507</b>
		<b>Total Department of Health and Human Services</b>		<b>4,707,428</b>	<b>34,480,547</b>
<b>CORPORATION FOR NATIONAL &amp; COMMUNITY SERVICE</b>					
<b>Foster Grandparent/Senior Companion Cluster</b>					
94.011	22SFCMI004	Foster Grandparent Program	Corporation for National & Community Service	0	186,909
	22SFCMI004	Foster Grandparent Program	Corporation for National & Community Service	0	25,193
		<b>Total Federal Expenditures AL # 94.011</b>		<b>0</b>	<b>212,102</b>
94.016	22SCCMi003	Senior Companion Program	Corporation for National & Community Service	0	121,842
	22SCCMi003	Senior Companion Program	Corporation for National & Community Service	0	17,198
		<b>Total Federal Expenditures AL # 94.016</b>		<b>0</b>	<b>139,040</b>
		<b>Total Foster Grandparent/Senior Companion Cluster</b>		<b>0</b>	<b>351,142</b>
94.002	24SRCMI002	Retired and Senior Volunteer Program	Corporation for National & Community Service	0	80,963
	21SRCMI005	Retired and Senior Volunteer Program	Corporation for National & Community Service	0	44,217
		<b>Total Federal Expenditures AL # 94.002</b>		<b>0</b>	<b>125,180</b>
		<b>Total Corporation for National &amp; Community Service</b>		<b>0</b>	<b>476,322</b>
<b>TOTAL FEDERAL EXPENDITURES</b>				<b>\$ 4,707,428</b>	<b>\$ 41,447,974</b>

**Notes to Schedule of Expenditures of Federal Awards**

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Northeast Michigan Community Service Agency, Inc. under programs of the federal government for the year ended September 30, 2024. 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 Michigan Community Service Agency, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Northeast Michigan Community Service Agency, Inc.

**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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - 10-percent de minimis**

Northeast Michigan Community Service Agency, Inc. has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance as they have a negotiated indirect rate.

NORTHEAST MICHIGAN COMMUNITY SERVICE AGENCY, INC.																												
BCLS SCHEDULE OF SERVICE CATEGORIES BY FUNDING SOURCE																												
FOR YEAR ENDING SEPTEMBER 30, 2024																												
SERVICE CATEGORY	Federal Administration	Title III-B	Title III-C-1	Title III-C-2	Title III-D	Title III - E	Title VII/EAP	Title VIII/A OMB	NSIP	State Admin	State Access	State In-Home	State Cong.	St. Home Del. Meals	St. Alt. Care	State Care Mgmt	State ANS	State NHO	St. Respite (Escheat)	Merit Award Trust Fund	State Care-giver support	State MSO	Merit Award Region 9 NE	Program Income	Cash Match	In-Kind Match	TOTAL	
Care Management		2,000									28,559					431,825									51,155		513,539	
Case Coord/Support																											-	
Disaster Advocacy																											-	
Information & Assistance																											-	
Outreach																											-	
Transportation																											-	
Chore																											-	
Home Care Assistance																											-	
Home Injury Control																											-	
Homemaker		203,454										676,131			112,019		23,400							135,694	97,231		1,247,929	
Home Delivered Meals				399,148					255,155						496,566									716,635	99,524		1,967,028	
Home Health Aide																											-	
Medication Management																	19,137										19,137	
Personal Care		109,690										62,720											39,716	20,446	13,470		246,042	
PERS/Assist Tech & Devices						18,456																					18,456	
Respite Care						128,431																					289,638	
Congregate Meals			546,939						67,795				9,230						52,644	56,869	7,209				26,298	18,187	1,099,228	
Friendly Reassurance																											-	
Legal Assistance		26,486																							510	2,944	29,940	
Adult Day Care																											52,665	
Dementia ADC																							44,687	7,978	898		79,390	
Disease Prevent					22,611	8,989															63,308	7,811			7,403		34,113	
Health Screening																											-	
Assist to Deaf																											-	
Assistive Devices & Technologies																											-	
Ombudsman		5,454						16,491										25,720				11,880				3,498	680	63,723
St Cir Operations																											-	
St Cir Staffing																											-	
Kinship Respite Care																											-	
Elder Abuse Prevention							7,302																		75		7,377	
Counseling																											-	
Creat Conf.CG@ CCC																											-	
Caregiver Supplement							19,792																		2,200		21,992	
Kinship Support																											-	
Caregiver E.S.T						72,645																				8,072	80,717	
Program Develop		18,940																									18,940	
Region Specific																											-	
Caregiver Outreach																											-	
CLPI/ADRC Services																											-	
Administration	177,695									30,937																28,295		236,927
St CG Administration																					6,439	602		4,971			-	
MATF administration																											12,012	
FUNDING SOURCE TOTAL	177,695	366,024	546,939	399,148	22,611	248,313	7,302	16,491	322,950	30,937	28,559	738,851	9,230	496,566	112,019	431,825	42,537	25,720	52,644	126,616	15,622	11,880	89,374	1,328,506	389,754	680	6,038,793	

<b>NORTHEAST MICHIGAN COMMUNITY SERVICE AGENCY, INC.</b> <b>BCLS CARES, Consolidated Appropriations Act., and American Rescue Plan 2024 Supplemental Nutrition Funding Schedule (Unaudited)</b> <b>FOR YEAR ENDED SEPTEMBER 30, 2024</b>														
American Rescue Plan (ARP) ACT of the OAA														
SERVICE CATEGORY	(SSC6) Title III-B	(CMC6) Title IIIC-1	(HDC6) Title IIIC-2	(PHC6) Title III-D	(FCC6) Title III-E	(OMC6) Title VII Omb	(SSC6) Title IIIB Admin	(CMC6) Title IIIC-1 Admin	(HDC6) Title IIIC-2 Admin	(FCC6) Title III-E Admin	Program Income	Cash Match	In-Kind Match	TOTAL
Care Management														-
Homemaker	79,804										7,036	6,222		93,062
Home Delivered Meals			80,357								4,786	8,929		94,072
Personal Care	25,773										219	3,533		29,525
Respite Care														-
Congregate Meals		100,287									4,811	11,143		116,241
Dis Prev/Hlth Promo				33,396										33,396
Legal Assistance	33,728											6,076		39,804
LTC Ombudsman						8,150								8,150
In Home Respite Care	430				32,515						1,106	3,613		37,664
Program Develop	2,742													2,742
Administration							33,887	24,087	16,403	1,301		8,411		84,089
<b>FUNDING SOURCE TOTAL</b>	<b>142,477</b>	<b>100,287</b>	<b>80,357</b>	<b>33,396</b>	<b>32,515</b>	<b>8,150</b>	<b>33,887</b>	<b>24,087</b>	<b>16,403</b>	<b>1,301</b>	<b>17,958</b>	<b>47,927</b>	<b>-</b>	<b>538,745</b>

<b>NORTHEAST MICHIGAN COMMUNITY SERVICE AGENCY, INC.</b> <b>BCLS CARES, Consolidated Appropriations Act., and American Rescue Plan 2024 Additional Supplemental Nutrition Funding Schedule (Unaudited)</b> <b>FOR YEAR ENDED SEPTEMBER 30, 2024</b>												
ARPA Additional												
SERVICE CATEGORY	(SSC6) Title III-B	(CMC6) Title IIIC-1	(HDC6) Title IIIC-2	(FCC6) Title III-E	(SSC6) Title IIIB Admin	(CMC6) Title IIIC-1 Admin	(HDC6) Title IIIC-2 Admin	(FCC6) Title III-E Admin	Program Income	Cash Match	In-Kind Match	TOTAL
Care Management												-
Homemaker	10,866								379			11,245
Home Delivered Meals			17,689						421			18,110
Personal Care												-
Respite Care												-
Congregate Meals		11,793							646			12,439
Dis Prev/Hlth Promo												-
Elder Abuse Prevention												-
Legal Assistance												-
LTC Ombudsman												-
Kinship Respite Care												-
Program Develop												-
Administration					435	472	708			404		2,019
<b>FUNDING SOURCE TOTAL</b>	<b>10,866</b>	<b>11,793</b>	<b>17,689</b>	<b>-</b>	<b>435</b>	<b>472</b>	<b>708</b>	<b>-</b>	<b>1,446</b>	<b>404</b>	<b>-</b>	<b>43,813</b>

## **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  
Northeast Michigan Community Service Agency, Inc.  
Alpena, 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 Northeast Michigan Community Service Agency, Inc., which comprise the statement of financial position as of September 30, 2024, 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 May 30, 2025.

### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Northeast Michigan Community Service Agency, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northeast Michigan Community Service Agency, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Northeast Michigan Community Service Agency, Inc.'s internal control.

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

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

### **Report on Compliance and Other Matters**

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

## 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 Northeast Michigan Community Service Agency, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northeast Michigan Community Service Agency, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Wipfli LLP". The script is cursive and fluid, with the letters "W", "i", "p", "f", "l", and "i" being particularly prominent and connected.

Wipfli LLP

Madison, Wisconsin

May 30, 2025

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

Board of Directors  
Northeast Michigan Community Service Agency, Inc.  
Alpena, Michigan

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

We have audited Northeast Michigan Community Service Agency, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended September 30, 2024. Northeast Michigan Community Service Agency, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Northeast Michigan Community Service Agency, Inc. 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, 2024.

#### ***Basis for Opinion on the Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Northeast Michigan Community Service Agency, Inc. and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of Northeast Michigan Community Service Agency, Inc.'s compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Northeast Michigan Community Service Agency, Inc.'s federal programs.

### ***Auditor's Responsibility for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Northeast Michigan Community Service Agency, Inc.'s compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Northeast Michigan Community Service Agency, Inc.'s compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Northeast Michigan Community Service Agency, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Northeast Michigan Community Service Agency, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Northeast Michigan Community Service Agency, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over-compliance. Accordingly, no such opinion is expressed.

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.

A handwritten signature in black ink that reads "Wipfli LLP". The script is cursive and fluid, with the letters "W", "i", "p", "f", and "l" being particularly prominent and connected.

Wipfli LLP

Madison, Wisconsin

May 30, 2025

# Northeast Michigan Community Service Agency, Inc.

## Schedule of Findings and Questioned Costs

Year Ended September 30, 2024

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### Section I - Summary of Auditor's Results

#### Financial Statements

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted?

☐ Yes ☒ No

#### Federal Awards

Internal control over major program:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Type of auditor's report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ Yes ☒ No

#### Identification of major program

**AL Number(s)**

93.600

**Federal Program or Cluster**

Head Start

Dollar threshold used to distinguish between Type A and Type B programs: \$1,243,439

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

# **Northeast Michigan Community Service Agency, Inc.**

## **Schedule of Findings and Questioned Costs**

Year Ended September 30, 2024

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### **Section II - Audit Findings in Relation to Financial Statements**

No findings related to the financial statements.

### **Section III - Audit Findings and Questioned Costs in Relation to Federal Awards**

No findings or questioned costs related to federal awards.

### **Section IV - Summary Schedule of Prior Year Findings**

There were no prior year audit findings