WIPFLI

# Northeast Michigan Community Service Agency, Inc.

## Financial Statements and Supplementary Information

Year Ended September 30, 2025

# Northeast Michigan Community Service Agency, Inc.

Financial Statements and Supplementary Information

Year Ended September 30, 2025

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WIPFLI

# 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, 2025, 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, 2025, 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 within 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 26-27 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 GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2026, 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
June 25, 2026

# Northeast Michigan Community Service Agency, Inc.

Statement of Financial Position

September 30, 2025

| | | |
|---|---|---|
| ***Assets*** | | |
| Current assets: | | |
| Cash and cash equivalents | $ | 13,744,893 |
| Grants receivable | | 4,884,360 |
| Accounts receivable | | 307,324 |
| Prepaid expenses | | 27,939 |
| Total current assets | | 18,964,516 |
| Other assets: | | |
| Investments | | 2,067,903 |
| Certificates of deposit | | 239,410 |
| Right-of-use assets - operating | | 3,957,074 |
| Investment in related organization | | 308,656 |
| Total other assets | | 6,573,043 |
| Property and equipment, net | | 2,476,568 |
| **TOTAL ASSETS** | $ | 28,014,127 |
| ***Liabilities and Net Assets*** | | |
| Current liabilities: | | |
| Accounts payable | $ | 2,986,803 |
| Accrued payroll and related expenses | | 1,951,997 |
| Refundable advances | | 396,044 |
| Lease liabilities - operating | | 1,022,173 |
| Total current liabilities | | 6,357,017 |
| Long-term liabilities: Lease liabilities - operating | | 2,904,475 |
| Total Liabilities | | 9,261,492 |
| Net assets: | | |
| Without donor restrictions: | | |
| Designated | | 9,138,948 |
| Undesignated | | 6,504,099 |
| Investment in land, building and equipment | | 2,476,568 |
| Total net assets without donor restrictions | | 18,119,615 |
| With donor restrictions | | 633,020 |
| Total net assets | | 18,752,635 |
| **TOTAL LIABILITIES AND NET ASSETS** | $ | 28,014,127 |

See accompanying notes to financial statements.

# Northeast Michigan Community Service Agency, Inc.

Statement of Activities

Year Ended September 30, 2025

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---|---|---|---|
| Revenue: | | | |
| Public support | $ 69,610,013 | $ 191,032 | $ 69,801,045 |
| Program income | 397,421 | 0 | 397,421 |
| Investment income | 356,598 | 0 | 356,598 |
| Equity method loss on investment related organization | ( 320,868) | 0 | ( 320,868) |
| Other | 400,357 | 0 | 400,357 |
| Net assets released from restrictions | 414,294 | ( 414,294) | 0 |
| Total revenue | 70,857,815 | ( 223,262) | 70,634,553 |
| Expenses: | | | |
| Program Services: | | | |
| Early childhood programs | 34,462,319 | 0 | 34,462,319 |
| Community based care programs | 17,467,758 | 0 | 17,467,758 |
| Aging programs | 4,826,462 | 0 | 4,826,462 |
| Weatherization and utility programs | 3,673,068 | 0 | 3,673,068 |
| Housing programs | 1,652,575 | 0 | 1,652,575 |
| Youth services programs | 3,354,138 | 0 | 3,354,138 |
| Volunteer programs | 568,755 | 0 | 568,755 |
| Community development programs | 762,326 | 0 | 762,326 |
| Total program services | 66,767,401 | 0 | 66,767,401 |
| Management and general | 2,524,499 | 0 | 2,524,499 |
| Total expenses | 69,291,900 | 0 | 69,291,900 |
| Change in net assets | 1,565,915 | ( 223,262) | 1,342,653 |
| Net assets - Beginning of the year | 16,553,700 | 856,282 | 17,409,982 |
| Net assets - End of the year | $ 18,119,615 | $ 633,020 | $ 18,752,635 |

See accompanying notes to financial statements.

# Northeast Michigan Community Service Agency, Inc.

Statement of Functional Expenses
Year Ended September 30, 2025

| | Early Childhood | Community Based Care | Aging | Weatherization and Utility Programs | Housing Programs | Youth Services | Volunteer | Community Development | Program Services | Management & General | Total Expenses |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Expenses:** | | | | | | | | | | | |
| Salaries | $ 17,538,327 | $ 2,403,648 | $ 439,236 | $ 446,753 | $ 608,306 | $ 2,046,845 | $ 206,703 | $ 466,309 | $ 24,156,127 | $ 1,264,227 | $ 25,420,354 |
| Payroll taxes and fringe benefits | 7,487,796 | 926,133 | 161,110 | 172,265 | 231,534 | 1,001,068 | 78,485 | 178,251 | 10,236,642 | 483,973 | 10,720,615 |
| Occupancy | 2,092,685 | 19,106 | 1,888 | 703 | 1,259 | 600 | 2,060 | 612 | 2,118,913 | 40,247 | 2,159,160 |
| Travel and transportation: | | | | | | | | | | | |
| Out of area travel | 13,524 | 5,484 | 132 | 5,256 | 100 | 434 | 653 | 1,595 | 27,178 | 13,251 | 40,429 |
| Travel and transportation | 459,297 | 67,442 | 27,447 | 33,006 | 53,020 | 27,890 | 10,549 | 27,899 | 706,550 | 54,856 | 761,406 |
| Supplies | 2,375,504 | 21,422 | 128,007 | 23,764 | 18,480 | 51,343 | 7,586 | 18,671 | 2,644,777 | 183,155 | 2,827,932 |
| Equipment repairs and maintenance | 28,243 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 28,243 | 9,175 | 37,418 |
| Purchases funding source (exempt) | (14,928) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (14,928) | 0 | (14,928) |
| Audit and legal services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 114,379 | 114,379 |
| Contractual: | | | | | | | | | | | |
| Subawards and flowthroughs (exempt) | 2,814,883 | 0 | 1,173,685 | 0 | 0 | 63,171 | 0 | 0 | 4,051,739 | (31) | 4,051,708 |
| Subawards and contracts | 617,162 | 79,200 | 2,622,384 | 20,082 | 25,000 | 25,000 | 0 | 0 | 3,388,828 | 484 | 3,389,312 |
| Trainings and meetings | 192,112 | 12,152 | 14,024 | 0 | 10,833 | 15,410 | 645 | 8,139 | 253,315 | 44,923 | 298,238 |
| Participant costs (exempt) | 0 | 0 | 0 | 0 | 0 | 0 | 254,233 | 0 | 254,233 | 0 | 254,233 |
| Client services | 102,039 | 13,902,238 | 222,994 | 2,923,550 | 688,178 | 1,948 | 0 | 83,358 | 17,924,305 | 6,143 | 17,930,448 |
| Printing and publications | 69,063 | 168 | 154 | 0 | 9 | 0 | 0 | (119) | 69,275 | 13,239 | 82,514 |
| Communication | 149,759 | 20,274 | 3,217 | 6,661 | 11,188 | 12 | 4,103 | 35 | 195,249 | 40,304 | 235,553 |
| Insurance | 122,206 | 9,980 | 4,541 | 9,394 | 3,351 | 6,520 | 2,456 | 483 | 158,931 | 47,201 | 206,132 |
| Dues and memberships | 16,048 | 0 | 16,113 | 0 | 0 | 0 | 715 | 0 | 32,876 | 10,929 | 43,805 |
| Other | 215,778 | 511 | 11,475 | 680 | 1,317 | 24,397 | 567 | (32,034) | 222,691 | 105,771 | 328,462 |
| Other (exempt) | (98,485) | 0 | 55 | 0 | 0 | 89,500 | 0 | 8,985 | 55 | 0 | 55 |
| Depreciation | 263,206 | 0 | 0 | 30,954 | 0 | 0 | 0 | 0 | 294,160 | 92,273 | 386,433 |
| Match expense: | | | | | | | | | | | |
| Match - Indirect exempt (GAAP) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Match (GAAP) | 18,100 | 0 | 0 | 0 | 0 | 0 | 0 | 142 | 18,242 | 0 | 18,242 |
| **Total expenses** | $ 34,462,319 | $ 17,467,758 | $ 4,826,462 | $ 3,673,068 | $ 1,652,575 | $ 3,354,138 | $ 568,755 | $ 762,326 | $ 66,767,401 | $ 2,524,499 | $ 69,291,900 |

# Northeast Michigan Community Service Agency, Inc.

Statement of Cash Flows

Year Ended September 30, 2025

| | |
|---|---|
| Increase (decrease) in cash and cash equivalents: | |
| Cash flows from operating activities: | |
| Change in net assets | $ 1,342,653 |
| Adjustments to reconcile change in net assets to net cash from operating activities: | |
| Depreciation | 386,433 |
| Gain on disposal of property and equipment | ( 2,877) |
| Net realized and unrealized gains on investments | ( 11,760) |
| Equity method loss on investment related organization | 320,868 |
| Non-cash lease expense | 1,195,966 |
| Changes in operating assets and liabilities: | |
| Grants receivable | ( 125,467) |
| Accounts receivable | 710,243 |
| Prepaid expenses | ( 13,598) |
| Accounts payable | 541,762 |
| Accrued payroll and related expenses | 309,096 |
| Refundable advances | 116,617 |
| Operating lease liabilities | ( 1,226,392) |
| Net cash from operating activities | 3,543,544 |
| Cash flows from investing activities: | |
| Purchase of investments | ( 58,461) |
| Reinvestment of interest on certificates of deposit | ( 10,466) |
| Investment in related organization | ( 455,216) |
| Purchase of property and equipment | ( 364,057) |
| Proceeds from the sale of property and equipment | 35,750 |
| Net cash from investing activities | ( 852,450) |
| Change in cash and cash equivalents | 2,691,094 |
| Cash and cash equivalents - Beginning of the year | 11,053,799 |
| Cash and cash equivalents - End of the year | $ 13,744,893 |

**Supplemental Schedule of Other Cash Activity:**

| | |
|---|---|
| Obtain a right-of-use asset in exchange for a lease liability | $ 94,059 |
| Operating cash flows from operating leases | $ 1,543,796 |

## 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 48% of NEMCSA's revenue and support is derived from Early Childhood Programs.

**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 24% 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. Approximately 15% of NEMCSA's revenue and support is derived from Community and Other Programs which also includes School Success and Volunteer Programs.

## 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.

### 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.

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

### 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

PACE Northeast Michigan ("PNM") was organized as a Michigan nonprofit corporation on June 18, 2024. NEMCSA and Presbyterian Villages of Michigan ("PVM") collaborated on a joint venture agreement to create and fund initial operations of PNM. The agreement initially listed NEMCSA and PNM as having 50% ownership and was amended August 15, 2025 to increase NEMCSA's ownership to 60%. Control of PNM operations resides with the PNM board of directors while significant decisions and board membership require approval of both NEMCSA and PVM boards. Accordingly, NEMCSA records PNM on the equity method as it relates to the 60% interest in 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, 2025, was $784,188.

### 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.

## **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, revenue, gains and losses 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.

## 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 $9,138,948 as of September 30, 2025.

### 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.

## 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, 2025, and included on the statement of activities as public support, is Waiver revenue of $18,903,475.
NEMCSA determined at September 30, 2025 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, 2024 | $119,879 |
| Accounts receivable from contracts with customers at September 30, 2025 | $107,656 |

NEMCSA does not have any contract assets or liabilities at September 30, 2025 or October 1, 2024.

## 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, 2025, NEMCSA received no contributions that met GAAP revenue recognition requirements. NEMCSA received contributions of nonprofessional volunteer services of $4,060,329 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.

### Subsequent Events

NEMCSA has evaluated events and transactions for potential recognition or disclosure in the financial statements through June 25, 2026, 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, 2025, are comprised of the following:

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 13,744,893 |
| Grants receivable | | 4,884,360 |
| Accounts receivable | | 307,324 |
| Subtotal Financial Assets | | 18,936,577 |
| Less: accounts payable | | (2,986,803) |
| Less: accrued payroll and related expenses | | (1,951,997) |
| Less: refundable advances | | (396,044) |
| Less: board designated net assets | | (9,138,948) |
| Less: net assets with donor restrictions in cash | | (633,020) |
| Net Financial Assets available | $ | 3,829,765 |

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 $22,000,000 at September 30, 2025.

## Note 4: Grants Receivable

Grants receivable at September 30, 2025, 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 | $ 2,806,114 |
| Aging Services Programs | 708,541 |
| Community Programs | 488,763 |
| Community Based Care Programs | 206,547 |
| Volunteer Programs | 59,264 |
| Community Development Programs | 111,455 |
| Housing | 312,426 |
| Youth Services | 171,831 |
| PACE | 19,419 |
| Total | $ 4,884,360 |

## Note 5: Investments

Investments consist of the following at September 30, 2025:

| | |
|---|---|
| Money market | $ 1,112,794 |
| Marketable certificates of deposit | 955,109 |
| Total | $ 2,067,903 |

Investment income consists of interest and dividends on investments of $344,838 and net realized and unrealized gain on investments of $11,760.

## 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 an 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.

## Note 6: Fair Value Measurements (Continued)

Some assets and liabilities are measured at fair value on a recurring basis under GAAP. Other assets and liabilities, such as impaired investments, are measured at fair value on a nonrecurring basis. At September 30, 2025, 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, 2025, is as follows:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Money market | $ 0 | $ 1,112,794 | $ 0 | $ 1,112,794 |
| Marketable certificates of deposit | 0 | 955,109 | 0 | 955,109 |
| Totals | $ 0 | $ 2,067,903 | $ 0 | $ 2,067,903 |

## Note 7: Investment in Related Organization

NEMCSA has contributed capital of $629,524 to PNM as of September 30, 2025. 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 equity investment. As of September 30, 2025, NEMCSA has no receivable from PNM.

PNM's activity as of and for the year ended September 30, 2025, is as follows:

| | |
|---|---|
| Assets | $ 5,601,958 |
| Liabilities | (614,170) |
| Net assets | $ 4,987,788 |
| Net loss | $ 614,514 |

As part of the agreement, NEMCSA has committed to providing a $1,700,000 revolving line of credit to PNM. Interest is at prime plus 2%. As of September 30, 2025, PNM has not drawn on the revolving line of credit.

## Note 8: Property and Equipment

A summary of property and equipment at September 30, 2025, is as follows:

| | |
|---|---|
| Land and land improvements | $ 115,000 |
| Buildings | 449,430 |
| Building improvements | 2,881,250 |
| Vehicles and equipment | 2,684,081 |
| Total property and equipment | 6,129,761 |
| Accumulated depreciation | 3,653,193 |
| Property and equipment, net | $ 2,476,568 |

## 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, 2025:

| | |
|---|---|
| Lease cost: | |
| Operating lease cost | $ 1,392,151 |
| Short-term lease costs | 35,137 |
| Total lease cost | $ 1,427,288 |

| | |
|---|---|
| Weighted-average remaining lease term in years - Operating leases | 6.19 |
| Weighted-average discount rate - Operating leases | 4.07 % |

## Note 9: Leases (Continued)

Maturities of lease liabilities are as follows as of September 30, 2025:

| | | |
|---|---|---|
| 2026 | $ | 1,155,717 |
| 2027 | | 766,849 |
| 2028 | | 546,805 |
| 2029 | | 389,152 |
| 2030 | | 338,062 |
| Thereafter | | 1,143,030 |
| Total lease payments | | 4,339,615 |
| Less: imputed interest | | (412,967) |
| Total | $ | 3,926,648 |

## Note 10: Net Assets with Donor Restrictions

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

| | | |
|---|---|---|
| Education and Literacy Programs | $ | 33,350 |
| Energy Assistance Programs | | 239,807 |
| Housing Programs | | 4,013 |
| Youth and Family Services | | 20,760 |
| Other Programs | | 335,090 |
| Total net assets with donor restrictions | $ | 633,020 |

Net assets with donor restrictions of $414,294 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, 2025 was $1,850,841.

## Note 12: Grant Awards

At September 30, 2025, NEMCSA had received commitments for future funding various grant awards of approximately $22,000,000. 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 professional volunteer services received and are included in other revenue on the statement of activities are as follows:

| *Source* | Revenue | Utilization in Programs and Activities | Donor-imposed Restriction | Valuation Techniques & Inputs |
|---|---|---|---|---|
| Professional volunteers (In-kind contributions) | $ 18,242 | Early Childhood Programs | None | Based on current rates of donor services provided by the donor |

# Supplementary Information

## Northeast Michigan Community Service Agency, Inc.

### Schedule of Expenditures of Federal Awards
### Year Ended September 30, 2025

| AL Number | Grant Number | Program Name | Grantor Agency | Subrecipient Expenditures | Federal Expenditures |
|---|---|---|---|---|---|
| **DEPARTMENT OF AGRICULTURE** | | | | | |
| 10.558 | 040000001 (251920) | Child and Adult Care Food Program - Meal Reimbursement | State of Michigan - Department of Education | 0 | 1,148,598 |
| | 040000001 (252010) | Child Care Cash in lieu of Commodities | State of Michigan - Department of Education | 0 | 47,435 |
| | | **Total Federal Expenditures AL # 10.558** | | **0** | **1,196,033** |
| | | **Total Department of Agriculture** | | **0** | **1,196,033** |
| **DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT** | | | | | |
| 14.169 | HUD-2022-Northeast Mi-0005 | Housing Counseling Assistance Program | Michigan State Housing Development Authority | **0** | 21,617 |
| | HUD-2024-Northeast Mi-0005 | Housing Counseling Assistance Program | Michigan State Housing Development Authority | **0** | 31,197 |
| | | **Total Federal Expenditures AL # 14.169** | | 0 | 52,814 |
| 14.231 | HML-2023-103-ESF | Emergency Solutions Grant Program | Michigan State Housing Development Authority | 0 | 91,882 |
| | HML-2025-103-ESM-02 | Emergency Solutions Grant Program | Michigan State Housing Development Authority | 0 | 199,410 |
| | HML-2024-103-ESF | Emergency Solutions Grant Program | Michigan State Housing Development Authority | 0 | 146,734 |
| | | **Total Federal Expenditures AL # 14.231** | | **0** | **438,026** |
| 14.267 | MI0743R5F002200 | Continuum of Care Program | U.S. Department of Housing and Urban Development | 0 | 180,000 |
| | E20251632-00 | Continuum of Care Program | State of Michigan - Department of Health & Human Services | 0 | 417,296 |
| | HML-2024-Northeas-103-CES-02 | Continuum of Care Program | Michigan State Housing Development Authority | 0 | 155,938 |
| | HML-2025-Northeas-103-CES-03 | Continuum of Care Program | Michigan State Housing Development Authority | 0 | 7,091 |
| | | **Total Federal Expenditures AL # 14.267** | | **0** | **760,325** |
| 14.276 | MI0822Y5F002200 | Youth Homelessness Demonstration Program | U.S. Department of Housing and Urban Development | 0 | 93,254 |
| | HML-2022-103-YHDP | Youth Homelessness Demonstration Program | Michigan State Housing Development Authority | 0 | 62,551 |
| | | **Total Federal Expenditures AL # 14.276** | | **0** | **155,805** |
| | | **Total Department of Housing and Urban Development** | | **0** | **1,406,970** |
| **DEPARTMENT OF LABOR** | | | | | |
| 17.235 | E20245955 | Senior Community Service Employment Program | State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency | 0 | 56,864 |
| | E2025 | Senior Community Service Employment Program | State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency | 0 | 4,732 |
| | | **Total Department of Labor; Federal Expenditures AL # 17.235** | | **0** | **61,596** |
| **DEPARTMENT OF TREASURY** | | | | | |
| 21.026 | HAF-2021-Northeast Mi-00001 | COVID-19 Homeowner Assistance Fund | Michigan State Housing Development Authority | **0** | **9,497** |
| 21.027 | E20254961 | COVID-19 Coronavirus State and Local Fiscal Recovery Funds | State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency | 7,663 | 15,326 |
| | E20242785-001 | COVID-19 Coronavirus State and Local Fiscal Recovery Funds | State of Michigan - Department of Health & Human Services | 0 | 593,216 |
| | E20245405-00 | COVID-19 Coronavirus State and Local Fiscal Recovery Funds | State of Michigan - Department of Health & Human Services | 0 | 48,028 |
| | MIGNMCSA | COVID-19 Coronavirus State and Local Fiscal Recovery Funds | State of Michigan - Dept. of Labor and Economic Opportunity | 0 | 357,854 |
| | | **Total Federal Expenditures AL # 21.027** | | **7,663** | **1,014,424** |
| | | **Total Department of the Treasury** | | **7,663** | **1,023,921** |

# Northeast Michigan Community Service Agency, Inc.

## Schedule of Expenditures of Federal Awards
## Year Ended September 30, 2025

| AL Number | Grant Number | Program Name | Grantor Agency | Subrecipient Expenditures | Federal Expenditures |
|---|---|---|---|---|---|
| **DEPARTMENT OF ENERGY** | | | | | |
| 81.042 | E20250086-00 | Weatherization Assistance for Low Income Persons | State of Michigan - Department of Health & Human Services | 0 | 693,604 |
| | E20250048-00 | Weatherization Assistance for Low Income Persons | State of Michigan - Department of Health & Human Services | 0 | 884,056 |
| | | **Total Department of Energy; Total Federal Expenditures AL # 81.042** | | **0** | **1,577,660** |
| **DEPARTMENT OF HEALTH AND HUMAN SERVICES** | | | | | |
| 93.041 | E20254961 | 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 | **2,350** | **6,062** |
| 93.042 | E20254961 | 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** | **5,579** |
| 93.043 | E20254961 | Title III, Part D - Disease Prevention & Health Promotion Services | State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency | 15,030 | 25,132 |
| | E20254961 | COVID-19 Title III, Part D - Disease Prev. & Hlth Promotion Srvcs ARP III-D Srvcs (PHC6) | State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency | 16,401 | 18,655 |
| | | **Total Federal Expenditures AL # 93.043** | | **31,431** | **43,787** |
| ***Aging Cluster*** | | | | | |
| 93.044 | E20254961 | Title III, Part B-Grants for Supportive Services & Senior Centers | State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency | 0 | 46,180 |
| | E20254961 | Title III, Part B-Grants for Supportive Services & Senior Centers | State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency | 452,286 | 479,821 |
| | E20254961 | 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 | 364 |
| | E20254961 | 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 | 180,804 | 180,804 |
| | E20254961 | 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 | 161 |
| | E20254961 | 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 | 2,980 | 2,980 |
| | | **Total Federal Expenditures AL # 93.044** | | **636,070** | **710,310** |
| 93.045 | E20254961 | Title III, Part C - Nutrition Services | State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency | 0 | 107,221 |
| | E20254961 | Title III, Part C - Nutrition Services | State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency | 830,000 | 930,123 |
| | E20254961 | 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 | 1,713 |
| | E20254961 | 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 | 39,284 | 39,284 |
| | E20254961 | 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 | 14,864 |
| | E20254961 | 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 | 53,876 | 53,876 |

# Northeast Michigan Community Service Agency, Inc.

## Schedule of Expenditures of Federal Awards
## Year Ended September 30, 2025

| AL Number | Grant Number | Program Name | Grantor Agency | Subrecipient Expenditures | Federal Expenditures |
|---|---|---|---|---|---|
| **DEPARTMENT OF HEALTH AND HUMAN SERVICES *(Continued)*** | | | | | |
| | E20254961 | 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 | 1,002 |
| | E20254961 | 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 | 3,362 | 3,362 |
| | E20254961 | 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 | 1,503 | 1,503 |
| | E20254961 | 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 | 5,042 | 5,042 |
| | | **Total Federal Expenditures AL # 93.045** | | **933,067** | **1,157,990** |
| 93.053 | E20254961 | Nutrition Services Incentive Program | State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency | **313,949** | **313,949** |
| | | **Total Aging Cluster (93.044, 93.045, and 93.053)** | | **1,883,086** | **2,182,249** |
| 93.048 | 90MPPG0085 | Special Programs for Aging_ Title IV and Title II - Discretionary Projects | Michigan Medicare Assistance Program | **0** | **17,462** |
| 93.052 | E20254961 | National Family Caregiver Support , Title III, Part E | State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency | 64,213 | 173,573 |
| | E20254961 | National Family Caregiver Support , Title III, Part E | State of Michigan - Dept. of Health & Human Services - Aging and Adult | 0 | 22,142 |
| | E20254961 | COVID-19 ARP NFCS Title III, Part E -Admin (FCC6) | State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency | 0 | 16,353 |
| | E20254961 | COVID-19 ARP NFCS Title III, Part E -Services (FCC6) | State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency | 52,208 | 113,081 |
| | E20254961 | COVID-19 ARP NFCS Title III, Part E -Admin (FCC6) | State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency | 0 | 233 |
| | E20254961 | COVID-19 ARP NFCS Title III, Part E -Services (FCC6) | State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency | 5,744 | 5,744 |
| | | **Total Federal Expenditures AL # 93.052** | | **122,165** | **331,126** |
| 93.071 | N/A | Medicare Enrollment Assistance Program | Michigan Medicare Assistance Program | 0 | 3,367 |
| | E20255525-00 | Medicare Enrollment Assistance Program | State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency | 0 | 14,576 |
| | E20255525-00 | Medicare Enrollment Assistance Program | State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency | 0 | 9,925 |
| | E20255525-00 | Medicare Enrollment Assistance Program | State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency | 0 | 534 |
| | | **Total Federal Expenditures AL # 93.071** | | **0** | **28,402** |
| 93.324 | E20241514-00 | State Health Insurance Assistance Program | AAA OF Michigan | 0 | 20,432 |
| | E20255525-00 | State Health Insurance Assistance Program | State of Michigan - Dept. of Health & Human Services - Aging and Adult Services Agency | 0 | 38,275 |
| | | **Total Federal Expenditures AL # 93.324** | | **0** | **58,707** |
| 93.558 | E20250089-00 | Community Services Block Grant SSP | State of Michigan - Department of Health & Human Services | 0 | 1,525,000 |
| | E20250027-001 | Diaper Bank | State of Michigan - Department of Health & Human Services | 0 | 54,203 |
| | | **Total Federal Expenditures AL # 93.558** | | **0** | **1,579,203** |

## Northeast Michigan Community Service Agency, Inc.

### Schedule of Expenditures of Federal Awards
### Year Ended September 30, 2025

| AL Number | Grant Number | Program Name | Grantor Agency | Subrecipient Expenditures | Federal Expenditures |
|---|---|---|---|---|---|
| **DEPARTMENT OF HEALTH AND HUMAN SERVICES *(Continued)*** | | | | | |
| 93.568 | E20250128 | Low-Income Home Energy Assistance | State of Michigan - Department of Health & Human Services | **0** | **880,051** |
| 93.569 | E20250040 | Community Services Block Grant | State of Michigan - Department of Health & Human Services | 0 | 418,414 |
| | E202500068 | Community Services Block Grant | State of Michigan - Department of Health & Human Services | 0 | 156,418 |
| | | **Total Federal Expenditures AL # 93.569** | | **0** | **574,832** |
| ***Head Start Cluster*** | | | | | |
| 93.600 | 05CH011635-05-04 | Head Start | U.S. Department of Health and Human Services | 998,332 | 11,532,732 |
| | 05CH013254-01 | Head Start | U.S. Department of Health and Human Services | 680,249 | 5,749,005 |
| | 05CH011635-06 | Head Start | U.S. Department of Health and Human Services | 991,584 | 12,026,394 |
| | 05CH013331-01-00 | Head Start | U.S. Department of Health and Human Services | 0 | 92,842 |
| | 05CH011635-05-01 | COVID-19 Head Start C-19 Carryover | U.S. Department of Health and Human Services | 0 | 206,745 |
| | | **Total Federal Expenditures AL # 93.600** | | **2,670,165** | **29,607,718** |
| 93.747 | E20254803-00 | Elder Abuse Prevention Interventions Program | State of Michigan - Department of Health & Human Services | **0** | **25,693** |
| | | **Total Department of Health and Human Services** | | **4,709,197** | **35,340,871** |
| **CORPORATION FOR NATIONAL & COMMUNITY SERVICE** | | | | | |
| ***Foster Grandparent/Senior Companion Cluster*** | | | | | |
| 94.002 | 24SRCMI002 | Retired and Senior Volunteer Program | Corporation for National & Community Service | **0** | **122,398** |
| 94.011 | 22SFCMI004 | Foster Grandparent Program | Corporation for National & Community Service | 0 | 212,843 |
| | 22SFCMI004 | Foster Grandparent Program | Corporation for National & Community Service | 0 | 838 |
| | | **Total Federal Expenditures AL # 94.011** | | **0** | **213,681** |
| 94.016 | 22SCCMI003 | Senior Companion Program | Corporation for National & Community Service | 0 | 146,469 |
| | 22SCCMI003 | Senior Companion Program | Corporation for National & Community Service | 0 | 546 |
| | | **Total Federal Expenditures AL # 94.016** | | **0** | **147,015** |
| | | **Total Foster Grandparent/Senior Companion Cluster (94.011 and 94.016)** | | **0** | **360,696** |
| | | **Total Corporation for National & Community Service** | | **0** | **483,094** |
| | | | **TOTAL FEDERAL EXPENDITURES** | **$ 4,716,860** | **$ 41,090,145** |

## Note 1: General

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, 2025. The information in this schedule is presented in accordance with requirements of the 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: Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

## Note 3: Indirect Cost Rate

Northeast Michigan Community Service Agency, Inc. has elected not to use the de minimis indirect cost rate allowed under the Uniform Guidance.

NORTHEAST MICHIGAN COMMUNITY SERVICE AGENCY, INC.

BCLS SCHEDULE OF SERVICE CATEGORIES BY FUNDING SOURCE

FOR YEAR ENDING SEPTEMBER 30, 2025

| SERVICE CATEGORY | Federal Administration | Title III-B | Title IIIC-1 | Title IIIC-2 | Title III-D | Title III - E | Title VII/EAP | Title VII/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 | | | | | | | | | 28,018 | | | | | 431,825 | | | | | | | | | 51,095 | | 512,938 |
| Case Coord/Support | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 |
| Disaster Advocacy | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 |
| Information & Assistance | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 |
| Outreach | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 |
| Transportation | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 |
| Chore | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 |
| Home Care Assistance | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 |
| Home Injury Control | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 |
| Homemaker | | 341,127 | | | | | | | | | | 679,300 | | | 109,527 | | 23,400 | | | | | | | 126,984 | 99,577 | | 1,379,915 |
| Home Delivered Meals | | | | 423,861 | | | | | 250,671 | | | | | 449,179 | | | | | | | | | | 698,026 | 97,005 | | 1,918,742 |
| Home Health Aide | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 |
| Medication Management | | | | | | | | | | | | | | | | | 14,782 | | | | | | | | | | 14,782 |
| Personal Care | | 84,673 | | | | | | | | | | 66,328 | | | | | | | | | | | | 15,027 | 16,653 | | 182,681 |
| PERS/Assist Tech & Devices | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 |
| Respite Care | | | | | | 36,177 | | | | | | | | | | | | | 99,369 | 48,605 | 6,284 | | 36,644 | 16,287 | 4,011 | | 247,377 |
| Congregate Meals | | | 506,262 | | | | | | 63,278 | | | | 9,055 | | | | | | | | | | | 398,477 | 57,259 | | 1,034,331 |
| Friendly Reassure | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 |
| Legal Assistance | | 26,486 | | | | | | | | | | | | | | | | | | | | | | | 9,000 | | 35,486 |
| Adult Day Care | | | | | | | | | | | | | | | | | | | | 62,113 | 7,663 | | 44,687 | 7,196 | 1,703 | | 123,362 |
| Dementia ADC | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 |
| Disease Prevent | | | | | 25,132 | | | | | | | | | | | | | | | | | | | | 2,793 | | 27,925 |
| Health Screening | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 |
| Assist to Deaf | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 |
| Assistive Devices & Technologies | | | | | | 16,654 | | | | | | | | | | | | | | | | | | | | | 16,654 |
| Ombudsman | | 4,949 | | | | | | 5,579 | | | | | | | | | | 8,399 | | | | 44,948 | | | 5,929 | | 69,804 |
| Sr Ctr Operations | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 |
| Sr Ctr Staffing | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 |
| Kinship Respite Care | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 |
| Elder Abuse Prevention | | | | | | | 6,062 | | | | | | | | | | | | | | | | | | | | 6,062 |
| Counseling | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 |
| Caregiver Education | | | | | | 79,278 | | | | | | | | | | | | | | | | | | | 1,450 | | 80,728 |
| Kinship Caregiver Supplemental-Other | | | | | | 21,676 | | | | | | | | | | | | | | | | | | | 11,854 | | 33,530 |
| Caregiver Support Groups (Non-registered) | | | | | | 14,991 | | | | | | | | | | | | | | | | | | | 1,610 | | 16,601 |
| Caregiver Training | | | | | | 4,797 | | | | | | | | | | | | | | | | | | | 361 | | 5,158 |
| Program Develop | | 20,586 | | | | | | | | | | | | | | | | | | | | | | | | | 20,586 |
| Region Specific | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 |
| Caregiver Outreach | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 |
| CLP/ADRC Services | | | | | | | | | | | | | | | | | | | | | | | | | | | 0 |
| Administration | 175,543 | | | | | | | | | 30,384 | | | | | | | | | | 10,335 | | | | | | 28,131 | 244,393 |
| St CG Administration | | | | | | | | | | | | | | | | | | | | | 1,379 | | | | | | 1,379 |
| MATF administration | | | | | | | | | | | | | | | | | | | | | | | 8,043 | | | | 8,043 |
| **FUNDING SOURCE TOTAL** | 175,543 | 479,821 | 506,262 | 423,861 | 25,132 | 173,573 | 6,062 | 5,579 | 313,949 | 30,384 | 28,018 | 745,628 | 9,055 | 449,179 | 109,527 | 431,825 | 38,182 | 8,399 | 99,369 | 121,053 | 15,326 | 44,948 | 89,374 | 1,261,997 | 360,300 | 28,131 | 5,980,477 |

**NORTHEAST MICHIGAN COMMUNITY SERVICE AGENCY, INC.**
**BCLS CARES, Consolidated Appropriations Act., and American Rescue Plan 2025 Supplemental Nutrition Funding Schedule (Unaudited)**
**FOR YEAR ENDED SEPTEMBER 30, 2025**

| | 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 | 6,030 | | | | | | | | | | | | | 6,030 |
| Homemaker | 114,296 | | | | | | | | | | 6,470 | 16,342 | | 137,108 |
| Home Delivered Meals | | | 57,045 | | | | | | | | 5,657 | 6,339 | | 69,041 |
| Personal Care | 60,204 | | | | | | | | | | 3,117 | 5,383 | | 68,704 |
| Respite Care | | | | | 135,697 | | | | | | 4,295 | 15,078 | | 155,070 |
| Congregate Meals | | 41,595 | | | | | | | | | 5,985 | 4,622 | | 52,202 |
| Dis Prev/Hlth Promo | | | | 18,655 | | | | | | | | | | 18,655 |
| Legal Assistance | 10,910 | | | | | | | | | | | 3,762 | | 14,672 |
| LTC Ombudsman | | | | | | | | | | | | | | 0 |
| In Home Respite Care | | | | | | | | | | | | | | 0 |
| Program Develop | | | | | | | | | | | | | | 0 |
| Administration | | | | | | | 437 | 2,056 | 17,837 | 19,623 | | 4,441 | | 44,394 |
| **FUNDING SOURCE TOTAL** | 191,440 | 41,595 | 57,045 | 18,655 | 135,697 | 0 | 437 | 2,056 | 17,837 | 19,623 | 25,524 | 55,967 | 0 | 565,876 |

**NORTHEAST MICHIGAN COMMUNITY SERVICE AGENCY, INC.**
**BCLS CARES, Consolidated Appropriations Act., and American Rescue Plan 2025 Additional Supplemental Nutrition Funding Schedule (Unaudited)**
**FOR YEAR ENDED SEPTEMBER 30, 2025**

| | 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 | | | | | | | | | | | | 0 |
| Homemaker | 3,973 | | | | | | | | | | | 3,973 |
| Home Delivered Meals | | | 6,722 | | | | | | | | | 6,722 |
| Personal Care | | | | | | | | | | | | 0 |
| Respite Care | | | | 7,659 | | | | | | | | 7,659 |
| Congregate Meals | | 4,482 | | | | | | | 100 | | | 4,582 |
| Dis Prev/Hlth Promo | | | | | | | | | | | | 0 |
| Elder Abuse Prevention | | | | | | | | | | | | 0 |
| Legal Assistance | | | | | | | | | | | | 0 |
| LTC Ombudsman | | | | | | | | | | | | 0 |
| Kinship Respite Care | | | | | | | | | | | | 0 |
| Program Develop | | | | | | | | | | | | 0 |
| Administration | | | | | 214 | 1,336 | 2,004 | 311 | | 967 | | 4,832 |
| **FUNDING SOURCE TOTAL** | 3,973 | 4,482 | 6,722 | 7,659 | 214 | 1,336 | 2,004 | 311 | 100 | 967 | 0 | 27,768 |

WIPFLI

# 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, 2025, 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 June 25, 2026.

## 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.

Wipfli LLP

Wipfli LLP

Madison, Wisconsin
June 25, 2026

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

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each 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 each of its major federal programs for the year ended September 30, 2025. Northeast Michigan Community Service Agency, Inc.'s major federal programs are 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 each of its major federal programs for the year ended September 30, 2025.

***Basis for Opinion on Each 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 each 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 each 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.

Wipfli LLP

Wipfli LLP

Madison, Wisconsin
June 25, 2026

# Northeast Michigan Community Service Agency, Inc.
## Schedule of Findings and Questioned Costs
Year Ended September 30, 2025

## 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 __X__ No
- Significant deficiency(ies) identified? _____ Yes __X__ None Reported

Noncompliance material to financial statements noted? _____ Yes __X__ No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? _____ Yes __X__ No
- Significant deficiency(ies) identified? _____ Yes __X__ 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 __X__ No

Identification of major programs

| AL Number(s) | Federal Program or Cluster |
|---|---|
| 93.044, 93.045 and 93.053 | Aging Cluster |
| 93.600 | Head Start Cluster |

Dollar threshold used to distinguish between Type A and Type B programs: $1,232,704

Auditee qualified as low-risk auditee? __X__ Yes _____ No

### 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