

**NORTHEAST IOWA AREA AGENCY
ON AGING, INC. AND AFFILIATE**

COMBINED FINANCIAL STATEMENTS

JUNE 30, 2023

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON THE COMBINED FINANCIAL STATEMENTS	1-3
COMBINED FINANCIAL STATEMENTS	<u>Exhibit</u>
Combined Statements of Financial Position	A 4
Combined Statements of Activities	B 5
Combined Statements of Functional Expenses - Programs	C 6
Combined Statements of Cash Flows	D 7
Notes to Combined Financial Statements	8-15
SUPPLEMENTARY INFORMATION	<u>Schedule</u>
Iowa Department on Aging Area Plan Financial Status Report/Audit Reconciliation	1 16-19
Schedule of Findings and Questioned Costs	2 20
Schedule of Expenditures of Federal Awards	3 21
Notes to the Schedule of Expenditures of Federal Awards	22
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF COMBINED FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	23-24
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	25-27
MANAGEMENT LETTER	28-29



Hacker Nelson & Co., CPAs

INDEPENDENT AUDITOR'S REPORT ON THE COMBINED FINANCIAL STATEMENTS

To the Board of Directors
Northeast Iowa Area Agency on Aging, Inc. and Affiliate
Waterloo, Iowa

Report on the Audit of the Combined Financial Statements

Opinion

We have audited the accompanying combined financial statements of Northeast Iowa Area Agency on Aging, Inc. and Affiliate (nonprofit corporations), which comprise the combined statements of financial position as of June 30, 2023 and 2022, and the related combined statements of activities, functional expenses - programs, and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements present fairly, in all material respects, the financial position of Northeast Iowa Area Agency on Aging, Inc. and Affiliate as of June 30, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted auditing standards 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 Combined Financial Statements section of our report. We are required to be independent of the Northeast Iowa Area Agency on Aging, Inc. and Affiliate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 14 to the financial statements, Northeast Iowa Area Agency on Aging, Inc. and Affiliate adopted new accounting guidance related to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 842, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Combined Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 combined financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 combined 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 combined 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 the Northeast Iowa Area Agency on Aging, Inc. and Affiliate'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Northeast Iowa Area Agency on Aging, Inc. and Affiliate'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 audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information on Schedules 1 and 2 are presented for purposes of additional analysis and are not a required part of the combined financial statements. The accompanying 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* (Uniform Guidance), is presented for purposes of additional analysis and is also not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated, in all material respects, in relation to the combined 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 December 11, 2023, on our consideration of the Northeast Iowa Area Agency on Aging, Inc. and Affiliate'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 the Northeast Iowa Area Agency on Aging, Inc. and Affiliate'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 the Northeast Iowa Area Agency on Aging, Inc. and Affiliate's internal control over financial reporting and compliance.

Hatcher, Nelson & Co., CPAs

Decorah, Iowa
December 11, 2023

NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE
COMBINED STATEMENTS OF FINANCIAL POSITION

June 30, 2023 and 2022

ASSETS	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,594,088	\$ 1,605,462
Certificates of deposits	905,131	637,412
Receivables (net of uncollectible amounts):		
Grants and contract fees	435,040	611,108
United Way support	29,000	29,000
Prepaid expenses	94,348	107,971
Total current assets	3,057,607	2,990,953
PROPERTY AND EQUIPMENT, net	681,623	552,736
Total assets	\$ 3,739,230	\$ 3,543,689
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 299,350	\$ 377,383
Estimated revenue refunds	112,846	21,056
Accrued expenses	415,292	389,504
Current portion of long-term liabilities	63,985	12,912
Total current liabilities	891,473	800,855
LONG-TERM LIABILITIES		
Lease liability	119,296	22,873
Notes payable	276,437	289,881
Total long-term liabilities	395,733	312,754
Total liabilities	1,287,206	1,113,609
NET ASSETS		
Without donor restrictions	2,423,024	2,401,080
With donor restrictions	29,000	29,000
Total net assets	2,452,024	2,430,080
Total liabilities and net assets	\$ 3,739,230	\$ 3,543,689

See Notes to Combined Financial Statements.

NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE
 COMBINED STATEMENTS OF ACTIVITIES
 Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES AND GAINS						
Contributions:						
Cash	\$ 157,141	\$ 29,000	\$ 186,141	\$ 115,311	\$ 29,000	\$ 144,311
In-kind	96,080		96,080	82,080		82,080
Government grants	8,266,392		8,266,392	8,237,708		8,237,708
Fees for service	183,312		183,312	362,588		362,588
Program income	341,325		341,325	351,336		351,336
Other	493,858		493,858	343,589		343,589
Total revenues and gains	<u>9,538,108</u>	<u>29,000</u>	<u>9,567,108</u>	<u>9,492,612</u>	<u>29,000</u>	<u>9,521,612</u>
EXPENSES						
Program expenses:						
Congregate and home-delivered meals	2,906,179		2,906,179	3,161,204		3,161,204
Senior Medicare patrol project	1,392,063		1,392,063	1,145,986		1,145,986
State health insurance assistance	1,250,690		1,250,690	1,313,956		1,313,956
Information and assistance	544,048		544,048	473,012		473,012
Case management	332,410		332,410	383,600		383,600
Counseling	363,144		363,144	353,357		353,357
Respite	334,466		334,466	233,641		233,641
Homemaker	326,352		326,352	319,411		319,411
Other	1,074,388		1,074,388	1,091,697		1,091,697
Total program expenses	<u>8,523,740</u>	<u>-</u>	<u>8,523,740</u>	<u>8,475,864</u>	<u>-</u>	<u>8,475,864</u>
Administrative support activities:						
Management and general	1,020,093	-	1,020,093	1,084,624	-	1,084,624
Total functional expenses	<u>9,543,833</u>	<u>-</u>	<u>9,543,833</u>	<u>9,560,488</u>	<u>-</u>	<u>9,560,488</u>
Change in net assets from operations	(5,725)	29,000	23,275	(67,876)	29,000	(38,876)
Loss on disposal of property and equipment	(1,331)	-	(1,331)	41,725	-	41,725
Net assets released from restrictions	29,000	(29,000)	-	45,623	(45,623)	-
Change in net assets	21,944	-	21,944	19,472	(16,623)	2,849
NET ASSETS, beginning of year	<u>2,401,080</u>	<u>29,000</u>	<u>2,430,080</u>	<u>2,381,608</u>	<u>45,623</u>	<u>2,427,231</u>
NET ASSETS, end of year	<u>\$ 2,423,024</u>	<u>\$ 29,000</u>	<u>\$ 2,452,024</u>	<u>\$ 2,401,080</u>	<u>\$ 29,000</u>	<u>\$ 2,430,080</u>

See Notes to Combined Financial Statements.

NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE
 COMBINED STATEMENTS OF FUNCTIONAL EXPENSES - PROGRAMS
 Years Ended June 30, 2023 and 2022

2023												
Functional Expenses	Congregate and Home Delivered Meals	Senior Medicare Patrol Project	State Health Insurance Assistance	Information and Assistance	Case Management	Counseling	Respite	Homemaker	Other	Total Program Services	Management and General	Total
Salaries	\$ 420,491	\$ 397,776	\$ 364,463	\$ 234,323	\$ 205,685	\$ 236,695	\$ 2,614		\$ 369,239	\$ 2,231,286	\$ 547,541	\$ 2,778,827
Payroll taxes and benefits	149,534	153,806	128,399	83,054	69,641	86,700	1,011		123,342	795,487	208,057	1,003,544
Total salaries and related expenses	570,025	551,582	492,862	317,377	275,326	323,395	3,625	\$ -	492,581	3,026,773	755,598	3,782,371
Premise costs	135,249	1,756	1,743	6,347	5,974	5,594	95		9,799	166,557	23,808	190,365
Telephone	28,776	23,082	20,139	7,921	6,373	4,737	20		5,582	96,630	32,597	129,227
Insurance	9,161	5,632	4,799	3,403	4,003	3,658	43		6,804	37,503	14,864	52,367
Interest										-	11,979	11,979
Travel expenses	28,088	13,506	8,898	1,956	8,098	4,823			26,899	92,268	8,208	100,476
Equipment and repairs	10,584	8,997	2,114	1,719	14,108	2,851			5,723	46,096	7,618	53,714
Depreciation									14,855	14,855	41,169	56,024
Advertising	936		900	6,740					44,916	53,492	1,094	54,586
Printing	9,721	4,011		16,507	31	808			25,913	56,991	786	57,777
Supplies	19,923	224	5,076	965	257	189			4,294	30,928	9,578	40,506
Dues and subscriptions	1,200						250			1,450	19,350	20,800
Postage	15,808	206	213	50	22	24			2,101	18,424	7,105	25,529
Contractual expense	2,075,933	768,424	713,261	178,813	17,410	16,966	330,433	326,352	433,584	4,861,176	88,728	4,949,904
Training	647	14,643	685	2,250	808	99			1,337	20,469	8,734	29,203
Miscellaneous	128									128	(11,123)	(10,995)
	\$ 2,906,179	\$ 1,392,063	\$ 1,250,690	\$ 544,048	\$ 332,410	\$ 363,144	\$ 334,466	\$ 326,352	\$ 1,074,388	\$ 8,523,740	\$ 1,020,093	\$ 9,543,833

2022												
Functional Expenses	Congregate and Home Delivered Meals	Senior Medicare Patrol Project	State Health Insurance Assistance	Information and Assistance	Case Management	Counseling	Respite	Homemaker	Other	Total Program Services	Management and General	Total
Salaries	\$ 392,514	\$ 379,526	\$ 341,726	\$ 199,215	\$ 242,712	\$ 223,920			\$ 338,477	\$ 2,118,090	\$ 566,780	\$ 2,684,870
Payroll taxes and benefits	153,329	168,100	134,536	79,530	98,070	90,808			130,999	855,372	227,388	1,082,760
Total salaries and related expenses	545,843	547,626	476,262	278,745	340,782	314,728	\$ -	\$ -	469,476	2,973,462	794,168	3,767,630
Premise costs	128,911	1,422	1,402	3,732	5,972	5,983			20,266	167,688	58,335	226,023
Telephone	32,513	22,610	21,412	8,590	5,663	4,495			4,337	99,620	33,901	133,521
Insurance	7,037	5,877	5,195	4,039	4,473	4,191			7,601	38,413	12,568	50,981
Interest										-	12,487	12,487
Travel expenses	21,784	8,922	3	1,124	3,918	2,005			22,408	60,164	5,342	65,506
Equipment and repairs	11,749	2,635	2,915	2,910	196	300				20,705	2,058	22,763
Depreciation									13,694	13,694	18,010	31,704
Advertising	60		1,020	35,238					11,690	48,008	789	48,797
Printing	3,594	198		16,742					1,962	22,496	91	22,587
Supplies	20,631	265	1,391	967	261	46			8,516	32,077	8,819	40,896
Dues and subscriptions										-	22,275	22,275
Postage	2,471	66		106	337	27			18,622	21,629	12	21,641
Contractual expense	2,383,527	542,645	803,176	119,267	21,888	21,582	233,641	319,411	510,260	4,955,397	89,426	5,044,823
Training	1,859	13,720	1,060	2,690	110				1,375	20,814	3,068	23,882
Miscellaneous	1,225		120	(1,138)					1,490	1,697	23,275	24,972
	\$ 3,161,204	\$ 1,145,986	\$ 1,313,956	\$ 473,012	\$ 383,600	\$ 353,357	\$ 233,641	\$ 319,411	\$ 1,091,697	\$ 8,475,864	\$ 1,084,624	\$ 9,560,488

See Notes to Combined Financial Statements.

NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE
 COMBINED STATEMENTS OF CASH FLOWS
 Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 21,944	\$ 2,849
Adjustment to reconcile change in net assets to net cash flows provided by (used in) operating activities:		
Depreciation	56,024	31,704
Loss (gain) on disposal of property and equipment	1,331	(41,725)
Changes in:		
Accounts receivable	176,068	254,685
Prepaid expenses	13,623	9,371
Accounts payable	(78,033)	(122,199)
Estimated revenue refunds	91,790	(921,190)
Lease liability	(35,490)	
Accrued expenses	25,788	34,869
Net cash flows provided by (used in) operating activities	<u>273,045</u>	<u>(751,636)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	18,784	84,504
Purchase of property and equipment	(22,540)	(26,718)
Purchase of investments	(906,338)	(639,052)
Proceeds from sale of investments	638,619	771,362
Net cash flows (used in) provided by investing activities	<u>(271,475)</u>	<u>190,096</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on debt	(12,944)	(12,436)
Net decrease in cash and cash equivalents	(11,374)	(573,976)
CASH AND CASH EQUIVALENTS		
Beginning of year	1,605,462	2,179,438
End of year	<u>\$ 1,594,088</u>	<u>\$ 1,605,462</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash payments for interest	<u>\$ 11,979</u>	<u>\$ 12,487</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES		
Matured certificates of deposit reinvested	<u>\$ 638,619</u>	<u>\$ 637,199</u>
Lease of building:		
Building	<u>\$ 183,440</u>	<u>\$ 22,873</u>
Lease obligation	<u>\$ (183,440)</u>	<u>\$ (22,873)</u>

See Notes to Combined Financial Statements.

NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

a. Nature of Activities

Northeast Iowa Area Agency on Aging, Inc. (the Agency) is a nonprofit corporation organized as an Area Agency on Aging designated under Section 305 of the Older Americans Act of 1965 and by the Iowa Department on Aging (IDA). The Agency's purpose is to provide supportive services for the elderly, serving an 18-county area in Iowa including Allamakee, Black Hawk, Bremer, Buchanan, Butler, Chickasaw, Clayton, Delaware, Dubuque, Fayette, Grundy, Hardin, Howard, Jackson, Marshall, Poweshiek, Tama, and Winneshiek counties. The Agency was given the authority to develop an area plan to administer a program of service to the aging and to carry it out either directly or through contractual or other arrangements. The Agency accomplishes its purpose by providing meals, transportation, and other services to persons primarily over the age of sixty residing in the aforementioned counties.

b. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the combined financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying combined financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

c. Combined Financial Statement Presentation

The Agency is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- 1) Net assets without donor restrictions are composed of all resources not included in the net assets with donor restrictions category.
- 2) Net assets with donor restrictions carry restrictions that expire upon the passage of a prescribed period, upon the occurrence of a stated event as specified by the donor, or those that may never be spent by the Agency, including gifts of endowment, as well as the earnings on those assets when restricted by the donor.

However, in reality a substantial portion of these assets are not available for general purposes. Included in net assets without donor restrictions are significant resources subject to contractual agreements with external parties. In addition, a significant portion of these net assets as of June 30, 2023, is invested in the Agency's property and equipment. While Financial Accounting Standards Board (FASB) requires that all these resources be reported as net assets without donor restrictions, the Agency manages them in compliance with Board designations, legal requirements, and contractual obligations.

1. Summary of Significant Accounting Policies (Continued)

c. Combined Financial Statement Presentation (Continued)

Federal and state grants are recorded as revenue when earned and the expenses for the purpose of the grant are recognized when incurred. The combined financial statements present any funds received and not expended as refundable advances. Expenses are recorded when the liability is incurred. Disbursements for the purchase of fixed assets providing future benefits whose title remains with the funding source are recorded as expenses in the program at the time of purchase.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as net assets released from restrictions.

d. Principles of Combination

The combined financial statements include the accounts of Northeast Iowa Area Agency on Aging, Inc. and its Affiliate, NEI3A Properties LLC. NEI3A Properties LLC is a disregarded entity that provided rental facilities to the Agency. All intercompany balances and transactions between the Agency and its Affiliate have been eliminated.

e. Cash and Cash Equivalents

For purposes of the combined statements of cash flows, the Agency considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

f. Receivables

Under Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, an organization recognizes revenue for the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services.

Grants and contract fees receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

f. Receivables (Continued)

The ending accounts receivable balances (net of allowances) were as follows as of June 30:

	2023	2022	2021
Accounts receivable	\$ 464,040	\$ 640,108	\$ 894,793

g. Property and Equipment

Property, equipment, improvements, and right-to use lease assets are capitalized at cost if purchased, or at fair value as of the date of the gift, if donated, with depreciation computed under the straight-line method over estimated useful lives of the assets from 3 to 40 years.

h. Certificates of Deposits

Non-negotiable certificates of deposits are stated at cost, which approximates fair value.

i. Estimated Revenue Refunds

Certain fee revenue is reported at amounts billed to the State of Iowa and includes estimated retroactive revenue adjustments due to future audits, reviews and investigations. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews and investigations.

Laws and regulations concerning the Medicaid program are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that reported estimates will change by a material amount in the near term.

j. Annual/Vacation Leave

The Agency’s employees accumulate sick leave and annual leave for subsequent use. The accumulation of annual/vacation leave is recognized when earned; however, the accumulation of sick leave is not funded and is not recognized as an expense by the Agency until used. Accumulated sick leave is not paid out at separation from the Agency. Annual/vacation leave is paid for any unused amounts when the employee ends their employment with the Agency. The amount is computed based on hours available at their current rate of pay. Annual/vacation leave of \$175,859 and \$170,858 for June 30, 2023 and 2022, respectively, is included in accrued expenses on the combined statements of financial position.

k. Income Taxes

The Agency and its Affiliate are nonprofit corporations qualifying for exempt status under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying combined financial statements. In addition, the Agency has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code. There was no unrelated business income for the years ended June 30, 2023 and 2022. The Agency’s federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

NOTES TO COMBINED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (Continued)

l. Concentrations of Credit Risk and Contribution of Revenue

Financial instruments that potentially subject the Agency to significant concentrations of credit risk consist principally of receivables and cash. Receivables are primarily from the U.S. government, the State of Iowa and local governments in Iowa. These receivables are uncollateralized.

The Agency receives substantially all of its support from federal, state and local governments. The federal and state government is the source for 86% of the Agency’s revenue and support. A significant reduction in the level of this support, if this were to occur, would have a material effect on the Agency's programs and activities.

m. Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the combined statements of activities and in the combined statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Allocated expenses are those that are not 100% program specific and are allocated monthly based on total direct expenses. Directly identifiable expenses are charged to programs and supporting services.

n. Management Estimates

The preparation of combined financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Liquidity and Availability

Financial assets for general expenditure, that is, without donor, board, or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following as of June 30, 2023 and 2022:

	2023	2022
Cash and cash equivalents	\$ 1,594,088	\$ 1,605,462
Certificates of deposits	905,131	637,412
Accounts receivable	464,040	640,108
Less amounts restricted by donor	(29,000)	(29,000)
Total	\$ 2,934,259	\$ 2,853,982

As part of the liquidity policy, cash in excess of daily requirements is invested in savings and money market funds. Financial assets are structured to be available as its general expenditures, liabilities, and other obligations come due.

NOTES TO COMBINED FINANCIAL STATEMENTS

3. Deposits and Investments

The Agency's deposits in banks at June 30, 2023 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds. Certificates of deposit totaling \$905,131 and \$637,412 are included in investments in the accompanying combined financial statements as of June 30, 2023 and 2022, respectively.

4. Contributed Resources

The Agency receives federal funding through Iowa Department on Aging (IDA) under agreements which require the Agency to match a portion of certain grants.

The Agency provides a portion of the required match through in-kind contributions of services by volunteers. The value of these in-kind volunteer services is based on reports filed by the Agency's subcontractors. The Agency also occasionally receives, without charge, services used in its operations to develop its programs, principally in the transportation, counseling, home health care, congregate and home-delivered meals, and resource development programs. When these contributed services require specialized skills or create or enhance nonfinancial assets, the Agency records these services at their fair value. There were no contributed services with specialized skills or contributed services that create or enhance nonfinancial assets for the years ended June 30, 2023 and 2022. During the years ended June 30, 2023 and 2022, the Agency received approximately 22,156 and 25,970 hours, respectively, of nonspecialized contributed services.

The Agency utilizes several sites for meal distribution without charge. For those sites where the value of these contributed facilities is susceptible to objective measurement or valuation, their value is recorded as contribution revenue at fair value. For the years ended June 30, 2023 and 2022, both revenue and expenses were increased by \$96,080 and \$82,080, respectively, to reflect the fair value of these donations.

5. Cost Allocation

Allocated costs are certain administrative expenditures incurred for a common or joint purpose benefiting more than one program and not readily assignable to the programs specifically benefited. The cost allocation plan was approved by the Board of Directors, however, there is no requirement that the cost allocation plan be approved by its oversight agency, the Iowa Department on Aging. These allocated costs are calculated monthly and allocated based on total direct expenses.

6. Property and Equipment

Major classifications of property and equipment as of June 30, 2023 and 2022 are summarized as follows:

	2023	2022
Buildings and improvements	\$ 469,575	\$ 547,339
Leasehold improvements	227,485	227,485
Right-to-use lease assets	206,313	22,873
Equipment and furnishings	583,965	561,425
	1,487,338	1,359,122
Less accumulated depreciation	805,715	806,386
Total	\$ 681,623	\$ 552,736

NOTES TO COMBINED FINANCIAL STATEMENTS

6. **Property and Equipment (Continued)**

Depreciation expense totaled \$56,024 and \$31,704 for the years ended June 30, 2023 and 2022, respectively. No interest costs were capitalized during the years ended June 30, 2023 and 2022.

7. **Long-term Debt**

Details of long-term debt as of June 30, 2023 is as follows:

	Balance Due	
	Total	Current
Lincoln Savings Bank, Waterloo		
3.99% interest bearing note payable, due \$2,077 per month including interest through March 2029, with a balloon payment of \$206,732 in March 2029, collateralized by real estate with a carrying value of \$437,180.	\$ 289,849	\$ 13,412
Lease Liability		
One lease for a copier and three leases for real estate, with fixed monthly payments of \$2,000, \$1,046, \$1,056, and \$500 with interest rates ranging from 2.5% to 3.9%.	169,869	50,573
Total long-term debt	\$ 459,718	\$ 63,985

Maturities of long-term debt during the years following June 30, 2023 are as follows:

Year Ending June 30,	Amount
2024	\$ 63,985
2025	66,234
2026	58,011
2027	38,794
2028	15,774
2029	216,920
Total	\$ 459,718

Interest expense totaled \$11,979 and \$12,487 for the years ended June 30, 2023 and 2022, respectively.

8. **Restrictions on Net Assets**

Net assets with donor restrictions restricted for the following purposes as of June 30, 2023 and 2022:

	2023	2022
Subsequent year's program activities	\$ 29,000	\$ 29,000

NOTES TO COMBINED FINANCIAL STATEMENTS

9. **Retirement Plan**

The Agency contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute to plan members and beneficiaries. IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

Plan members are required to contribute 6.29% in 2023 and 2022 of their annual covered salary and the Agency is required to contribute 9.44% in 2023 and 2022 of annual covered payroll. Contribution requirements are established by state statute. The Agency's contribution to IPERS for the years ended June 30, 2023 and 2022 was \$259,805 and \$250,646, respectively.

10. **Lease Obligations**

The Agency leases other office space and meal sites in various cities. Rent expense, including in-kind rent, was \$133,565 and \$165,368 for the years ended June 30 2023 and 2022, respectively.

11. **NEI3A Properties LLC**

The June 30 balance sheets of NEI3A Properties LLC consisted of money market funds and real estate used for rental purposes:

	2023	2022
Cash and cash equivalents	\$ 160,413	\$ 196,478
Property and equipment	492,115	547,339
Less accumulated depreciation	652,528	743,817
	54,379	97,173
Total assets	\$ 598,149	\$ 646,644
Accounts payable		\$ 26,718
Notes payable	\$ 289,849	302,793
Net assets without donor restrictions	308,300	317,133
Total liabilities and net assets	\$ 598,149	\$ 646,644

During the years ended June 30, 2023 and 2022, the NEI3A Properties LLC received \$32,453 and \$34,565 in rental income from the Agency, respectively. This has been eliminated in combination.

12. **Contingent Liabilities**

The Agency participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the Agency may be required to reimburse the grantor government. As of June 30, 2023 and 2022, significant amounts of grant expenditures have not been audited by granting authorities but the Agency believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the Agency.

Agency employees accumulate sick leave days for subsequent use. Because the sick leave is non-vesting, the accumulations are not recognized as an expense by the Agency until used. The Agency's unrecognized accrued sick leave benefits totaled \$297,069 and \$279,988 as of June 30, 2023 and 2022, respectively. Sick leave becomes payable when used by the employees to the extent of the number of hours of accumulation, which is limited to a maximum of 480 hours.

13. **Agency Risk Management**

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The Agency assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

14. **Accounting Change**

FASB ASC 842, *Leases*, was implemented during fiscal year 2023. The new requirements require the reporting of certain lease assets and liabilities which were previously not reported. The result of these changes had no effect on beginning net assets.

	Property and Equipment, Net	Lease Liability
Balances June 30, 2022, as previously reported	\$ 529,863	
Change to implement FASB ASC 842	22,873	\$ 22,873
Balances July 1, 2022, as restated	\$ 552,736	\$ 22,873

15. **Subsequent Events**

Management has evaluated subsequent events through December 11, 2023, the date on which the combined financial statements were available to be issued.

Supplementary Information

NORTHEAST IOWA AREA AGENCY ON AGING, INC.
IOWA DEPARTMENT ON AGING AREA PLAN FINANCIAL STATUS REPORT/AUDIT RECONCILIATION
Year Ended June 30, 2023

Funds/Service Category	Budget	Current Authorization	Accrued Receipts	Accrued Expenditures	Administration 01A	Personal Care 1	Homemaker 2	Chore 3	Home Delivered Nutrition 4
Iowa Department on Aging:									
Elderly Services General	\$ 1,277,185	\$ 1,282,185	\$ 1,282,185	\$ 1,282,185	\$ 95,789	\$ 3,097	\$ 100,846	\$ 19,035	\$ 604,164
LifeLong Links	140,528	140,528	140,528	140,528	10,540				
Elderly Abuse Prevention Awareness Program	69,380	69,380	69,380	69,380	5,204				
Return to Community	100,000	230,000	230,000	230,000		10,348	49,852		22,996
Title IIIB Supportive Services	741,484	748,866	678,544	678,544	71,664	6,138	106,189		
Title IIIB Supportive Services- Vaccines	77,404	77,404	68,383	68,383					
Title IIIB Supportive Services - ARPA	235,566	528,856	235,878	235,878	29,331	3,107	91,729	3,877	72,210
Title IIIC(1) Congregate Meals	911,383	934,951	900,845	900,845	65,748				
Title IIIC(1) Congregate Meals - ARPA	153,630	358,464	153,630	153,630	8,602				84,298
Title IIIC(2) Home Delivered Meals	595,908	565,391	464,963	464,963	21,532				443,431
Title IIIC(2) Home Delivered Meals - ARPA	230,443	367,777	367,777	367,777	15,954				351,823
Title IIIE Caregiver Support	348,019	349,608	316,196	316,196	23,748				
Title IIIE Family Caregiver - ARPA	74,974	174,940	74,974	74,974					74,974
Title IIID Prevention Health	67,496	67,384	41,120	41,120					
Title IIID Preventive Health - ARPA	21,103	49,246	21,103	21,103					21,103
NSIP Cash	152,956	153,734	153,734	153,734					153,734
Subtotal IDA	5,197,459	6,098,714	5,199,240	5,199,240	348,112	22,690	348,616	22,912	1,828,733
Iowa Non-Department on Aging									
Federal Non-IDA	145,000		206,524	206,524					
State Non-IDA	3,000		2,872	2,872					2,872
Local Public Funds	159,348		408,251	408,251	46,139		1,875		64,910
Other Local Cash	402,746		169,766	169,766	52,388		500		60,999
Program Income IIIC(1) Congregate Meals	43,568		91,610	91,610					
Program Income IIIC(2) Home Delivered Meals	259,950		185,748	185,748					185,748
Program Income IIIE Caregiver Support	7,400								
Program Income - Other	13,584		34,273	34,273		992	7,994	402	
Subtotal Non-IDA	1,034,596	-	1,099,044	1,099,044	98,527	992	10,369	402	314,529
Total Cash	6,232,055	6,098,714	6,298,284	6,298,284	446,639	23,682	358,985	23,314	2,143,262
Noncash	462,303	-	390,475	390,475	2,627	-	-	-	221,563
Totals per Financial Status Report	\$ 6,694,358	\$ 6,098,714	6,688,759	6,688,759	\$ 449,266	\$ 23,682	\$ 358,985	\$ 23,314	\$ 2,364,825
Reconciling Items to Audit:									
Sources Not Listed on Report			3,203,896	3,163,469					
Combination of Affiliate			36,406	30,534					
Adjustments to Fixed Assets			(20,115)	(16,861)					
Adjustments to Payables				21,101					
Adjustments to In-kind Amounts			(294,396)	(294,396)					
Adjustments to Record Intercompany Elimination			(48,773)	(48,773)					
Totals per Combined Statements of Activities			\$ 9,565,777	\$ 9,543,833					

See Independent Auditor's Report.

NORTHEAST IOWA AREA AGENCY ON AGING, INC.
IOWA DEPARTMENT ON AGING AREA PLAN FINANCIAL STATUS REPORT/AUDIT RECONCILIATION
Year Ended June 30, 2023

Funds/Service Category	Case Management 6	Congregate Nutrition 7	Nutrition Counseling 8	Assisted Transportation 9	Transportation 10	Legal Assistance 11	Nutrition Education 12	Information and Assistance 13	Outreach 14	Material Aid: Home Mod/Repair A01
Iowa Department on Aging:										
Elderly Services General	\$ 3,014			\$ 10,740	\$ 1		\$ 1,700	\$ 76,721	\$ 17,197	\$ 2,212
LifeLong Links								77,338		
Elderly Abuse Prevention Awareness Program										
Return to Community										
Title IIIB Supportive Services	254,311		\$ 109	5,072	11,933	\$ 34,955	55,092		54,575	
Title IIIB Supportive Services- Vaccines									68,383	
Title IIIB Supportive Services - ARPA	2,500			13,644	321					
Title IIIC(1) Congregate Meals		\$ 835,097								
Title IIIC(1) Congregate Meals - ARPA		60,730								
Title IIIC(2) Home Delivered Meals										
Title IIIC(2) Home Delivered Meals - ARPA										
Title IIIE Caregiver Support										
Title IIIE Family Caregiver - ARPA										
Title IIID Prevention Health										
Title IIID Preventive Health - ARPA										
NSIP Cash										
Subtotal IDA	259,825	895,827	109	29,456	12,255	34,955	56,792	154,059	140,155	2,212
Iowa Non-Department on Aging										
Federal Non-IDA								76,721		
State Non-IDA										
Local Public Funds	7,128	15,651	263	16,500				51,894		81,490
Other Local Cash	29									17,615
Program Income IIIC(1) Congregate Meals		91,610								
Program Income IIIC(2) Home Delivered Meals										
Program Income IIIE Caregiver Support										
Program Income - Other				1,024	3,576					
Subtotal Non-IDA	7,157	107,261	263	17,524	3,576	-	-	128,615	-	99,105
Total Cash	266,982	1,003,088	372	46,980	15,831	34,955	56,792	282,674	140,155	101,317
Noncash	2,718	-	-	-	1,125	74,345	-	4,245	-	-
Totals per Financial Status Report	\$ 269,700	\$ 1,003,088	\$ 372	\$ 46,980	\$ 16,956	\$ 109,300	\$ 56,792	\$ 286,919	\$ 140,155	\$ 101,317

See Independent Auditor's Report.

NORTHEAST IOWA AREA AGENCY ON AGING, INC.
IOWA DEPARTMENT ON AGING AREA PLAN FINANCIAL STATUS REPORT/AUDIT RECONCILIATION
Year Ended June 30, 2023

Funds/Service Category	Health Promotion: Nonevidence- Based B02	Emergency Response System B04	Health Promotion: Evidence- Based B07	EAPA Consultation C07	EAPA Assessment and Intervention C08	EAPA Training and Education C09	Training and Education D01	Options Counseling E05	Material Aid: Other F08	CG Counseling CG3
Iowa Department on Aging:										
Elderly Services General	\$ 13,416	\$ 8,815		\$ 288	\$ 17,605		\$ 14,347	\$ 134,803	\$ 9,354	\$ 8,101
LifeLong Links										
Elderly Abuse Prevention Awareness Program				13,130	46,803	\$ 4,243				
Return to Community		707						146,097		
Title IIIB Supportive Services	11,371	7,648					43,084	13,403	3,000	
Title IIIB Supportive Services- Vaccines										
Title IIIB Supportive Services - ARPA									19,159	
Title IIIC(1) Congregate Meals										
Title IIIC(1) Congregate Meals - ARPA										
Title IIIC(2) Home Delivered Meals										
Title IIIC(2) Home Delivered Meals - ARPA										
Title IIIE Caregiver Support										2,290
Title IIIE Family Caregiver - ARPA										
Title IIID Prevention Health			\$ 41,120							
Title IIID Preventive Health - ARPA										
NSIP Cash										
Subtotal IDA	24,787	17,170	41,120	13,418	64,408	4,243	57,431	294,303	31,513	10,391
Iowa Non-Department on Aging										
Federal Non-IDA								129,803		
State Non-IDA										
Local Public Funds			8,000				48,238	49,893	392	
Other Local Cash							38,235			
Program Income IIIC(1) Congregate Meals										
Program Income IIIC(2) Home Delivered Meals										
Program Income IIIE Caregiver Support										
Program Income - Other		1,318	6,264				70	200	841	
Subtotal Non-IDA	-	1,318	14,264	-	-	-	86,543	179,896	1,233	-
Total Cash	24,787	18,488	55,384	13,418	64,408	4,243	143,974	474,199	32,746	10,391
Noncash	-	-	920	-	-	-	-	3,217	-	-
Totals per Financial Status Report	\$ 24,787	\$ 18,488	\$ 56,304	\$ 13,418	\$ 64,408	\$ 4,243	\$ 143,974	\$ 477,416	\$ 32,746	\$ 10,391

See Independent Auditor's Report.

NORTHEAST IOWA AREA AGENCY ON AGING, INC.
IOWA DEPARTMENT ON AGING AREA PLAN FINANCIAL STATUS REPORT/AUDIT RECONCILIATION
Year Ended June 30, 2023

Funds/Service Category	CG Information Services CG4	CG Options Counseling CG8	CG Case Management CG9	CG Information and Assistance CG10	CG Support Groups CG11	CG Training CG12	CG Emergency Response System CG14	CG Supportive Services: Other CG22	CG RespiteCare: In-Home CG23	CG RespiteCare: Out-of-Home (Day) CG24
Iowa Department on Aging:										
Elderly Services General	\$ 284	\$ 5,119	\$ 38,877	\$ 1	\$ 1,709	\$ 22,688	\$ 1,806	\$ 16,622	\$ 39,478	\$ 14,356
LifeLong Links				52,650						
Elderly Abuse Prevention Awareness Program										
Return to Community										
Title IIIB Supportive Services										
Title IIIB Supportive Services- Vaccines										
Title IIIB Supportive Services - ARPA										
Title IIIC(1) Congregate Meals										
Title IIIC(1) Congregate Meals - ARPA										
Title IIIC(2) Home Delivered Meals										
Title IIIC(2) Home Delivered Meals - ARPA										
Title IIIE Caregiver Support	5,378	15,541	39,348	3,700	4,434	11,011	2,728	5,034	192,319	10,665
Title IIIE Family Caregiver - ARPA										
Title IIID Prevention Health										
Title IIID Preventive Health - ARPA										
NSIP Cash										
Subtotal IDA	5,662	20,660	78,225	56,351	6,143	33,699	4,534	21,656	231,797	25,021
Iowa Non-Department on Aging										
Federal Non-IDA										
State Non-IDA										
Local Public Funds		7,128		4,250					4,500	
Other Local Cash										
Program Income IIIC(1) Congregate Meals										
Program Income IIIC(2) Home Delivered Meals										
Program Income IIIE Caregiver Support							43	823	10,726	
Program Income - Other										
Subtotal Non-IDA	-	7,128	-	4,250	-	-	43	823	15,226	-
Total Cash	5,662	27,788	78,225	60,601	6,143	33,699	4,577	22,479	247,023	25,021
Noncash	-	998	998	-	3,350	32,841	-	-	41,528	-
Totals per Financial Status Report	\$ 5,662	\$ 28,786	\$ 79,223	\$ 60,601	\$ 9,493	\$ 66,540	\$ 4,577	\$ 22,479	\$ 288,551	\$ 25,021

See Independent Auditor's Report.

NORTHEAST IOWA AREA AGENCY ON AGING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Part I: Summary of the Independent Auditor's Results:

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Northeast Iowa Area Agency on Aging, Inc. were prepared in accordance with U.S. generally accepted accounting principles.
2. No significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Northeast Iowa Area Agency on Aging, Inc., which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over the major federal award programs were disclosed by the audit of the financial statements. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for Northeast Iowa Area Agency on Aging, Inc. expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no audit findings which are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were as follows:
 - Clustered programs:
 - Aging Cluster:
 - Federal Assistance Listing Number 93.044
 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers
 - Federal Assistance Listing Number 93.045
 - Special Programs for the Aging, Title III, Part C, Nutrition Services
 - Federal Assistance Listing Number 93.053
 - Nutrition Services Incentive Program
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Northeast Iowa Area Agency on Aging, Inc. was determined to be a low-risk auditee.

Part II: Findings Related to the Financial Statements:

Internal control deficiencies: no matters were noted.

Instances of noncompliance: no matters were noted.

Part III: Findings and Questioned Costs for Major Federal Awards:

Internal control deficiencies: no matters were noted.

Instances of noncompliance: no matters were noted.

Part IV: Other Findings Related to Required Statutory Reporting:

See management letter dated December 11, 2023.

See Independent Auditor's Report.

NORTHEAST IOWA AREA AGENCY ON AGING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Program Expenditures
U.S. Department of Health and Human Services:			
Direct:			
Special Programs for the Aging:			
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		\$ 1,392,061
State Health Insurance Assistance Program	93.324		1,250,691
Passed through Iowa Department on Aging Special Programs for Aging:			
Special Programs for the Aging:			
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	DH22/DH23	41,121
COVID-19 Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	AH22	21,103
Total Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services			62,224
Aging Cluster:			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	BS22/BS23/AD22	913,224
COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	VA22/AS22	304,260
Total Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers			1,217,484
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	C122/C123/C222/C223	1,466,236
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	A123/A222	420,980
Total Special Programs for the Aging, Title III, Part C, Nutrition Services			1,887,216
Nutrition Services Incentive Program	93.053	NP22/NP23	153,734
Total Aging Cluster			3,258,434
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		397
National Family Caregiver Support, Title III, Part E	93.052	EC22/EC23	316,197
COVID-19 National Family Caregiver Support, Title III, Part E	93.052	AC22	74,974
Total National Family Caregiver Support, Title III, Part E			391,171
Medical Assistance Program	93.778	MC23	206,525
Passed through University of Iowa:			
PPHF Geriatric Education Centers	93.969		48,238
Subtotal U.S. Department of Health and Human Services			6,609,741
U.S. Department of Education:			
Passed through Iowa Department of Education:			
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126		100,957
Total Federal Financial Assistance			\$ 6,710,698

See Independent Auditor's Report.

NORTHEAST IOWA AREA AGENCY ON AGING, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Basis of Presentation:

- The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of Northeast Iowa Area Agency on Aging, Inc. under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 Iowa Area Agency on Aging, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Northeast Iowa Area Agency on Aging, Inc.

Summary of Significant Accounting Policies:

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

Indirect Cost Rate:

- Northeast Iowa Area Agency on Aging, Inc. has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Subrecipients:

- There were no awards passed through to subrecipients.



Hacker Nelson & Co., CPAs

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF COMBINED FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Northeast Iowa Area Agency on Aging, Inc. and Affiliate
Waterloo, Iowa

We have audited, in accordance with the U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined financial statement of Northeast Iowa Area Agency on Aging, Inc. and Affiliate (nonprofit corporations), which comprise the combined statement of financial position as of June 30, 2023, and the related combined statements of activities, functional expenses - programs, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated December 11, 2023. The financial statements of NEI3A Properties LLC were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with NEI3A Properties LLC.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered Northeast Iowa Area Agency on Aging, Inc. and Affiliate'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 combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northeast Iowa Area Agency on Aging, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's combined 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 Iowa Area Agency on Aging, 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 the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hatcher, Nelson + Co., CPAs

Decorah, Iowa
December 11, 2023



Hacker Nelson & Co., CPAs

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

To the Board of Directors
Northeast Iowa Area Agency on Aging, Inc.
Waterloo, Iowa

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northeast Iowa Area Agency on Aging, Inc.'s (nonprofit corporation) 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 Northeast Iowa Area Agency on Aging, Inc.'s major federal programs for the year ended June 30, 2023. Northeast Iowa Area Agency on Aging, 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 Iowa Area Agency on Aging, 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 June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) 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 Iowa Area Agency on Aging, 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 Iowa Area Agency on Aging, 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 Iowa Area Agency on Aging, Inc.'s federal programs.

Auditor's Responsibilities 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 Iowa Area Agency on Aging, 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 generally accepted auditing standards, *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 Iowa Area Agency on Aging, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Iowa Area Agency on Aging, 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 Iowa Area Agency on Aging, 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 Iowa Area Agency on Aging, 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.

Report on Internal Control over Compliance (Continued)

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.

Hacher, Nelson + Co., CPAs

Decorah, Iowa
December 11, 2023



Hacker Nelson & Co., CPAs

MANAGEMENT LETTER

To the Board of Directors
Northeast Iowa Area Agency on Aging, Inc. and Affiliate
Waterloo, Iowa

In planning and performing our audit of the combined financial statements of Northeast Iowa Area Agency on Aging, Inc. and Affiliate for the year ended June 30, 2023, we considered the Agency's internal control to determine our auditing procedures for the purpose of expressing an opinion on the combined financial statements and not to provide assurance on internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The following summarizes our comments and suggestions regarding those matters. A separate report dated December 11, 2023, contains our report on the Agency's internal control. This letter does not affect our report dated December 11, 2023, on the combined financial statements of Northeast Iowa Area Agency on Aging, Inc. and Affiliate. Comment three is an unresolved comment from the prior year. All other prior year comments have been resolved. These comments are not intended to and do not constitute legal opinions. We did not audit the Agency's responses and, accordingly, we express no opinion on them.

1. Questionable Disbursements

We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General's Opinion dated April 25, 1979.

2. Deposits and Investments

We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12C.2 of the Code of Iowa.

3. Signature Cards Not Updated

During our audit, we noted that one of the smaller bank accounts still listed the previous Chief Executive Officer as a check signer.

Recommendation

We recommend updating the signature cards to include only those who are currently responsible for signing.

Response and Corrective Action Planned

The bank account has been updated.

Conclusion

Response accepted.

We have also provided you under separate cover a listing of general steps that you should review and consider implementing to strengthen controls. This list is not all inclusive. You should review all aspects of your operations and implement appropriate controls as deemed necessary. Some of these items may not be applicable or you may have already implemented them.

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of Northeast Iowa Area Agency on Aging, Inc. and Affiliate during the course of our audit.

If you have any questions concerning these or other matters, we would be happy to discuss them with you at your convenience.

Hacher, Nelson & Co., CPAs

Decorah, Iowa
December 11, 2023