

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

**COMBINED FINANCIAL STATEMENTS**

**JUNE 30, 2025**

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# 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, 2025 and 2024, 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, 2025 and 2024, 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 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.

#### 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 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 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 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 February 5, 2026, on our consideration of 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 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 Northeast Iowa Area Agency on Aging, Inc. and Affiliate's internal control over financial reporting and compliance.

Hacher, Nelson & Co., CPAs

Decorah, Iowa  
February 5, 2026

NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE  
 COMBINED STATEMENTS OF FINANCIAL POSITION  
 June 30, 2025 and 2024

## ASSETS

	2025	2024
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,775,233	\$ 1,883,942
Certificates of deposits	863,121	827,659
Receivables (net of credit losses):		
Grants and contract fees	611,462	598,649
United Way support	26,000	30,000
Prepaid expenses	153,087	112,441
<b>Total current assets</b>	<b>3,428,903</b>	<b>3,452,691</b>
<b>PROPERTY AND EQUIPMENT, net</b>	<b>682,781</b>	<b>588,095</b>
<b>Total assets</b>	<b>\$ 4,111,684</b>	<b>\$ 4,040,786</b>

## LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 270,177	\$ 283,145
Estimated revenue refunds	309,599	365,615
Accrued expenses	396,466	397,563
Current portion of long-term liabilities	93,912	55,074
<b>Total current liabilities</b>	<b>1,070,154</b>	<b>1,101,397</b>
<b>LONG-TERM LIABILITIES</b>		
Lease liability	136,078	67,825
Notes payable	247,870	262,441
<b>Total long-term liabilities</b>	<b>383,948</b>	<b>330,266</b>
<b>Total liabilities</b>	<b>1,454,102</b>	<b>1,431,663</b>
<b>NET ASSETS</b>		
Without donor restrictions	2,631,582	2,579,123
With donor restrictions	26,000	30,000
<b>Total net assets</b>	<b>2,657,582</b>	<b>2,609,123</b>
<b>Total liabilities and net assets</b>	<b>\$ 4,111,684</b>	<b>\$ 4,040,786</b>

See Notes to Combined Financial Statements.

NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE  
 COMBINED STATEMENTS OF ACTIVITIES  
 Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND GAINS</b>						
<b>Contributions:</b>						
Cash	\$ 156,347	\$ 26,000	\$ 182,347	\$ 120,156	\$ 30,000	\$ 150,156
In-kind	78,515		78,515	210,480		210,480
Government grants	7,473,279		7,473,279	8,452,151		8,452,151
Fees for service	278,205		278,205	203,189		203,189
Program income	227,620		227,620	273,774		273,774
Other	629,664		629,664	584,547		584,547
Total revenues and gains	8,843,630	26,000	8,869,630	9,844,297	30,000	9,874,297
<b>EXPENSES</b>						
<b>Program expenses:</b>						
Congregate and home-delivered meals	2,038,382		2,038,382	2,485,515		2,485,515
Senior Medicare patrol project	963,400		963,400	1,425,117		1,425,117
State health insurance assistance	1,544,441		1,544,441	1,469,128		1,469,128
Information and assistance	323,597		323,597	441,931		441,931
Case management	358,205		358,205	345,244		345,244
Counseling	352,228		352,228	358,439		358,439
Respite	232,547		232,547	322,460		322,460
Homemaker	437,729		437,729	390,868		390,868
Other	1,426,143		1,426,143	1,286,615		1,286,615
Total program expenses	7,676,672	-	7,676,672	8,525,317	-	8,525,317
<b>Administrative support activities:</b>						
Management and general	1,145,541	-	1,145,541	1,171,333	-	1,171,333
Total functional expenses	8,822,213	-	8,822,213	9,696,650	-	9,696,650
Change in net assets from operations	21,417	26,000	47,417	147,647	30,000	177,647
Gain (loss) on disposal of property and equipment	1,042		1,042	(20,548)	-	(20,548)
Net assets released from restrictions	30,000	(30,000)	-	29,000	(29,000)	-
Change in net assets	52,459	(4,000)	48,459	156,099	1,000	157,099
NET ASSETS, beginning of year	2,579,123	30,000	2,609,123	2,423,024	29,000	2,452,024
NET ASSETS, end of year	\$ 2,631,582	\$ 26,000	\$ 2,657,582	\$ 2,579,123	\$ 30,000	\$ 2,609,123

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, 2025 and 2024

Functional Expenses	2025										Total Program Services	Management and General	Total
	Congregate and Home Delivered Meals	Senior Medicare Patrol Project	State Health Insurance Assistance	Information and Assistance	Case Management	Counseling	Respite	Homemaker	Other				
Salaries	\$ 329,153	\$ 419,855	\$ 468,241	\$ 169,736	\$ 227,827	\$ 220,099			\$ 383,402	\$ 2,218,313	\$ 559,983	\$ 2,778,296	
Payroll taxes and benefits	117,835	151,654	164,476	58,267	78,253	77,947			135,040	783,472	212,962	996,434	
Total salaries and related expenses	446,988	571,509	632,717	228,003	306,080	298,046	\$ -	\$ -	518,442	3,001,785	772,945	3,774,730	
Premise costs	100,022	387	550	3,904	9,013	7,420			15,500	136,796	3,304	140,100	
Telephone	24,639	18,929	22,624	7,598	5,506	3,513			5,052	87,861	38,107	125,968	
Insurance	6,465	5,016	5,445	2,513	3,360	2,928			5,805	31,532	18,963	50,495	
Interest										-	16,665	16,665	
Travel expenses	24,802	26,497	25,852	1,015	9,953	9,222			35,165	132,506	20,626	153,132	
Equipment and repairs	12,514	3,233	6,040	1,382	4,883	515			1,697	30,264	18,687	48,951	
Depreciation									17,899	17,899	66,311	84,210	
Advertising	664								28,911	29,575	1,640	31,215	
Printing	5,146	1,609	1,761	343	250				51,747	60,856	5,670	66,526	
Supplies	8,924	303	6,173	540	387	461			21,118	37,906	10,212	48,118	
Dues and subscriptions	1,200								402	1,602	20,042	21,644	
Postage	52	1,916	477	230	21				4,012	6,708	14,559	21,267	
Contractual expense	1,405,159	321,750	838,739	77,147	18,580	30,060	232,547	437,729	714,501	4,076,212	139,775	4,215,987	
Training	1,807	12,251	4,063	850	172	63			4,291	23,497	8,394	31,891	
Miscellaneous				72					1,601	1,673	(10,359)	(8,686)	
	\$ 2,038,382	\$ 963,400	\$ 1,544,441	\$ 323,597	\$ 358,205	\$ 352,228	\$ 232,547	\$ 437,729	\$ 1,426,143	\$ 7,676,672	\$ 1,145,541	\$ 8,822,213	

  

Functional Expenses	2024										Total Program Services	Management and General	Total
	Congregate and Home Delivered Meals	Senior Medicare Patrol Project	State Health Insurance Assistance	Information and Assistance	Case Management	Counseling	Respite	Homemaker	Other				
Salaries	\$ 401,737	\$ 411,308	\$ 505,204	\$ 183,017	\$ 223,645	\$ 232,057			\$ 473,876	\$ 2,430,844	\$ 660,799	\$ 3,091,643	
Payroll taxes and benefits	133,988	150,099	172,482	62,061	73,315	80,608			159,458	832,011	194,255	1,026,266	
Total salaries and related expenses	535,725	561,407	677,686	245,078	296,960	312,665	\$ -	\$ -	633,334	3,262,855	855,054	4,117,909	
Premise costs	241,715	1,657	1,638	6,237	5,979	4,936			7,738	269,900	7,567	277,467	
Telephone	27,398	17,782	17,608	8,818	6,442	5,187			8,104	91,339	28,471	119,810	
Insurance	7,105	4,639	5,546	2,663	2,899	2,940			6,411	32,203	12,560	44,763	
Interest										-	16,371	16,371	
Travel expenses	24,176	33,569	35,631	4,712	9,423	8,521			42,976	159,008	16,681	175,689	
Equipment and repairs	19,363	12,493	16,561	724	5,622	3,945			3,993	62,701	18,302	81,003	
Depreciation									17,054	17,054	57,003	74,057	
Advertising	28			2,105					13,351	15,484	308	15,792	
Printing	4,505	150	921	7,841		144			35,812	49,373	427	49,800	
Supplies	13,577	143	4,829	7,800	77	465			8,448	35,339	7,192	42,531	
Dues and subscriptions										-	19,584	19,584	
Postage	14,541	1,354	1,067	1,570	193	271			1,633	20,629	7,559	28,188	
Contractual expense	1,595,548	785,295	705,197	153,683	16,914	19,365	322,460	390,868	500,894	4,490,224	99,596	4,589,820	
Training	1,834	6,628	2,444	700	735				6,867	19,208	4,553	23,761	
Miscellaneous										-	20,105	20,105	
	\$ 2,485,515	\$ 1,425,117	\$ 1,469,128	\$ 441,931	\$ 345,244	\$ 358,439	\$ 322,460	\$ 390,868	\$ 1,286,615	\$ 8,525,317	\$ 1,171,333	\$ 9,696,650	

See Notes to Combined Financial Statements.

NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE  
 COMBINED STATEMENTS OF CASH FLOWS  
 Years Ended June 30, 2025 and 2024

	2025	2024
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 48,459	\$ 157,099
Adjustment to reconcile change in net assets to net cash flows (used in) provided by operating activities:		
Depreciation	84,210	74,057
(Gain) loss on disposal of property and equipment	(1,042)	20,548
Changes in:		
Accounts receivable	(8,813)	(164,609)
Prepaid expenses	(40,646)	(18,093)
Accounts payable	(12,968)	(16,205)
Estimated revenue refunds	(56,016)	252,769
Lease liability	(49,952)	(52,594)
Accrued expenses	(1,097)	(17,729)
Net cash flows (used in) provided by operating activities	<u>(37,865)</u>	<u>235,243</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property and equipment	4,000	
Purchase of property and equipment	(25,386)	(9,450)
Purchase of investments	(1,069,726)	(1,123,323)
Proceeds from sale of investments	<u>1,034,264</u>	<u>1,200,795</u>
Net cash flows (used in) provided by investing activities	<u>(56,848)</u>	<u>68,022</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal payments on debt	<u>(13,996)</u>	<u>(13,411)</u>
Net change in cash and cash equivalents	(108,709)	289,854
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>1,883,942</u>	<u>1,594,088</u>
End of year	<u>\$ 1,775,233</u>	<u>\$ 1,883,942</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash payments for interest	<u>\$ 16,665</u>	<u>\$ 16,371</u>
<b>SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Matured certificates of deposit reinvested	<u>\$ 1,034,264</u>	<u>\$ 926,980</u>
Lease of building:		
Building	<u>\$ 171,757</u>	<u>\$ 60,453</u>
Lease obligation	<u>\$ (171,757)</u>	<u>\$ (60,453)</u>
Leased property and equipment disposed:		
Cost	\$ 35,598	\$ 111,716
Less accumulated depreciation	<u>21,359</u>	<u>22,342</u>
Book value	<u>\$ 14,239</u>	<u>\$ 89,374</u>
Termination of lease obligation	<u>\$ 15,289</u>	<u>\$ 68,826</u>

See Notes to Combined Financial Statements.

NORTHEAST IOWA AREA AGENCY ON AGING, INC. AND AFFILIATE

NOTES TO COMBINED FINANCIAL STATEMENTS

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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 caregiver resources, case management, nutrition services, wellness programs, national centers, 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, 2025, 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.

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.

1. Summary of Significant Accounting Policies (Continued)

c. Combined Financial Statement Presentation (Continued)

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 and Recognition of Credit Losses

The Agency 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 credit losses 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 allowance for credit losses and a credit to receivables.

The Agency has evaluated the allowance for credit losses using an expected loss method based on management's calculations of expected receipts using historical loss rates adjusted for current economic conditions and financial stability of its customers. Net changes in the valuation allowance have not been material to the combined financial statements. The Agency had no allowance for credit losses at June 30, 2025 and 2024 and there was no credit loss expense for the years ended June 30, 2025 and 2024. The ending receivables balances (net of credit losses) were as follows as of June 30:

	2024	2024	2023
Receivables	\$ 637,462	\$ 628,649	\$ 464,040

1. Summary of Significant Accounting Policies (Continued)

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. The established threshold amount for capitalization is \$5,000.

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 \$155,110 and \$168,165 for June 30, 2025 and 2024, respectively, is included in accrued expenses on the combined statements of financial position.

k. Leases

The Agency determines if an arrangement is a lease at inception. When a lease exists, the Agency classifies it as a finance lease or operating lease and records a right-of-use (ROU) asset and a corresponding lease liability at lease commencement. The Agency has elected not to record lease assets or liabilities for leases with a term of less than 12 months. Accordingly, lease payments for these short-term leases are recorded as expense.

On the Agency's combined statements of financial position, finance lease assets are presented similar to property and equipment and finance lease liabilities are presented within current and long-term liabilities. Lease assets are subject to review for impairment within the related long-lived asset group.

For operating leases that have a lease term greater than one year, the Agency initially recognizes operating lease liabilities and ROU assets at the lease commencement date, which is the date that the lessor makes an underlying asset available for use by the Agency. ROU assets represent the Agency's right-to-use an underlying asset for the lease term and lease liabilities represent the value of the Agency's obligation to make lease payments, primarily escalating fixed payments, over the lease term.

1. Summary of Significant Accounting Policies (Continued)

k. Leases (Continued)

The discount rate used to determine the present value of the lease payments is generally the Agency's incremental borrowing rate because the rate implicit in the lease is generally not readily determinable. The incremental borrowing rate for the lease term is determined by adjusting the Agency's unsecured borrowing rate for a similar term to approximate a collateralized borrowing rate.

The Agency's lease terms for each of its leases represents the noncancelable period for which the Agency has the right-to-use an underlying asset, together with the following: (i) periods covered by an option to extend the lease if the Agency is reasonably certain to exercise that option; (ii) periods covered by an option to terminate the lease if the Agency is reasonably certain not to exercise that option; and (iii) periods covered by an option to extend (or not to terminate) the lease in which exercise of the option is controlled by the lessor. The Agency recognizes lease payments as lease expense on a straight-line basis over the lease term.

The Agency does not have any finance leases for the years ended June 30, 2025 and 2024.

l. 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, 2025 and 2024. The Agency's federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed.

m. 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 84% 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.

n. 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.

NOTES TO COMBINED FINANCIAL STATEMENTS

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1. Summary of Significant Accounting Policies (Continued)

o. 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, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 1,775,233	\$ 1,883,942
Certificates of deposits	863,121	827,659
Receivables	637,462	628,649
Less amounts restricted by donor	<u>(26,000)</u>	<u>(30,000)</u>
<b>Total</b>	<b><u>\$ 3,249,816</u></b>	<b><u>\$ 3,310,250</u></b>

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.

3. Deposits and Investments

The Agency's deposits in banks at June 30, 2025 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 \$863,121 and \$827,659 are included in investments in the accompanying combined financial statements as of June 30, 2025 and 2024, 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, 2025 and 2024. During the years ended June 30, 2025 and 2024, the Agency received approximately 8,041 and 13,682 hours, respectively, of nonspecialized contributed services.

NOTES TO COMBINED FINANCIAL STATEMENTS

4. Contributed Resources (Continued)

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, 2025 and 2024, both revenue and expenses were increased by \$78,515 and \$208,990, 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, 2025 and 2024 are summarized as follows:

	2025	2024
Buildings and improvements	\$ 469,575	\$ 469,575
Leasehold improvements	227,485	227,485
Right-to-use lease assets	291,209	155,050
Equipment and furnishings	608,781	593,415
	1,597,050	1,445,525
Less accumulated depreciation	914,269	857,430
Total	\$ 682,781	\$ 588,095

Depreciation expense totaled \$84,210 and \$74,057 for the years ended June 30, 2025 and 2024, respectively. No interest costs were capitalized during the years ended June 30, 2025 and 2024.

7. Long-term Debt

Details of long-term debt as of June 30, 2025 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.	\$ 262,442	\$ 14,572
Lease Liability		
One lease for a copier and three leases for real estate, with fixed monthly payments of \$1,056, \$1,783, \$500 and \$1,118, with interest rates ranging from 2.5% to 6.3%. One lease for real estate with monthly lease payments that vary each year with an interest rate of 4.13%	215,418	79,340
Total long-term debt	\$ 477,860	\$ 93,912

NOTES TO COMBINED FINANCIAL STATEMENTS

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7. **Long-term Debt (Continued)**

Maturities of long-term debt during the years following June 30, 2025 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 93,912
2027	61,898
2028	63,376
2029	<u>258,674</u>
Total	<u>\$ 477,860</u>

Interest expense totaled \$16,665 and \$16,371 for the years ended June 30, 2025 and 2024, respectively.

8. **Restrictions on Net Assets**

Net assets with donor restrictions restricted for the following purposes as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Subsequent year's program activities	<u>\$ 26,000</u>	<u>\$ 30,000</u>

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](http://www.ipers.org).

Plan members are required to contribute 6.29% in 2025 and 2024 of their annual covered salary and the Agency is required to contribute 9.44% in 2025 and 2024 of annual covered payroll. Contribution requirements are established by state statute. The Agency's contribution to IPERS for the years ended June 30, 2025 and 2024 was \$259,595 and \$280,901, respectively.

10. **Short-term Lease Obligations**

The Agency leases other office space and meal sites in various cities. Rent expense, including in-kind rent, was \$89,106 and \$241,995 for the years ended June 30 2025 and 2024, respectively.

NOTES TO COMBINED FINANCIAL STATEMENTS

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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:

	2025	2024
Cash and cash equivalents	\$ 162,879	\$ 164,205
Property and equipment	501,565	501,565
	664,444	665,770
Less accumulated depreciation	89,333	71,434
	\$ 575,111	\$ 594,336
Accounts payable	\$ 3,524	\$ 6,945
Notes payable	262,442	276,438
Net assets without donor restrictions	309,145	310,953
	\$ 575,111	\$ 594,336

During the years ended June 30, 2025 and 2024, the NEI3A Properties LLC received \$29,664 and \$32,361 in rental income from the Agency. As of the years ended June 30, 2025 and 2024, NEI3A Properties LLC owed the Agency \$3,524 and \$6,945, respectively, for various expenses that the Agency paid on behalf of NEI3A Properties LLC. Both the rental income and the accounts payable have 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, 2025 and 2024, 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 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 \$309,470 and \$346,676 as of June 30, 2025 and 2024, 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, 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. Subsequent Events

Management has evaluated subsequent events through February 5, 2026, 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, 2025

Funds/Service Category	Budget	Current Authorization	Accrued Receipts	Accrued Expenditures	Administration 01A	Personal Care 1	Homemaker 2	Home Delivered Nutrition 4	Case Management 6
<b>Iowa Department on Aging:</b>									
Elderly Services General	\$ 1,286,709	\$ 1,286,709	\$ 1,286,709	\$ 1,286,709	\$ 95,536	\$ 3,496	\$ 295,186	\$ 356,755	\$ 4,368
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	225,000	225,000	225,000	225,000	16,875	2,285	38,062	58,477	
Medicare Improvements for Patients and Providers A	67,023	81,264	43,488	43,488					
Title IIIB Supportive Services	708,934	722,737	722,737	722,737	63,601	50,277	143,983		243,896
Title IIIB Supportive Services - ARPA	3,738	3,738	3,738	3,738	373				3,365
Title IIIC(1) Congregate Meals	946,315	1,099,807	925,294	925,294	96,783				
Title IIIC(1) Congregate Meals - ARPA	2,060	2,060	2,060	2,060	206				
Title IIIC(2) Home Delivered Meals	614,067	772,557	650,935	650,935	67,985			582,950	
Title IIIC(2) Home Delivered Meals - ARPA	2,929	2,929	2,929	2,929	292			2,637	
Title IIIE Caregiver Support	315,423	324,141	324,141	324,141	28,524				
Title IIIE Family Caregiver - ARPA	982	982	982	982	98				
Title IIID Prevention Health	41,294	41,392	41,392	41,392					
NSIP Cash	72,098	62,027	62,027	62,027				62,027	
Subtotal IDA	<u>4,496,480</u>	<u>4,835,251</u>	<u>4,501,340</u>	<u>4,501,340</u>	<u>386,017</u>	<u>56,058</u>	<u>477,231</u>	<u>1,062,846</u>	<u>251,629</u>
<b>Iowa Non-Department on Aging:</b>									
Federal Non-IDA	250,980		474,828	474,828	61,750	694	1,325	10,555	2,290
State Non-IDA	3,400		3,722	3,722				3,722	
Local Public Funds	258,217		317,821	317,821	32,062			104,001	
Other Local Cash	317,960		227,172	227,172	85,605			15,021	45,330
Program Income IIIB Supportive Services			2,705	2,705	2,705				
Program Income IIIC(1) Congregate Meals	96,300		110,952	110,952					
Program Income IIIC(2) Home Delivered Meals	119,650		66,474	66,474				66,474	
Program Income - Other	18,784		24,196	24,196		245	2,945		
Subtotal Non-IDA	<u>1,065,291</u>	<u>-</u>	<u>1,227,870</u>	<u>1,227,870</u>	<u>182,122</u>	<u>939</u>	<u>4,270</u>	<u>199,773</u>	<u>47,620</u>
Total Cash	<u>5,561,771</u>	<u>4,835,251</u>	<u>5,729,210</u>	<u>5,729,210</u>	<u>568,139</u>	<u>56,997</u>	<u>481,501</u>	<u>1,262,619</u>	<u>299,249</u>
Noncash	<u>354,707</u>	<u>-</u>	<u>330,319</u>	<u>330,319</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals per Financial Status Report	<u>\$ 5,916,478</u>	<u>\$ 4,835,251</u>	<u>6,059,529</u>	<u>6,059,529</u>	<u>\$ 568,139</u>	<u>\$ 56,997</u>	<u>\$ 481,501</u>	<u>\$ 1,262,619</u>	<u>\$ 299,249</u>
<b>Reconciling Items to Audit:</b>									
Sources Not Listed on Report			3,105,571	2,981,627					
Combination of Affiliate			35,214	37,005					
Adjustment to Investments			15,239						
Adjustments to Receivables			(61,750)						
Adjustments to Fixed Assets			1,042	16,359					
Adjustments to Payables				11,866					
Adjustments to In-kind Amounts			(254,509)	(254,509)					
Adjustments to Record Intercompany Elimination			(29,664)	(29,664)					
Totals per Combined Statements of Activities			<u>\$ 8,870,672</u>	<u>\$ 8,822,213</u>					

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, 2025

Funds/Service Category	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		\$ 35	\$ 321			\$ 1,662	\$ 111,808	\$ 2,592	
LifeLong Links							91,130		
Elderly Abuse Prevention Awareness Program									
Return to Community			724						
Medicare Improvements for Patients and Providers A									
Title IIIB Supportive Services		1,106	39,602	\$ 39,436	\$ 36,072	29,953		3,628	
Title IIIB Supportive Services - ARPA									
Title IIIC(1) Congregate Meals	\$ 828,511								
Title IIIC(1) Congregate Meals - ARPA	1,854								
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									
NSIP Cash									
Subtotal IDA	830,365	1,141	40,647	39,436	36,072	31,615	202,938	6,220	\$ -
Iowa Non-Department on Aging:									
Federal Non-IDA			142			43	111,544		
State Non-IDA									
Local Public Funds			4,621	779			132,436		32,942
Other Local Cash			220						
Program Income IIIB Supportive Services									
Program Income IIIC(1) Congregate Meals	110,952								
Program Income IIIC(2) Home Delivered Meals									
Program Income - Other			4,204	2,469					
Subtotal Non-IDA	110,952	-	9,187	3,248	-	43	243,980	-	32,942
Total Cash	941,317	1,141	49,834	42,684	36,072	31,658	446,918	6,220	32,942
Noncash	154,509	-	844	881	84,729	-	1,200	-	-
Totals per Financial Status Report	\$ 1,095,826	\$ 1,141	\$ 50,678	\$ 43,565	\$ 120,801	\$ 31,658	\$ 448,118	\$ 6,220	\$ 32,942

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, 2025

Funds/Service Category	Health Promotion: Nonevidence-Based B02	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	\$ 7,668	\$ 44,289		\$ 42,278		\$ 35,244	\$ 144,791	\$ 11,154	\$ 6,659
LifeLong Links									
Elderly Abuse Prevention Awareness Program			\$ 8,738	52,606	\$ 2,832				
Return to Community							108,357	220	
Medicare Improvements for Patients and Providers A						43,488			
Title IIIB Supportive Services						46,510	9,604	15,069	
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									1,859
Title IIIE Family Caregiver - ARPA									
Title IIID Prevention Health		41,392							
NSIP Cash									
Subtotal IDA	7,668	85,681	8,738	94,884	2,832	125,242	262,752	26,443	8,518
Iowa Non-Department on Aging:									
Federal Non-IDA		9,875		10,652		121,683	144,275		
State Non-IDA									
Local Public Funds		4,470				6,510			
Other Local Cash	60	1,690		318		3,378	30,220		
Program Income IIIB Supportive Services									
Program Income IIIC(1) Congregate Meals									
Program Income IIIC(2) Home Delivered Meals									
Program Income - Other	1,679	5,328						615	
Subtotal Non-IDA	1,739	21,363	-	10,970	-	131,571	174,495	615	-
Total Cash	9,407	107,044	8,738	105,854	2,832	256,813	437,247	27,058	8,518
Noncash	-	720	-	-	-	-	-	-	-
Totals per Financial Status Report	\$ 9,407	\$ 107,764	\$ 8,738	\$ 105,854	\$ 2,832	\$ 256,813	\$ 437,247	\$ 27,058	\$ 8,518

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, 2025

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 Supportive Services: Other CG22	CG Respite Care: In-Home CG23	CG Respite Care: Out-of-Home (Day) CG24
Iowa Department on Aging:									
Elderly Services General		\$ 18,679	\$ 40,536	\$ 2,635	\$ 5,342	\$ 947	\$ 5,148	\$ 49,580	
LifeLong Links				38,858					
Elderly Abuse Prevention Awareness Program									
Return to Community									
Medicare Improvements for Patients and Providers A									
Title IIIB Supportive Services									
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	\$ 244	5,047	53,354		8,548	9,892	9,651	171,129	\$ 35,893
Title IIIE Family Caregiver - ARPA			884						
Title IIID Prevention Health									
NSIP Cash									
Subtotal IDA	244	23,726	94,774	41,493	13,890	10,839	14,799	220,709	35,893
Iowa Non-Department on Aging:									
Federal Non-IDA									
State Non-IDA									
Local Public Funds									
Other Local Cash		45,330							
Program Income IIIB Supportive Services							1,559	5,152	
Program Income IIIC(1) Congregate Meals									
Program Income IIIC(2) Home Delivered Meals									
Program Income - Other							1,559	5,152	
Subtotal Non-IDA	-	45,330	-	-	-	-	1,559	5,152	-
Total Cash	244	69,056	94,774	41,493	13,890	10,839	16,358	225,861	35,893
Noncash	-	-	-	-	4,900	23,017	-	59,519	-
Totals per Financial Status Report	\$ 244	\$ 69,056	\$ 94,774	\$ 41,493	\$ 18,790	\$ 33,856	\$ 16,358	\$ 285,380	\$ 35,893

See Independent Auditor's Report.

NORTHEAST IOWA AREA AGENCY ON AGING, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2025

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**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 was 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:
  - Federal Assistance Listing Number 93.048 Special Programs for the Aging, Title IV and Title II, Discretionary Projects
  - Federal Assistance Listing Number 93.052 National Family Caregiver Support, Title III, Part E
8. The threshold used for distinguishing Type 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 February 5, 2026.

See Independent Auditor's Report.

NORTHEAST IOWA AREA AGENCY ON AGING, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2025

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, Title IV and Title II, Discretionary Projects	93.048		\$ 945,219
Medicare Enrollment Assistance Program	93.071		49,107 *
State Health Insurance Assistance Program	93.324		1,434,341
Passed through Iowa Department on Aging Special Programs for Aging:			
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	DH24/DH25	41,392
Aging Cluster:			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	BP24/BP25	722,737
COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	AS21	3,738
Total Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers			726,475 **
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	C124/C125/C224/C225	1,576,229
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	A122/A221	4,989
Total Special Programs for the Aging, Title III, Part C, Nutrition Services			1,581,218
Nutrition Services Incentive Program	93.053	NS24/NS25	62,027
Passed through Heritage Agency on Aging:			
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044		40,000 **
Total Aging Cluster			2,409,720
National Family Caregiver Support, Title III, Part E	93.052	EF24/EF25	324,142
COVID-19 National Family Caregiver Support, Title III, Part E	93.052	AC21	982
Total National Family Caregiver Support, Title III, Part E			325,124
Medicare Enrollment Assistance Program	93.071	MA22/MA24/MB22/MB24	43,488 *
Elder Abuse Prevention Interventions Program	93.747	EL22/AAPC	159,620
Medical Assistance Program	93.778	MC24	227,300
Passed through University of Iowa:			
PPHF Geriatric Education Centers	93.969		121,683
Subtotal U.S. Department of Health and Human Services			5,756,994
U.S. Department of Education:			
Passed through Iowa Department of Education:			
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126		31,245
Total Federal Financial Assistance			\$ 5,788,239

\* Total received for Grant Number 93.071 was \$92,595

\*\* Total received for Grant Number 93.044 was \$766,475

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, 2025

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**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, 2025. 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, 2025, 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 February 5, 2026. 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.

Hacher, Nelson & Co., CPAs

Decorah, Iowa  
February 5, 2026



# 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 Northeast Iowa Area Agency on Aging, Inc.'s major federal programs for the year ended June 30, 2025. 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, 2025.

#### 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.

*Hatcher, Nelson & Co., CPAs*

Decorah, Iowa  
February 5, 2026



# 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, 2025, 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 February 5, 2026, contains our report on the Agency's internal control. This letter does not affect our report dated February 5, 2026, on the combined financial statements of Northeast Iowa Area Agency on Aging, Inc. and Affiliate. 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 two certificates of deposits that the interest rate was below the public funds rate.

**Recommendation**

We recommend the Agency consult the public funds rates before renewing a certificate of deposit to ensure that the Agency has an acceptable certificate of deposit rate.

**Response and Corrective Action Planned**

The Agency will make list of all certificate of deposit maturity dates and verify that the certificate of deposit renewal rates will exceed the public funds rate.

**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  
February 5, 2026