

Combined Financial Statements and  
Supplemental Information for

**MID-EAST AREA AGENCY ON AGING**

Year Ended June 30, 2017

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## **McBride, Lock & Associates, LLC**

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Certified Public Accountants

### INDEPENDENT AUDITORS' REPORT

To the Missouri Department of Health and Senior Services,  
Division of Senior and Disability Services and  
The Board of Directors of  
Mid-East Area Agency on Aging

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Mid-East Area Agency on Aging (MEAAA), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Mandated Audit Criteria issued by the Missouri Department of Health and Senior Services, Division of Senior and Disability Services. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express

no such opinion. An audit includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MEAAA as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 13 through 22 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis 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*, and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2018, on our consideration of MEAAA'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 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 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 MEAAA's internal control over financial reporting and compliance.



McBride, Lock & Associates, LLC  
Kansas City, Missouri  
February 5, 2018

**MID-EAST AREA AGENCY ON AGING  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2017**

ASSETS

Cash	\$ 1,695,485.32
Receivables:	
Missouri Department of Health and Senior Services	64,187.82
Medicaid	163,204.59
Other	1,144,566.06
Prepaid Expenses	52,037.05
Land, Building and Equipment, net of Accumulated depreciation (\$2,004,148.35)	<u>1,900,526.90</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 5,020,007.74</u></u></b>

LIABILITIES

DHSS Funds Held in Trust	\$ 563,786.67
Accounts Payable	1,192,022.12
Salaries and Payroll Taxes Payable	151,716.30
Vacations Payable	<u>186,894.87</u>
<b>TOTAL LIABILITIES</b>	<b><u><u>\$ 2,094,419.96</u></u></b>

NET ASSETS

Unrestricted	\$ 2,154,246.58
Temporarily Restricted	<u>771,341.20</u>
<b>TOTAL NET ASSETS</b>	<b><u><u>\$ 2,925,587.78</u></u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 5,020,007.74</u></u></b>

See the accompanying notes to the financial statements.

**MID-EAST AREA AGENCY ON AGING  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

	Unrestricted	Temporarily Restricted	Total
<b>REVENUE:</b>			
Missouri Dept. of Health and Senior Services	\$ 6,519,851.61	\$ -	\$ 6,519,851.61
Missouri Highway and Transportation Dept.	134,190.00	-	134,190.00
Missouri Division of Medical Services-HDM	926,893.25	-	926,893.25
Program Income	827,388.26	-	827,388.26
Interest Income	857.02	-	857.02
Other cash-DHSS match	24,323.57	1,619.44	25,943.01
Other cash-non DHSS match	1,340,118.61	-	1,340,118.61
FASB Qualifying In-kind Resources-DHSS Match	-	-	-
FASB Qualifying In-kind Resources-non DHSS Match	-	-	-
Net assets released from restrictions, satisfied by payments	254,007.18	(254,007.18)	-
<b>Total Revenues</b>	<b>\$10,027,629.50</b>	<b>\$ (252,387.74)</b>	<b>\$ 9,775,241.76</b>
<b>EXPENDITURES:</b>			
Administration	\$ 465,754.66	\$ -	\$ 465,754.66
Supportive Services	1,537,949.95	-	1,537,949.95
Ombudsman	89,511.00	-	89,511.00
Congregate Program	1,293,606.23	-	1,293,606.23
Home Delivered Program	5,124,962.63	-	5,124,962.63
Disease Prevention & Health Promotion	63,312.65	-	63,312.65
Family Caregiver	489,970.49	-	489,970.49
Fundraising	1,385.20	-	1,385.20
Special Programs	665,342.82	-	665,342.82
<b>Total Expenditures</b>	<b>\$ 9,731,795.63</b>	<b>\$ -</b>	<b>\$ 9,731,795.63</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 295,833.87</b>	<b>\$ (252,387.74)</b>	<b>\$ 43,446.13</b>
<b>NET ASSETS, July 1, 2016 (Restated)</b>	<b>1,858,412.71</b>	<b>1,023,728.94</b>	<b>2,882,141.65</b>
<b>NET ASSETS, June 30, 2017</b>	<b>\$ 2,154,246.58</b>	<b>\$ 771,341.20</b>	<b>\$ 2,925,587.78</b>

See accompanying notes to financial statements

MID-EAST AREA AGENCY ON AGING  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2017

	Administration	Supportive Services	Ombudsman	Congregate Program	Home Delivered Program	Disease Prev. & Health Promotion	Family Caregiver	Fundraising	Special Projects	Total
Expenditures										
Personnel/Fringe	\$ 287,223.58	\$ 435,546.18	\$ -	\$ 649,753.20	\$ 2,370,364.78	\$ 56,492.94	\$ 291,314.48	\$ -	\$ 434,887.65	\$ 4,525,582.81
Travel (Staff & Volunteers)	18,203.00	36,664.72	-	8,350.27	99,583.38	43.87	1,259.56	-	7,982.60	172,087.40
Building/Utilities/Phone	34,541.23	28,034.16	-	75,332.09	196,420.15	900.91	4,338.69	-	2,631.46	342,198.69
Printing/supplies/office expense	35,823.81	17,871.41	280.66	17,443.36	46,013.04	1,623.80	7,617.94	-	2,131.27	128,805.29
Equipment	-	-	-	-	-	-	-	-	-	-
Raw Food	247.06	798.76	-	234,925.38	1,425,562.42	-	26,510.21	-	-	1,688,043.83
Catering Contract/Prepackaged Meals	(260.00)	-	-	89,080.93	281,348.76	-	-	-	-	370,169.69
Food Service Supplies	284.40	-	-	27,932.32	163,152.59	-	-	-	-	191,369.31
Legal/Consulting	19,373.96	66,467.43	-	3,002.72	11,920.93	187.27	730.74	975.00	195,625.37	298,283.42
Memberships/Subscriptions	2,186.30	664.70	-	495.90	317.80	60.00	155.30	-	-	3,880.00
Equipment Lease/Maintenance	5,224.59	215.35	-	14,669.94	40,249.78	126.86	169.61	-	-	60,656.13
Leasehold Improvements	-	-	-	-	-	-	-	-	-	-
Insurance	16,574.84	1,392.35	-	12,579.60	37,724.76	2,297.65	5,487.84	-	3,000.00	79,057.04
Advertisement	9,311.11	534.36	-	6,000.08	16,877.13	-	221.36	-	18,634.77	51,578.81
Public Information Printing/Education	6,220.27	168.30	-	603.24	2,394.94	-	695.89	410.20	249.70	10,742.54
Bank Service Charges	9,473.85	-	-	840.51	2,554.74	-	-	-	-	12,869.10
Center Moving	-	-	-	316.25	948.75	-	-	-	-	1,265.00
Permits, Health/Operating	8.64	-	-	1,302.78	3,615.98	-	-	-	-	4,927.40
Games/Awards/Entertainment	837.96	25.00	-	861.61	2,891.64	-	-	-	-	4,616.21
Conference/Training	1,083.01	450.95	-	2,297.50	1,717.50	-	-	-	200.00	5,748.96
Auto Expense	-	-	-	29,493.19	82,999.81	-	-	-	-	112,493.00
Minor Home Modifications	-	-	-	-	-	-	8,106.77	-	-	8,106.77
Independent Contractors/Employ. Agencies	612.49	196.00	-	16,257.47	43,834.03	49.00	245.00	-	-	61,193.99
Household Needs	-	26,265.46	-	-	-	-	-	-	-	26,265.46
Energy Payment Assistance	-	-	-	-	-	-	1,129.20	-	-	1,129.20
Medical/Incontinence Supplies	-	8,625.39	-	-	-	-	45,710.28	-	-	54,335.67
Durable Medical Equipment	-	2,838.49	-	-	-	-	17,082.81	-	-	19,921.30
Contractual	-	891,995.22	89,230.34	85,694.12	214,878.74	-	77,462.54	-	-	1,359,260.96
Depreciation/Adjustments	18,784.56	19,195.72	-	16,373.77	79,590.98	1,530.35	1,732.27	-	-	137,207.65
FASB Qualifying In-kind Resources-DHSS Match	-	-	-	-	-	-	-	-	-	-
FASB Qualifying In-kind Resources- non DHSS Match	-	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>\$ 465,754.66</b>	<b>\$ 1,537,949.95</b>	<b>\$ 89,511.00</b>	<b>\$ 1,293,606.23</b>	<b>\$ 5,124,962.63</b>	<b>\$ 63,312.65</b>	<b>\$ 489,970.49</b>	<b>\$ 1,385.20</b>	<b>\$ 665,342.82</b>	<b>\$ 9,731,795.63</b>

See accompanying notes to financial statements.

**MID-EAST AREA AGENCY ON AGING  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from:	
Missouri Department of Health and Senior Services	\$ 6,635,068.02
Missouri Highway and Transportation Department	134,190.00
Missouri Division of Medical Services	829,614.30
Program income	827,388.26
Other cash	766,819.68
Interest income	857.02
Cash disbursed to suppliers and employees	<u>(8,998,012.08)</u>
Net cash provided by (used for) operating activities	\$ 195,925.20

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of equipment and building improvements	<u>(179,321.84)</u>
Net cash provided by (used for) operating and investing activities	\$ 16,603.36
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,678,881.96</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,695,485.32</u></u>

**RECONCILIATION OF CHANGE IN NET ASSETS  
TO NET CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 43,446.13
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities:	
Depreciation/Adjustments	137,207.65
(Increase) decrease in:	
Receivables:	
Missouri Department of Health and Senior Services	(41,340.87)
Missouri Division of Medical Services	(97,278.95)
Other	(599,241.94)
Prepaid expenses	43,603.59
Increase (decrease) in:	
DHSS funds held in trust	156,557.28
Accounts payable	518,359.63
Accrued expenses	15,461.76
Vacations payable	<u>19,150.92</u>
Net cash provided by (used for) operating activities	<u><u>\$ 195,925.20</u></u>

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## McBride, Lock & Associates, LLC

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Certified Public Accountants

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

To the Missouri Department of Health and Senior Services,  
Division of Senior and Disability Services and  
The Board of Directors of  
Mid-East Area Agency on Aging

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and Mandated Audit Criteria issued by the Missouri Department of Health and Senior Services, Division of Senior and Disability Services, the financial statements of the Mid-East Area Agency on Aging (MEAAA), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 5, 2018.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered MEAAA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MEAAA's internal control. Accordingly, we do not express an opinion on the effectiveness of the organization'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether MEAAA'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 determination of financial statement amounts. 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*.

However, we noted one immaterial instance of noncompliance that we have reported to the management of MEAAA in the accompanying Schedule of State Findings and Questioned Costs.

### **MEAAA's Response to Findings**

MEAAA's response to the findings identified in our audit is described in the accompanying Schedule of State Findings and Questioned Costs. MEAAA's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



McBride, Lock & Associates, LLC  
Kansas City, Missouri  
February 5, 2018

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## McBride, Lock & Associates, LLC

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Certified Public Accountants

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

To the Missouri Department of Health and Senior Services,  
Division of Senior and Disability Services and  
The Board of Directors of  
Mid-East Area Agency on Aging

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

We have audited the Mid-East Area Agency on Aging's (MEAAA) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of MEAAA's major federal programs for the year ended June 30, 2017. The organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of MEAAA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Mandated Audit Criteria issued by the Missouri Department of Health and Senior Services, Division of Senior and Disability Services. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of MEAAA's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, MEAAA 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, 2017.

### **Report on Internal Control Over Compliance**

Management of MEAAA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of MEAAA's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.



McBride, Lock & Associates, LLC  
Kansas City, Missouri  
February 5, 2018

MID-EAST AREA AGENCY ON AGING  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the Year Ended June 30, 2017

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

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified: \_\_\_\_\_ Yes   X   No
- Significant deficiency(ies) identified not considered to be material weaknesses \_\_\_\_\_ Yes   X   No
3. Noncompliance material to financial statements noted: \_\_\_\_\_ Yes   X   No

Federal Awards

4. Internal control over major programs:
- Material weakness(es) identified \_\_\_\_\_ Yes   X   No
- Significant deficiency(ies) identified not considered to be material weaknesses? \_\_\_\_\_ Yes   X   No
5. Type of auditors' report issued on Compliance for major programs? Unmodified
6. Any findings disclosed that are required to be reported in accordance with Uniform Guidance section 200.516? \_\_\_\_\_ Yes   X   No

7. Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
Aging Cluster:	
93.044	Special Programs for Aging – Title IIIB
93.045	Special Programs for Aging – Title IIIC
93.053	Nutrition Service Incentive Program
Family Caregiver:	
93.052	Special Programs for Aging – Title IIIE

8. Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

9. Auditee qualified as a low risk auditee:

X Yes \_\_\_\_\_ No

**Section II – Financial Statement Findings:**

There were no matters reported.

**Section III – Federal Award Findings and Questioned Costs:**

There were no matters reported.