

**ERAS SENIOR NETWORK, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(With Summarized Totals for the Year Ended December 31, 2018)**

**ERAS SENIOR NETWORK, INC.**

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## Independent Auditor's Report

Board of Directors  
Eras Senior Network, Inc.

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

We have audited the accompanying financial statements of Eras Senior Network, Inc. which comprise the statement of financial position as of December 31, 2019, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also 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 Eras Senior Network, Inc. as of December 31, 2019, 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.

**Ritz Holman LLP**  
*Serving business, nonprofits, individuals and trusts.*

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Board of Directors  
Eras Senior Network, Inc.

**Report on Summarized Comparative Information**

We have previously audited Eras Senior Network, Inc.'s December 31, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 9, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses and schedule of Milwaukee County Program Revenue and Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis in accordance with the *Department of Health Services Audit Guide* and is also not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic 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 basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 27, 2020, on our consideration of Eras Senior Network, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Eras Senior Network, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eras Senior Network, Inc.'s internal control over financial reporting and compliance.

  
RITZ-HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
May 27, 2020

**ERAS SENIOR NETWORK, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**  
**(With Summarized Totals for December 31, 2018)**

ASSETS		2019	2018
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	\$	245,219	\$ 384,135
Accounts and Grants Receivable		360,522	302,471
Prepaid Expenses		18,588	3,431
Other Current Assets		7,322	3,066
Total Current Assets	\$	631,651	\$ 693,103
<b>FIXED ASSETS</b>			
Equipment	\$	300,933	\$ 187,158
Less: Accumulated Depreciation		(131,993)	(75,873)
Net Fixed Assets	\$	168,940	\$ 111,285
<b>OTHER ASSETS</b>			
Intangible Assets	\$	91,720	\$ 91,720
Security Deposit		6,206	---
Beneficial Interest - Greater Milwaukee Foundation		112,734	134,861
Beneficial Interest - Waukesha County Community Foundation		62,268	52,956
Total Other Assets	\$	272,928	\$ 279,537
<b>TOTAL ASSETS</b>	\$	1,073,519	\$ 1,083,925
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$	25,358	\$ 159,550
Deferred Revenue		11,572	3,066
Accrued Payroll		44,178	29,349
Total Liabilities	\$	81,108	\$ 191,965
<b>NET ASSETS</b>			
Without Donor Restrictions	\$	659,417	\$ 512,525
With Donor Restrictions		332,994	379,435
Total Net Assets	\$	992,411	\$ 891,960
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$	1,073,519	\$ 1,083,925

The accompanying notes are an integral part of these financial statements.

**ERAS SENIOR NETWORK, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(With Summarized Totals for the Year Ended December 31, 2018)**

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
<b>REVENUE</b>				
State of Wisconsin, Department of Health Services	\$ 12,660	\$ ---	\$ 12,660	\$ 12,660
Waukesha County Department of Health and Human Services:				
State of Wisconsin Section 85.21	22,887	---	22,887	22,887
Older American Act Title IIIB - Waukesha	28,809	---	28,809	29,131
Milwaukee County Department of Aging				
Older American Act Title IIIB - Milwaukee	121,405	---	121,405	---
Neighborhood Outreach BCA	118,699	---	118,699	---
Neighborhood Outreach SCSP	31,128	---	31,128	---
Advancing a Healthier Wisconsin Endowment at the Medical College of Wisconsin	18,769	---	18,769	---
Community Development Block Grant				
Waukesha County	7,268	---	7,268	12,598
City of Wauwatosa	27,089	---	27,089	---
City of West Allis	29,500	---	29,500	---
Corporation for National and Community Service, Retired and Senior Volunteer Program	86,081	---	86,081	84,938
FTA Section 5310	218,521	---	218,521	287,494
Corporation for National and Community Service, Serve Wisconsin Board, Americorps	---	---	---	7,199
State of Wisconsin, Department of Transportation Rural Transportation Assistance Program	4,787	---	4,787	3,968
Individual Contributions	140,965	---	140,965	96,088
Bequests	5,905	---	5,905	50
Corporate Contributions	59,604	---	59,604	28,355
Foundations	73,491	35,000	108,491	233,468
Program Revenue	14,730	---	14,730	---
Special Events Income	104,887	---	104,887	105,040
Special Events Expense	(34,464)	---	(34,464)	(27,900)
In-Kind	74,910	---	74,910	101,724
United Way of Greater Milwaukee and Waukesha County	294,265	91,275	385,540	117,425
Investment Income	(2,318)	26,679	24,361	6,998
Change in Value of Beneficial Interest in Assets Held by Others	---	---	---	(8,846)
State Faith in Action Membership Fees	325	---	325	550
Interest Income	705	---	705	---
Gain (Loss) on Disposal of Fixed Assets	---	---	---	(269)
Net Assets Released from Restrictions	199,395	(199,395)	---	---
Total Revenue	<u>\$ 1,660,003</u>	<u>\$ (46,441)</u>	<u>\$ 1,613,562</u>	<u>\$ 1,113,558</u>
<b>EXPENSES</b>				
Program Services	\$ 1,271,495	\$ ---	\$ 1,271,495	\$ 812,927
Administrative	114,795	---	114,795	76,492
Fundraising	126,821	---	126,821	111,389
Total Expenses	<u>\$ 1,513,111</u>	<u>\$ ---</u>	<u>\$ 1,513,111</u>	<u>\$ 1,000,808</u>
CHANGE IN NET ASSETS	\$ 146,892	\$ (46,441)	\$ 100,451	\$ 112,750
Net Assets, Beginning of Year	<u>512,525</u>	<u>379,435</u>	<u>891,960</u>	<u>779,210</u>
NET ASSETS, END OF YEAR	<u>\$ 659,417</u>	<u>\$ 332,994</u>	<u>\$ 992,411</u>	<u>\$ 891,960</u>

The accompanying notes are an integral part of these financial statements.

**ERAS SENIOR NETWORK, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(With Summarized Totals for the Year Ended December 31, 2018)**

EXPENSES	Program Services	Administrative	Fundraising	2019 Total	2018 Total
Salaries	\$ 697,915	\$ 70,254	\$ 73,181	\$ 841,350	\$ 525,857
Payroll Taxes	55,385	7,201	6,004	68,590	50,199
Employee Benefits	42,153	641	8,056	50,850	25,212
Staff Development	---	349	---	349	---
Professional Fees	37,691	16,112	5,233	59,036	29,807
Occupancy	89,563	4,302	9,127	102,992	55,641
Telephone	12,770	1,747	972	15,489	9,722
Supplies	10,616	1,635	1,241	13,492	8,020
Purchase/Lease of Equipment	5,956	500	---	6,456	7,618
Printing and Publication	32,133	1,191	5,357	38,681	17,828
Technology	91,880	2,391	6,773	101,044	76,437
Postage and Shipping	12,225	733	1,288	14,246	8,299
Conferences and Meetings	5,523	1,938	1,140	8,601	10,815
Insurance	9,057	341	542	9,940	2,984
Travel	23,827	1,813	725	26,365	21,806
Subscriptions	751	52	136	939	313
Membership Fees	2,783	508	600	3,891	4,217
Program Expense	77,402	1,108	2,680	81,190	93,315
Volunteer Expense	5,520	---	---	5,520	6,158
Volunteer and Staff Appreciation	593	568	54	1,215	5,684
Depreciation	57,748	1,378	1,947	61,073	38,773
Miscellaneous Expenses	4	33	1,765	1,802	2,103
Subtotal	<u>\$ 1,271,495</u>	<u>\$ 114,795</u>	<u>\$ 126,821</u>	<u>\$ 1,513,111</u>	<u>\$ 1,000,808</u>
Special Events					
Food	\$ ---	\$ ---	\$ 17,145	\$ 17,145	\$ 15,943
Supplies	---	---	10,785	10,785	9,048
Printing	---	---	3,585	3,585	1,966
Professional Fees	---	---	1,300	1,300	---
Postage	---	---	547	547	802
Other Expenses	---	---	1,102	1,102	141
Total Special Events	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 34,464</u>	<u>\$ 34,464</u>	<u>\$ 27,900</u>
<b>TOTAL EXPENSES</b>	<u><u>\$ 1,271,495</u></u>	<u><u>\$ 114,795</u></u>	<u><u>\$ 161,285</u></u>	<u><u>\$ 1,547,575</u></u>	<u><u>\$ 1,028,708</u></u>

The accompanying notes are an integral part of these financial statements.

**ERAS SENIOR NETWORK, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(With Summarized Totals for the Year Ended December 31, 2018)**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 100,451	\$ 112,750
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	61,073	38,773
Donated Fixed Assets	---	(14,700)
Change in Value of Beneficial Interest in Assets Held by Others	12,815	47,024
(Gain) Loss on Disposal of Fixed Asset	---	269
(Increase) Decrease in Prepaid Expenses	(15,157)	(1,667)
(Increase) Decrease in Accounts Receivable	(58,051)	(87,346)
(Increase) Decrease in Other Current Assets	(4,256)	(585)
(Increase) Decrease in Security Deposit	(6,206)	---
Increase (Decrease) in Accounts Payable	(134,192)	71,504
Increase (Decrease) in Deferred Revenue	8,506	585
Increase (Decrease) in Accrued Payroll	14,829	2,150
	<u>\$ (20,188)</u>	<u>\$ 168,757</u>
Net Cash (Used) Provided by Operating Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Fixed and Intangible Assets	<u>\$ (118,728)</u>	<u>\$ (132,207)</u>
Net Cash Used by Investing Activities	<u>\$ (118,728)</u>	<u>\$ (132,207)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	\$ (138,916)	\$ 36,550
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>384,135</u>	<u>347,585</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 245,219</u>	<u>\$ 384,135</u>

The accompanying notes are an integral part of these financial statements.



**ERAS SENIOR NETWORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**ERAS SENIOR NETWORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE A - Summary of Significant Accounting Policies**

**Organization**

Eras Senior Network, Inc. (the "Organization") engages and supports seniors, adults with disabilities, and family caregivers in leading meaningful lives. The Organization, previously known as Interfaith Senior Programs has been a well-respected service. Our history includes the 2007 merger of two important organizations, RSVP and Interfaith, dating back to 1977. In 2016, the Board of Directors completed an intense and comprehensive process to explore how Interfaith would best respond to the growing population of seniors. The process resulted in a new name and brand for our organization.

**Accounting Method**

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting.

**Basis of Presentation**

The Organization reports 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.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less when purchased.

**Accounts and Grants Receivable**

Receivable amounts are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the direct write-off method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of grantors and donors to meet their obligations. Receivables are considered impaired if full payments are not received in accordance with the contractual terms. As of December 31, 2019, accounts and grants receivable are considered fully collectible; therefore, no allowance for doubtful accounts has been recorded. It is the policy of the Organization to write off doubtful amounts directly to expense when deemed uncollectible.

**Fixed Assets**

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Fixed assets are recorded at cost. Depreciation is provided over the estimated useful lives of the assets using the straight-line method.

**ERAS SENIOR NETWORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**Contributions and Grant Revenue**

Contributions received and unconditional promises to give are measured at fair value and are reported as increases in net assets. Contributions are considered available for the Organization's general operations and included in net assets without donor restrictions unless specifically restricted by a donor. A restricted contribution is reported in revenue and net assets without donor restrictions when the restriction is met within the same reporting period as the contribution is received. Contributions received restricted for a purpose not yet met or to support a future period are included in net assets with donor restrictions. When a donor restriction from a prior year expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Conditional contributions are not recognized as revenue until they become unconditional. A conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated if the barrier is not overcome.

Net assets restricted for acquisition of building or equipment are reported as net assets with donor restrictions until the specified asset is placed in service when the net assets are released to net assets without donor restrictions.

When a donor requires the investment of a contribution and restricts the use of investment income, the investment income is reported as net assets with donor restrictions until appropriated for the designated time or use when the net assets are released to net assets without donor restrictions.

Contributions of assets other than cash are recorded at their estimated fair value at the date of the gift. Donated services are recognized as contributions if the services create or enhance nonfinancial assets or the services require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Accordingly, the value of contributed time that does not meet these requirements has not been determined and is not reflected in the accompanying financial statements.

**Government Grants and Contract Revenue**

Government grants and contract revenue are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant, contract or other allowable cost manual, are made. Any cash received for revenue not yet earned is considered to be deferred revenue. Revenue earned but not yet paid to the Organization is included in grants receivable. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such review reduces expenditures allowable under these grants or contracts, the Organization records the disallowance at the time the final assessment is made. Management believes that disallowances, if any, would not have a significant effect on the financial statements.

**ERAS SENIOR NETWORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE A - Summary of Significant Accounting Policies (continued)**

**Functional Expenses**

The Organization allocates costs directly to program, management, or fundraising when appropriate. Certain expenses are attributable to one or more programs or supporting functions of the organization. Those expenses include the following:

- Depreciation is allocated based on the program which it was purchased for. If equipment benefits all programs and administrative functions, it is allocated based on full-time equivalent employees (FTE).
- Salaries and wages are allocated based on actual time and effort, which results in an FTE ratio for other allocations.

**Estimates**

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

**NOTE B - Accounting Changes**

The Organization's financial statements have changed to adopt the *Accounting Standards Update 2014-09, Revenue from Contracts with Customers (Topic 606)*, and all subsequently issued accounting updates issued to clarify the standards. The updates are effective for the year ended December 31, 2019. The updates are required and establish principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The core principle of the guidance is that an organization should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the organization expects to be entitled.

The Organization's financial statements have changed to adopt the Accounting Standards Update 2018-08, Not-for-Profit Entities (Topic 958), Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made effective for the year ended December 31, 2019. This update is required. The goal of this update is to help organizations determine reciprocal and nonreciprocal transactions. The guidance clarifies that an exchange transaction is when the resource provider receives equal value in return for what the resource provider pays. When the general public is the recipient of the service or goods, the transaction is not considered a reciprocal transaction, it is considered a contribution. The guidance also clarifies that a conditional contribution is one that has both a barrier that must be overcome and an agreement requiring advance payment to be returned or future payment not to be obligated if the barrier is not overcome.

The Organization applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. Results for reporting periods beginning after January 1, 2019 are presented under Topic 606 while prior period amounts are not adjusted and continue to be reported in accordance with legacy generally accepted accounting principles.

**ERAS SENIOR NETWORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE B - Accounting Changes (continued)**

The adoption of these new standards did not result in a material impact to the Organization's financial statements. The adoption of the new standard is the new footnote disclosure regarding fundraising event revenue and in-kind revenue. There was no significant effect on the financial statements related to the adoption of this new standard which would require cumulative effect adjustment to net assets at the date of adoption under the modified respective method.

**Future Accounting Pronouncements**

*Accounting Standards Update 2016-02, Leases (Topic 842)* will be effective for fiscal years beginning after December 15, 2020. This update requires the recognition of lease assets and lease liabilities on the statement of financial position measured at the present value of lease payments and requires disclosure of key information about the leasing arrangements.

*Accounting Standards Update 2016-13, Financial Instruments - Credit Losses (Topic 326)* will be effective for fiscal years beginning after December 15, 2023. The main objective of this update is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates, including exploring more forward-looking alternatives.

**NOTE C - Comparative Financial Information**

The financial information shown for 2018 in the accompanying financial statements is included to provide a basis of comparison with 2019 and presents summarized totals only. The comparative information is summarized by total only, not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity to generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

**NOTE D - Liquidity**

The Organization has \$605,741 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure consisting of cash of \$245,219, and accounts and grants receivable of \$360,522. This represents approximately eight months of expenses. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure.

**ERAS SENIOR NETWORK, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2019**

**NOTE E - Accounts and Grants Receivable**

Accounts and grants receivable consists of the following as of December 31, 2019:

<u>Source</u>	<u>Amount</u>
United Way of Greater Milwaukee & Waukesha County	\$126,335
Corporation for National and Community Service	8,225
Waukesha County	14,908
State of Wisconsin	2,110
Milwaukee County	156,199
West Allis CDBG	29,500
Capri Communities	15,000
Other	<u>8,245</u>
Total	<u>\$360,522</u>

**NOTE F - Beneficial Interest - Greater Milwaukee Foundation and Waukesha County Community Foundation**

The Organization is the beneficiary of component funds located at Greater Milwaukee Foundation, Inc. (GMF) and the Waukesha County Community Foundation, Inc. (WCCF) for investment purposes. The balance of these accounts at December 31, 2019, was \$175,002.

Generally accepted accounting principles requires that a specified beneficiary recognize its rights to the assets held by a recipient organization unless the donor has explicitly granted the recipient organization variance power. The Organization has recorded its equity in GMF and WCCF as a beneficial interest on the statement of financial position for the year ended December 31, 2019.

The Organization has designated itself as the sole beneficiary of the income from the investments of these funds. The Board of Trustees of the foundations have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Boards, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served.

**ERAS SENIOR NETWORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE G - Fair Value Measurements**

The Organization has adopted the Financial Accounting Standards Board guidance on fair value measurements. A three-tier hierarchy is used to maximize the use of observable market data inputs and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using level 3 inputs are based primarily on valuation models with significant unobservable pricing inputs and which result in the use of management estimates.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2019:

<u>Investment Category</u>	<u>Fair Value</u>	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
GMF Investments	\$112,734	\$ ---	\$ ---	\$112,734
WCCF Investments	<u>62,268</u>	---	---	<u>62,268</u>
Total	<u>\$175,002</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$175,002</u>

GMF investments include equities securities, fixed income securities, absolute return hedge funds, and long/short equity hedge funds. The funds are held by GMF, which reports on a calendar year. WCCF investments include equities securities, bonds and short-term cash investments. Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>Fair Value Measurements Using Significant Unobservable Inputs (Level 3)</u>		
	<u>GMF Investments</u>	<u>WCCF Investments</u>	<u>Total</u>
Beginning Balance, January 1, 2019	\$134,861	\$ 52,956	\$187,817
Total Gains or Losses (Realized/Unrealized), Net of Fees	16,216	9,312	25,528
Purchases, Issuances, and Settlements	---	---	---
Amount Appropriated for Expenditure	<u>(38,343)</u>	<u>---</u>	<u>(38,343)</u>
Ending Balance, December 31, 2019	<u>\$112,734</u>	<u>\$ 62,268</u>	<u>\$175,002</u>

**ERAS SENIOR NETWORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE H - Intangible Assets**

Intangible assets of \$91,720 presented on the statement of financial position as of December 31, 2019, consist of the following:

<u>Amortized Asset</u>	<u>Gross Value</u>	<u>Accumulated Amortization</u>	<u>Residual Value</u>	<u>Life</u>
Dispatch Software	<u>\$91,720</u>	<u>\$ ---</u>	<u>\$ ---</u>	5 years

The Organization anticipates that the software will be placed into operation in 2020. Estimated amortization expense for each of the next five years is as follows:

<u>For the Year Ending December 31,</u>	<u>Amount</u>
2020	\$18,344
2021	18,344
2022	18,344
2023	18,344
2024	<u>18,344</u>
Total	<u>\$91,720</u>

**NOTE I - Operating Leases**

The Organization has entered into two operating leases to rent copiers that expire March 2024 and September 2024. Future minimum lease payments due for each of the next five years are as follows:

<u>For the Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 3,096
2021	3,096
2022	3,096
2023	3,096
2024	<u>1,632</u>
Total	<u>\$14,016</u>



**ERAS SENIOR NETWORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE I - Operating Leases (continued)**

The Organization leases office space in Waukesha, Wisconsin. An existing lease expired on March 31, 2019 and the Organization moved and entered into a new lease as of April 1, 2019. The expiring lease included base rent of \$2,918 monthly, which was donated, and additional rent for utilities of \$1,355 monthly.

The new lease term is April 1, 2019 to March 31, 2026. For the period from April 1, 2019 through March 31, 2022, the lease is a full-service gross lease and the Organization will pay monthly rent of \$6,205. From April 1, 2022 through the end of the lease, the Organization will pay a base rent plus additional rent of 6.9% of the landlords actual operating expenses as defined in the lease, including taxes, insurance, utilities, cleaning and maintenance, and other necessary or desirable expenses, plus an administrative fee of 10% of all operating expenses. The future minimum lease payments of base rent are as follows:

<u>For the Year Ending December 31,</u>	<u>Amount</u>
2020	\$ 74,466
2021	74,466
2022	49,573
2023	42,353
2024	43,829
Thereafter	<u>56,794</u>
Total	<u>\$341,481</u>

The Organization also leases space for its programs on an annual basis. During 2019, rent of \$3,060 was paid in two installments for one location. Rent was donated for three other locations at an estimated value of \$22,320.

Rent expense for the year ended December 31, 2019, amounted to \$94,112 of which \$31,073 was donated.

**NOTE J - Line of Credit**

The Organization has a \$50,000 revolving line of credit, with an interest rate of the greater of prime or 4.0% (4.75% at December 31, 2019). The current agreement expires in August 2020. The line of credit did not have a balance at December 31, 2019.

**ERAS SENIOR NETWORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE K - Revenue From Contracts with Customers**

**Special Events**

The Organization holds various fundraising events throughout the year. Registration fees for these events are billed to participants at the time of registration. The event revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing the registrants access to the events and event activities. Revenue from these events are recognized at the point in time the event is held and the Organization's performance obligation to hold the event is completed. The Organization also provides the opportunity to sponsor events. Registration and sponsorships for the Organization's events opens months before the events are scheduled to be held. Cash receipts and sponsorships collected in advance of the special events are deferred as contract liabilities until earned when the event is held at which point the revenue is recognized. At December 31, 2019, there were \$4,250 of obligations related to revenue from contracts with customers included in deferred revenue. For the year ended December 31, 2019, special event revenue was \$104,887.

**In-Kind Gift Cards**

During the year, the organization receives donated gift cards from various businesses and individuals. Gift card revenues are recorded as a liability when received and when the cards are gifted out revenue is recognized. The card revenue is reported at face value.

Beginning Deferred Revenue	\$ 3,066
Revenue Recognized From Prior Year Deferred	(928)
New Cards Received	<u>5,184</u>
Ending Deferred Revenue	<u>\$11,572</u>

**NOTE L - Conditional Contributions and Grants**

The Organization has a contract with the government which includes specific use stipulations requiring funds be used only on qualifying expenses determined by the grant contract and allowable cost policies. The Organization will not receive the grant funds unless spent on the required activity and within the allowable cost guidance. As of December 31, 2019, the Organization has available grant funds of \$30,359, available for the Enhanced Mobility for Seniors and Individuals with Disabilities program, which are available through December 31, 2020.

**ERAS SENIOR NETWORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE M - Donor Restricted Net Assets**

At December 31, 2019, the Organization had \$332,994 of donor restricted net assets. Net assets with donor restrictions are available for the following:

Communications in Milwaukee	\$ 35,000
Antifraud Fund	28,613
Dialysis Transportation	2,193
Technology for Assessors	911
United Way Allocation for 2020	91,275
Beneficial Interest:	
Greater Milwaukee Foundation	112,734
Waukesha County Community Foundation	<u>62,268</u>
Total	<u>\$332,994</u>

**NOTE N - Income Taxes**

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is classified as other than a private foundation. Management has reviewed all tax positions recognized in previously filed tax returns and those expected to be taken in future tax returns. As of December 31, 2019, the Organization had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. The Organization does not anticipate any significant changes to unrecognized income tax benefits over the next year.

**NOTE O - Subsequent Events**

The Organization has evaluated events and transactions occurring after December 31, 2019 through May 27, 2020, the date the financial statements are available to be issued, for possible adjustments to the financial statements or disclosures. The Organization has determined that the no subsequent events need to be disclosed.

The Organization obtained a paycheck protection program loan on April 17, 2020 for \$202,300. The amount to be forgiven has not been determined. In addition, the Organization received an Economic Injury Disaster Loan advance of \$10,000.

The COVID-19 outbreak in the United States has caused business disruption though mandated and voluntary closings of many businesses and nonprofit organizations. While the disruption is expected to be temporary, there is considerable uncertainty around the duration of the closings. The Organization may be affected by reduced funding or donations as well as postponement or cancellation of fundraising events. It is unknown at this time what, if any, negative impact on the Organization's financial position there may be.

**ERAS SENIOR NETWORK, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(With Summarized Totals for the Year Ended December 31, 2018)**

	Program Services						Management and General	Fundraising	2019 Total	2018 Total	
	Outreach	Mobility Management	Caregiver Connection	RSVP	WIFIA	Neighborhood Outreach					Total
EXPENSES											
Salaries	\$ 129,630	\$ 115,239	\$ 17,090	\$ 93,427	\$ 11,158	\$ 331,371	\$ 697,915	\$ 70,254	\$ 73,181	\$ 841,350	\$ 525,857
Payroll Taxes	10,529	9,179	1,445	7,747	369	26,116	55,385	7,201	6,004	68,590	50,199
Employee Benefits	11,718	6,597	189	3,742	---	19,907	42,153	641	8,056	50,850	25,212
Staff Development	---	---	---	---	---	---	---	349	---	349	---
Professional Fees	1,669	1,246	64	396	2,509	31,807	37,691	16,112	5,233	59,036	29,807
Occupancy	32,118	12,839	1,000	22,498	88	21,020	89,563	4,302	9,127	102,992	55,641
Telephone	3,297	1,484	471	2,017	25	5,476	12,770	1,747	972	15,489	9,722
Supplies	4,266	1,677	103	2,146	52	2,372	10,616	1,635	1,241	13,492	8,020
Purchase/Lease of Equipment	---	356	---	---	---	5,600	5,956	500	---	6,456	7,618
Printing and Publication	9,059	6,882	725	2,885	4,553	8,029	32,133	1,191	5,357	38,681	17,828
Technology	17,384	23,756	1,261	9,588	237	39,654	91,880	2,391	6,773	101,044	76,437
Postage and Shipping	2,560	584	40	1,249	---	7,792	12,225	733	1,288	14,246	8,299
Conferences and Meetings	654	2,624	252	1,234	---	759	5,523	1,938	1,140	8,601	10,815
Insurance	1,918	1,795	60	1,074	---	4,210	9,057	341	542	9,940	2,984
Travel	1,099	11,178	306	1,763	290	9,191	23,827	1,813	725	26,365	21,806
Subscriptions	210	67	5	91	---	378	751	52	136	939	313
Membership Fees	1,015	310	---	920	---	538	2,783	508	600	3,891	4,217
Program Expense	48,772	17,837	71	2,663	3,882	4,177	77,402	1,108	2,680	81,190	93,315
Volunteer Expense	1,786	---	---	1,327	---	2,407	5,520	---	---	5,520	6,158
Volunteer and Staff Appreciation	260	10	---	54	---	269	593	568	54	1,215	5,684
Depreciation	6,984	41,178	493	4,041	948	4,104	57,748	1,378	1,947	61,073	38,773
Miscellaneous Expenses	---	---	---	---	---	4	4	33	1,765	1,802	2,103
<b>TOTAL EXPENSES</b>	<b>\$ 284,928</b>	<b>\$ 254,838</b>	<b>\$ 23,575</b>	<b>\$ 158,862</b>	<b>\$ 24,111</b>	<b>\$ 525,181</b>	<b>\$ 1,271,495</b>	<b>\$ 114,795</b>	<b>\$ 126,821</b>	<b>\$ 1,513,111</b>	<b>\$ 1,000,808</b>

**ERAS SENIOR NETWORK, INC.**  
**SCHEDULE OF MILWAUKEE COUNTY PROGRAM REVENUE AND EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Neighborhood Outreach Program				
	Milwaukee County Programs			Other Funding	Total
<b>REVENUE</b>					
Milwaukee County Contracts	\$ 121,405	\$ 118,699	\$ 31,128	\$ ---	\$ 271,232
Other Government Contracts	---	---	---	76,989	76,989
United Way of Greater Milwaukee and Waukesha County	---	---	---	294,325	294,325
Contributions	---	---	---	107,473	107,473
In-Kind Donations	---	---	---	14,761	14,761
Program Service Fees	---	---	---	---	---
Other Income	---	---	---	---	---
Net Assets Released from Restrictions	---	---	---	---	---
<b>Total Revenue</b>	<b>\$ 121,405</b>	<b>\$ 118,699</b>	<b>\$ 31,128</b>	<b>\$ 493,548</b>	<b>\$ 764,780</b>
<b>EXPENSES</b>					
Salaries	\$ 80,746	\$ 86,387	\$ 26,973	\$ 137,265	\$ 331,371
Payroll Taxes	6,761	7,359	1,659	10,337	26,116
Employee Benefits	6,910	8,332	1,448	3,217	19,907
Staff Development	---	---	---	---	---
Professional Fees	1,065	291	---	30,451	31,807
Occupancy	697	---	---	20,323	21,020
Telephone	2,618	1,500	448	910	5,476
Supplies	852	500	---	1,020	2,372
Purchase/Lease of Equipment	105	3,000	600	1,895	5,600
Printing and Publication	2,823	182	---	5,024	8,029
Technology	9,172	6,982	---	23,500	39,654
Postage and Shipping	980	---	---	6,812	7,792
Conferences and Meetings	305	143	---	311	759
Insurance	---	---	---	4,210	4,210
Travel	5,148	2,500	---	1,543	9,191
Subscriptions	---	---	---	378	378
Membership Fees	---	513	---	25	538
Program Expense	533	1,010	---	2,634	4,177
Volunteer Expense	---	---	---	2,407	2,407
Volunteer and Staff Appreciation	---	---	---	269	269
Depreciation	---	---	---	4,104	4,104
Miscellaneous Expenses	---	---	---	4	4
<b>Total Expenses</b>	<b>\$ 118,715</b>	<b>\$ 118,699</b>	<b>\$ 31,128</b>	<b>\$ 256,639</b>	<b>\$ 525,181</b>
<b>CHANGE IN NET ASSETS</b>	<b>\$ 2,690</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ 236,909</b>	<b>\$ 239,599</b>
<b>Fixed Assets Financed by Milwaukee County and Capitalized in the Financial Statements</b>					
	<b>\$ 3,300</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ ---</b>	<b>\$ 3,300</b>

**ERAS SENIOR NETWORK, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA or State ID Number	Expenditures
<b>FEDERAL EXPENDITURES</b>		
U.S. Department of Housing and Urban Development		
Community Development Block Grants/Entitlement Grants Cluster		
City of Wauwatosa	14.218	\$ 27,089
City of West Allis	14.218	29,500
Waukesha County	14.218	7,268
Total CFDA #14.218 CDBG Entitlement Grants Cluster		<u>\$ 63,857</u>
Federal Transit Administration		
Milwaukee County		
Engaged Mobility of Seniors and Individuals with Disabilities		
Highway Safety Cluster	20.513	\$ 218,521
State of Wisconsin Department of Transportation		
Formula Grants for Other Than Urbanized Areas	20.509	4,787
Total Federal Transit Administration		<u>\$ 223,308</u>
U.S. Department of Health and Human Services		
Milwaukee County Department on Aging		
Supportive Services Program - Title III B	93.044	\$ 121,405
Senior Community Service Program - Title III C -		
Special Programs for the Aging - Nutrition Services	93.045	13,998
Waukesha County Department of Health and Human Services		
Title 3B Supportive Services	93.044	\$ 28,809
Total Aging Cluster		<u>\$ 164,212</u>
Milwaukee County Department on Aging		
Neighborhood Outreach		
Basic County Allocation - Social Services Block Grant	93.667	16,286
Basic County Allocation - Temporary Assistance to Needy		
Families - CCDG Cluster	93.558	8,736
Total U.S. Department of Health and Human Services		<u>\$ 189,234</u>
Corporation for National and Community Service		
Retired and Senior Volunteer Program	94.002	<u>\$ 86,081</u>
		<u>\$ 562,480</u>
<b>TOTAL FEDERAL EXPENDITURES</b>		
<b>STATE EXPENDITURES</b>		
Wisconsin Department of Health Services		
Retired Senior Volunteer Program	435.560390	<u>\$ 12,660</u>
Milwaukee County Department on Aging		
Neighborhood Outreach - Basic County Allocation	435.561	\$ 93,677
Senior Community Service Program	435.560350	17,130
Total Milwaukee County Department on Aging		<u>\$ 110,807</u>
Total Wisconsin Department of Health Services		<u>\$ 123,467</u>
Wisconsin Department of Transportation		
Waukesha County Department of Health and Human Services		
County Elderly and Disabled Transportation Assistance	395.101000	<u>\$ 22,887</u>
		<u>\$ 146,354</u>
<b>TOTAL STATE EXPENDITURES</b>		

**ERAS SENIOR NETWORK, INC.**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**DECEMBER 31, 2019**

**NOTE 1 - Significant Accounting Policies Used in Preparing the Schedule of Expenditures of Federal and State Awards**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Eras Senior Network, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of the *Department of Health Services Audit Guide*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation, of, the basic financial statements. Pass through entity identifying numbers are presented when available.

**NOTE 2 - 10% De Minimis Cost Rate**

The Organization did not use the 10% de minimis cost rate.

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* and  
the *Department of Health Services Audit Guide*

Independent Auditor's Report

To the Board of Directors  
Eras Senior Network, Inc.

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 in accordance with the *Department of Health Services Audit Guide* issued by the Wisconsin Department of Health Services the financial statements of Eras Senior Network, Inc., which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated May 27, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Eras Senior Network, Inc.'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 Eras Senior Network, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Eras Senior Network, Inc.'s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is 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 Eras Senior Network, 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 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* or the *Department of Health Services Audit Guide*.

### **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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the *Department of Health Services Audit Guide* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
RITZ HOLMAN LLP  
Certified Public Accountants

Milwaukee, Wisconsin  
May 27, 2020

**ERAS SENIOR NETWORK, INC.  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

**A. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? None Reported
- Significant deficiencies identified? None Reported

Noncompliance material to financial statements noted? No

**B. FINANCIAL STATEMENT FINDINGS**

No matters were reported.

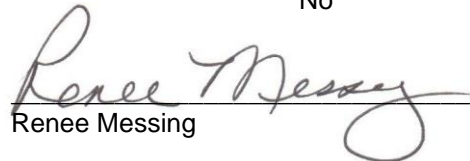
**C. OTHER ISSUES**

1. Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No

2. Does the audit report show audit issues (i.e., material noncompliance, non-material noncompliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *Department of Health Services Audit Guide*,? No

3. Was a Management Letter or other document conveying audit comments issued as a result of this audit? No

4. Name and signature of partner

  
Renee Messing

5. Date of report May 27, 2020