



**MICHIGAN STATEWIDE INDEPENDENT LIVING CORP
(A NON-PROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

SEPTEMBER 30, 2023

MICHIGAN STATEWIDE INDEPENDENT LIVING COUNCIL

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Michigan Statewide independent Living Corp.
Middleville, MI

Opinion

We have audited the accompanying consolidated financial statements of Michigan Statewide Independent Living Corp. (MSILC)(a nonprofit organization) which comprise the statement of financial position as of September 30, 2023, and the related statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Michigan Statewide Independent Living Corp. as of September 30, 2023, and its changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the MSILC 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 opinion.

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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the MSILC's ability to continue as a going concern withing one year after the date that the financial statements are available to be issued.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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, including omissions, are considered material, if there is substantial likelihood that, individually or in aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that, but not for the purpose of expressing an opinion on the effectiveness of the MSILC's internal control. Accordingly no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt the Center'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 our audit, significant audit findings, and certain internal control related matters that we identified during the audit.

THE ALG Group CPAs

ALG Group, CPAs
East Lansing, MI
December 27, 2023

MICHIGAN STATEWIDE INDEPENDENT LIVING CORP

STATEMENT OF FINANCIAL POSITION

As of September 30, 2023

ASSETS

Current Assets		
Cash	\$	47,280
Accounts Receivable		44,819
Prepaid Insurance		1,876
Other Prepaid Expense		1,104
TOTAL ASSETS	\$	<u>95,079</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$	9,623
Accrued Payroll Expense		<u>35,862</u>
Total Current Liabilities		<u>45,485</u>
Net Assets		
Without Donor Restrictions		<u>49,594</u>
Total Equity		<u>49,594</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>95,079</u>

See independent auditors' report and notes to financial statements.

MICHIGAN STATEWIDE INDEPENDENT LIVING CORP

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Year Ended September 30, 2023

Revenue and Support		
Grant Revenue	\$	367,718
Interest Income		-
Total Revenue and Support		<u>367,718</u>
Expenditures		
Program		294,769
Supporting Services		
Management and Administrative		72,939
Total Expenditures		<u>367,708</u>
Net Change in Net Assets		10
NET ASSETS - Beginning of Year		<u>49,584</u>
NET ASSETS - End of Year	\$	<u><u>49,594</u></u>

See independent auditors' report and notes to financial statements.

MICHIGAN STATEWIDE INDEPENDENT LIVING CORP

STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$	10
Adjustments to Reconcile Change in Net Assets to Net Cash Provided By (Used) in Operating Activities:		
(Increase) Decrease in Current Assets		
Grants and Contracts Receivable		3,640
Prepaid Insurance		3
Other Prepaid Expense		(210)
Increase (Decrease) in Current Liabilities		
Accounts Payable		8,623
Accrued Payroll Expense		(1,980)
Payable to Grantor		
Net Cash (Used In) Operating Activities		<u>10,086</u>
Net Cash Decrease for Period		10,086
CASH - at the Beginning of Year		<u>37,194</u>
CASH - at the End of Year	\$	<u><u>47,280</u></u>

See independent auditors' report and notes to financial statements.

MICHIGAN STATEWIDE INDEPENDENT LIVING CORP

STATEMENT OF FUNCTIONAL EXPENSE

For the Year Ended September 30, 2023

	<u>Program</u>	<u>Supporting Services General and Administrative</u>	<u>Total</u>
Payroll Expense			
Salaries and Wages	\$ 123,017	\$ 41,006	\$ 164,022
Payroll Taxes	10,768	3,589	14,357
Employee Benefits	23,337	7,779	31,116
Retirement	<u>3,653</u>	<u>1,218</u>	<u>4,870</u>
Total Payroll Expense	160,774	53,591	214,365
Professional Fees	11,105	3,702	14,807
Rent Expense	1,696	565	2,261
Communications	4,806	1,602	6,408
Insurance	1,847	616	2,463
Office Expense	5,742	638	6,380
Travel and Meetings	28,740	7,185	35,925
SPIL Support	78,917		78,917
Miscellaneous	<u>1,142</u>	<u>5,040</u>	<u>6,182</u>
Total Expense	<u>\$ 294,769</u>	<u>\$ 72,939</u>	<u>\$ 367,708</u>

See independent auditors' report and notes to financial statements.

MICHIGAN STATEWIDE INDEPENDENT LIVING CORP

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

NOTE 1 – NATURE OF ACTIVITIES

The Michigan Statewide Independent Living Corporation's (MSILC) main purpose is to provide administrative and fiduciary services to the Michigan Statewide Independent Living Council (the "Council"). The Council was established to promote a philosophy of independent living, including a philosophy of consumer control, peer support, self-help, self-determination, equal access, and individual and system advocacy, in order to maximize the leadership, empowerment, independence, and productivity of individuals with disabilities, and their integration and full inclusion into the mainstream of American society. The Council is supported primarily through government grants.

In addition, MSILC may also provide administrative and fiduciary services for other non-profit charitable organizations and may engage in other charitable activities related to the independent living needs of disabled persons.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recognized when earned and expenses as incurred. Accordingly, all significant receivables, payables, and other liabilities are reflected.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, or when the stipulated purpose has been met or both.

Cash and Cash Equivalents

The Corporation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

See Independent Auditors' Report

MICHIGAN STATEWIDE INDEPENDENT LIVING CORP

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)...

Grants and Contracts Receivable

Grants and contracts receivable are comprised of amounts due within one year from governmental units and nonprofit organizations. The Council considers all grants and contracts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is considered necessary.

Capitalization and Depreciation

Assets are stated at cost. The MSILC follows a practice of capitalizing all expenditures for furniture and equipment in excess of \$5,000. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. For the year ended September 30, 2023 no depreciation expense was recorded and no items meeting the criteria for capitalization were purchased.

All equipment purchased from grant funds with a cost of \$5,000 or more per unit must have prior approval of Michigan Rehabilitation Services (MRS) and/or the Bureau of Services to Blind Persons (BSBP). The Corporation retains title to equipment purchased with grant funds. Disposition of equipment items with an acquisition cost of \$5,000 or more must be in accord with federal and state policy. A plan for disposal of these items must have prior written approval of MRS and/or BSBP. Any equipment disposed of by reason of sale must be reported to MRS and/or BSBP.

Revenue and Revenue Recognition

Revenue from contracts and grants with the State of Michigan and other agencies are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at September 30, 2023, none of this revenue has been classified as deferred until it is earned.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

Income Taxes

Michigan Statewide Independent Living Corporation has been classified as an other than private foundation and is tax-exempt under Section 501(c) (3) of the Internal Revenue Code. The Code requires that tax-exempt organizations must comply with federal tax law to maintain tax-exempt status and avoid penalties.

MSILC evaluates all significant tax positions under a more likely than not threshold as required by U.S. generally accepted accounting principles. As of September 30, 2023, the Council does not believe that it has taken any tax positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months. MSILC's tax returns are subject to examination by the appropriate taxing jurisdictions. At September 30, 2023, the MSILC's federal tax returns generally remain open for the last three years.

See Independent Auditors' Report

MICHIGAN STATEWIDE INDEPENDENT LIVING CORP

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)...

Income taxes – (continued)...

MSILC's policy is to classify income tax related interest and penalties as interest expense and other expenses, respectively.

For the year ended September 30, 2023, the Council did not pay income tax.

Functional Reporting of Expenses

The costs of programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated amount the programs and supporting activities.

Concentration of Credit Risk

For the year ended September 30, 2023, approximately 100% of revenue was received in the form of grants and contracts from the State of Michigan and other agencies. The loss of this support would create a situation where it would be difficult for MSILC to continue.

In addition, the Corporation places its cash with federally insured financial institutions. The Corporation's balances in the accounts may, at times, exceed \$250,000, up to which it is federally insured. Management has deemed this as a normal business risk. As of September 30, 2023, the Corporation had no deposits in excess of federally insured limits.

Advertising

Advertising costs are expensed as incurred. For the year ended September 30, 2023, \$0 was spent on advertising.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency. The reclassifications had no impact on previously reported net assets.

Subsequent Events

We have evaluated subsequent events through December 27, 2023, the date the financial statements were available to be issued.

NOTE 3: - LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

See Independent Auditors' Report

MICHIGAN STATEWIDE INDEPENDENT LIVING CORP

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2023

NOTE 3: - LIQUIDITY (Continued).....

Cash	\$ 47,280
Accounts receivable	<u>44,819</u>
Available funds	<u>\$ 92,099</u>

Available funds are transferred to the savings account to maximize potential earnings on funds.

NOTE 4: - CASH

Cash accounts are detailed as follows as of September 30, 2023:

	BOOK <u>BALANCE</u>	BANK <u>BALANCE</u>	NCUA <u>INSURED</u>
Checking	<u>\$ 47,240</u>	<u>\$ 47,240</u>	<u>\$ 47,240</u>
Total	<u>\$ 47,240</u>	<u>\$ 47,240</u>	<u>\$ 47,240</u>

MSILC maintains a petty cash fund of \$40 that is not included in the amounts above.

NOTE 5: - GRANTS AND CONTRACTS RECEIVABLE AND DEFERRED

Grants and contracts receivable consist of amounts due for contracts from the State of Michigan. Balances are detailed as follows as of September 30:

MRS Grant	\$29,132
BSBP Grant	<u>15,686</u>
	<u>\$44,818</u>

NOTE 6 – OPERATING LEASES AND OTHER COMMITMENTS

MSILC leases storage space. During the year ended September 30, 2023, the amount paid for this space was approx. \$2,261.

MSILC no longer leases office space and is operating virtually.

MSILC considers its lease of storage space to be an operating lease. The lease is month-to-month and can be terminated at any time by either party. Accordingly, a right of use asset and corresponding liability has not been created.

See Independent Auditors' Report

MICHIGAN STATEWIDE INDEPENDENT LIVING CORP

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

NOTE 7 – RETIREMENT PLAN

The Corporation has a SIMPLE IRA retirement plan under section 408(a-p) of the Internal Revenue Code. All employees are eligible to participate. The Corporation matches up to 3% of gross wages. The Corporation had two participating employees during the fiscal year and made contributions of \$4,870 to the plan for the year ended September 30, 2023.

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