

**CARE OF SOUTHEASTERN MICHIGAN**

**ANNUAL FINANCIAL REPORT  
with Supplementary Information**

**FOR THE YEAR ENDED  
SEPTEMBER 30, 2014**



# CARE OF SOUTHEASTERN MICHIGAN

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
CARE of Southeastern Michigan  
Fraser, Michigan

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

We have audited the accompanying financial statements of CARE of Southeastern Michigan (a nonprofit organization) which comprise the statement of financial position as of September 30, 2014, 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 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 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 CARE of Southeastern Michigan as of September 30, 2014, and the change 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.

## ***Report on Summarized Comparative Information***

We have previously audited CARE of Southeastern Michigan's 2013 financial statements, and our report dated April 15, 2014 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## ***Other Matter***

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information as listed in the table of contents and presented on pages 14-17 is presented for purposes of additional analysis and is 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 April 16, 2015 on our consideration of CARE of Southeastern Michigan'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 CARE of Southeastern Michigan's internal control over financial reporting and compliance.

  
Certified Public Accountants

April 16, 2015

**CARE OF SOUTHEASTERN MICHIGAN**

**STATEMENTS OF FINANCIAL POSITION**

**SEPTEMBER 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 377,791	\$ 398,506
Investments	180,978	175,478
Accounts receivable -		
Grants	279,274	232,585
Fees and other	9,324	35,239
Prepaid expenses	37,970	36,996
Property and equipment, net of accumulated depreciation	<u>477,336</u>	<u>509,911</u>
Total Assets	<u>\$ 1,362,673</u>	<u>\$ 1,388,715</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 31,841	\$ 32,243
Accrued payroll and related liabilities	2,590	4,907
Accrued paid time-off	45,146	40,588
Line of credit	85,000	75,000
Refundable advances	135,898	140,194
Note payable	<u>33,658</u>	<u>71,893</u>
Total Liabilities	<u>334,133</u>	<u>364,825</u>
<b>NET ASSETS</b>		
Unrestricted	970,073	975,969
Temporarily restricted	<u>58,467</u>	<u>47,921</u>
Total Net Assets	<u>1,028,540</u>	<u>1,023,890</u>
Total Liabilities and Net Assets	<u>\$ 1,362,673</u>	<u>\$ 1,388,715</u>

See Notes to Financial Statements

**CARE OF SOUTHEASTERN MICHIGAN**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

	2014	2013
<b>Unrestricted Net Assets:</b>		
<b>Revenues, Gains, and Other Support:</b>		
Grants and awards -		
Governmental Agencies -		
MCOSA	\$ 1,088,561	\$ 1,109,570
Other	656,918	586,509
Other grants and awards	120,669	103,083
	1,866,148	1,799,162
MCOSA fees -		
Participant fees	78,863	70,762
Medicaid/Adult Benefit Waiver	240,204	224,430
Other fees	384,256	388,505
Miscellaneous	82,038	64,271
In-kind revenues	-	43,500
Interest	6,392	4,851
	2,657,901	2,595,481
<b>Expenses and Losses:</b>		
Program services	2,528,271	2,472,429
Supporting services	135,526	215,613
	2,663,797	2,688,042
Sewage recovery	-	( 55,000)
	2,663,797	2,633,042
Change in Unrestricted Net Assets	( 5,896)	( 37,561)
Unrestricted Net Assets at the beginning of the year	975,969	1,013,530
<b>Unrestricted Net Assets at the end of the year</b>	970,073	975,969
<b>Temporarily Restricted Net Assets:</b>		
Revenues, Gains, and Other Support:		
Other	10,546	3,961
Change in Temporarily Restricted Net Assets	10,546	3,961
Temporarily Restricted Net Assets at the beginning of the year	47,921	43,960
<b>Temporarily Restricted Net Assets at the end of the year</b>	58,467	47,921
<b>Total Net Assets at the end of the year</b>	\$ 1,028,540	\$ 1,023,890

See Notes to Financial Statements

**CARE OF SOUTHEASTERN MICHIGAN**

**STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

**WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2013**

	Program Services						Total
	MCOSA Programs					Other Programs	
	Prevention	Access Management	Case Management	DHS Collaborative	Peer Recovery Coaching		
Wages and salaries	\$ 404,145	\$ 225,551	\$ 77,478	\$ 149,272	\$ 239,469	\$ 640,355	\$ 1,736,270
Fringe benefits	84,022	51,618	22,886	37,941	43,616	162,912	402,995
	<u>488,167</u>	<u>277,169</u>	<u>100,364</u>	<u>187,213</u>	<u>283,085</u>	<u>803,267</u>	<u>2,139,265</u>
Supplies and materials -							
Office	21,973	5,679	2,419	5,162	8,687	29,209	73,129
Education/training	18,628	-	-	-	-	2,847	21,475
Printing	1,081	268	122	213	342	3,092	5,118
Cleaning supplies	2,464	1,141	471	644	536	2,444	7,700
Postage	2,035	1,319	304	204	327	1,827	6,016
Travel -							-
Mileage and parking	11,142	603	2,990	3,525	12,649	14,022	44,931
Airfare	-	-	-	-	-	1,246	1,246
Lodging	300	344	320	1	33	1,984	2,982
Per diem	62	113	89	3	5	669	941
Ground transportation	-	-	-	-	-	140	140
Conferences	1,426	850	550	186	334	2,047	5,393
Other -							-
Affiliate network	-	-	-	-	-	12,150	12,150
Assistance to clients	-	-	2,558	5,469	2,649	6,508	17,184
Organizational expenses	5,715	3,302	1,253	1,912	3,060	8,187	23,429
Contractual labor	13,863	-	-	-	-	6,248	20,111
Computer labor/hardware/software	11,129	5,526	2,757	1,907	3,989	9,561	34,869
Insurance	3,545	2,288	815	1,300	2,198	5,740	15,886
Rent	1,781	819	344	475	388	8,165	11,972
Trainer	-	-	-	-	-	1,826	1,826
Utilities	4,920	2,354	964	1,348	1,282	4,558	15,426
Maintenance and repair	3,472	1,631	676	947	837	3,170	10,733
In-kind expenses	-	-	-	-	-	-	-
Other	10,843	1,228	1,658	3,833	3,815	18,488	39,865
Depreciation	5,471	2,533	1,054	1,459	1,190	4,777	16,484
	<u>608,017</u>	<u>307,167</u>	<u>119,708</u>	<u>215,801</u>	<u>325,406</u>	<u>952,172</u>	<u>2,528,271</u>
Total Expenses	\$ 608,017	\$ 307,167	\$ 119,708	\$ 215,801	\$ 325,406	\$ 952,172	\$ 2,528,271

See Notes to Financial Statements

	Supporting Services			Total	
	General and Administrative	Fundraising	Total	2014	2013
Wages and salaries	\$ 4,233	\$ 67,918	\$ 72,151	\$ 1,808,421	\$ 1,725,899
Fringe benefits	324	14,814	15,138	418,133	455,390
	<u>4,557</u>	<u>82,732</u>	<u>87,289</u>	<u>2,226,554</u>	<u>2,181,289</u>
Supplies and materials -					
Office	1,156	5,215	6,371	79,500	67,236
Education/training	-	-	-	21,475	32,372
Printing	-	2,253	2,253	7,371	7,445
Cleaning supplies	-	416	416	8,116	8,170
Postage	-	1,069	1,069	7,085	9,608
Travel -					
Mileage and parking	-	1,216	1,216	46,147	43,813
Airfare	-	-	-	1,246	-
Lodging	-	8	8	2,990	1,355
Per diem	-	1	1	942	77
Ground transportation	-	-	-	140	-
Conferences	-	466	466	5,859	3,167
Other -					
Affiliate network	-	-	-	12,150	14,770
Assistance to clients	-	-	-	17,184	22,012
Organizational expenses	-	671	671	24,100	38,430
Contractual labor	-	3,500	3,500	23,611	19,683
Computer labor/hardware/software	-	1,459	1,459	36,328	45,980
Insurance	-	523	523	16,409	16,367
Rent	-	302	302	12,274	17,493
Trainer	-	-	-	1,826	2,538
Utilities	-	822	822	16,248	17,977
Maintenance and repair	1,771	584	2,355	13,088	9,136
In-kind expenses	-	-	-	-	43,500
Other	3,274	7,440	10,714	50,579	50,907
Depreciation	<u>15,165</u>	<u>926</u>	<u>16,091</u>	<u>32,575</u>	<u>34,717</u>
Total Expenses	<u>\$ 25,923</u>	<u>\$ 109,603</u>	<u>\$ 135,526</u>	<u>\$ 2,663,797</u>	<u>\$ 2,688,042</u>



**CARE OF SOUTHEASTERN MICHIGAN**

**STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013**

	2014	2013
<b>Cash Flows from Operating Activities:</b>		
Change in Net Assets	\$ 4,650	\$( 33,600)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation expense	32,575	34,717
Unrealized gain on investments	( 5,500)	( 865)
Changes in assets and liabilities:		
(Increase) decrease in -		
Receivables	( 20,774)	62,235
Prepaid expenses	( 974)	( 6,418)
Increase (decrease) in -		
Accounts payable	( 402)	28,737
Accrued liabilities	2,241	10,177
Refundable advances	( 4,296)	( 18,779)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>7,520</b>	<b>76,204</b>
<b>Cash Flows from Investing Activities:</b>		
Purchase of investments	-	( 19,223)
<b>Cash Flows from Financing Activities:</b>		
Draws on line of credit	10,000	75,000
Payments on note payable	( 38,235)	( 36,013)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>( 28,235)</b>	<b>38,987</b>
Increase (decrease) in Cash and Cash Equivalents	( 20,715)	95,968
<b>Cash and Cash Equivalents at beginning of year</b>	<b>398,506</b>	<b>302,538</b>
<b>Cash and Cash Equivalents at end of year</b>	<b>\$ 377,791</b>	<b>\$ 398,506</b>
<b>Supplementary Information for Statement of Cash Flows:</b>		
Interest paid on long-term debt	\$ 3,273	\$ 5,495

See Notes to Financial Statements

# CARE OF SOUTHEASTERN MICHIGAN

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2014

### NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### DESCRIPTION OF ORGANIZATION:

CARE of Southeastern Michigan's mission is to educate, link, and support individuals, families, businesses and communities affected by family concerns, workplace challenges, mental health conditions, and the misuse of alcohol, tobacco, and other drugs.

#### SIGNIFICANT ACCOUNTING POLICIES:

The Organization's accounting policies are in accordance with accounting principles generally accepted in the United States of America. The following is a summary of policies, which are considered significant to the Organization:

**BASIS OF ACCOUNTING** - The financial statements of the Organization are reported on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for not-for-profit organizations.

**BASIS OF PRESENTATION** - Financial statement presentation follows the requirements of the Financial Accounting Standards Board in its **Accounting Standards Codification (ASC) Statement 958**. In accordance with ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no permanently restricted net assets.

A description of the types of programs utilized by the Organization is as follows:

#### Macomb County Office of Substance Abuse (MCOSA) Programs -

- Prevention Program – Provides education and training to individuals, families, and community groups to reduce the misuse of alcohol, tobacco, and other drugs.
- Access Management Services – Provides screenings, referrals, and coordination of substance abuse treatment for the uninsured/underinsured and Medicaid eligible population in Macomb County. Other services also include authorization of substance abuse treatment and general information and referrals for community resources.
- Case Management Services – Provides assessment, planning, service coordination, and recovery support for individuals involved with methadone treatment and women seeking substance abuse treatment.
- DHS Collaborative Project – This project is a collaboration between MCOSA and the Department of Human Services (DHS) to operate the Substance Abuse Supportive Services (SASS) Program. Case managers are employed to provide intensive case management services to parents referred by DHS. Case managers provide assessments and referrals for treatment, aftercare support, and crisis intervention.

# CARE OF SOUTHEASTERN MICHIGAN

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2014

### NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

- Peer Recovery Coaching – Provides peer recovery coaches to act as mentors, motivators, allies, role models, problem solvers, and advocates to the individuals being served to better develop and enhance their resources and skills to manage their recovery.

#### Other Programs -

- CARE provides a number of programs funded through grants, contracts, contractual agreements, fees, and fundraising efforts. Additional funding sources include contractual agreements with businesses and schools to provide employee assistance and student assistance services, Southeast Michigan Community Alliance, the Substance Abuse and Mental Health Administration, Department of Human Services, Prisoner Re-entry, Macomb Intermediate School District – Great Start Initiative, and the United Way.

**CASH AND CASH EQUIVALENTS** - The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**INVESTMENTS** - The Organization reports its investments in accordance with generally accepted accounting principles for not-for-profit organizations, which establish accounting standards for investments in certain equity securities and for all debt securities. The guidance prescribes that covered investments be reported in the statement of financial position at fair value with any realized or unrealized gains or losses reported in the Statement of Activities. Donated investments are recorded at the “fair” value on the date received and thereafter carried in accordance with the above provisions. Investments are composed of mutual funds and preferred stocks carried at fair value, and fixed annuities carried at contract value, which approximates fair value.

Investment income is recognized as revenue in the period it is earned and gains and losses are recognized as changes in net assets in the accounting period in which they occur.

**ACCOUNTS RECEIVABLE** - Accounts receivable consists of amounts due for fees and other reimbursements and amounts due from funding sources as of September 30, for the reimbursement of allowable grant expenditures for services and goods incurred by the Organization. Based on management’s estimate, no allowance for doubtful accounts has been established due to the nature of the receivables.

**PROPERTY AND EQUIPMENT** - Property and equipment consists of building, building improvements, furniture and fixtures, and computer equipment and are stated at cost at the date of purchase or at fair market value at the date of donation. Assets are defined by the Organization as assets with an initial individual cost of more than \$5,000. Major additions are capitalized, while maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed currently. Gains and losses from disposals are included in earnings. Depreciation is computed on the straight-line method over the life of the assets. For grant reporting purposes, equipment purchases are reported as an expenditure.

The estimated useful lives of the assets are as follows:

Building and improvements	7 - 40 years
Furniture and fixtures	5 - 7 years
Computer and software	3 - 7 years

# CARE OF SOUTHEASTERN MICHIGAN

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2014

### NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):

**ACCRUED PAID TIME-OFF** - Individual employees have vested rights upon lay-off to receive payments for unused time-off under limits and conditions specified in the personnel policies of the Organization.

**INCOME TAXES** - The Organization is a nonprofit corporation and is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax exempt purpose is subject to taxation as unrelated business income.

**REFUNDABLE ADVANCES** - Refundable advances represent unexpended grant funds received at the Organization's year-end. The funds are approved for use in future or ongoing programs and are not earned in the current year.

**GRANT REVENUES** - The major source of revenue from the Organization is from grants. The funds available under grants and contracts are recognized as revenue in the accounting period when the expenditures are incurred and the grant funds earned.

**IN-KIND SERVICES** - No amounts have been recorded in the financial statements for donated services by individuals other than professionals. The Agency pays for most services requiring specific expertise. However, the Agency has participated and won a contest for a redesign of the Agency's logo, website, etc. The estimated value of the service is recorded as in-kind revenue and an in-kind expense in 2013.

**FUNCTIONAL EXPENSES** - Expenses are charged directly to a program based on specific identification. The Organization operates predominately based on grants and performs fundraising activities for special events related to the grant programs. Indirect expenditures have been allocated based on a percentage of wages of direct program personnel for each program to the total wages of direct program personnel, the number of clients served, or building square footage, whichever most directly applies.

**ESTIMATES** - In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the 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.

**COMPARATIVE DATA** - The financial statements include certain prior-year summarized comparative information in total but not by the functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2013 from which the summarized information was derived.

**CARE OF SOUTHEASTERN MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 1 - NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

**SUBSEQUENT EVENTS** - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 16, 2015, the date the financial statements were available to be issued.

**NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS:**

**Concentration of Credit Risk -**

Financial instruments that potentially subject CARE of Southeastern Michigan to credit risk include cash and cash equivalents on deposit with financial institutions. At September 30, 2014, the Organization had bank balances of \$391,590 at financial institutions, all of which was covered by depository insurance.

**Investments -**

At September 30, investments of the Organization consist of the following:

	<u>2014</u>	<u>2013</u>
Mutual Funds	\$ 175,050	\$ 112,472
Preferred Stocks	5,928	-
Annuities	<u>-</u>	<u>63,006</u>
Total	<u>\$ 180,978</u>	<u>\$ 175,478</u>

The Organization had the following return on investment for the year ended September 30:

	<u>2014</u>	<u>2013</u>
Interest and Dividends	\$ 892	\$ 2,182
Unrealized Gain on Investments	<u>5,500</u>	<u>865</u>
Total	<u>\$ 6,392</u>	<u>\$ 3,047</u>

**NOTE 3 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS:**

CARE of Southeastern Michigan's operations are concentrated in substance abuse funded by Macomb County Office of Substance Abuse (MCOSA). MCOSA grants and fees represent \$1,407,628 or 53% of total revenue for the year ended September 30, 2014. Receivables from MCOSA of \$198,045 represents 69% of receivables at September 30, 2014.

**NOTE 4 - CAPITAL ASSETS:**

The following is a summary of capital assets at September 30, 2014:

Building and improvements	\$ 761,071
Furniture and fixtures	57,525
Computer and software	<u>132,621</u>
	951,217
Accumulated depreciation	<u>(473,881)</u>
	<u>\$ 477,336</u>

Depreciation expense for the year ended September 30, 2014 was \$32,575.

**CARE OF SOUTHEASTERN MICHIGAN**

**NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**NOTE 5 - FAIR VALUE MEASUREMENTS:**

In accordance with ASC 820, CARE of Southeastern Michigan uses fair value measurements to record adjustments to certain assets. The ASC 820 defines fair value as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” The Codification also sets out a fair value hierarchy ranking the levels of the inputs used as assumptions in the valuation techniques used to value an asset or liability. The fair value hierarchy gives the highest priority to quoted prices in an active market for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of hierarchy are described as follows:

Level 1 - inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. An active market is a market in which transactions of the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 - inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include quoted market prices of similar assets or liabilities in active markets, quoted market prices for identical or similar assets or liabilities in markets that are not active, and pricing models developed principally from inputs from or corroborated by observable market data by correlation or other means.

Level 3 - inputs are unobservable and allowed in situations where there is little, if any, market activity for the assets or liabilities at the measurement date. These inputs reflect the reporting entity’s own assumptions about assumptions that would be used by market participants.

The following table presents the Organization’s fair value hierarchy for the assets and liabilities measured at fair value as of September 30, 2014:

**Assets Measured at Fair Value on a Recurring Basis:**

	Total	Level 1	Level 2	Level 3
Investments -				
Mutual Funds	\$ 175,050	\$ 175,050	\$ -	\$ -
Preferred Stocks	5,928	5,928	-	-
	\$ 180,978	\$ 180,978	\$ -	\$ -

Level 1 classification consists of mutual funds and preferred stocks with observable market prices.

The following table presents a reconciliation of the beginning and ending balance of Level 3 investment activity that is measured at fair value using unobservable inputs:

	Annuities
Beginning balance	\$ 63,006
Withdrawal	( 63,006)
Ending balance	\$ -

# CARE OF SOUTHEASTERN MICHIGAN

## NOTES TO FINANCIAL STATEMENTS SEPTEMBER 30, 2014

### **NOTE 6 - NOTES PAYABLE:**

The note payable consists of a fixed rate term note, dated October 12, 2004, payable in monthly installments of \$3,459 including interest of 6.0% with the balance due August 1, 2015. The loan is secured by the building at 31900 Utica Road, Fraser, Michigan that has a book value of \$313,075 at September 30, 2014. The balance of the note at September 30, 2014 is \$33,658.

The Organization has a line of credit dated April 19, 2012 with a maximum amount to draw of \$200,000 through April 19, 2015. The line of credit has a variable interest rate and any outstanding obligation is collateralized by the assets of the Organization. At September 30, 2014, the Organization had \$85,000 drawn.

### **NOTE 7 - CONTINGENT LIABILITIES:**

In the normal course of operations, the Organization participates in various federal or state grant programs from year to year. The grant programs are often subject to additional audits by agents of the grantor's, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement, which may arise as a result of these audits, cannot be reasonably determined at this time, although management believes the amount, if any, would not be material.

### **NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS:**

Temporarily restricted net assets represent restricted programs in which the net assets must be used for purposes in which the grants pertain.

In 2004, Nonprofit Finance Fund awarded CARE a conditional grant in the amount of \$39,360 over ten years (June 1, 2004 thru May 31, 2014) to support the creation of a building reserve fund to be used to carry out specified building system replacements. In addition, it awarded CARE annual matching grants of up to \$2,000 for reimbursement of preventative maintenance contract expenses. Receipt of these funds is conditional upon: 1) meeting 1:1 matching grant requirements by depositing funds into a designated building reserve account; and 2) carrying out specified building system replacements or preventative maintenance as approved by the grantor. At September 30, 2014, CARE had accumulated grants and matching amounts of \$58,467, which is to be used for building maintenance and improvements.

**SUPPLEMENTARY FINANCIAL INFORMATION**



**CARE OF SOUTHEASTERN MICHIGAN**

**COMBINING STATEMENT OF FUNCTIONAL EXPENSES - OTHER PROGRAMS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	Fee Based Assessments	FASD	WorkLife Solutions	Student Assistance Center	Prisoner Re-entry	Project CHOICES
Wages and salaries	\$ 20,796	\$ 6,659	\$ 128,613	\$ 75,718	\$ 146,094	\$ 60,428
Fringe benefits	5,413	836	35,069	20,145	37,906	12,574
	<u>26,209</u>	<u>7,495</u>	<u>163,682</u>	<u>95,863</u>	<u>184,000</u>	<u>73,002</u>
Supplies and materials -						
Office	1,318	69	6,308	2,065	3,930	7,277
Education and training	-	-	490	-	-	-
Printing	22	2	561	585	148	1,538
Cleaning supplies	309	9	606	360	95	226
Postage	177	10	403	676	90	52
Travel -						
Mileage and parking	82	362	2,053	373	1,711	174
Airfare	-	654	-	-	-	-
Lodging	3	419	18	9	229	13
Per diem	-	407	25	1	3	2
Ground transportation	-	-	-	-	-	-
Conferences	29	18	439	92	542	63
Other -						
Affiliate network	-	-	12,150	-	-	-
Assistance to clients	-	2,122	-	-	-	-
Organizational expenses	352	80	1,563	1,058	1,188	1,312
Contractual labor	-	-	-	-	-	-
Computer labor						
hardware/software	437	22	1,957	948	1,764	847
Insurance	209	15	1,193	681	1,458	500
Rent	224	8	438	259	76	170
Trainer	-	-	1,826	-	-	-
Utilities	584	19	1,249	774	315	447
Maintenance and repair	424	14	867	529	222	298
Other	433	55	13,504	1,118	109	428
Depreciation	689	23	1,344	802	233	483
Total Expenses	<u>\$ 31,501</u>	<u>\$ 11,803</u>	<u>\$ 210,676</u>	<u>\$ 106,193</u>	<u>\$ 196,113</u>	<u>\$ 86,832</u>

	United Way	SEMCA	Beaumont Coalition	SOF	Special Projects	Total
Wages and salaries	\$ 53,052	\$ 49,583	\$ 39,297	\$ 35,583	\$ 24,532	\$ 640,355
Fringe benefits	17,977	8,319	8,018	11,859	4,796	162,912
	<u>71,029</u>	<u>57,902</u>	<u>47,315</u>	<u>47,442</u>	<u>29,328</u>	<u>803,267</u>
Supplies and materials -						
Office	1,346	2,733	1,345	1,735	1,083	29,209
Education and training	-	2,129	-	-	228	2,847
Printing	47	46	94	38	11	3,092
Cleaning supplies	148	374	28	62	227	2,444
Postage	52	103	28	46	190	1,827
Travel -						
Mileage and parking	3,064	2,290	1,740	2,124	49	14,022
Airfare	-	-	285	-	307	1,246
Lodging	7	7	1,206	6	67	1,984
Per diem	1	1	228	1	-	669
Ground transportation	-	-	140	-	-	140
Conferences	61	61	679	48	15	2,047
Other -						
Affiliate network	-	-	-	-	-	12,150
Assistance to clients	2,343	-	-	-	2,043	6,508
Organizational expenses	704	653	462	510	305	8,187
Contractual labor	-	313	-	-	5,935	6,248
Computer labor						
hardware/software	644	845	1,333	542	222	9,561
Insurance	448	445	307	373	111	5,740
Rent	108	6,646	22	49	165	8,165
Trainer	-	-	-	-	-	1,826
Utilities	330	177	91	150	422	4,558
Maintenance and repair	227	112	58	111	308	3,170
Other	717	618	704	584	218	18,488
Depreciation	334	144	68	151	506	4,777
Total Expenses	<u>\$ 81,610</u>	<u>\$ 75,599</u>	<u>\$ 56,133</u>	<u>\$ 53,972</u>	<u>\$ 41,740</u>	<u>\$ 952,172</u>

**CARE OF SOUTHEASTERN MICHIGAN**

**SCHEDULE OF BUDGETED, REPORTED, AND AUDITED AMOUNTS - MCOSA PROGRAMS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Final Budget</u>	<u>Reported Amounts</u>	<u>Audited Amounts</u>	<u>Variance</u>
<b>PREVENTION</b>				
Expenses:				
Salaries and wages	\$ 397,024	\$ 404,145	\$ 404,145	\$ -
Fringe benefits	85,147	84,022	84,022	-
Supplies and materials	42,505	46,181	46,181	-
Travel and conferences	13,530	12,930	12,930	-
Other	64,569	60,739	60,739	-
Total Expenses	<u>\$ 602,775</u>	<u>\$ 608,017</u>	<u>\$ 608,017</u>	<u>\$ -</u>
Funding Sources:				
Macomb County Office of Substance Abuse	\$ 529,154	\$ 529,154	\$ 529,154	\$ -
Fees and collections	73,622	78,863	78,863	-
Total Funding Sources	<u>\$ 602,776</u>	<u>\$ 608,017</u>	<u>\$ 608,017</u>	<u>\$ -</u>
<b>ACCESS MANAGEMENT</b>				
Expenses:				
Salaries and wages	\$ 223,514	\$ 225,551	\$ 225,551	\$ -
Fringe benefits	51,136	51,618	51,618	-
Supplies and materials	10,946	8,407	8,407	-
Travel and conferences	2,348	1,910	1,910	-
Other	21,971	19,681	19,681	-
Total Expenses	<u>\$ 309,915</u>	<u>\$ 307,167</u>	<u>\$ 307,167</u>	<u>\$ -</u>
Funding Sources:				
Macomb County Office of Substance Abuse	\$ 192,147	\$ 190,617	\$ 190,617	\$ -
Fees and collections - Medicaid/Adult Benefit Waiver	117,768	116,550	116,550	-
Total Funding Sources	<u>\$ 309,915</u>	<u>\$ 307,167</u>	<u>\$ 307,167</u>	<u>\$ -</u>
<b>CASE MANAGEMENT</b>				
Expenses:				
Salaries and wages	\$ 80,608	\$ 77,478	\$ 77,478	\$ -
Fringe benefits	24,330	22,886	22,886	-
Supplies and materials	5,466	5,876	3,316	2,560
Travel and conferences	3,984	3,949	3,949	-
Other	9,083	9,519	12,079	( 2,560)
Total Expenses	<u>\$ 123,471</u>	<u>\$ 119,708</u>	<u>\$ 119,708</u>	<u>\$ -</u>
Funding Sources:				
Macomb County Office of Substance Abuse	<u>\$ 123,470</u>	<u>\$ 119,707</u>	<u>\$ 119,707</u>	<u>\$ -</u>

**CARE OF SOUTHEASTERN MICHIGAN**

**SCHEDULE OF BUDGETED, REPORTED, AND AUDITED AMOUNTS - MCOSA PROGRAMS  
FOR THE YEAR ENDED SEPTEMBER 30, 2014**

	<u>Final Budget</u>	<u>Reported Amounts</u>	<u>Audited Amounts</u>	<u>Variance</u>
<b>DHS COLLABORATIVE</b>				
Expenses:				
Salaries and wages	\$ 150,158	\$ 149,095	\$ 149,272	\$( 177)
Fringe benefits	38,845	37,927	37,941	( 14)
Supplies and materials	5,958	4,950	6,223	( 1,273)
Travel and conferences	4,913	3,599	3,715	( 116)
Other	<u>20,949</u>	<u>20,050</u>	<u>18,650</u>	<u>1,400</u>
Total Expenses	<u>\$ 220,823</u>	<u>\$ 215,621</u>	<u>\$ 215,801</u>	<u>\$( 180)</u>
Funding Sources:				
Macomb County Office of Substance Abuse	\$ 52,404	\$ 47,331	\$ 47,331	\$ -
Department of Human Services	<u>149,588</u>	<u>149,160</u>	<u>149,160</u>	<u>-</u>
Total Funding Sources	<u>\$ 201,992</u>	<u>\$ 196,491</u>	<u>\$ 196,491</u>	<u>\$ -</u>
<b>PEER RECOVERY COACHING</b>				
Expenses:				
Salaries and wages	\$ 240,565	\$ 239,469	\$ 239,469	\$ -
Fringe benefits	44,724	43,616	43,616	-
Supplies and materials	10,922	9,892	9,892	-
Travel and conferences	14,170	13,021	13,021	-
Other	<u>21,055</u>	<u>19,416</u>	<u>19,408</u>	<u>8</u>
Total Expenses	<u>\$ 331,436</u>	<u>\$ 325,414</u>	<u>\$ 325,406</u>	<u>\$ 8</u>
Funding Sources:				
Macomb County Office of Substance Abuse	\$ 190,000	\$ 190,000	\$ 201,752	\$( 11,752)
Fees and collections - Medicaid/Adult Benefit Waiver	<u>136,850</u>	<u>135,406</u>	<u>123,654</u>	<u>11,752</u>
Total Funding Sources	<u>\$ 326,850</u>	<u>\$ 325,406</u>	<u>\$ 325,406</u>	<u>\$ -</u>