



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

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

SEPTEMBER 30, 2021

MICHIGAN STATEWIDE INDEPENDENT LIVING COUNCIL

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Michigan Statewide Independent Living Corp.
Lansing, Michigan

We have audited the accompanying financial statements of Michigan Statewide Independent Living Corp., (a nonprofit organization), which comprise the statements of financial position as of September 30, 2021, and the related statements of activities and changes in net assets, 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.

Auditors' 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit 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 Michigan Statewide Independent Living Corp. as of September 30, 2021, 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.

THE ALG Group CPAs

ALG Group, CPAs
East Lansing, Michigan
January 12, 2022

MICHIGAN STATEWIDE INDEPENDENT LIVING CORP

STATEMENT OF FINANCIAL POSITION

As of September 30, 2021

ASSETS

Current Assets		
Cash	\$	42,652
Accounts Receivable		37,271
Prepaid Insurance		160
Other Prepaid Expense		1,284
TOTAL ASSETS	\$	<u>81,367</u>

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$	3,573
Accrued Payroll Expense		<u>27,971</u>
Total Current Liabilities		<u>31,544</u>
Net Assets		
Without Donor Restrictions		<u>49,823</u>
Total Equity		<u>49,823</u>
TOTAL LIABILITIES AND NET ASSETS	\$	<u>81,367</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, 2021

Revenue and Support		
Grant Revenue	\$	274,827
Interest Income		<u>59</u>
Total Revenue and Support		<u>274,886</u>
Expenditures		
Program		217,855
Supporting Services		
Management and Administrative		<u>59,140</u>
Total Expenditures		<u>276,995</u>
Net Change in Net Assets		(2,109)
NET ASSETS - Beginning of Year		<u>51,932</u>
NET ASSETS - End of Year	\$	<u><u>49,823</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, 2021

	<u>Program</u>	<u>Supporting Services General and Administrative</u>	<u>Total</u>
Payroll Expense			
Salaries and Wages	\$ 110,431	\$ 36,810	\$ 147,241
Payroll Taxes	8,225	2,742	10,967
Employee Benefits	20,486	6,829	27,315
Retirement	1,144	382	1,526
Total Payroll Expense	<u>140,286</u>	<u>46,763</u>	<u>187,049</u>
Professional Fees	14,216	4,009	18,225
Rent Expense	8,102	2,701	10,803
Communications	7,619	2,539	10,158
Insurance	2,288	763	3,051
Office Expense	182	20	202
Statewide License	17,000		17,000
Travel and Meetings	9,380	2,345	11,725
SPIL Support	18,245		18,245
Miscellaneous	537		537
Total Expense	<u>\$ 217,855</u>	<u>\$ 59,140</u>	<u>\$ 276,995</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, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ (2,109)
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	(20,610)
Prepaid Insurance	1,693
Other Prepaid Expense	440
Increase (Decrease) in Current Liabilities	
Accounts Payable	2,532
Accrued Payroll Expense	5,562
Payable to Grantor	(33,224)
Net Cash (Used In) Operating Activities	<u>(45,716)</u>
Net Cash Decrease for Period	(45,716)
CASH - at the Beginning of Year	<u>88,368</u>
CASH - at the End of Year	<u>\$ 42,652</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, 2021

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, 2021

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, 2021 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, 2021, 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, 2021, 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, 2021, the MSILC's federal tax returns generally remain open for the last three years.

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MICHIGAN STATEWIDE INDEPENDENT LIVING CORP

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2021

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, 2021, 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, 2021, 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, 2021, the Corporation had no deposits in excess of federally insured limits.

Advertising

Advertising costs are expensed as incurred. For the year ended September 30, 2021, \$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 January 12, 2022, 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, 2021

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

Cash	\$ 42,652
Accounts receivable	37,271
Prepaid expenses	<u>1,444</u>
Total	\$ 81,367
Less: deferred revenue	
Available funds	<u>\$ 81,367</u>

Available funds are transferred to the savings account to maximized potential earnings on funds. Deferred revenue represents amounts received in advance for specific purposes and is subtracted from funds that are available for general expenditures.

NOTE 4: - CASH

Cash accounts are detailed as follows as of September 30, 2021:

	BOOK <u>BALANCE</u>	BANK <u>BALANCE</u>	NCUA <u>INSURED</u>
Checking	\$ 35,206	\$ 35,405	\$ 35,405
Savings	<u>7,446</u>	<u>7,445</u>	<u>7,445</u>
Total	<u>\$ 42,652</u>	<u>\$ 42,850</u>	<u>\$ 42,850</u>

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	\$24,048
BSBP Grant	<u>13,223</u>
	<u>\$37,271</u>

Deferred revenue from grants and contracts represents amounts received that has not yet been earned. In prior years, MSILC received an advance of \$75,000 from the Bureau of Services for Blind Persons when it was formed. Activity in the deferred revenue accounts during the year ended September 30, 2021 consists of:

Beginning Balance:	
Bureau of Services for Blind Persons	\$ 40,497
Initial Advance Bureau of Services for Blind	<u>75,000</u>
Total deferred September 30, 2019	\$115,497
Less: Repayment during year ended	
September 30, 2020	(82,273)
September 30, 2021	<u>(33,224)</u>
Due to Bureau of Services for Blind Persons	<u>\$ 0</u>

See Independent Auditors' Report

MICHIGAN STATEWIDE INDEPENDENT LIVING CORP

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2021

NOTE 6 – OPERATING LEASES AND OTHER COMMITMENTS

MSILC leases space from another agency on a month-to-month basis, the lease began in April of 2019 and continued during the current fiscal year. The monthly rent under the terms of this lease is \$770. During the fiscal year MSILC paid \$9,240 in rent for this space.

MSILC also leased storage space during the year ended September 30, 2021. The amount paid for this space was approx. \$1,563.

Subsequent to the fiscal year end, MSILC vacated the office space it was leasing and is operating virtually.

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 one participating employee during the fiscal year and made contributions of \$1,526 to the plan for the year ended September 30, 2021.