

ON MY OWN OF MICHIGAN

AUDITED FINANCIAL STATEMENTS

Years ended June 30, 2019 and 2018

ON MY OWN OF MICHIGAN

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
On My Own of Michigan
Troy, Michigan

We have audited the accompanying financial statements of On My Own of Michigan (a Michigan nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, 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 audits. We conducted our audits 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.

To the Board of Directors
of On My Own of Michigan
Troy, Michigan
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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of On My Own of Michigan as of June 30, 2019 and 2018, 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.

UHY LLP

Farmington Hills, Michigan
November 19, 2019

**ON MY OWN OF MICHIGAN
STATEMENTS OF FINANCIAL POSITION**

ASSETS

	June 30,	
	2019	2018
CURRENT ASSETS		
Cash	\$ 145,696	\$ 96,760
Investments, at fair value	49,660	47,385
Accounts receivable, net	26,744	23,580
Prepaid expenses and other assets	5,004	5,384
Total current assets	<u>227,104</u>	<u>173,109</u>
PROPERTY AND EQUIPMENT, net	<u>3,179</u>	<u>9,662</u>
OTHER ASSET- Security deposits	<u>4,193</u>	<u>4,193</u>
TOTAL ASSETS	<u><u>\$ 234,476</u></u>	<u><u>\$ 186,964</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 5,862	\$ 6,838
Accrued payroll	9,101	19,358
Unearned revenue	11,027	7,234
Deferred rent	2,500	-
Total liabilities	<u>28,490</u>	<u>33,430</u>
NET ASSETS		
Without donor restrictions	170,414	109,808
With donor restrictions	<u>35,572</u>	<u>43,726</u>
Total net assets	<u>205,986</u>	<u>153,534</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 234,476</u></u>	<u><u>\$ 186,964</u></u>

**ON MY OWN OF MICHIGAN
STATEMENTS OF ACTIVITIES**

	Year ended June 30, 2019			Year ended June 30, 2018		
	Without donor Restrictions	With donor Restrictions	Total	Without donor Restrictions	With donor Restrictions	Total
REVENUES AND OTHER SUPPORT						
Contributions	\$ 102,642	\$ -	\$ 102,642	\$ 156,715	\$ -	\$ 156,715
Service fees	333,286	-	333,286	322,530	-	322,530
Investment income	1,146	-	1,146	1,003	-	1,003
Realized/unrealized gain (loss) on investments	1,348	-	1,348	(1,650)	-	(1,650)
Special events	102,924	-	102,924	102,711	-	102,711
Total revenues and other support	541,346	-	541,346	581,309	-	581,309
Net assets released from restrictions	8,154	(8,154)	-	5,475	(5,475)	-
EXPENSES						
Program	327,288	-	327,288	365,253	-	365,253
Management and general	39,229	-	39,229	57,036	-	57,036
Fundraising	122,377	-	122,377	77,921	-	77,921
Total functional expenses	488,894	-	488,894	500,210	-	500,210
CHANGE IN NET ASSETS	60,606	(8,154)	52,452	86,574	(5,475)	81,099
NET ASSETS - Beginning of year	109,808	43,726	153,534	23,234	49,201	72,435
NET ASSETS - End of year	\$ 170,414	\$ 35,572	\$ 205,986	\$ 109,808	\$ 43,726	\$ 153,534

See notes to financial statements.

ON MY OWN OF MICHIGAN
STATEMENTS OF FUNCTIONAL EXPENSES

	Year ended June 30, 2019				Year ended June 30, 2018			
	Program	Management and general	Fundraising	Total	Program	Management and general	Fundraising	Total
Salaries and wages	\$ 172,767	\$ 17,497	\$ 79,692	\$ 269,956	\$ 200,882	\$ 28,293	\$ 53,757	\$ 282,932
Payroll taxes	13,211	1,341	6,327	20,879	16,302	2,296	4,362	22,960
Employee benefits	12,848	1,304	6,164	20,316	10,808	1,523	2,892	15,223
Direct program expense	38,407	1,290	-	39,697	49,437	-	-	49,437
Telephone and technology	4,607	1,535	1,819	7,961	3,168	3,075	3,075	9,318
Depreciation and Amortization	5,186	1,296	-	6,482	7,260	-	-	7,260
Insurance	13,761	1,533	1,533	16,827	10,504	4,502	-	15,006
Occupancy	42,796	9,170	9,170	61,136	43,850	5,159	2,579	51,588
Office and supplies	2,620	705	1,420	4,745	2,428	441	1,545	4,414
Other expenses	1,741	-	5,224	6,965	2,872	2,871	-	5,743
Printing and mailing	4,679	1,553	1,945	8,177	3,664	916	1,527	6,107
Professional fees	10,047	2,005	9,042	21,094	7,945	7,711	7,711	23,367
Transportation	4,618	-	41	4,659	4,365	-	-	4,365
Bad debt	-	-	-	-	1,768	249	473	2,490
	<u>\$ 327,288</u>	<u>\$ 39,229</u>	<u>\$ 122,377</u>	<u>\$ 488,894</u>	<u>\$ 365,253</u>	<u>\$ 57,036</u>	<u>\$ 77,921</u>	<u>\$ 500,210</u>

**ON MY OWN OF MICHIGAN
STATEMENTS OF CASH FLOWS**

	<u>Year ended June 30,</u>	
	<u>2019</u>	<u>2018</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 52,452	\$ 81,099
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	6,482	7,260
Realized /unrealized investment (gain) loss	(1,348)	1,650
Changes in assets and liabilities:		
Accounts receivable	(3,163)	(6,016)
Prepaid expenses	380	1,085
Accounts payable	(976)	307
Accrued payroll	(10,257)	6,030
Unearned revenue	3,793	(16,866)
Deferred rent	2,500	-
	<u>49,863</u>	<u>74,549</u>
INVESTING ACTIVITY -		
Purchase of investments	<u>(928)</u>	<u>(1,180)</u>
CASH , BEGINNING OF THE YEAR	<u>96,760</u>	<u>23,391</u>
CASH, END OF THE YEAR	<u><u>\$ 145,695</u></u>	<u><u>\$ 96,760</u></u>

ON MY OWN OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

On My Own of Michigan (the “Organization”) is a non-profit organization, helping adults with developmental disabilities make the transition to and maintain a life of independence. The Organization’s mission is to assist members in becoming self-sufficient, contributing adults in the community.

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES

The following is a summary of certain accounting policies followed in the preparation of these financial statements. The policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are prepared in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountant (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the Guide”). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Concentration of Credit Risk

The Organization may occasionally maintain deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions. Management has deemed this as a normal business risk.

ON MY OWN OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Accounts Receivable

Accounts receivable includes amounts due from members and donors of the Organization as of June 30, 2019 and 2018, net of an allowance for uncollectible accounts. The allowance is based on management's estimate of the amount of receivables that will actually be collected. Management has determined that no allowance was necessary as of June 30, 2019 and 2018.

Property and Equipment

Purchased property and equipment are stated at cost. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the related assets, which range from 5 to 7 years.

Investment Securities

The Organization records its investments in marketable equity securities in accordance with ASC-topic Not-for-Profit Entities Investments. Accordingly, investments in marketable securities with readily determinable fair values are valued at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the Statements of Activities. Investment return is presented net of investment fees.

Revenue Recognition

Contributions

Unconditional contributions are recognized when pledged and are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

ON MY OWN OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support.

Service Fees

The Organization receives fees for various programs which are recognized in the period to which the program relates and for which the participant are entitled to benefits.

Special Events

Special event revenues are reported net of direct expenses. For the years ended June 30, 2019 and 2018, direct expense was \$24,968 and \$35,547, respectively.

Functional Expenses

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include personnel, occupancy and general operating expenses on the basis of estimates of time and effort. All other expenses are allocated based on direct identification and utilization.

Donated Services

A substantial number of volunteers have donated significant amounts of their time in the Organization's program services and its fundraising campaigns. Donated services were not recognized in the financial statement since they did not meet the criteria for recognition under ASC topic *Contributions*.

Income Taxes

The Organization operates as a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes. ASC guidance regarding accounting for uncertainty in income taxes clarifies the accounting for income taxes by prescribing the minimum recognition threshold income tax position is required to be met before being recognized in the financial statements and applies to all income tax positions. Each income tax position is assessed using a two-step process. A determination is first made as to whether it is more likely than not that the income tax position will be sustained, based upon technical merits, upon examination by the taxing authorities. If the income tax position is expected to meet the more likely than not criteria, the benefit recorded in the financial statements equals the largest amount that is greater than 50% likely to be realized upon its ultimate settlement. At June 30, 2019 and 2018, there were no uncertain tax positions that required accrual.

ON MY OWN OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (Continued)

Subsequent Events

The Organization has performed a review of events subsequent to the Statement of Financial Position through November 19, 2019, the date the financials were available to be issued. There were no material subsequent events that required recognition or additional disclosure.

NOTE 3 – INVESTMENTS

Fair values and unrealized gains (losses) are summarized as follows:

	June 30, 2019		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized (Loss)</u>
Fixed income funds	<u>\$ 51,743</u>	<u>\$ 49,660</u>	<u>\$ (2,083)</u>
	June 30, 2018		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Loss</u>
Fixed income funds	<u>\$ 50,811</u>	<u>\$ 47,385</u>	<u>\$ (3,426)</u>

Investment income consists of the following:

	<u>2019</u>	<u>2018</u>
Interest	\$ 24	\$ 216
Dividends	<u>979</u>	<u>930</u>
	<u>\$ 1,003</u>	<u>\$ 1,146</u>

NOTE 4 – FAIR VALUE MEASUREMENTS

ASC topic *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

ON MY OWN OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

The three levels of the fair value hierarchy under ASC topic *Fair Value Measurements* are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means;
- if the asset or liability has a specific (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Fixed income and mutual funds: Valued at the closing price reported in the active market on which the individual securities are traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value or certain financial instruments could result in a different fair value measurement at the reporting date.

ON MY OWN OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 4 – FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value:

	June 30, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
Fixed income funds	\$ 49,660	\$ -	\$ -	\$ 49,660

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Assets:				
Fixed income funds	\$ 47,385	\$ -	\$ -	\$ 47,385

NOTE 5 – ENDOWMENT

The Organization has an endowment to support general program activities. The endowment includes donor-restricted funds with no stipulated reinvestment policy for earnings, as such, all returns are classified as without donor restrictions and are available for use during the year.

Interpretation of Relevant Law

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. In accordance with generally accepted accounting principles and this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment. Investment earnings are classified as without donor restrictions unless otherwise specified by the donor.

The Organization's investment objective is to achieve a consistent rate of return (income, appreciation and reinvested funds) that will provide for supplemental revenues to support general programs. As of June 30, 2019 and 2018 the fair value of the endowment gifts totaled \$35,572.

ON MY OWN OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	<u>2019</u>	<u>2018</u>
Vehicles	\$ 39,816	\$ 39,816
Leasehold Improvements	8,646	8,646
Website	<u>5,800</u>	<u>5,800</u>
Total cost	54,262	54,262
Less: Accumulated depreciation and amortization	<u>(51,083)</u>	<u>(44,600)</u>
	<u>\$ 3,179</u>	<u>\$ 9,662</u>

There was \$6,482 and \$7,260 of depreciation and amortization expense for the years ended June 30, 2019 and 2018, respectively.

NOTE 7– LINE OF CREDIT

The Organization has an unused line of credit with a bank whereby a maximum of \$20,000 may be borrowed for operations. The line is unsecured and bears interest payable at the prime rate plus 2.36% per annum.

NOTE 8 –RESTRICTED NET ASSETS

Net assets with donor restrictions are comprised of the following:

	<u>2019</u>	<u>2018</u>
Group Outings	\$ -	\$ 4,564
CARF	-	3,590
Endowment	<u>35,572</u>	<u>35,572</u>
	<u>\$ 35,572</u>	<u>\$ 43,726</u>

ON MY OWN OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 9– LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of June 30, 2019, reduced by the amounts not available for general use within one year due to contractual or donor-imposed restrictions or internal designations.

Financial assets	
Cash	\$ 145,696
Investments	49,660
Receivables	<u>26,744</u>
Total financial assets	222,100
Amounts not available for general use	
Donor restricted funds	<u>(35,572)</u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 186,528</u></u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

In addition, the organization has available an unsecured line of credit which may also be used to meet general expenditures. As of June 30, 2019, available credit on the line was \$20,000.

NOTE 10 – 403(b) RETIREMENT PLAN

The Organization participates in a 403(b) retirement plan. Under the plan, the Organization can contribute a percentage of the participants’ deferral not to exceed three percent (3%) of each eligible employee’s salary. An employee becomes eligible once they have been employed one year and have attained the age of 21. There were no employer matching contributions made to the plan for the years ended June 30, 2019 and 2018.

ON MY OWN OF MICHIGAN
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 11 – DEFERRED RENT AND OPERATING LEASE COMMITMENTS

The Organization entered into a new operating lease agreement in June 2018 for their office and program space. The lease agreements runs through May 2023 and includes escalating rent payments. Payments under this lease are expensed on a straight-line basis, which results in a deferred rent liability. As of June 30, 2019 and 2018 the total amount deferred was \$2,500 and \$-0-, respectively. Deferred rent is recognized over the term of the lease.

Total rent expense for the years ended June 30, 2019 and 2018 was \$60,936 and \$51,201, respectively.

The Organization also leases office equipment for total monthly payments of \$188 expiring December 2021.

Schedule of future minimum lease payments required under the leases for the years succeeding June 30, 2019, are summarized as follows:

<u>Years ending June 31,</u>	<u>Amount</u>
2020	58,755
2021	59,955
2022	60,027
2023	<u>55,000</u>
Total minimum payments	<u>\$ 233,737</u>