Hannibal Area Council of Aging
d/b/a Hannibal Nutrition Center

Financial Statements

Year Ended June 30, 2025

Hannibal Area Council of Aging
d/b/a Hannibal Nutrition Center
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June 30, 2025

Financial Section

Wade Stables P.C.
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

Board of Directors
Hannibal Area Council of Aging
d/b/a Hannibal Nutrition Center
Hannibal, Missouri

Disclaimer of Opinion

We were engaged to audit the accompanying financial statements of Hannibal Area Council of Aging (a nonprofit organization), which comprise the statements of assets, liabilities and net assets – modified cash basis as of June 30, 2025, and the related statements of revenues, expenses and other changes in net assets – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements.

We do not express an opinion on the accompanying financial statements of Hannibal Area Council of Aging. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As described in the accompanying Schedule of Findings and Responses, the Hannibal Area Council of Aging did not maintain internal control over financial reporting sufficient to allow us to obtain reliable audit evidence for significant classes of transactions and account balances for the year ended June 30, 2025. Specifically:

- The Hannibal Area Council of Aging lacked effective segregation of duties and independent oversight over cash disbursements, journal entries, bank reconciliations, and credit and debit card activity. One individual had responsibility for initiating, recording, authorizing, and reconciling transactions, with limited or undocumented board review.
- We were unable to obtain sufficient appropriate audit evidence to support the occurrence, accuracy, classification, and cutoff of a significant number of cash disbursements due to missing or inadequate supporting documentation, inconsistent vendor identification, manual and post-dated checks, and discrepancies between accounting records and check copies.
- The Hannibal Area Council of Aging did not maintain complete credit card and debit card statements or supporting receipts, and reconciliations of card activity were not performed or independently reviewed. As a result, we were unable to verify the allowability, accuracy, or business purposes of these expenditures.

Because of the significance of these matters, we were unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. The possible effects of undetected misstatements on the financial statements could be both material and pervasive.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our disclaimer of opinion is not modified with respect to this matter.

Independent Auditors' Report (Concluded)

Emphasis of Matter – Going Concern

As discussed in Note 7 to the financial statements, the Council has experienced conditions and events that raise substantial doubt about its ability to continue as a going concern. Management's evaluation of these conditions and its plans to address them are described in Note 7. Our disclaimer of opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 1, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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' Responsibilities for the Financial Statements

Our responsibility is to conduct an audit of Hannibal Area Council of Aging's financial statements in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* and to issue an auditors' report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are required to be independent of Hannibal Area Council of Aging and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2026, on our consideration of Hannibal Area Council of Aging's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Hannibal Area Council of Aging's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hannibal Area Council of Aging's internal control over financial reporting and compliance.

Wade Stables P.C.

Wade Stables P.C.
Certified Public Accountants

February 23, 2026
Hannibal, Missouri

Hannibal Area Council of Aging
d/b/a Hannibal Nutrition Center

Statement of Assets, Liabilities and Net Assets - Modified Cash Basis
June 30, 2025

		2025
Assets		
Current Assets:		
Cash and equivalents	$	114,356
Fixed Assets:		
Property and equipment, net of accumulated depreciation		596,695
Total Assets	$	711,051
Liabilities and Net Assets		
Current Liabilities:		
Payroll liabilities	$	1,120
Total Liabilities	$	1,120
Net Assets:		
Without donor restrictions	$	709,931
Total Net Assets	$	709,931
Total Liabilities and Net Assets	$	711,051

Hannibal Area Council of Aging
d/b/a Hannibal Nutrition Center

Statement of Revenues, Expenses and Other Changes in Net Assets - Modified Cash Basis
For the Year Ended June 30, 2025

		2025
Revenue and Support Without Donor Restrictions		
Nutrition site meals	$	125,234
Government grants		488,896
Grants and contributions		169,608
Contracted revenue		570,792
Fundraising		55,075
Interest income		6
Miscellaneous		153
Employee retention credit refund		67,108
Total Revenue and Support Without Donor Restrictions and Reclassifications	$	1,476,872
Expenses		
Program services - Nutrition Site Meals	$	1,403,456
Supporting activities:		
Management and general		20,102
Fundraising		11,473
Total Expenses	$	1,435,031
Net Increase (Decrease) in Net Assets	$	41,841
Net Assets, Beginning of Year		668,090
Net Assets, End of Year	$	709,931

See the accompanying notes to financial statements.

Hannibal Area Council of Aging
d/b/a Hannibal Nutrition Center

Statement of Functional Expenses - Modified Cash Basis
For the Year Ended June 30, 2025

	Program Services	Supporting Activities		
	Nutritional Site Meals	Management and General	Fundraising	Total
Wages	$ 458,156	$ -	$ -	$ 458,156
Payroll taxes	35,473	-	-	35,473
Raw food	541,394	-	-	541,394
Contracted costs	133,285	-	-	133,285
Equipment maintenance and rental	1,091	-	-	1,091
Supplies	34,993	-	-	34,993
Auto expense	53,289	-	-	53,289
Utilities	30,705	-	-	30,705
Cellular phones	8,146	-	-	8,146
Building maintenance	42,909	-	-	42,909
Depreciation	33,460	-	-	33,460
Storage	-	1,448	-	1,448
Insurance	30,555	-	-	30,555
Office expense	-	18,654	-	18,654
Fundraising	-	-	11,473	11,473
Total Expenses	$ 1,403,456	$ 20,102	$ 11,473	$ 1,435,031

Hannibal Area Council of Aging
d/b/a Hannibal Nutrition Center

Statement of Cash Flows - Modified Cash Basis
For the Year Ended June 30, 2025

		2025
Cash Flows From Operating Activities		
Net Increase (Decrease) in Net Assets	$	41,841
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		33,460
Increase (decrease) in payroll liabilities		990
Net Cash Provided (Used) by Operating Activities	$	76,291
Cash Flows From Investing Activities		
Acquisition of property and equipment	$	(14,833)
Net Cash Provided (Used) by Investing Activities	$	(14,833)
Net Increase (Decrease) in Cash	$	61,458
Cash, Beginning of Year		52,898
Cash, End of Year	$	114,356
Cash Paid During the Year for		
Interest		None
Noncash Transactions		None

1) Significant Accounting Policies

Hannibal Area Council of Aging, (the Council) is a nonprofit corporation, incorporated in 1990 in the state of Missouri. The Council's purposes are (a) to provide a nutritional site for the elderly and persons of limited physical and/or mental ability and (b) to provide meal delivery for homebound elderly persons. The Council is supported through volunteer services provided by communities in the county, contributions, and fundraising activities primarily from sources within the geographic area in which it is located. Therefore, the economic condition of the Council is closely linked to the economic condition of Missouri and Marion County.

Basis of Accounting

The financial statements of the Council have been prepared on the modified cash basis of accounting. Under this method, contributions and other revenues are recognized when received rather than when pledged or earned, and certain expenses and purchases are recognized when cash is disbursed rather than when the obligation is incurred. Modifications to the cash basis of accounting result from management's decision to record property and equipment and related depreciation and payroll liabilities in the accompanying financial statements.

Basis of Presentation

Financial statement presentation follows the Not-for-Profit Entities topics of the FASB Accounting Standards Codification. Under these topics, the Council is required to report information regarding its financial position and activities according to two classes of net position: net assets without donor restrictions and net assets with donor restrictions.

Use of Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting 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.

Revenues and Support

Revenue and support are recognized when cash is received or ownership of other assets are transferred to the Council. The Council reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Revenues, Expenses and Other Changes in Net Assets – Modified Cash Basis as net assets released from restriction.

Funds received under grants and contracts from projects supported by the United States and State of Missouri governments are reported as support.

Cash

For purposes of the Statement of Cash Flows, the Council considers all highly liquid debt instruments including short-term debt securities with maturities of three months or less to be cash equivalents.

Property and Equipment

Property and equipment purchased by the Council are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets. Buildings are depreciated over 40 years, and equipment and furniture over 5-10 years.

1) Significant Accounting Policies (Concluded)

Income Tax Status

The Council is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. IRS Form 990, *Return of Organization Exempt from Income Tax* for the year ended June 30, 2025, and prior years have been filed. The Council's income tax filings are subject to audit by various taxing authorities and are open for audit for the years 2023 to 2025.

Functional Allocation of Expenses

The costs of providing the various programs and other activities are charged directly to program, management or fundraising in general categories based on specific identification.

2) Liquidity Management and Availability of Resources

At June 30, 2025, the Council had $114,356 of financial assets available within one year of the Statement of Assets, Liabilities and Net Assets – Modified Cash Basis date to meet cash needs for general expenditure consisting of cash. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the Statement of Assets, Liabilities and Net Assets – Modified Cash Basis date.

The Council does not currently have a policy structuring its financial assets to be available as general expenditures, liabilities, and other obligations become due.

3) Property and Equipment

Property and equipment at June 30, 2025, consisted of the following:

		2025
Land	$	29,650
Building and improvements		952,031
Machinery and equipment		155,579
Vehicles		7,199
	$	1,144,459
Less: Accumulated depreciation		(547,764)
Property and equipment, net	$	596,695

Depreciation expense for the year ended June 30, 2025, was $33,460.

4) Related Party Transactions

During the year ended June 30, 2025, the Council paid a construction company owned by the Fiscal Manager's spouse a total of $17,327 for construction services. In addition, the Executive Director and Fiscal Manager are siblings and have other family members also employed by the Council.

5) Concentrations of Credit Risk

The Council maintains cash balances at two financial institutions located in Hannibal, Missouri. Accounts are insured by the Federal Deposit Insurance Corporation up to $250,000. At various times throughout the year, the Council's cash deposits may exceed federally insured limits.

6) Commitments and Contingencies

A material portion of the Council's revenue is dependent upon contracts through the Northeast Missouri Area Agency on Aging, the loss of which would have a materially adverse effect on the Council. During the year ended June 30, 2025, these contracts accounted for $488,896 of revenues collected. These contracts are renewable annually.

The Council provides meals for Mark Twain Behavioral Health and the State of Missouri's Hannibal Community Supervision Center. During the year ended June 30, 2025, these contracts accounted for meal revenues of $502,001.

The Council receives financial assistance from government and local agencies that is subject to reviews and audits. These reviews and audits could lead to requests for reimbursement or withholding of future funding for expenditures disallowed under or other noncompliance with the terms of the financial assistance programs or grants. The Council has not been notified of any noncompliance or ineligibility that would require reimbursement of its financial assistance as of June 30, 2025.

During the year ended June 30, 2024, the Council applied for the federal government's Employee Retention Credit for $177,907. During the year ended June 30, 2025, the Organization received $67,108, including interest. The Employee Retention Credit is subject to certain eligibility requirements and the program is currently under scrutiny by the Internal Revenue Service to ensure recipients were indeed eligible to receive these credits. As of the audit date, the Council has not been notified of any noncompliance with the eligibility requirements, however, it is possible that the Council's application may be subject to further review as the Internal Revenue Service performs its compliance testing of this program.

7) Going Concern

During the year ended June 30, 2025, the Council underwent its annual programmatic and fiscal monitoring by Northeast Missouri Area Agency on Aging (Agency). This monitoring resulted in several findings, designating the Council as high risk for the Agency. The Agency requested the Council undergo additional review, however, this was not performed. Therefore, the Council received a Notice of Termination effective at the close of business on November 10, 2025. The loss of this funding will significantly impact the Council's ability to continue as a going concern. Per the Council, measures are currently being taken to remedy this situation and restore funding. However, as of the issuance date of these financial statements, a full resolution has not been determined, but per the Council, productive discussions have been occurring with the Agency.

8) Subsequent Events

Subsequent events have been evaluated through February 23, 2026, which is the date the financial statements were available to be issued.

Compliance Section

Wade Stables P.C.
CERTIFIED PUBLIC ACCOUNTANTS

100 North Sixth Street ♦ P.O. Box 796 ♦ Hannibal, Missouri 63401-0796 ♦ Phone (573) 221-5998 ♦ Fax (573) 221-2044

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Hannibal Area Council of Aging
d/b/a Hannibal Nutrition Center

We were engaged to audit, in accordance with the 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, the financial statements of Hannibal Area Council of Aging (a nonprofit organization) (Council), which comprise the statement of assets, liabilities, and net assets – modified cash basis as of June 30, 2025, and the related statements of support, revenues, and expenses and changes in net assets – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 23, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2025-001 and 2025-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as item 2025-003.

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* (Concluded)

Hannibal Area Council of Aging's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Council's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Council's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wade Stables P.C.

Wade Stables P.C.
Certified Public Accountants

Hannibal, Missouri
February 23, 2026

Finding 2025-001 – Segregation of Duties and Oversight

Condition: During the course of our audit, we noticed a lack of segregation of duties within the accounting functions of the Council. During the year ended June 30, 2025, one person was essentially in charge of many accounting duties with limited oversight. The Fiscal Manager receives mail, enters transactions into the accounting system, prepares checks, signs checks, has access to the debit and credit cards, posts journal entries, and performs the bank reconciliations. The Executive Director and Fiscal Manager are sisters with other various family members also involved in the Council's day-to-day operations.

Cash Disbursements**:**

Incoming mail is processed by an office staff member. Invoices received by mail are given to the Fiscal Manager. The Fiscal Manager records the invoices in the accounting system and manually prepares the checks to be signed. All checks, with the exception of the payroll checks, are handwritten. Checks under $1,000 only require one signature and checks for $1,000 and above require two signatures. Per our review of check copies, the Fiscal Manager or Executive Director typically sign the checks, with the Board Secretary providing a second signature on checks of $1,000 and above. Per management, the board member signing checks would also examine the invoices/supporting documentation at that time. We were unable to verify this procedure was followed, as there was a lack of proper supporting documentation for many of our selected transactions. In addition, due to the $1,000 threshold, supporting documentation for checks not requiring a board member signature are not reviewed by any member of the board. During our audit, we noted check stubs had been mislabeled in the accounting system where the actual check copy was to one vendor but noted in the accounting system to another vendor; check dates on the checks did not agree with the date recorded in the accounting system; and checks were classified incorrectly in the accounting system based on the nature of the expense. We noted a postdated check that was originally prepared with a June 2025 date, which was then crossed out to be dated July 2025. As a result, this check was not included as outstanding as of year-end.

Credit Cards/Debit Card:

The Council does not have a formal credit card policy in place and a member of the Board does not review credit card statements or receipts. Credit card reconciliations are not performed or reviewed by a designated party. During our audit procedures, it was determined that receipts and/or other supporting documentation for charges made to the Council's credit cards were not maintained. Additionally, the credit card statements were not always on file. Also, receipts for debit card transactions were not all maintained in support of debit card activity.

Bank Reconciliations:

Bank reconciliations are performed by the Fiscal Manager and appear to be manual rather than through the accounting system. Per the Council's procedure, the Board Chairman and Vice Chairman review bank reconciliations and bank statements each month. They then sign the bank statements to indicate approval. We reviewed bank statements and reconciliations for board member signatures and noted that most bank statements only had one board member signature. Furthermore, some bank statements did not have any signatures indicating approval.

Criteria: Strong internal control requires segregation of incompatible duties to minimize the risk for misstatement.

Finding 2025-001 – Segregation of Duties and Oversight (Continued)

Effect: Proper segregation of duties strengthens internal control and is essential to ensure financial reporting is accurate. Misstatements are more likely to occur and not be detected and, consequently, corrected so that management and other users of the financial statements receive reliable information.

The use of manual checks substantially weakens internal controls over cash disbursements. Manual checks have the potential to never be recorded in the Council books or to be recorded inaccurately. This has the potential for material misstatements of the financial statements, including possible fraud which may escape detection if the information has evaded the books of account. Adequate supporting documentation for expenses is critical to support the accuracy and authenticity of the transaction. Proper cutoff is critical. Any process or procedure that holds the books open or closes them in advance will yield inaccurate financial results. In addition, grants or contracts require adequate accounting of the Council's books and records. If the accounting is not proper, the Council can be in violation of these contracts, jeopardizing critical funding. It is even more imperative that expenditures related to federal funding are closely monitored to ensure that only allowable expenditures are included and all federal expenditures are supported by appropriate supporting documentation.

Recommendations: The Council should segregate duties the best they can. Even with limited staff, there are duties that should be segregated to strengthen internal control activities. In small nonprofit organizations with limited available staff members, it is difficult to maintain effective internal controls. In these situations, many nonprofit boards are more involved in the operational tasks in order to maintain as much segregation of duties as possible.

Cash Disbursements**:**

The Council should develop a cash disbursement process where invoices are received by someone without access to the accounting system. Those invoices should then be forwarded to the appropriate personnel for approval before being forwarded to the Fiscal Manager to be processed for payment. All invoices should be approved by someone without access to the accounting system before checks are prepared. A Board member should sign all checks rather than the Fiscal Manager or Executive Director. Original invoices and other supporting documents should accompany each check and checks should be signed only after the signer reviews the appropriate supporting documentation. All documentation should be stored in a safe location and filed in an organized manner. We recommend that all check disbursements be dated in sequence using the date the check is actually produced.

We suggest that a Board member review the payroll packets from the payroll processing company, noting their review with their initials and the date of review. Part of this review should include Board members verifying that the recorded payroll transactions per the payroll packet match the general ledger and the bank records. This would add a detective control to the payroll processing when preventative controls are not available.

Credit Cards/Debit Card:

We recommend that the Council develop a policy to reduce the risks associated with credit card use. A policy should outline the procedures employees must follow to use the Council's credit card. The policy should set restrictions on which employees can use credit cards. The policy should clearly identify prohibited uses for the cards, such as cash advances and electronic cash transfers. It should explicitly state that the credit cards may not be used for personal expenses. There should also be restrictions placed on the types of allowable purchases, and the policy should set a spending limit. The policy should clearly state that unauthorized credit card purchases and charges without appropriate documentation are the responsibility of employees. Employees must provide documentation to support all charges and the policy should detail the procedures for submitting receipts to the appropriate person. The policy should state that violations will result in disciplinary actions, up to and including termination of employment and, where appropriate, criminal prosecution. Employees should sign an acknowledgement stating that he or she has read and understands the policy.

Finding 2025-001 – Segregation of Duties and Oversight (Concluded)

Additional controls of credit cards include maintaining the credit card statements with all supporting receipts in an organized manner. Reconciliations should be performed for each credit card statement, matching all transactions to the supporting receipt. These reconciliations should be reviewed by a Board member on a timely basis along with the supporting receipts. This review should be indicated on the reconciliation with the initials of the reviewer and the date performed.

We strongly discourage the use of a debit card to prevent the risk of loss of assets because all transactions through the debit card have a direct impact on the operating bank account. Credit cards, on the other hand, provide a shield on the risk of loss, because all charges on the cards will be billed to the Council for payment and should be processed as discussed above.

Bank Reconciliations:

Bank reconciliations should be generated directly from the accounting software to ensure all transactions recorded in the accounting system are included in the reconciliation. The bank reconciliation should be performed by someone without other bank transaction responsibilities. Bank statements and bank reconciliations should be reviewed by the Board Treasurer or Board as a whole and that review should be indicated with the reviewer’s initials and date of review.

Journal entries should be approved before posting and supporting documentation should be maintained. In addition, an audit log showing all changes that are made within the accounting system should be regularly reviewed by management and by the Board, and those reviews should also be indicated with initials and dates.

Response: On February 20, 2026, the Council signed an agreement to hire an external accounting firm to provide bookkeeping, reconciliation, tax return, payroll, and financial statement services. The Council also updated and implemented additional policies and procedures to assist in mitigating risks associated with the cash disbursements process and credit card usage.

2025-002 - Conflict of Interest and Related-Party Transactions

Condition: The Council employed multiple individuals during the fiscal year ended June 30, 2025, who were related to one another, and the Council engaged in transactions with related parties during the year. The Executive Director and Fiscal Manager are sisters, and additional immediate family members were employed by or provided services to the Council. Transactions occurred with a construction company owned by the Fiscal Manager's husband, and with a storage facility owned by the Fiscal Manager's father-in-law. Certain payments were made to individuals whose names differed from the vendor recorded in the general ledger, and in one instance, a related-party invoice was misclassified to an incorrect vendor name. Checks related to these transactions were signed by the Fiscal Manager.

Criteria: Government Auditing Standards require that audited entities establish and maintain internal controls to ensure compliance with laws, regulations, grant requirements, and ethical standards, including policies addressing conflicts of interest. Additionally, federal program requirements required by contracts with Northeast Missouri Area Agency on Aging require organizations to identify, disclose, and manage conflicts of interest and related-party transactions to ensure transparency and prevent real or perceived favoritism or misuse of funds.

Cause: The Council did not have a formal conflict-of-interest policy in place during the fiscal year and did not require annual disclosures from employees. Additionally, internal controls over related-party transactions, vendor setup, and check approval were insufficient.

Effect: The lack of timely conflict-of-interest disclosures and inadequate controls increases the risk of undisclosed conflicts of interest, non-arm's length transactions, accounting errors, and noncompliance with grantor requirements. These conditions present a governance and compliance risk.

Recommendation: The Council should formally adopt a conflict-of-interest policy, require annual disclosures from all employees and management, ensure related-party transactions are reviewed and approved by individuals without conflicts, strengthen segregation of duties, and improve vendor coding and payment reconciliation procedures.

Response: The Council provided conflict-of-interest and related-party forms that have since been implemented and provided additional board-approved policies and controls that are intended to improve oversight of related-party transactions.

2025-003 Disbursement Tracking of Northeast Missouri Area Agency on Aging Funds

Condition: During our audit, it was noted that the Council was not tracking disbursements of funds received from Northeast Missouri Area Agency on Aging separately from their other expenses. The Council did separate their expenses related to meals they serve to other organizations, but it is still unclear how the Council expended their funds received from Northeast Missouri Area Agency on Aging.

Criteria: Per item 20 in the program services contract between the Council and Northeast Missouri Area Agency on Aging, the Council is required to maintain detailed and complete account records with respect to all funds received from the Agency and with respect to the Council's disbursements of the funds. Northeast Missouri Area Agency on Aging requires reports from the Council showing the Northeast Missouri Area Agency on Aging funds received against the funds disbursed.

Cause: The Council's accounting software was not configured to separately track expenses paid with Northeast Missouri Area Agency on Aging funds versus expenses reimbursed by other entities or not reimbursed. As a result, the Council was unable to accurately report the disbursements of funds received from Northeast Missouri Area Agency on Aging.

Effect: Without proper setup of the accounting system to separately track disbursements of Northeast Missouri Area Agency on Aging funds, the Council cannot demonstrate that funds were expended on allowable costs under the contract. Failure to properly document allowable expenditures could result in adverse actions by the funding provider, including requests for repayment of funds and/or suspension of future funding.

Recommendation: Wade Stables P.C. recommends that the Council implement procedures to accurately and completely track the disbursement of funds received from Northeast Missouri Area Agency on Aging. This should include configuring the accounting system to segregate Northeast Missouri Area Agency on Aging - funded expenses, performing reconciliations of funds received to funds disbursed, and implementing independent reviews of those reconciliations. The Council may also consider maintaining a separate bank account for Northeast Missouri Area Agency on Aging funds to facilitate accurate tracking and reporting.

Response: The Council has updated their policies and procedures to ensure the budget is developed using standard revenue recognition and cost allocation procedures as specified within the grant agreements, and include reviews of actual disbursements to approved budget amounts per the grant agreements.