

R.O.O.C., INC.
ROSCOMMON, MICHIGAN
FINANCIAL STATEMENTS
JUNE 30, 2024



WEINLANDER FITZHUGH
Certified Public Accountants & Advisors

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-3
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8-12
Statement of Support, Revenue and Expenses – Budget and Actual	13-14
Independent Auditor's 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	15-16
Schedule of Findings and Responses	17
Summary Schedule of Prior Year Findings	18



INDEPENDENT AUDITOR'S REPORT

October 16, 2024

Board of Directors
R.O.O.C., Inc.
Roscommon, Michigan

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of R.O.O.C., Inc. (Organization), which comprise the statement of financial position as of June 30, 2024 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of R.O.O.C., Inc. as of June 30, 2024 and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with U.S. generally accepted auditing standards (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of R.O.O.C., Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. generally accepted accounting principles, and 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.

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



WEINLANDER FITZHUGH

Certified Public Accountants & Advisors

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of support, revenues and expenses - budget and actual on pages 13 and 14, as noted in the table of contents, 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 U.S. generally accepted auditing standards. 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 October 16, 2024, on our consideration of R.O.O.C., Inc.'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 R.O.O.C., Inc.'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 R.O.O.C., Inc.'s internal control over financial reporting and compliance.

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R.O.O.C., INC.
Statement of Financial Position
June 30, 2024

	Current Operations	Land, Building and Equipment	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 403,348	\$ 0	\$ 403,348
Accounts receivable	124,699	0	124,699
Inventory	165	0	165
Land, building and equipment (at cost):			
Land and land improvements	0	18,165	18,165
Buildings and building improvements	0	771,813	771,813
Equipment and vehicles	0	175,824	175,824
Office equipment	0	51,768	51,768
Less: accumulated depreciation	0	(824,750)	(824,750)
Total Assets	\$ 528,212	\$ 192,820	\$ 721,032
<u>LIABILITIES AND NET ASSETS</u>			
<u>Liabilities</u>			
Accounts payable	\$ 18,609	\$ 0	\$ 18,609
Salaries and benefits payable	26,910	0	26,910
Compensated absences	8,656	0	8,656
Total liabilities	54,175	0	54,175
<u>Net Assets</u>			
Without donor restrictions	474,037	192,820	666,857
Total net assets	474,037	192,820	666,857
Total Liabilities and Net Assets	\$ 528,212	\$ 192,820	\$ 721,032

See accompanying notes to financial statements.

R.O.O.C., INC.
Statement of Activities
For the Year Ended June 30, 2024

	Without Donor Restrictions		
	Current Operations	Land, Building and Equipment	Total
<u>Revenue</u>			
Operations:			
Production	\$ 43,850	\$ 0	\$ 43,850
Custodial and other services	42,891	0	42,891
	86,741	0	86,741
State Sources:			
NLCMH	869,926	0	869,926
Section 147C	64,352	0	64,352
Other sources	23,891	0	23,891
	958,169	0	958,169
Other Sources:			
Donations	9,718	0	9,718
Interest income	180	0	180
Miscellaneous	77,526	0	77,526
	87,424	0	87,424
Total revenue	1,132,334	0	1,132,334
<u>Expenses</u>			
Program services	582,870	33,381	616,251
Support services	328,416	1,939	330,355
Total expenses	911,286	35,320	946,606
Excess (deficit) of revenue over expenses	221,048	(35,320)	185,728
<u>Other Changes in Net Assets</u>			
Purchase of fixed assets	(82,827)	82,827	0
Loss on sale of fixed assets	5,500	(5,500)	0
Total other changes in net assets	(77,327)	77,327	0
Change in net assets	143,721	42,007	185,728
Net assets - beginning of the year	330,316	150,813	481,129
Net assets - end of the year	\$ 474,037	\$ 192,820	\$ 666,857

See accompanying notes to financial statements.

R.O.O.C., INC.
Statement of Functional Expenses
For the Year Ended June 30, 2024

	Program Services				Total Program Services	Support Services	Total
	Transportation Services	Activity Services	Supportive Employment Program	Production		Management and General	
Salaries	\$ 0	\$ 229,140	\$ 30,520	\$ 46,490	\$ 306,150	\$ 143,528	\$ 449,678
Employee benefits and insurance	0	192,974	8,492	16,175	217,641	116,869	334,510
Client transportation	37,508	0	0	0	37,508	0	37,508
Vehicle expense	17,038	0	0	0	17,038	0	17,038
Utilities	0	0	0	0	0	13,462	13,462
Professional fees and contracted services	0	0	0	0	0	12,746	12,746
Miscellaneous	0	3,136	0	480	3,616	8,110	11,726
Insurance	0	0	0	0	0	11,264	11,264
Supplies and materials	0	120	0	797	917	10,236	11,153
Repairs	0	0	0	0	0	7,057	7,057
Dues	0	0	0	0	0	3,389	3,389
Travel, workshops and conferences	0	0	0	0	0	1,519	1,519
Postage	0	0	0	0	0	236	236
 Total before depreciation expense allocation	 54,546	 425,370	 39,012	 63,942	 582,870	 328,416	 911,286
Depreciation	4,259	9,940	8,890	10,292	33,381	1,939	35,320
Total functional expenses	<u>\$ 58,805</u>	<u>\$ 435,310</u>	<u>\$ 47,902</u>	<u>\$ 74,234</u>	<u>\$ 616,251</u>	<u>\$ 330,355</u>	<u>\$ 946,606</u>

See accompanying notes to financial statements.

R.O.O.C., INC.
Statement of Cash Flows
For the Year Ended June 30, 2024

<u>Cash Flows From Operating Activities</u>	
Change in net assets	\$ 185,728
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	35,320
Changes in operating assets and liabilities:	
Accounts receivable	(35,757)
Inventory	276
Accounts payable	(37)
Salaries payable	9,509
Compensated absences	1,469
	<hr/>
Net cash flows from operating activities	196,508
	<hr/>
<u>Cash Flows From Investing Activities</u>	
Purchase of fixed assets	(82,827)
Loss on sale of fixed assets	5,500
	<hr/>
Net cash flows from investing activities	(77,327)
	<hr/>
Net change in cash and cash equivalents	119,181
Cash and cash equivalents at beginning of year	284,167
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Cash and cash equivalents at end of year	\$ 403,348
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See accompanying notes to financial statements.

R.O.O.C., INC.
Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

R.O.O.C., Inc. (Organization) is a nonprofit corporation created on July 1, 1978 to provide and maintain programs for mentally and physically handicapped individuals who are residents of the C.O.O.R. Intermediate School District. R.O.O.C. is reported as a component unit of C.O.O.R. Intermediate School District.

Prior to July 1, 1978, the Organization's operations were part of C.O.O.R. Intermediate School District's Special Education Fund. The Organization's Board of Directors is the C.O.O.R. Board of Education. The Organization uses C.O.O.R. Intermediate School District employees and reimburses their wages, retirement, etc. on a regular basis. C.O.O.R. Intermediate School District manages many of the financial activities of R.O.O.C., Inc. similar to the way it manages the financial activities of other funds within the district. In its capacity as a component unit of the C.O.O.R. Intermediate School District, R.O.O.C., Inc. participates in the Michigan Public School Employees' Retirement System. R.O.O.C., Inc. has no direct obligation under the plan since the Organization merely reimburses C.O.O.R. Intermediate School District for the contractual use of their employees.

Basis of Accounting

The financial statements are prepared on the accrual basis of accounting. That is, revenue is recognized when earned and expenses when incurred, without regard to the date of receipt or payment of cash.

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 certain grantor) restrictions.

Net assets with donor restrictions - Net assets subject to donor or certain 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 must be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

R.O.O.C., INC.
Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following net assets are available for general operations and are not subject to donor or grantor-imposed restrictions:

Current Operations - Reflects the general operations of the Organization.

Land, Building and Equipment - Includes fixed assets and the related liabilities and accumulated depreciation used in the operations of the Organization.

Use of Estimates

The process of preparing financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Inventory

Inventories, consisting of supplies and materials, are stated at cost, which was determined on a first-in, first-out basis.

Fixed Assets and Depreciation

The Organization capitalizes all expenditures for fixed assets above a nominal amount. The fair market value of donated fixed assets is capitalized upon receipt. When assets are retired, cost and accumulated depreciation are eliminated and the resulting gain or loss is included in income. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

Land improvements	10-25 years
Buildings and building improvements	5-50 years
Equipment and vehicles	5-10 years
Office equipment	5-10 years

Donated Equipment, Materials and Services

Donated equipment is reflected as fixed assets in the accompanying statement of financial position and as contributions in the statement of activities at their estimated values at the date of receipt. No amounts have been recognized in the statement of activities for donated materials because all amounts are deemed immaterial. No amounts have been recognized in the statement of activities for donated services because the criteria for recognition under FASB ASC 958 have not been satisfied.

R.O.O.C., INC.
Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Operations - The Organization provides production and custodial services to customers on a fee for service agreement. All revenue is recorded at the time the services are provided. Revenue is recognized at a point of time.

State Sources - The Organization provides a wide range of programs and services to persons with disabilities including Community Integration, Community Employment Services, Organizational Employment Services, Employee Development Services, Employment Skills Training Services, Respite and Community Living Patient Support Services. The service revenue is reported at the amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. Generally, there are no out of pocket costs for the client/family as long as the client qualifies for Medicare. These amounts include variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Revenue is recognized as the performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations is satisfied at a point of time and is recognized based on agreed upon rates for services performed.

Laws and regulations concerning government programs, including Medicare, are complex and subject to varying interpretation. As a result of investigations by governmental agencies, various health care organizations have received requests for information and notices regarding alleged noncompliance with those laws and regulations, which, in some instances, have resulted in organizations entering into significant settlement agreements. Compliance with such laws and regulations may also be subject to future government review and interpretation as well as significant regulatory action, including fines, penalties, and potential exclusion from the related programs. There can be no assurance that regulatory authorities will not challenge the Organization's compliance with these laws and regulations, and it is not possible to determine the impact (if any) such claims or penalties would have upon the Organization.

The following table provides changes in contractual balances as of June 30th:

	<u>2024</u>	<u>2023</u>
Accounts receivable	<u>\$ 124,699</u>	<u>\$ 88,942</u>

Contributions/Promises to Give - All contributions are considered to be available for the general programs of the Organization unless specifically restricted by the donor. The Organization 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. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified to net assets without donor restrictions.

R.O.O.C., INC.
Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the basis of time records and estimates made by the Organization's management.

Income Taxes

R.O.O.C., is a Michigan nonprofit membership corporation. The corporation is exempt from income taxes, under Section 501(c)(3) of the Internal Revenue Code. The Organization's income tax returns are subject to examination by the appropriate taxing jurisdictions. As of June 30, 2024, the Organization's federal tax returns generally remain open for the last three years.

Statement of Cash Flows

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Cash paid for interest was \$0. There were no non-cash activities in 2024.

Events Occurring After Reporting Date

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through the date of the accompanying Independent Auditor's Report, which is the date the financial statements were available to be issued.

R.O.O.C., INC.
Notes to Financial Statements
For the Year Ended June 30, 2024

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. Financial assets in excess of daily cash requirements are invested in a high yield savings account.

The following table reflects the Organization’s financial assets as of June 30, 2024, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations:

Cash and cash equivalents	\$ 403,348
Accounts receivable	124,699
Total financial assets	<u>528,047</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 528,047</u>

NOTE 3 - ECONOMIC DEPENDENCY

During 2024, R.O.O.C., Inc. received approximately 76% of their current operations revenue from the Northern Lakes Community Mental Health Authority, a State agency. The types of services provided under the contract include day programs, skill-building assistance, pre-vocational services and supported employment. Due to the significance of this revenue source to the Organization, the Organization is considered to be economically dependent.

NOTE 4 - SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents.

NOTE 5 - RISK MANAGEMENT

R.O.O.C., Inc. obtains certain insurance coverage through C.O.O.R. Intermediate School District which has joined together with other school districts in Michigan to form School Employees’ Trust – (SET-SEG), a public entity risk pool currently operating as a common risk management and insurance program for member Michigan school districts. The School District pays an annual premium to SET-SEG for its property, casualty and workers’ compensation insurance coverage. The Agreement for formation of the SET-SEG provides that SET-SEG will be self-sustaining through member premiums.

R.O.O.C., Inc., along with C.O.O.R. Intermediate School District, continues to carry commercial insurance for all other risks of loss, including employee health, long-term disability, professional liability, and errors and omissions. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

R.O.O.C., INC.
Statement of Support, Revenue and Expenses -
Budget and Actual
For the Year Ended June 30, 2024

	Budget	Actual	Variance - Favorable (Unfavorable)
<u>Revenue</u>			
Operations	\$ 56,687	\$ 86,741	\$ 30,054
State sources	1,040,782	958,169	(82,613)
Other sources	92,290	87,424	(4,866)
	<u>1,189,759</u>	<u>1,132,334</u>	<u>(57,425)</u>
<u>Expenses</u>			
<u>Program Services</u>			
Transportation Services:			
Purchased services	43,635	37,508	6,127
Supplies, materials and other	88,315	17,038	71,277
Depreciation expense	3,912	4,259	(347)
	<u>135,862</u>	<u>58,805</u>	<u>77,057</u>
Activity Services:			
Salaries and wages	229,330	229,140	190
Employee benefits	199,940	192,974	6,966
Purchased services	689	0	689
Supplies, materials and other	8,456	3,256	5,200
Depreciation expense	9,306	9,940	(634)
	<u>447,721</u>	<u>435,310</u>	<u>12,411</u>
Supportive Employment Program:			
Salaries and wages	29,771	30,520	(749)
Employee benefits	7,028	8,492	(1,464)
Purchased services	332	0	332
Depreciation expense	0	8,890	(8,890)
	<u>37,131</u>	<u>47,902</u>	<u>(10,771)</u>
Production:			
Salaries and wages	46,938	46,490	448
Employee benefits	16,214	16,175	39
Supplies, materials and other	995	1,277	(282)
Depreciation expense	4,517	10,292	(5,775)
	<u>68,664</u>	<u>74,234</u>	<u>(5,570)</u>
Total program services expenses	<u>689,378</u>	<u>616,251</u>	<u>73,127</u>

R.O.O.C., INC.
Statement of Support, Revenue and Expenses -
Budget and Actual
For the Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
<u>Expenses</u> (Continued)			
<u>Support Services</u>			
Management and General:			
Salaries and wages	\$ 141,967	\$ 143,528	\$ (1,561)
Employee benefits	116,251	116,869	(618)
Purchased services	38,120	34,692	3,428
Supplies, materials and other	31,633	33,327	(1,694)
Depreciation expense	4,102	1,939	2,163
Total support services expenses	<u>332,073</u>	<u>330,355</u>	<u>1,718</u>
Total expenses	<u>1,021,451</u>	<u>946,606</u>	<u>74,845</u>
Change in net assets	<u>\$ 168,308</u>	<u>\$ 185,728</u>	<u>\$ 17,420</u>



INDEPENDENT AUDITOR'S 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*

October 16, 2024

Board of Directors
R.O.O.C., Inc.
Roscommon, Michigan

We have audited, in accordance with U.S. generally accepted auditing standards 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 R.O.O.C., Inc. (Organization), which comprise the statement of financial position as of June 30, 2024 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements and have issued our report thereon dated October 16, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered R.O.O.C., Inc.'s internal control over financial reporting (internal control) as a basis for designing 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 R.O.O.C., Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of R.O.O.C., Inc.'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 Organization'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 did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2024-001 that we consider to be a material weakness.



WEINLANDER FITZHUGH

Certified Public Accountants & Advisors

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether R.O.O.C., Inc.'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

C.O.O.R Intermediate School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on R.O.O.C., Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and responses. R.O.O.C., Inc.'s response was not subjected to the 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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weinlander Fitzhugh

R.O.O.C., INC.
Schedule of Findings and Responses
For the Year Ended June 30, 2024

2024-001 (Repeat Finding)

Criteria or Specific Requirement

Establish and maintenance of internal controls over the financial reporting process.

Condition

Due to the complexity of not-for-profit financial reporting and the related note disclosures, the Organization relies on auditor involvement to prepare its financial statements in accordance with U.S. generally accepted accounting principles.

Criteria

Internal controls should be in place to provide reasonable assurance to the Organization that management possesses the specialized skills necessary to monitor and report annual financial activity without auditor involvement.

Effect

The effect of this condition places a reliance on the independent auditor to be part of the Organization's internal control over financial reporting.

Recommendation

The Organization should review and implement the specialized education and procedural activities to monitor and report annual financial activity without auditor involvement.

Views of the Responsible Officials and Planned Corrective Action

The Organization will continue to develop the skills of the Director of Finance.

R.O.O.C., INC.
Summary Schedule of Prior Year Findings
For the Year Ended June 30, 2024

2023-001

Audit Finding

All audit findings listed above are repeat findings in the current year.

Corrective Action Taken

Corrective action plans were not implemented properly.