



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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November 30, 2009

Board of Directors
Porter County Aging and
Community Services, Inc.
1005 Campbell
Valparaiso, IN 46385

We have reviewed the audit report prepared by Comer, Nowling and Associates, PC, Independent Public Accountants, for the period July 1, 2006 to June 30, 2007. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Porter County Aging and Community Services, Inc., as of June 30, 2007, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

**Porter County Aging And
Community Services, Inc.**

**Consolidated Financial
Statements
For The Years Ended
June 30, 2007 and 2006**



Certified Public Accountants

**PORTER COUNTY AGING AND COMMUNITY SERVICES, INC.
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BUSINESS PLANNING
FINANCIAL STATEMENTS
BUSINESS VALUATIONS
TAX PLANNING
TAX PREPARATION

Independent Auditor's Report

Board of Directors
Porter County Aging And Community Services, Inc.
Valparaiso, Indiana

We have audited the accompanying consolidated statements of financial position of Porter County Aging And Community Services, Inc. as of June 30, 2007 and 2006, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Porter County Aging and Community Services, Inc.'s management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Porter County Aging and Community Services, Inc. and its affiliate as of June 30, 2007 and 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
November 7, 2007

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2007 AND 2006

ASSETS

	2007			2006		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
CURRENT ASSETS:						
Cash and cash equivalents	\$ 50,609	\$ 411,130	\$ 461,739	\$ 53,963	\$ -	\$ 53,963
Certificates of deposit	84,474	-	84,474	136,832	-	136,832
Accounts receivable	105,481	-	105,481	114,219	-	114,219
Prepaid expenses	2,172	-	2,172	1,376	-	1,376
Total current assets	<u>242,736</u>	<u>411,130</u>	<u>653,866</u>	<u>306,390</u>	<u>-</u>	<u>306,390</u>
FIXED ASSETS:						
Building	344,118	-	344,118	344,118	-	344,118
Vehicles	427,132	-	427,132	415,899	-	415,899
Furniture and equipment	112,741	-	112,741	106,033	-	106,033
Leasehold improvements	55,797	-	55,797	55,797	-	55,797
	939,788	-	939,788	921,847	-	921,847
Accumulated depreciation	(587,235)	-	(587,235)	(549,236)	-	(549,236)
Total fixed assets, net	<u>352,553</u>	<u>-</u>	<u>352,553</u>	<u>372,611</u>	<u>-</u>	<u>372,611</u>
Total assets	<u>\$ 595,289</u>	<u>\$ 411,130</u>	<u>\$ 1,006,419</u>	<u>\$ 679,001</u>	<u>\$ -</u>	<u>\$ 679,001</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:						
Accounts payable	\$ 17,284	\$ -	\$ 17,284	\$ 43,803	\$ -	\$ 43,803
Accrued payroll	10,636	-	10,636	6,987	-	6,987
Accrued annual leave	28,249	-	28,249	20,963	-	20,963
Current portion of capital lease liability	1,184	-	1,184	-	-	-
Current portion of long-term debt	11,931	-	11,931	11,238	-	11,238
Total current liabilities	<u>69,284</u>	<u>-</u>	<u>69,284</u>	<u>82,991</u>	<u>-</u>	<u>82,991</u>
LONG-TERM LIABILITIES:						
Long-term debt	296,127	-	296,127	308,058	-	308,058
Capital lease liability	4,467	-	4,467	-	-	-
Total long-term liabilities	<u>300,594</u>	<u>-</u>	<u>300,594</u>	<u>308,058</u>	<u>-</u>	<u>308,058</u>
Total liabilities	<u>369,878</u>	<u>-</u>	<u>369,878</u>	<u>391,049</u>	<u>-</u>	<u>391,049</u>
NET ASSETS:						
Unrestricted	225,411	-	225,411	287,952	-	287,952
Temporarily restricted	-	411,130	411,130	-	-	-
	<u>225,411</u>	<u>411,130</u>	<u>636,541</u>	<u>287,952</u>	<u>-</u>	<u>287,952</u>
Total liabilities and net assets	<u>\$ 595,289</u>	<u>\$ 411,130</u>	<u>\$ 1,006,419</u>	<u>\$ 679,001</u>	<u>\$ -</u>	<u>\$ 679,001</u>

See accompanying notes to financial statements.

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007			2006		
	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT						
Contributions and other local cash	\$ 389,655	\$ 411,130	\$ 800,785	\$ 318,364	\$ -	\$ 318,364
Government grants, federal	370,460	-	370,460	427,708	-	427,708
Government grants, state	95,820	-	95,820	117,736	-	117,736
Project income	89,060	-	89,060	86,575	-	86,575
Interest income	14,510	-	14,510	5,172	-	5,172
Miscellaneous income	411	-	411	34,260	-	34,260
Total revenue and other support	<u>959,916</u>	<u>411,130</u>	<u>1,371,046</u>	<u>989,815</u>	<u>-</u>	<u>989,815</u>
OPERATING EXPENSES						
Community services	232,082	-	232,082	186,822	-	186,822
Elderly services	321,237	-	321,237	349,877	-	349,877
RSVP	-	-	-	49,364	-	49,364
Transportation services	416,332	-	416,332	390,351	-	390,351
Management and general	69,258	-	69,258	129,174	-	129,174
Total operating expenses	<u>1,038,909</u>	<u>-</u>	<u>1,038,909</u>	<u>1,105,589</u>	<u>-</u>	<u>1,105,589</u>
NET INCREASE (DECREASE) IN NET ASSETS BEFORE PRIOR PERIOD ADJUSTMENT						
	(78,993)	411,130	332,137	(115,774)	-	(115,774)
PRIOR PERIOD ADJUSTMENT						
	16,452	-	16,452	-	-	-
NET ASSETS - BEGINNING OF YEAR						
	<u>287,952</u>	<u>-</u>	<u>287,952</u>	<u>403,726</u>	<u>-</u>	<u>403,726</u>
NET ASSETS - END OF YEAR						
	<u>\$ 225,411</u>	<u>\$ 411,130</u>	<u>\$ 636,541</u>	<u>\$ 287,952</u>	<u>\$ -</u>	<u>\$ 287,952</u>

See accompanying notes to financial statements.

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

	Community Services	Elderly Services	RSVP	Transportation	Management And General	2007 Totals
OPERATING EXPENSES						
Salaries and wages	\$ 129,788	\$ 48,534	\$ -	\$ 180,485	\$ 35,487	\$ 394,294
Payroll taxes and benefits	17,311	7,159	-	30,941	5,480	60,891
Professional services	14,779	5,940	-	8,448	2,885	32,052
Rent	8,565	28,561	-	5,824	-	42,950
Other space costs	692	-	-	-	-	692
Repairs and maintenance	3,984	3,400	-	82,731	-	90,115
Utilities	4,528	10,504	-	3,079	-	18,111
Telephone	3,739	9,830	-	1,806	-	15,375
Fuel	-	-	-	64,246	-	64,246
Beneficiary utilities	6,806	-	-	-	-	6,806
FEMA	11,067	-	-	-	-	11,067
RSVP	1,150	-	-	-	-	1,150
Lifeline	-	49,551	-	-	-	49,551
Insurance	1,237	1,873	-	19,488	2,235	24,833
Beneficiary meals	-	131,070	-	-	-	131,070
Office	4,698	4,198	-	2,027	-	10,923
Supplies	3,165	4,690	-	1,241	900	9,996
Travel and meetings	4,788	14	-	15	-	4,817
Postage	3,904	1,084	-	538	-	5,526
Dues and subscriptions	2,660	-	-	144	-	2,804
Miscellaneous	355	-	-	104	-	459
Interest	898	-	-	-	18,852	19,750
Bad debt	15	3,418	-	-	-	3,433
Depreciation	7,953	11,411	-	15,215	3,420	37,999
Total operating expenses	\$ 232,082	\$ 321,237	\$ -	\$ 416,332	\$ 69,258	\$ 1,038,909

See accompanying notes to financial statements.

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Community Services</u>	<u>Elderly Services</u>	<u>RSVP</u>	<u>Transportation</u>	<u>Management And General</u>	<u>2006 Totals</u>
OPERATING EXPENSES						
Salaries and wages	\$ 75,397	\$ 44,129	\$ 25,127	\$ 130,690	\$ 85,054	\$ 360,397
Payroll taxes and benefits	10,462	10,573	3,183	30,574	6,980	61,772
Professional services	40,445	951	-	7,724	6,509	55,629
Rent	3,426	30,230	-	7,195	-	40,851
Other space costs	6,273	43	3,762	-	-	10,078
Repairs and maintenance	1,094	2,873	-	77,191	-	81,158
Utilities	2,372	6,977	-	17,349	-	26,698
Telephone	3,753	10,041	2,087	-	-	15,881
Fuel	-	843	-	67,017	-	67,860
Beneficiary utilities	12,174	-	-	-	-	12,174
FEMA	11,243	-	-	-	-	11,243
RSVP	1,309	-	-	-	-	1,309
Lifeline	-	61,228	-	-	-	61,228
Insurance	1,573	107	506	18,267	1,613	22,066
Beneficiary meals	-	166,550	-	-	-	166,550
Volunteer travel	-	-	15	-	-	15
Recognition	-	-	2,674	-	-	2,674
Office	4,453	3,654	180	3,259	-	11,546
Supplies	5,367	5,428	4,432	5,481	20	20,728
Travel and meetings	905	256	1,722	604	-	3,487
Postage	3,458	1,180	-	469	-	5,107
Dues and subscriptions	184	-	100	455	-	739
Miscellaneous	169	-	-	573	-	742
Interest	-	-	-	-	19,505	19,505
Bad debt	-	67	-	-	-	67
Depreciation	2,765	4,747	5,576	23,503	9,494	46,085
Total operating expenses	\$ 186,822	\$ 349,877	\$ 49,364	\$ 390,351	\$ 129,174	\$ 1,105,589

See accompanying notes to financial statements.

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 332,137	(115,774)
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Depreciation expense	37,999	46,085
Increase (decrease) in cash from changes in:		
Accounts receivable	8,738	(70,791)
Prepaid expenses	(796)	(649)
Accounts payable	(10,067)	1,330
Accrued liabilities	10,935	(7,585)
Net cash provided by (used in) operating activities	378,946	(147,384)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	(17,941)	(38,039)
Proceeds from maturing certificates of deposit	52,358	31,539
Net cash provided by (used in) investing activities	34,417	(6,500)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Capital lease financing	5,651	-
Principal payments on mortgage	(11,238)	(10,585)
Net cash used in financing activities	(5,587)	(10,585)
NET INCREASE (DECREASE) IN CASH	407,776	(164,469)
CASH, BEGINNING OF YEAR	53,963	218,432
CASH, END OF YEAR	\$ 461,739	\$ 53,963
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	\$ 19,750	\$ 19,505

See accompanying notes to financial statements.

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

**NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

NATURE OF OPERATIONS

Porter County Aging and Community Services, Inc. (the "Organization") is an Indiana not-for-profit corporation organized in 1973. The mission of the Organization is to identify the problems of the aged and citizens in need in Porter County; to propose solutions to the problems identified; to work in conjunction with the Indiana Commission on the Aging and Aged and residents, agencies, and organizations within Porter County to solve these problems; to enhance public awareness of the needs of the aging and underprivileged; and to assist those who may be sick, disabled, or destitute. The Organization also provides services through the Retired Senior Volunteer Program which includes the expansion of opportunities for older adults to perform volunteer service by developing a permanent corps of senior volunteers to serve Porter County.

Porter County Services Holding Company, Inc. ("Affiliate") was incorporated in the State of Indiana during 2003 to own real estate held for the benefit of the Organization.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Organization and its wholly-owned subsidiary. All material intercompany transactions have been eliminated in consolidation.

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

REVENUE RECOGNITION

The Organization receives grants from the State of Indiana (State) and the federal government to carry out certain program activities. The grants are received under contracts which require the Organization to submit to the State appropriate records of services provided to eligible individuals. Revenues under the contracts are recognized as the services are provided.

CASH AND CASH EQUIVALENTS

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.

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost and depreciated over estimated useful lives of three to forty years using the straight-line method. The following is a summary of the lives for each class of asset:

Buildings	30 years
Leasehold improvements	15 years
Equipment	3-10 years
Vehicles	5 years

Expenditures for improvements and major renewals are capitalized. When property is sold, retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income. Expenditures for maintenance and repairs are expensed when incurred.

INCOME TAX STATUS

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

CONTRIBUTIONS

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. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

CONTRIBUTED SERVICES

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONTRIBUTED SERVICES (Continued)

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, solicitations, and various committee assignments.

GOVERNMENT GRANTS

Support funded by grants is recognized as the Organization performs the contracted services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Amounts required prior to expenditures being incurred are reflected as refundable advances on the Statements of Financial Position.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

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.

NOTE 2 – LONG-TERM DEBT AND RELATED PARTIES

The Affiliate was established in 2003 for the purpose of acquiring and holding real property located at 1005 Campbell Street in Valparaiso, Indiana, the Organization's corporate offices and main facility. The Affiliate obtained a loan in the amount of \$350,000 from Mr. Wilbur Hutchins, an Organization Board Member, to purchase the building. The balance is to be paid in monthly installments, including principal, over a twenty (20) year period at 6% interest.

The future maturities of long-term debt, based on the refinanced mortgage, are as follows for the years ended June 30,:

2008	\$ 11,931
2009	12,667
2010	13,448
2011	14,278
2012	15,158
Thereafter	<u>240,575</u>
	<u>\$ 308,057</u>

In addition, other related parties contracted during the year ended June 30, 2007 for maintenance services are the children of the Executive Director. For the years ended June 30, 2007, the amount expensed for these services was \$1,525.

NOTE 3 – EMPLOYEE BENEFITS

The Organization has SIMPLE-IRA retirement plan. The Organization's matching contribution is 3% of each employee's compensation. Contributions to the plan are made for all full-time employees working twenty hours or more per week and with at least one year of service. Employee benefit expense under this plan was approximately \$6,900 and \$8,400 for the years ended June 30, 2007 and 2006, respectively.

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

NOTE 4 – CONCENTRATION OF CREDIT RISK

The Organization maintains cash balances at multiple financial institutions. The accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At times throughout the year, the balances of certain accounts exceeded \$100,000.

Financial awards from federal, state and local governmental entities in the form of grants are subject to financial and compliance audits by funding agencies. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

NOTE 5 – MAJOR CONTRIBUTOR

During the year ended June 30, 2007, the Organization received a specific bequest in the amount of \$397,130 as a part of the Estate of Dorothy Risto. Subsequent to receiving the bequest from the Estate of Dorothy Risto, certain issues were raised concerning the interpretation of the Will as to Porter County Aging and Community Services and the Valparaiso Parks Department. Conditions existed such as providing a plan to the Executor of the Estate as to how funds would be utilized for active senior citizens in the immediate area.

The Organization outlined the framework for the use of funds from the Estate and the related issues were resolved. As a result of the restrictive nature of the bequest, the contribution is presented as a restricted contribution in the statements of activities. These funds will be expended for the improvement of the Banta Senior Center physical plant and the expansion of the services to the senior community.

NOTE 6 - STATEMENT OF FINANCIAL ACCOUNTING STANDARD (SFAS) NO. 144

SFAS No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets*," requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. SFAS No. 144 has not materially affected the Organization's net change in net assets, statements of financial position or statements of cash flows.

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

NOTE 7 – PRIOR PERIOD ADJUSTMENT

During the audit for the year ended June 30, 2007, it was noted that accounts payable as of June 30, 2006 were overstated by \$16,452. As a result, an adjustment relating to correcting this error increased beginning unrestricted net assets by \$16,452.

NOTE 8 – OPERATING LEASES

The Organization leases various equipments and a facility for use in the operation of its programs. Lease expense for the years ended June 30, 2007 and 2006 were \$51,206 and \$47,332 respectively. Future minimum lease payments on leases having non-cancelable terms beyond June 30, 2007 are as follows:

2008	\$ 4,701
2009	3,943
	<hr/>
	\$ 8,644
	<hr/>

NOTE 9 - CAPITAL LEASE

A long-term lease transaction relating to the financing of copying equipment is accounted for as a capital lease. Capital lease obligations reflect the present value of future rental payments, discounted at the interest rate implicit in the lease.

A corresponding amount is capitalized and amortized over the asset's estimated economic life on a straight-line basis. The amortization is included in depreciation expense.