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January 26, 2010

Board of Directors
Hancock County Senior Services, Inc.
312 E. Main St., Ste. A
Greenfield, IN 46140

We have reviewed the audit report prepared by Dunbar, Cook & Shepard, PC, Independent Public Accountants, for the period January 1, 2007 to December 31, 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 Hancock County Senior Services, Inc., as of December 31, 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.

We call your attention to the findings in the report. The management letter contains one current year comment and the status of four prior year comments.

STATE BOARD OF ACCOUNTS



AUDITED FINANCIAL STATEMENTS

December 31, 2007 and 2006

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Hancock County Senior Services, Inc.
Greenfield, Indiana

We have audited the accompanying statements of financial position of Hancock County Senior Services, Inc. (a nonprofit organization), as of December 31, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization'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 audits 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 financial statements referred to above present fairly, in all material respects, the financial position of Hancock County Senior Services, Inc., as of December 31, 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.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 11 and 12 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

April 14, 2008

Dunbar, Cook & Shepard, P.C.

HANCOCK COUNTY SENIOR SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2007 and 2006

<u>ASSETS</u>	<u>2007</u>	<u>2006</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 159,223	\$ 142,447
Accounts receivable	256	399
Grants receivable	42,199	13,811
Prepaid expenses	3,094	2,256
Deposits	<u>1,300</u>	<u>1,300</u>
TOTAL CURRENT ASSETS	206,072	160,213
PROPERTY AND EQUIPMENT		
Furniture and fixtures	8,452	7,460
Equipment	64,790	61,809
Automobiles	186,928	133,956
Leasehold improvements	<u>1,798</u>	<u>1,798</u>
	261,968	205,023
Less accumulated depreciation	<u>(138,937)</u>	<u>(104,614)</u>
TOTAL PROPERTY AND EQUIPMENT	123,031	100,409
OTHER ASSETS		
Beneficial interest in Hancock County Community Foundation	<u>29,399</u>	<u>27,425</u>
TOTAL ASSETS	<u>\$ 358,502</u>	<u>\$ 288,047</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 1,996	\$ 10,783
Accrued payroll and payroll taxes	<u>55,475</u>	<u>31,195</u>
TOTAL CURRENT LIABILITIES	57,471	41,978
NET ASSETS		
Unrestricted	<u>301,031</u>	<u>246,069</u>
TOTAL NET ASSETS	<u>301,031</u>	<u>246,069</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 358,502</u>	<u>\$ 288,047</u>

HANCOCK COUNTY SENIOR SERVICES, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
UNRESTRICTED REVENUE AND SUPPORT		
United Way funding	\$ 122,168	\$ 111,897
CICOA funding		
Federal funding	87,214	61,143
State funding	1,166	3,268
Medicaid	22,548	22,793
Indiana Department of Transportation - Sec. 5310	31,623	25,299
Indiana Department of Transportation - Sec. 5311	114,055	66,100
Local Government grants	69,300	68,800
Foundation grants	69,500	7,242
Program donations	68,152	56,044
Contributions	8,271	9,011
Fundraising income	14,171	15,894
Investment income	5,680	4,626
Net assets released from restrictions	-	7,600
	<hr/>	<hr/>
TOTAL UNRESTRICTED REVENUE AND SUPPORT	613,848	459,717
 EXPENSES		
Program services	450,233	363,229
Management and general	92,106	67,321
Fundraising	16,545	13,148
	<hr/>	<hr/>
TOTAL EXPENSES	558,884	443,698
INCREASE IN UNRESTRICTED NET ASSETS	54,964	16,019
 TEMPORARILY RESTRICTED NET ASSETS		
Net assets released from restrictions	-	(7,600)
	<hr/>	<hr/>
INCREASE IN NET ASSETS	54,964	8,419
NET ASSETS, Beginning of Year	<u>246,067</u>	<u>237,650</u>
NET ASSETS - END OF YEAR	<u>\$ 301,031</u>	<u>\$ 246,069</u>

HANCOCK COUNTY SENIOR SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2007

	<u>Program Services</u>							<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
	<u>Trans- portation</u>	<u>Outreach/ I & R</u>	<u>Homemaker</u>	<u>Volunteer Services</u>	<u>Handyman</u>	<u>Telephone Reassurance</u>	<u>Respite/ Assisted Care</u>				
Salaries and wages	\$172,036	\$ 36,462	\$ 41,696	\$ 2,804	\$ 6,620	\$ -	\$ 34,957	\$ 294,575	\$ 43,861	\$ 9,048	\$ 347,484
Payroll taxes	13,009	2,757	3,153	212	501	-	2,643	22,275	3,316	684	26,275
Employee benefits	10,347	4,321	-	-	-	-	-	14,668	3,178	939	18,785
Insurance	7,112	3,017	3,879	647	862	216	2,586	18,319	2,802	431	21,552
Contract services	1,938	798	1,596	570	1,482	228	1,596	8,208	3,076	114	11,398
Telephone and Internet	1,086	447	894	319	830	128	894	4,598	1,725	64	6,387
Rent	3,564	1,468	2,935	1,048	2,726	419	2,935	15,095	5,662	210	20,967
Materials and supplies	1,045	430	861	307	799	123	861	4,426	1,662	61	6,149
Equipment	-	-	-	-	349	-	-	349	615	-	964
Postage	396	163	326	117	303	47	326	1,678	629	23	2,330
Repairs and maintenance	6,534	-	-	-	296	-	-	6,830	3,398	-	10,228
Gasoline	17,861	-	-	-	157	-	-	18,018	-	-	18,018
Staff travel	113	328	11,621	77	1,538	-	5,763	19,440	590	23	20,053
Conferences, dues and subscriptions	329	329	329	329	-	-	-	1,316	740	-	2,056
Printing	162	325	204	204	204	204	204	1,507	383	138	2,028
Fundraising	-	-	-	-	-	-	-	-	-	4,810	4,810
Miscellaneous	-	-	-	-	-	-	-	-	5,077	-	5,077
Depreciation	18,931	-	-	-	-	-	-	18,931	15,392	-	34,323
TOTAL EXPENSES	\$254,463	\$ 50,845	\$ 67,494	\$ 6,634	\$ 16,667	\$ 1,365	\$ 52,765	\$ 450,233	\$ 92,106	\$ 16,545	\$ 558,884

HANCOCK COUNTY SENIOR SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2006

Program Services

	<u>Trans- portation</u>	<u>Outreach/ I & R</u>	<u>Homemaker</u>	<u>Volunteer Services</u>	<u>Handyman</u>	<u>Telephone Reassurance</u>	<u>Respite/ Assisted Care</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries and wages	\$133,379	\$ 32,104	\$ 37,017	\$ 2,300	\$ 5,446	\$ -	\$ 29,272	\$ 239,518	\$ 40,029	\$ 5,160	\$ 284,707
Payroll taxes	10,978	2,642	3,047	189	448	-	2,409	19,713	3,296	425	23,434
Group insurance	866	362	-	-	-	-	-	1,228	265	79	1,572
Insurance	6,218	2,638	3,392	565	754	188	2,261	16,016	2,449	377	18,842
Contract services	1,478	609	1,217	435	1,130	174	1,217	6,260	2,349	87	8,696
Telephone and internet	929	383	765	273	711	109	765	3,935	1,477	55	5,467
Rent	3,155	1,299	2,598	928	2,412	371	2,598	13,361	5,010	186	18,557
Materials and supplies	1,187	489	978	349	908	140	978	5,029	1,885	70	6,984
Equipment	683	-	800	-	-	-	-	1,483	942	-	2,425
Postage	278	115	229	82	213	33	229	1,179	442	16	1,637
Repairs and maintenance	5,657	-	-	-	1,457	-	-	7,114	1,457	-	8,571
Gasoline	10,738	-	-	-	41	-	-	10,779	-	-	10,779
Staff travel	98	321	9,444	13	1,497	-	5,264	16,637	325	40	17,002
Conferences, dues and subscriptions	214	214	214	214	-	-	-	856	484	-	1,340
Printing	128	257	161	161	161	161	161	1,190	303	109	1,602
Fundraising	-	-	-	-	-	-	-	-	-	6,544	6,544
Miscellaneous	-	-	-	-	-	-	-	-	2,377	-	2,377
Depreciation	18,931	-	-	-	-	-	-	18,931	4,231	-	23,162
TOTAL EXPENSES	\$194,917	\$ 41,433	\$ 59,862	\$ 5,509	\$ 15,178	\$ 1,176	\$ 45,154	\$ 363,229	\$ 67,321	\$ 13,148	\$ 443,698

HANCOCK COUNTY SENIOR SERVICES, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended December 31, 2007 and 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants and contributors	\$ 554,622	\$ 423,353
Interest received	5,680	4,626
Cash paid to suppliers	(187,253)	(125,067)
Cash paid to employees	<u>(322,653)</u>	<u>(281,191)</u>
NET CASH FROM OPERATING ACTIVITIES	50,396	21,721
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash paid for property and equipment	(31,646)	(34,702)
Cash paid for investments	<u>(1,974)</u>	<u>(2,346)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(33,620)</u>	<u>(37,048)</u>
NET INCREASE (DECREASE) IN CASH	16,776	(15,327)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>142,447</u>	<u>157,774</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 159,223</u>	<u>\$ 142,447</u>
SUPPLEMENTARY DISCLOSURE		
Schedule of non-cash investing and operating activity		
Property and equipment provided at less than fair market value	<u>\$ 25,299</u>	<u>\$ 25,299</u>
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH FROM OPERATING ACTIVITIES		
INCREASE IN NET ASSETS	\$ 54,964	\$ 8,419
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation	34,323	23,162
Non-cash activity	(25,299)	(25,299)
(Increase) decrease in accounts and grants receivable	(28,247)	1,161
(Increase) decrease in prepaid expenses and deposits	(838)	12,795
Increase (decrease) in accounts payable	(8,787)	8,415
Increase (decrease) in accrued expenses	<u>24,280</u>	<u>(6,932)</u>
TOTAL ADJUSTMENTS	<u>(4,568)</u>	<u>13,302</u>
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 50,396</u>	<u>\$ 21,721</u>

HANCOCK COUNTY SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES - Hancock County Senior Services, Inc. (the Organization) located in Greenfield, Indiana, is a community based not-for-profit organization which is committed to providing comprehensive support services to Hancock County residents who are 60 years and older or under 60 and disabled in order for them to remain independent and prevent premature institutionalization. The Organization receives support from the Central Indiana Council on Aging (CICOA), Indiana Department of Transportation, United Way of Central Indiana, Hancock County, Indiana townships, and private donations. Following is a brief description of the program services provided by the Organization:

Transportation - The Organization provides non-emergency transportation for persons needing to access services. Special arrangements can also be made for seniors who need to leave the county for doctors' appointments. Transportation is provided for residents under 60 years of age for a nominal fee.

Outreach/Information and Referral- Staff provide assistance in accessing appropriate special service programs, running errands, and helping seniors file medical insurance claims. Trained personnel make appropriate referrals to community programs.

Homemaker - Homemaker services assist seniors by performing light housekeeping, laundry, and cooking. A nominal fee is charged for this service.

Volunteer Services - Community volunteers provide companionship and assistance with daily household personal management for the frail, homebound, or disabled residents.

Handyman - Handyman services include lawn mowing, yard maintenance, and minor house repairs.

Telephone Reassurance - Telephone reassurance services provide contact with seniors who might otherwise have no outside contact for extended periods of time.

Respite/Assisted Care - Staff provide temporary in-home supervision to frail or disabled seniors to relieve the regular caregiver. Assistance may also be given to those who are recently discharged from a hospital or nursing home until they regain their strength. A nominal fee is charged for this service.

BASIS OF ACCOUNTING - The Organization records income and expenses using the accrual method of accounting, recognizing income when earned and expenses when incurred.

HANCOCK COUNTY SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS CONTINUED
December 31, 2007 and 2006

NOTE A - CONTINUED

CASH AND CASH EQUIVALENTS - For the purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

CREDIT RISK CONCENTRATION - The Organization maintains cash balances at a local financial institution. The total balances at December 31, 2007 and 2006 exceeded the federally insured limits by \$67,024 and \$58,550, respectively.

GRANTS RECEIVABLE - The Organization recognizes reimbursement grants for services in the period the services are provided. All receivables are considered collectible because they represent actual amounts received after December 31, 2007 and 2006 and, therefore, no allowance for uncollectible accounts has been established.

PROPERTY AND EQUIPMENT - Property and equipment are stated at cost or, if donated, at the approximate fair market value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. The Organization's policy is to capitalize items of \$500 and greater. Depreciation expense is computed using the straight-line method over the estimated useful lives of the related assets, as follows:

Furniture and fixtures	5 years
Equipment	5 years
Automobiles	5 years
Leasehold improvements	15 years

The Organization had three vans at December 31, 2007 and two vans at December 31, 2006, received through the INDOT Section 5311 program. INDOT maintains a lien on grant vehicles until they reach 100,000 miles.

DISPLAY OF NET ASSETS BY CLASS - The net assets of the Organization will be reported in each of the following three classes: (1) unrestricted net assets, (2) temporarily restricted net assets, and (3) permanently restricted net assets.

RESTRICTED NET ASSETS - Net assets of the temporarily or permanently restricted classes are created only by donor-imposed restrictions on their use. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donor restrictions met in the same year are classified as unrestricted net assets. At December 31, 2007 and 2006, the Organization had no temporarily restricted or permanently restricted net asset categories. All net assets, including board-designated or appropriated amounts, are legally unrestricted, and are reported as part of the unrestricted class. Unrestricted net assets are net assets that are not subject to donor restrictions.

HANCOCK COUNTY SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS CONTINUED
December 31, 2007 and 2006

NOTE A - CONTINUED

EXPENSE CLASSIFICATIONS AND ALLOCATION - The primary functions of the Organization are as follows: transportation, outreach/I & R, homemaker, volunteer services, handyman, telephone reassurance, respite/assisted care, management and general, and fundraising. The expenses directly related to these programs are presented in corresponding classifications, combined with allocation of certain common costs of the Organization, such as administrative services, which are allocated based on time incurred.

INCOME TAXES - The Organization is exempt from taxation under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision is made for federal income taxes on the Organization's exempt activities.

USE OF ESTIMATES - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B - OPERATING LEASE COMMITMENT

The Organization entered into an agreement to lease office space under an operating lease agreement for a three-year period beginning July 1, 2006. Lease expense was \$20,967 and \$18,557 for the years ended December 31, 2007 and 2006 respectively. Future minimum lease payments are as follows:

2008	\$ 20,967
2009	10,483

NOTE C - BENEFICIAL INTEREST IN THE HANCOCK COUNTY COMMUNITY FOUNDATION

During 1996, the Foundation entered into a fund agreement with the Hancock County Community Foundation establishing a fund that receives contributions from Hancock County Senior Services, Inc., and others. Amounts transferred from Hancock County Senior Services, Inc., are reflected as an asset titled, "Beneficial Interest in Hancock County Community Foundation." The beneficial interest will be increased by contributions and investment income, and will be decreased by distributions and expenses.

The fund amounts received from other sources directly by the Hancock County Community Foundation are not considered the assets of Hancock County Senior Services, Inc., because the Hancock County Community Foundation has variance power over those amounts (the right to redirect). Income related to these other amounts will be recorded by Hancock County Senior Services, Inc., when distributed by Hancock County Community Foundation.

HANCOCK COUNTY SENIOR SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS CONTINUED
December 31, 2007 and 2006

NOTE C - CONTINUED

The Hancock County Community Foundation determines each year the amount to be distributed from fund earnings; the distribution is available for general purposes. The beneficial interest increased by \$2,496 and \$2,346 at December 31, 2007 and 2006, respectively, from income attributable to the beneficial interest and distributions from endowment amounts received from other sources. Hancock County Senior Services, Inc. contributed \$565 and \$208 to the endowment fund during the years ended December 31, 2007 and 2006, respectively.

If Hancock County Senior Services, Inc., ceases to exist, the Hancock County Community Foundation holds the right to use the funds to support other organizations as outlined in its governing instrument for charitable or other exempt purposes that most nearly approximate the original purpose of the fund.

The following is a summary of the Hancock County Community Foundation endowment fund:

	<u>2007</u>	<u>2006</u>
Beneficial Interest in the Hancock County Community Foundation		
Balance at January 1	\$ 27,425	\$ 25,079
Contributions	565	208
Pro-rata portion of investment income	2,496	2,458
Expenses paid	<u>(1,087)</u>	<u>(320)</u>
	29,399	27,425
Assets of the Hancock County Community Foundation		
Balance at January 1	8,169	7,699
Contributions	333	39
Pro-rata portion of investment income	725	730
Distributions	(565)	(208)
Expenses paid	<u>(234)</u>	<u>(91)</u>
	<u>8,428</u>	<u>8,169</u>
Balance at December 31	<u>\$ 37,827</u>	<u>\$ 35,594</u>

SUPPLEMENTARY INFORMATION

HANCOCK COUNTY SENIOR SERVICES, INC.
SCHEDULE OF FUNCTIONAL UNRESTRICTED REVENUE AND SUPPORT
For the Year Ended December 31, 2007

	<u>Transportation</u>	<u>Outreach/ I & R</u>	<u>Homemaker</u>	<u>Volunteer Services</u>	<u>Handyman</u>	<u>Telephone Reassurance</u>	<u>Respite/ Assisted Care</u>	<u>Total</u>
United Way of Central Indiana, Inc.								
Contract allocation	\$ 47,368	\$ 10,056	\$ 14,466	\$ 1,323	\$ 3,705	\$ 265	\$ 11,026	\$ 88,209
Donor-designated	-	1,591	2,289	209	8,082	42	1,746	13,959
Targeted initiative	20,000	-	-	-	-	-	-	20,000
Central Indiana Council on Aging	49,585	10,033	8,697	-	-	-	20,065	88,380
Local governmental assistance	24,214	19,900	11,365	1,040	2,911	1,271	8,599	69,300
Indiana Department of Transportation - Section 5310	31,623	-	-	-	-	-	-	31,623
Indiana Department of Transportation - Section 5311	114,055	-	-	-	-	-	-	114,055
Medicaid and Medicaid waiver	22,548	-	-	-	-	-	-	22,548
Foundations	50,000	1,000	3,500	-	3,000	-	12,000	69,500
Contributions	-	5,385	1,356	124	347	25	1,034	8,271
Program donations	27,291	355	25,342	140	2,300	-	12,724	68,152
Fundraising	-	4,725	4,824	1,213	595	1,043	1,771	14,171
Investment income	-	1,763	-	3,917	-	-	-	5,680
TOTAL UNRESTRICTED REVENUE AND SUPPORT	386,684	54,808	71,839	7,966	20,940	2,646	68,965	613,848
Total expenses by program	(254,463)	(50,845)	(67,494)	(6,634)	(16,667)	(1,365)	(52,765)	(450,233)
PROGRAM INCOME	\$ 132,221	\$ 3,963	\$ 4,345	\$ 1,332	\$ 4,273	\$ 1,281	\$ 16,200	\$ 163,615

HANCOCK COUNTY SENIOR SERVICES, INC.
SCHEDULE OF FUNCTIONAL UNRESTRICTED REVENUE AND SUPPORT
For the Year Ended December 31, 2006

	<u>Transportation</u>	<u>Outreach/ I & R</u>	<u>Homemaker</u>	<u>Volunteer Services</u>	<u>Handyman</u>	<u>Telephone Reassurance</u>	<u>Respite/ Assisted Care</u>	<u>Total</u>
United Way of Central Indiana, Inc.								
Contract allocation	\$ 28,517	\$ 12,007	\$ 15,009	\$ 3,002	\$ 3,752	\$ 1,501	\$ 11,257	\$ 75,045
Donor-designated	6,404	2,696	3,370	674	843	337	2,528	16,852
Targeted initiative	20,000	-	-	-	-	-	-	20,000
Central Indiana Council on Aging	20,077	10,149	9,022	-	-	-	25,163	64,411
Local governmental assistance	15,000	15,000	6,011	2,688	22,116	2,635	5,350	68,800
Indiana Department of Transportation - Section 5310	25,299	-	-	-	-	-	-	25,299
Indiana Department of Transportation - Section 5311	66,100	-	-	-	-	-	-	66,100
Net assets released from restrictions	7,600	-	-	-	-	-	-	7,600
Medicaid and Medicaid waiver	19,733	-	3,060	-	-	-	-	22,793
Foundations	2,752	1,159	1,448	290	362	145	1,086	7,242
Contributions	3,424	1,442	1,802	360	451	180	1,352	9,011
Program donations	18,868	447	23,219	297	2,247	-	10,966	56,044
Fundraising	6,040	2,543	3,179	636	795	318	2,383	15,894
Investment income	-	1,436	-	3,190	-	-	-	4,626
TOTAL UNRESTRICTED REVENUE AND SUPPORT	<u>239,814</u>	<u>46,879</u>	<u>66,120</u>	<u>11,137</u>	<u>30,566</u>	<u>5,116</u>	<u>60,085</u>	<u>459,717</u>
Total expenses by program	<u>(194,917)</u>	<u>(41,433)</u>	<u>(59,862)</u>	<u>(5,509)</u>	<u>(15,178)</u>	<u>(1,176)</u>	<u>(45,154)</u>	<u>(363,229)</u>
PROGRAM INCOME	<u>\$ 44,897</u>	<u>\$ 5,446</u>	<u>\$ 6,258</u>	<u>\$ 5,628</u>	<u>\$ 15,388</u>	<u>\$ 3,940</u>	<u>\$ 14,931</u>	<u>\$ 96,488</u>



Ronald E. Cook
Bernard J. Shepard
Michael A. Berlier
Harry A. Wright, Jr.
Michelle L. Siner
Nicholas G. Dallas

William E. Dunbar 1929-1991

April 14, 2008

To the Board of Directors
Hancock County Senior Services, Inc.
Greenfield, Indiana

In planning and performing our audit of the financial statements of Hancock County Senior Services, Inc. (the Organization) for the years ended December 31, 2007 and 2006, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. However, we noted certain matters involving the internal control and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the Project's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

CURRENT YEAR COMMENTS

Recording of Income from INDOT Vehicle Donations

In 2005, when the Organization began receiving donations of vehicles from INDOT, a new account was established in Peachtree that was intended to recognize the revenue from these transactions. During our testing, we identified that the account was set up incorrectly in the system as a contra-asset account, but should have been set up as a revenue account. As a result, we have made material adjustments in prior years' audits and in the current audit to properly reflect revenue and net assets on the financial statements.

This year, we suggested making a change to the way the Organization's account for this revenue was set up in Peachtree. We worked with Maureen to make the change and feel that she will be able to record the information properly in the future. No further action is suggested.

PRIOR YEAR COMMENTS AND RESOLUTIONS

Basis of Accounting

Peachtree accounting software is used for bookkeeping and has the capacity to keep the general ledger on an accrual basis. We noted during our 2006 audit procedures, however, that the general ledger was essentially kept on a cash basis.

The billing of reimbursement grants was based upon costs incurred, but the revenue was not recorded until the cash was received. Expenses were paid routinely but the posting was based upon the check date rather than the vendor invoice date or the period in which the goods or services were received.

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In 2007, the Organization implemented accounting on the accrual basis and utilizes the related features of the Peachtree software package.

Prepaid Insurance

The insurance policy coverage period is December 15 to December 15. We noted during our 2006 procedures that the full payment for insurance was routinely posted in January and the posting was to insurance expense rather than to prepaid insurance. This treatment caused insurance expense to be inconsistent between periods.

The Organization now posts insurance policies to prepaid insurance when due to allow for consistent allocation of the expense over the term of the policy. Monthly journal entries are used to allocate amounts in prepaid insurance to insurance expense.

Donation Solicitation Letters

We noted during our 2006 audit procedures that solicitation letters were mailed at times during the year and that the donations received were included with fundraising event revenues. These are true donations rather than event revenue or item sales to raise funds.

In 2007, donations from solicitation letters were posted to the general ledger with other donations rather than to fundraising event revenue.

Posting of Property and Equipment Purchases

The Organization has a policy of capitalizing property and equipment purchases with a value greater than \$500. We noted during our 2006 audit procedures that property and equipment purchases were posted to expense accounts rather than to fixed asset accounts.

In 2007, property and equipment purchases of \$500 and higher were properly posted to fixed asset accounts.

This report is intended solely for the information and use of the Board of Directors and management of Hancock County Senior Services, Inc.

We want to take this opportunity to again thank you and your employees for the cooperation and courtesies extended to us during the course of the audit. We have enjoyed our association with Hancock County Senior Services, Inc. and look forward to a continuing relationship.

Please let us know if you have any questions or comments concerning our report or other matters.

Sincerely,

Dunbar, Cook & Shepard, P.C.

June 3, 2008

Dunbar, Cook & Shepard, P.C.
6602 East 75th Street, Suite 400
Indianapolis, IN 46250

RE: Audit Management Response Letter

The Executive Committee has reviewed the 2007 audit information and letters. It is noted that the Organization had no transactions during the year that were significant and unusual or for which there was a lack of authoritative guidance or consensus. DCS experienced no disagreements with management during the course of the audit and encountered no difficulties in dealing with management in performing the audit. Management had no "second opinion" consultations with other accountants.

We understand that there were operational matters that involve reportable conditions. Concerning the current year, DCS corrected the accounting method used for the receipt of INDOT vehicles, which had been recorded in a manner previously recommended by our auditor. Concerning prior years, HCSS had recorded certain transactions during the year using temporary classifications and cash basis accounting with subsequent journal entries to reclassify items and to convert some items from cash basis to accrual basis at year end. Changes have been made in the manner we record certain revenues and prepaid insurance so that the interim financial statements always reflect accrual based accounting. In addition, changes have been made in the manner we record revenue from solicitation letters and postings of property costing greater than \$500.00, so that the interim financial statements always reflect the preferred classification of these items. All recording changes have been established for 2008 and forward.

It is believed that these changes have made the Organization compliant with the new account standards for this not-for-profit 501(c)(3) agency. The committee and staff are confident that though the new audit standards have been challenging for smaller organizations as HCSS, overall this has been accomplished to make future audits less cumbersome. The Organization will continue to strive to meet the challenge of rapid growth, while utilizing resources efficiently and effectively to accomplish its mission to the county residents, who depend on the agency's vital services.

Sincerely,

Jaclyn Davis
Board Chair

Michael Clancy
Board Vice Chair

Mark Drewes
Treasurer

Michelle Bowman
Secretary