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October 17, 2013

Board of Directors
Cass County Council on Aging, Inc.
115 South 6th Street
Logansport, IN 46947

We have reviewed the audit report prepared by Rea Logan & Associates, Independent Public Accountants, for the period January 1, 2011 to December 31, 2011. 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 Cass County Council on Aging, Inc., as of December 31, 2011, 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

**CASS COUNTY COUNCIL ON AGING, INC.
LOGANSPOUR, INDIANA**

FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

**CASS COUNTY COUNCIL ON AGING, INC.
LOGANSPORT, INDIANA**

FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

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INDEPENDENT AUDITOR'S REPORT

**TO THE BOARD OF DIRECTORS
CASS COUNTY COUNCIL ON AGING, INC.
Logansport, Indiana**

We have audited the accompanying statements of financial position of Cass County Council on Aging, Inc. as of December 31, 2011 and 2010, 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 audit.

We conducted our audit in accordance with 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. 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides 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 Cass County Council on Aging, Inc. as of December 31, 2011 and 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2012, on our consideration of Cass County Council on Aging, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Rea Logan & Co., LLC

Certified Public Accountants
Peru, Indiana
September 17, 2012

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2011 AND 2010

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS:		
Cash	\$ 25,630	\$ 39,096
Accounts receivable	206,688	271,966
Prepaid insurance	80,540	-
Total Current Assets	<u>312,858</u>	<u>311,062</u>
FIXED ASSETS:		
Building	271,484	252,756
Land	150,000	150,000
Office equipment	48,446	26,011
Vehicles	282,812	272,247
	<u>752,742</u>	<u>701,014</u>
Less accumulated depreciation	<u>230,867</u>	<u>170,273</u>
Total Fixed Assets	<u>521,875</u>	<u>530,741</u>
TOTAL ASSETS	<u>\$ 834,733</u>	<u>\$ 841,803</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Line of credit	\$ 15,000	\$ 99,567
Note payable	60,260	-
Accounts payable	24,737	108,762
Accrued vacation	7,798	17,336
Payroll taxes and other withholdings	30,349	40,058
TOTAL CURRENT LIABILITIES	<u>138,144</u>	<u>265,723</u>
NET ASSETS:		
Unrestricted	<u>696,589</u>	<u>576,080</u>
Total Net Assets	<u>696,589</u>	<u>576,080</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 834,733</u>	<u>\$ 841,803</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
REVENUES AND OTHER SUPPORT:		
Federal - Section 5311	\$ 502,857	\$ 589,056
State - public mass transit	348,747	345,421
Title III-B	22,890	25,434
ARRA - Section 5311 Grant Projects	20,344	15,331
JARC	-	22,304
Medicaid	198,676	82,864
Cass County Commissioners	10,860	10,860
United Way of Cass County	30,267	43,411
Service fees	147,955	174,941
Project income	118,945	110,325
Special events	11,369	20,822
Donations	21,337	9,480
Rent	2,125	3,087
Interest	75	153
Other income	59,046	1,499
Nutrition	31,834	31,724
	<u>1,527,327</u>	<u>1,486,712</u>
EXPENSES:		
Transportation	1,277,597	1,260,217
Recreation	28,488	118,664
Nutrition	100,733	88,017
	<u>1,406,818</u>	<u>1,466,898</u>
INCREASE IN NET ASSETS	120,509	19,814
NET ASSETS - beginning of year	<u>576,080</u>	<u>556,266</u>
NET ASSETS - end of year	<u><u>\$ 696,589</u></u>	<u><u>\$ 576,080</u></u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

2011

	<u>Transportation</u>	<u>Recreation</u>	<u>Nutrition</u>	<u>Totals</u>
Salaries and wages	\$ 690,047	\$ 14,158	\$ 56,596	\$ 760,801
Payroll taxes and fringes	79,067	2,606	6,339	88,012
Advertising	80	258	-	338
Building maintenance	9,822	364	852	11,038
Conferences and training	40	-	-	40
Depreciation	50,688	2,760	7,146	60,594
Dues and subscriptions	740	60	23	823
Equipment	3,386	87	112	3,585
Miscellaneous expenses	17,084	-	-	17,084
Insurance	83,924	1,627	2,712	88,263
Interest	8,570	210	212	8,992
Nutrition	884	-	21,961	22,845
Other costs	3,301	286	-	3,587
Professional fees	48,252	1,218	1,421	50,891
Recreation	740	2,105	-	2,845
Supplies and materials	7,983	324	372	8,679
Taxes	51	(105)	17	(37)
Telephone and postage	6,288	272	371	6,931
Utilities	18,147	2,082	2,599	22,828
Vehicle maintenance	238,025	176	-	238,201
Vehicle supplies	10,478	-	-	10,478
	<u>\$ 1,277,597</u>	<u>\$ 28,488</u>	<u>\$ 100,733</u>	<u>\$ 1,406,818</u>
Total Expenses	<u>\$ 1,277,597</u>	<u>\$ 28,488</u>	<u>\$ 100,733</u>	<u>\$ 1,406,818</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

2010

<u>Transportation</u>	<u>Recreation</u>	<u>Nutrition</u>	<u>Totals</u>
\$ 664,463	\$ 89,442	\$ 55,903	\$ 809,808
75,047	8,514	4,999	88,560
190	1,315	-	1,505
12,880	1,198	973	15,051
336	260	-	596
47,815	3,519	6,484	57,818
459	-	-	459
3,865	-	-	3,865
33,331	-	-	33,331
112,964	146	110	113,220
10,638	-	-	10,638
-	-	18,290	18,290
3,080	-	-	3,080
42,318	-	-	42,318
-	12,683	-	12,683
9,809	422	316	10,547
4	-	68	72.00
6,531	281	211	7,023
20,543	884	663	22,090
213,390	-	-	213,390
2,554	-	-	2,554
<u>\$ 1,260,217</u>	<u>\$ 118,664</u>	<u>\$ 88,017</u>	<u>\$ 1,466,898</u>

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash from contributions, grants, programs and miscellaneous	\$ 1,592,531	\$ 1,486,559
Cash paid to suppliers and employees	(1,460,784)	(1,431,817)
Interest paid	(8,993)	(10,638)
Interest income	75	153
	<u>122,829</u>	<u>44,257</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of fixed assets	(51,727)	(2,499)
Proceeds from sale of investments	-	2,251
	<u>(51,727)</u>	<u>(248)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from note payable and line of credit	-	24,567
Principal payments on note payable	(84,568)	(30,573)
	<u>(84,568)</u>	<u>(6,006)</u>
INCREASE (DECREASE) IN CASH	(13,466)	38,003
CASH AT BEGINNING OF YEAR	<u>39,096</u>	<u>1,093</u>
CASH AT END OF YEAR	<u>\$ 25,630</u>	<u>\$ 39,096</u>
RECONCILIATION OF CHANGE IN NET ASSETS PROVIDED BY BY OPERATING ACTIVITIES:		
Increase in net assets	\$ 120,509	\$ 19,814
Adjustments to reconciled change in net cash provided by operating activities:		
Depreciation	60,594	57,818
Decrease (increase) in accounts receivable	65,278	(67,381)
Decrease (increase) prepaid expenses	(80,540)	12,138
Increase (decrease) in accounts payable	(23,765)	20,223
Increase (decrease) in accrued payroll and payroll taxes	(19,247)	1,645
	<u>2,320</u>	<u>24,443</u>
Net Cash Provided by Operating Activities	<u>\$ 122,829</u>	<u>\$ 44,257</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization - Cass County Council on Aging, Inc. exists to assist, encourage, monitor, and develop comprehensive and coordinated services for older individuals, within Cass County.

The significant accounting policies followed by Cass County Council on Aging, Inc. are:

Basis of Accounting - The financial statements of Cass County Council on Aging, Inc. have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation - 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.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Accounts Receivable - Accounts receivable are reported at the amount management expects to collect on balances outstanding at year end. A provision for doubtful accounts has not been established, as management considers all accounts to be collectible based on a favorable history over a substantial period of time.

In-kind Contributions - In-kind contributions are recorded at fair market value and recognized in the accounting period when they are received.

Donated Services - Donated audit fees of \$4,719 and \$6,911 have been reflected in the financial statements at December 31, 2011 and 2010, respectively. Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The value of this contributed time is not reflected in the accompanying financial statements since the volunteer's time does not meet the criteria for recognition.

See Independent Auditor's Report.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 1 - Accounting Policies (continued):

Restricted and Unrestricted Revenue and Support - Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restrictions. At December 31, 2011 and 2010 there were no temporary or permanently restricted net assets.

Fixed Assets - Purchases of property and equipment in excess of \$1,000 are recorded at cost. Gifts or contributions of property and equipment are recorded at the asset's fair market value at the time received. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets: 5 years for office equipment, and 100,000 miles which approximates 5 years for vehicles. When items are disposed of, the cost and accumulated depreciation are eliminated from the records of account, and a gain or loss is reported in the change in net assets. Repair and maintenance charges that do not increase the useful lives of the assets are charged to the change in net assets as incurred.

Income Taxes - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, a Form 990, Return of Organization Exempt from Income Tax, is required to be filed each year. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization complies with other Internal Revenue reporting requirements regarding contributions received, payroll, and payments to independent contractors.

The Organization believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Advertising Costs - The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expense for the years ended December 31, 2011 and 2010 was \$338 and \$1,505, respectively.

NOTE 2 - Operating Lease:

The Organization has a five year noncancellable operating lease for a copier that began August 1, 2008. The Organization is required to pay all executory costs such as maintenance and insurance. Lease expenses for the years 2011 and 2010, were \$1,944 and \$1,944, respectively.

Total lease payments required in the next five years are: \$1,944, 2012; \$1,134, 2013; and none, 2014, 2015, and 2016.

NOTE 3 - Line of Credit:

The Organization had a \$220,000 and \$100,000 line of credit with a bank in Logansport at December 31, 2011 and 2010, respectively. The balance at December 31, 2011 and 2010 was \$15,000 and \$99,567, respectively. All business assets are pledged as collateral. The interest rate was 2% over the Wall Street Journal prime rate.

See Independent Auditor's Report.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

NOTE 4 – Financed Insurance Premiums:

The Organization entered into a finance agreement to pay for its 2011 and 2012 insurance policy that runs from September 8, 2011 to September 7, 2012 and costs \$120,810. The finance agreement required a down payment of \$31,172 on the first day of the policy followed by nine monthly payments with an interest rate of 6.75%. Monthly payments are \$10,242 and include interest.

NOTE 5 - Subsequent Events:

Subsequent events were evaluated through September 17, 2012, which is the date the financial statements were available to be issued.

NOTE 6 - Concentrations of Support and Revenue:

Transportation income is concentrated at ninety-seven percent of the Organization's total revenue and other support. Federal and state transit funding and other support from Medicaid, project fees and indirect income are sustaining the entire operation of the Organization, which includes its senior activities and nutrition programs.

NOTE 7 – Accounts Receivable:

Accounts receivable consist of the following at December 31:

	<u>2011</u>	<u>2010</u>
Federal - Section 5311	\$ 93,308	\$ 139,955
State PMTF	81,428	81,697
Title IIIB	11,445	-
United Way	2,622	16,667
Medicaid	-	10,065
ARRA - Section 5311	-	15,331
Transit service fees	<u>17,885</u>	<u>8,251</u>
Total	<u>\$ 206,688</u>	<u>\$ 271,966</u>

See Independent Auditor's Report.

CASS COUNTY COUNCIL ON AGING, INC.
SUMMARY SCHEDULE OF PRIOR FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

2010-1 U.S. Department of Transportation, Indiana Department of Transportation (INDOT), CFDA Number 20.509, Section 5311 Grant No. A249-09-231061 for the year December 31, 2010.

Condition: \$33,331 in excess expenses for a major program were submitted and reimbursed by the (INDOT) on the State Form 3211, INDOT Contract Invoice Voucher. The over reporting of expense was not recorded as a liability as of December 31, 2010.

Effect: Budgeted funds on annual 5311 purchase orders could be reduced due to expenditure reductions by Indiana Department of Transportation.

Cause: Contract invoice vouchers were not reviewed for accuracy before their submission to INDOT.

Recommendation: Grantee is to follow the exact percentages for allocating costs per their indirect cost allocation plan, verify and review expenses reported on state forms 3211 and include only those expenses to be reimbursed under the specific Section 5311 program.

Response: The board of directors took immediate action to notify INDOT of their material overstatement and, per INDOT officials, reduced third quarter 2011 transportation expenses. Policy has been put in place to ensure all submitted reports will follow the Organization's indirect cost allocation plan, that the reports are excluding expenses from other federal programs, and all reports will be subjected to a review process before submission to INDOT.

2010-2 U.S. Department of Transportation, Indiana Department of Transportation (INDOT), CFDA Number 20.509, Section 5311 Grant No. A249-09-231061 for the year December 31, 2010.

Condition: The Organization's compliance with reporting to the Indiana Department of Transportation (INDOT) under section 5311, failed to report an accurate reporting of expense and overstated expenses that were reimbursed following the filing of state form 3122 during the four quarter's of reporting for the year ended December 31, 2010.

Effect: The INDOT may reduce current budgeted funding due to the liability reported for reporting excess 2010 expenses under section 5311.

Cause: The Organization exceeded indirect cost allocations per their prescribed indirect cost allocation plan by \$18,000, and included \$15,331 of ARRA section 5311 expenses to be reimbursed under a separate grant in their invoice for reimbursement under section 5311 transit operations. No system of control was in place to verify the accuracy of the reports before their submission to INDOT.

See Independent Auditor's Report.

CASS COUNTY COUNCIL ON AGING, INC.
SUMMARY SCHEDULE OF PRIOR FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Recommendation: The Organization should immediately revise their system and policy of internal control over compliance to comply with reporting that provides reasonable assurance that reports of federal awards submitted to the federal awarding agency or pass-through entity include all activity of the reporting period, are supported by underlying accounting or performance records, and are fairly presented in accordance with program requirements that are applicable to its U.S. Department of Transportation, Section 5311 Program to comply with the requirements of that program. INDOT is to be notified of the liability immediately.

Response: The board of directors immediately put in place a policy to have all future invoice and voucher requests reviewed by a another party before they are submitted to INDOT. They have conducted meetings with INDOT officials to remedy and clear both current and contingent liabilities.



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**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
CASS COUNTY COUNCIL ON AGING, INC.
Logansport, Indiana**

We have audited the financial statements of Cass County Council on Aging, Inc. (a non-profit organization) as of and for the year ended December 31, 2011 and have issued our report thereon dated September 17, 2012. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cass County Council on Aging, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cass County Council on Aging, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cass County Council on Aging, Inc.'s financial statements are free of 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 determination of financial statement amounts. 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 Standard*

**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 (CONTD')**

We noted certain other matters that we reported to management of Cass County Council on Aging, Inc. in a separate letter dated September 17, 2012.

This report is intended solely for the information and use of the management, the board of directors, others within the organization, federal awarding agencies and pass-through entities, and other oversight agencies, and is not intended to be and should not be used by anyone other than these specified parties.

Rea Logan & Co., LLC

Peru, Indiana
September 17, 2012



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

**TO THE BOARD OF DIRECTORS
CASS COUNTY COUNCIL ON AGING, INC.
Logansport, Indiana**

Compliance

We have audited the compliance of Cass County Council on Aging, Inc. (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2011. Cass County Council on Aging, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Cass County Council on Aging, Inc.'s management. Our responsibility is to express an opinion on Cass County Council on Aging, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America: the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program identified in the accompanying schedule of findings and questioned costs occurred. An audit includes examining on a test basis, evidence about Cass County Council on Aging, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Cass County Council on Aging, Inc.'s compliance with those requirements.

In our opinion, Cass County Council on Aging, Inc. complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

Internal Control Over Compliance

Management of Cass County Council on Aging, Inc. is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered Cass County Council on Aging, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cass County Council on Aging, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a type of compliance requirement of a federal program will not be prevented, detected and corrected on a timely basis.

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (CONT'D)**

Our consideration of internal control over compliance 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, board of directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Rea Logan & Co., LLC

Peru, Indiana

September 17, 2012

CASS COUNTY COUNCIL ON AGING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTER/PROGRAM CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>		
Passed through from Indiana Department of Transportation:		
Section 5311	20.509	\$502,857
ARRA Section 5311	20.509	20,343
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		
Passed through from Area Five Agency on Aging & Community Services, Inc.:		
Title III of the Older Americans Act	93.044	<u>22,890</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u><u>\$546,090</u></u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2011

NOTE 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Cass County Council on Aging, Inc. and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

CASS COUNTY COUNCIL ON AGING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2011

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? No

Reportable conditions identified that are not considered to be material weaknesses? No

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material Weaknesses identified? No

Reportable conditions identified that are not considered to be material weaknesses? No

Type of auditor's report issued on compliance for major programs:

<u>CFDA Number</u>	<u>Name of Program</u>	<u>Type of Report</u>
20.509	Section 5311	Unqualified
20.509	ARRA Section 5311	Unqualified

Any audit findings disclosed deficiencies that are required to be reported in accordance with section 510(a) of Circular A-133? No

Major programs:

<u>CFDA Number</u>	<u>Name of Program</u>
20.509	Section 5311
20.509	ARRA Section 5311

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? No