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AN EQUAL OPPORTUNITY EMPLOYER

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October 24, 2014

Board of Directors
Aging & Community Services of South Central Indiana, Inc.
1531 13th Street, Suite G900
Columbus, IN 47201

We have reviewed the audit report prepared by Gauthier & Kimmerling, LLC, for the period July 1, 2011 to June 30, 2012. 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 Aging & Community Services of South Central Indiana, Inc., as of June 30, 2012, 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.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

AGING & COMMUNITY SERVICES OF SOUTH CENTRAL INDIANA, INC.

REPORT ON AUDIT OF FINANCIAL STATEMENTS

JUNE 30, 2012

AGING & COMMUNITY SERVICES OF
SOUTH CENTRAL INDIANA, INC.

TABLE OF CONTENTS

	Page Number
Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 10

AGING & COMMUNITY SERVICES OF SOUTH CENTRAL INDIANA, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT			
Donations	$ 259,693	$ -	$ 259,693
Grants	-	4,138,078	4,138,078
Medicaid revenue	962,089	-	962,089
In-Kind	302,726	-	302,726
Other	467,125	-	467,125
Revenues and other support	1,991,633	4,138,078	6,129,711
Revenues released from restriction	4,152,211	(4,152,211)	-
Total Revenues and Other Support	6,143,844	(14,133)	6,129,711
EXPENSES			
Program services	5,524,515	-	5,524,515
Support services	582,076	-	582,076
Total Expenses	6,106,591	-	6,106,591
Increase (decrease) in net assets	37,253	(14,133)	23,120
Net assets - beginning of year	597,208	77,925	675,133
Net assets - end of year	$ 634,461	$ 63,792	$ 698,253

The accompanying notes are an integral part of the financial statements.

AGING & COMMUNITY SERVICES OF SOUTH CENTRAL INDIANA, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 23,120
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	37,947
(Increases) decreases in operating assets:	
Grants receivable	122,278
Accounts receivable	90,687
Prepaid expenses	(2,760)
Increases (decreases) in operating liabilities:	
Accounts payable	100,540
Accounts payable - related parties	11,335
Accrued payroll and related liabilities	41,106
Net Cash Provided by (Used in) Operating Activities	424,253
CASH FLOWS FROM INVESTING ACTIVITIES	
Investments held by others	14,133
Payment on line of credit	(150,050)
Net Cash Provided by (Used in) Investing Activities	(135,917)
Net increase (decrease) in cash	288,336
Cash - beginning of year	272,842
Cash - end of year	$ 561,178
Interest paid during the year	$ 16,086

The accompanying notes are an integral part of the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES – Continued

The Organization reviews its fixed assets for impairment whenever events or changes in circumstances indicate the carrying value of such assets may not be recoverable. No impairment loss was recognized in 2012

Depreciation is computed using the straight-line method over estimated useful lives of 3 to 7 years.

The costs of providing the various programs and other activities have been summarized in the statement of functional expenses. Costs are charged directly to the programs they benefit whenever possible. Certain overhead costs that cannot be directly charged to an individual program are allocated to the various programs they benefit using relevant statistical allocation bases.

Receivables are charged to bad debt expense when they are determined to be uncollectable based upon periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require the allowance method to be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect 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 amounts may differ from these estimates.

All liquid investments purchased with a maturity of three months or less is considered to be cash equivalents.

The Organization is exempt from income taxation under the Internal Revenue Code Section 501(c)(3). Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Management believes that the Organization is no longer subject to income tax examination for years prior to 2009.

The Organization has recorded in-kind contributions for space and professional services in the statement of activities in accordance with financial accounting standards. These standards require that only contributions of service received that create or enhance a nonfinancial asset or require a specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by the donation be recorded.

3. FINANCIAL INSTRUMENTS

The Organization maintains its cash in deposit accounts, the cumulative balance of which may exceed federally insured limits. As of June 30, 2012, no excess existed.

The Organization has not experienced any losses in its accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

7. OPERATING LEASES

The Organization holds various operating leases for their administrative office, outreach offices, and equipment. The terms of the lease agreements require monthly payments for the term of the lease. Total rental expense for the year ended June 30, 2012 was $150,110. The Organization's obligation for future operating leases is as follows:

2013	$ 135,360
2014	9,360
2015	3,120
2016	-
2017	-
Thereafter	-
	$ 147,840

8. FAIR VALUE MEASUREMENT

In accordance with Accounting Standards Codification (ASC) 820, the Organization measures its recurring assets and liabilities at fair value using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires that entities maximize the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The three levels of inputs used are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities
- Level 2 - Quoted prices for similar assets or liabilities in active markets
- Level 3 - Unobservable inputs for the asset or liability based on the best available information

At June 30, 2012, there were no assets or liabilities valued on a recurring basis.

A summary of the methods and significant assumptions used to estimate the fair values of financial instruments is as follows:

Short-term financial instruments – The fair value of short-term financial instrument, including cash and cash equivalents, accounts and grants receivable, prepaid expenses, accounts payable, accrued liabilities, and the line of credit approximate the carrying value in the accompanying financial statements due to the short maturity of such instruments.

9. LINE OF CREDIT

The Organization has a line of credit of $500,000 with Indiana Bank and Trust Company with a variable interest rate. The interest rate as of June 30, 2012, was 5.59%. The line of credit is collateralized by accounts receivable due to the Organization. At June 30, 2012, the outstanding balance was $250,000.

AGING & COMMUNITY SERVICES OF SOUTH CENTRAL INDIANA, INC.

REPORTS PRESCRIBED BY OMB CIRCULAR A-133

JUNE 30, 2012

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Organization'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 that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Organization's Board of Directors, management, others within the entity, and the 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.

Gauthier + Kimmerling, LLC

December 12, 2012

INTERNAL CONTROL OVER COMPLIANCE

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program 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 the Organization'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 and correct 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 material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 over compliance 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.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the basic financial statements of the Organization as of and for the year ended June 30, 2012, and have issued our report thereon dated December 12, 2012, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by OMB circular A-133 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 other 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 schedule of expenditures of federal awards is fairly stated in all material respects to the financial statements as a whole.

This report is intended solely for the information of the Organization's Board of Directors, management, others within the entity, and the 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.

Gauthier + Kimmerling, LLC

December 12, 2012

Aging & Community Services of South Central Indiana, Inc.
Note to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

The following describes the significant accounting policies used in the preparation of the schedule of expenditures of federal awards:

Basis of Presentation – The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Organization under programs of the federal government for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Summary of Significant Accounting Policies – Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations,* wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Aging & Community Services of South Central Indiana, Inc.
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

Section I - Summary of Auditors' Results

Financial Statements:

Type of auditor report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified that are not considered to be material weaknesses? *None reported*

Noncompliance material to financial statements noted: *No*

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified: *No*
- Significant deficiency(ies) identified that are not considered to be material weaknesses? *None reported*

Type of auditors' report issued on compliance for major programs: *Unqualified*

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program
84.181	Special Education Grants for Infants and Families
93.044, 93.045, 93.053	U.S. Department of Health and Human Services Aging Cluster
93.725	ARRA - Chronic Disease Self Management Program
94.011	Foster Grandparent Program