



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B44375

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

October 28, 2014

Board of Directors
Peak Community Services, Inc.
1416 Woodlawn Ave.
Logansport, IN 46947

We have reviewed the audit report prepared by Huth Thompson LLP, for the period July 1, 2012 to June 30, 2013. 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 Peak Community Services, Inc., as of June 30, 2013, 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

Financial Statements

PEAK COMMUNITY SERVICES, INC.

JUNE 30, 2013 AND 2012

PEAK COMMUNITY SERVICES, INC.

TABLE OF CONTENTS

	<u>PAGE NO.</u>
INDEPENDENT AUDITOR'S REPORT.....	1-2
FINANCIAL STATEMENTS--	
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Functional Expenses.....	5-6
Statements of Cash Flows.....	7
Notes to Financial Statements.....	8-18



LAFAYETTE OFFICE
415 Columbia Street, Suite 2000
PO Box 970
Lafayette, IN 47902-0970
Phone 765-428-5000
Fax 765-428-5700

RENSSELAER OFFICE
311 East Drexel Parkway
PO Box 68
Rensselaer, IN 47978-0068
Phone 219-866-5198
Fax 219-866-5835

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Peak Community Services, Inc.
Logansport, Indiana

We have audited the accompanying financial statements of Peak Community Services, Inc., which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT--CONTINUED

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Peak Community Services, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Hugh Thompson LLP

November 20, 2013
Lafayette, Indiana

PEAK COMMUNITY SERVICES, INC.

STATEMENTS OF FINANCIAL POSITION

As of June 30,

	<u>2013</u>	<u>2012</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 1,308,102	\$ 1,637,622
Certificates of Deposit	771,956	765,654
Accounts Receivable	90,729	134,689
Claims Receivable	383,423	445,292
Unconditional Promises to Give	61,896	59,500
Prepaid Expenses	24,952	31,382
Inventory	<u>9,604</u>	<u>6,449</u>
TOTAL CURRENT ASSETS	2,650,662	3,080,588
INVESTMENTS	955,556	228,977
PROPERTY, PLANT AND EQUIPMENT		
Building and Improvements	2,374,711	2,379,255
Residential Buildings	1,188,701	1,158,095
Equipment, Furniture and Fixtures	1,266,153	1,247,518
Vehicles	<u>378,579</u>	<u>378,579</u>
	5,208,144	5,163,447
Accumulated Depreciation	<u>(3,015,113)</u>	<u>(2,833,860)</u>
	2,193,031	2,329,587
Land	<u>175,221</u>	<u>175,221</u>
	2,368,252	2,504,808
OTHER ASSETS		
Beneficial Interest in Assets Held at Pulaski County Community Foundation	12,114	11,393
Cash Value of Life Insurance	<u>250</u>	<u>1,050</u>
	<u>12,364</u>	<u>12,443</u>
	<u>\$ 5,986,834</u>	<u>\$ 5,826,816</u>

See Notes to Financial Statements.

	<u>2013</u>	<u>2012</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	\$ 25,990	\$ 31,840
Related Party Payable	607	1,737
Accrued Expenses--		
Payroll and Payroll Taxes	122,882	124,876
Paid Time Off	85,522	88,209
Accrued Liabilities	<u>13,797</u>	<u>55,443</u>
TOTAL CURRENT LIABILITIES/TOTAL LIABILITIES	248,798	302,105

	NET ASSETS	
Unrestricted	5,720,440	5,509,172
Temporarily Restricted	<u>17,596</u>	<u>15,539</u>
	<u>5,738,036</u>	<u>5,524,711</u>

\$ 5,986,834 \$ 5,826,816

PEAK COMMUNITY SERVICES, INC.

STATEMENTS OF ACTIVITIES
For Years Ended June 30,

	2013		2012	
	TOTAL	TEMPORARILY RESTRICTED	TOTAL	TEMPORARILY RESTRICTED
SUPPORT AND REVENUE				
Public Support				
Contributions	\$ 6,696	\$ 5,401	\$ 7,612	\$ 6,959
Activity Fund	1,663	1,663	1,317	1,317
United Way Grants and Allocations	32,253	3,803	29,352	902
	40,612	10,867	38,281	9,178
Program Services				
OBRA	17,929	17,929	171,565	171,565
IFSSA Contracts—				
Residential Services	512	512	11,930	1,380
Residential Living	10,750	10,750	-	-
Medicaid	2,466,400	2,466,400	2,292,917	2,292,917
Day Service-Private	8,890	8,890	7,242	7,242
Vocational Rehabilitation	45,488	46,488	60,656	60,656
Medicaid Waiver	1,550,743	1,550,743	1,578,877	1,578,877
CHOICE	7,293	7,293	10,264	10,264
Tuition - Resident Fees	300,228	300,228	245,551	245,551
County Tax	90,000	90,000	90,006	90,006
	4,499,233	4,499,233	4,469,067	4,469,067
Other Income				
Workshop Contracts	615,928	615,928	570,612	570,612
Investments	39,194	39,194	24,299	24,299
Foundation Services	7,655	7,655	11,371	11,371
Gain (Loss) on Sale of Property	(1,874)	(1,874)	8,743	8,743
Miscellaneous	7,319	7,319	13,595	13,595
	668,222	668,222	628,620	628,620
NET ASSETS RELEASED FROM RESTRICTIONS				
	-	27,688	-	33,478
TOTAL SUPPORT AND REVENUE	5,208,067	5,206,010	5,135,968	5,135,968
EXPENSES				
Program Services	4,196,894	4,196,894	4,219,589	4,219,589
Management and General	726,202	726,202	788,393	788,393
Fundraising	71,646	71,646	43,300	43,300
TOTAL EXPENSES	4,994,742	4,994,742	5,051,282	5,051,282
INCREASE (DECREASE) IN NET ASSETS	213,325	211,268	84,686	(4,375)
NET ASSETS—Beginning of Year	5,524,711	5,509,172	5,440,025	5,420,111
NET ASSETS—End of Year	\$ 5,738,036	\$ 5,720,440	\$ 5,524,711	\$ 5,609,172

See Notes to Financial Statements.

PEAK COMMUNITY SERVICES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
For Years Ended June 30,

2013

	PROGRAM SERVICES										TOTAL	MANAGEMENT AND GENERAL	FUNDRAISING	COMBINED TOTAL
	WORK SERVICES	EMPLOYMENT SERVICES	HABILITATION	COMMUNITY LIVING	FAMILY SERVICES	SUPERVISED GROUP LIVING	TRANS-PORTATION	ACTIVITY FUND						
Staff Salaries	\$ 279,323	\$ 47,483	\$ 270,600	\$ 609,658	\$ 181,635	\$ 948,344	\$ 390	\$ -	\$ -	\$ 2,137,423	\$ 453,100	\$ 43,618	\$ 2,834,151	
Client Salaries	249,414	1	54	45,611	13,801	68,956	-	-	-	289,469	5,442	-	294,911	
Payroll Taxes	39,550	3,541	19,497	79,516	7,186	149,504	29	-	-	190,985	32,653	3,233	226,871	
Employee Benefits	57,969	3,564	32,070	7,186	7,186	149,504	62	-	-	129,821	74,911	12,152	416,884	
Professional Fees	3,284	478	3,700	2,703	3,700	31,710	3	-	-	49,024	22,975	2,099	74,098	
Supplies	20,994	1,113	9,107	14,720	4,419	132,046	9	159	-	181,667	10,465	1,687	193,829	
Occupancy	13,100	2,206	12,571	28,323	8,484	45,816	18	-	-	110,472	21,050	2,026	133,548	
Repair and Maintenance	5,232	527	15,615	29,531	6,568	103,734	18	-	-	159,713	20,870	133	180,716	
Postage	1,696	-	-	71	-	-	-	-	-	1,767	2,296	16	4,079	
Printing and Publications	347	-	-	-	-	480	-	-	-	827	1,205	202	2,234	
Telephone	5,512	937	5,340	12,799	3,584	2,876	8	-	-	31,056	8,941	861	40,858	
Travel and Transportation	3,409	1,387	6,234	12,052	5,373	25,069	50,260	-	-	113,184	2,391	525	116,000	
Conferences and Meetings	212	4,156	597	7,379	1,003	1,919	-	-	-	15,266	2,795	175	18,235	
Professional Dues	375	360	-	-	-	-	-	-	-	735	16,093	150	16,918	
Activity Fund	-	-	-	-	-	-	-	-	2,820	3,090	-	57	3,087	
Depreciation	30,671	4,147	24,858	42,665	12,979	42,171	27	-	-	157,518	30,826	2,968	191,312	
Medicaid Assessment Fees	-	-	-	-	-	154,418	-	-	-	154,418	-	-	154,418	
Miscellaneous	1,902	420	1,666	2,340	1,989	1,562	-	-	-	9,279	20,369	1,734	31,382	
Bad Debt Expense	2,752	-	-	75,880	-	5,612	-	-	-	91,730	-	-	91,730	
Program Allocation	(147,471)	(1,722)	(188,658)	-	-	397,861	-	-	-	-	-	-	-	
	\$ 676,480	\$ 88,756	\$ 214,422	\$ 976,717	\$ 280,826	\$ 2,062,878	\$ 64,824	\$ 2,979	\$ 4,198,894	\$ 726,302	\$ 71,846	\$ 4,994,762		

(Continued on page 6)

See Notes to Financial Statements.

PEAK COMMUNITY SERVICES, INC.

STATEMENTS OF FUNCTIONAL EXPENSES
For Years Ended June 30,

(Continued from page 5)

2012

	PROGRAM SERVICES										TOTAL	MANAGEMENT AND GENERAL	FUNDRAISING	COMBINED TOTAL
	WORK SERVICES	EMPLOYMENT SERVICES	HABILITATION	COMMUNITY LIVING	FAMILY SERVICES	SUPERVISED GROUP LIVING	TRANS-PORTATION	ACTIVITY FUND	TOTAL	MANAGEMENT AND GENERAL				
Staff Salaries	\$ 262,680	\$ 35,862	\$ 336,806	\$ 644,129	\$ 169,373	\$ 889,257	\$ 384	\$ -	\$ 2,395,990	\$ 484,207	\$ 25,116	\$ 2,845,313		
Client Salaries	300,281	1	1,493	48,136	12,828	65,656	29	-	391,775	4,577	-	396,352		
Payroll Taxes	42,380	2,319	24,729	94,136	12,828	65,656	29	-	196,576	35,276	1,937	233,789		
Employee Benefits	57,284	4,546	53,703	94,764	6,787	133,497	168	-	350,769	93,086	4,880	448,674		
Professional Fees	5,125	475	7,675	8,074	2,840	45,831	3	-	70,023	27,172	3,940	101,115		
Supplies	15,675	929	14,047	16,857	4,262	123,154	87	100	175,051	11,666	688	187,405		
Occupancy	17,993	1,565	34,790	29,124	7,424	47,442	17	-	113,111	21,432	1,025	135,568		
Repair and Maintenance	14,971	1,916	18,622	35,778	9,078	93,122	21	-	173,508	25,875	1,367	200,750		
Postage	1,467	-	25	41	-	5	-	-	1,558	3,473	-	5,031		
Printing and Publications	1,860	-	42	-	-	310	-	-	2,212	578	973	3,763		
Telephone	5,198	710	6,665	13,684	3,962	2,970	8	-	32,897	9,582	487	42,967		
Travel and Transportation	4,722	625	11,757	18,741	6,688	31,027	50,010	-	123,580	4,062	346	127,988		
Conferences and Meetings	630	2,053	592	7,809	1,389	9,834	-	-	16,157	3,680	-	19,836		
Professional Dues	1,044	155	75	-	-	-	-	-	1,244	12,886	-	14,130		
Activity Fund	-	-	-	-	-	-	-	5,637	5,637	-	-	5,637		
Depreciation	36,288	3,274	26,113	47,451	12,367	38,839	27	-	164,339	33,431	1,735	199,525		
Residential Assessment Fees	664	522	1,675	1,519	763	149,356	-	-	149,356	17,693	725	169,366		
Miscellaneous	-	-	-	-	-	323	-	-	323	-	-	323		
Bad Debt Expense	-	-	-	-	-	-	-	-	-	-	-	-		
Program Allocation	(138,254)	55,451	(172,226)	862,895	237,541	1,396,403	60,764	5,837	4,219,689	788,392	43,300	5,051,282		
	\$ 824,708	\$ 55,451	\$ 346,503	\$ 862,895	\$ 237,541	\$ 1,396,403	\$ 60,764	\$ 5,837	\$ 4,219,689	\$ 788,392	\$ 43,300	\$ 5,051,282		

See Notes to Financial Statements.

PEAK COMMUNITY SERVICES, INC.

STATEMENTS OF CASH FLOWS
For Years Ended June 30,

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in Net Assets	\$ 213,325	\$ 84,686
Adjustments to Reconcile Increase in Net Assets to Net Cash Provided by Operating Activities--		
Depreciation	191,312	199,525
Realized (Gain) on Investments	(11,343)	(2,709)
Unrealized (Gain) Loss on Investments	(13,321)	1,502
Decrease in Cash Surrender Value of Life Insurance	800	392
(Gain) Loss on Disposal of Property and Equipment	1,874	(8,743)
(Increase) Decrease in Current Assets--		
Accounts Receivable	43,960	(30,282)
Claims Receivable	61,869	88,377
Unconditional Promises to Give	(2,396)	2,388
Prepaid Expenses	6,430	(4,391)
Inventory	(3,155)	(6,449)
Increase (Decrease) in Current Liabilities--		
Accounts Payable	(5,850)	4,754
Related Party Payable	(1,130)	1,264
Accrued Expenses	(46,327)	74,254
NET CASH PROVIDED BY OPERATING ACTIVITIES	436,048	404,568
CASH FLOWS FROM INVESTING ACTIVITIES		
Net (Loss) from Certificates of Deposit	(6,302)	(7,266)
Purchases of Property, Plant and Equipment	(56,630)	(22,429)
Beneficial Interest in Assets Held at Pulaski County Community Foundation	(721)	92
Purchases of Investments	(770,946)	(86,683)
Proceeds From Sale of Property and Equipment	-	25,971
Proceeds From Sale of Investments	69,031	78,937
NET CASH (USED) BY INVESTING ACTIVITIES	(765,568)	(11,378)
INCREASE (DECREASE) IN CASH	(329,520)	393,190
CASH--Beginning of Year	1,637,622	1,244,432
CASH--End of Year	\$ 1,308,102	\$ 1,637,622

See Notes to Financial Statements.

PEAK COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the Peak Community Services, Inc.'s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

- A) Nature of Operations--Peak Community Services, Inc. (the Organization) was formed in 1955 as a not-for-profit corporation located in Logansport and Winamac, Indiana. The Organization primarily serves individuals in Cass, Pulaski, and surrounding counties by providing individuals with developmental disabilities with instruction in necessary life skills and providing meaningful activity with employment opportunities as well as independent living situations.
- B) Use of 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 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.
- C) Cash and Cash Equivalents--For the purpose 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. There are no cash equivalents as of June 30, 2013 and 2012.
- D) Accounts and Claims Receivable--Accounts receivable includes amounts due from consumers along with amounts due from industry contracts with various assembly and packaging customers. Claims receivable consists of Medicaid, Medicaid Waiver, and other government charges. Based on collection history and review of aging reports, amounts have been deemed fully collectible. Accounts and claims receivable are charged directly against income when they are determined to be uncollectible. Use of this method does not result in a material difference from the valuation method required by accounting principles generally accepted in the United States of America.

PEAK COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- E) Promises to Give--Unconditional promises to give are recognized as revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met.
- F) Property, Plant and Equipment--Property, plant and equipment are recorded at cost. If donated, the cost is the fair market value at the date of receipt. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives on a straight-line method. The following is a summary of the useful lives for each class of asset:

Building and Improvements	40 years
Residential Buildings	40 years
Equipment, Furniture, and Fixtures	5-10 years
Vehicles	5-10 years

Maintenance, repairs, and minor renewals are charged to operations as incurred. Improvements and major renewals are capitalized. Upon the sale or disposition of properties, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale. Any resultant gain or loss is credited or charged to operations. The Organization's policy is to capitalize property, plant and equipment with a value of \$500 or greater and a useful life greater than one year. Depreciation expense was \$191,312 and \$199,525 for the years ended June 30, 2013 and 2012, respectively.

- G) Donated Goods and Services--The Organization records various types of in-kind support including professional services and materials. Property and equipment donated are capitalized on the basis explained above. Contributed professional services are recognized if the services either create or enhance long-lived assets, or require specialized skills and would typically need to be purchased if not provided by the donation. The Organization did not receive any in-kind contributions during the years ended June 30, 2013 and 2012.

The Organization receives contributions of time from various volunteers, including the Board of Directors. The value of this contributed time is not reflected in these statements.

PEAK COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H) Net Assets--In accordance with generally accepted accounting principles, the net assets of the Organization are reported in each of the following three classes:

- a) *Unrestricted Net Assets*--Net assets that are not subject to donor-imposed stipulations.
- b) *Temporarily Restricted Net Assets*--Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time.
- c) *Permanently Restricted Net Assets*--Net assets subject to donor-imposed restrictions stipulate that the assets be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the restriction. When a 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 statement of activities as net assets released from restrictions. Restrictions on gifts of fixed assets or contributions restricted for the purchase of fixed assets expire when the asset is placed in service, unless otherwise noted by the donor.

- I) Contributions--In accordance with Accounting Standards, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor-imposed restrictions.
- J) Advertising--Advertising costs are expensed as incurred. Total advertising costs were \$4,790 and \$6,111 for the years ended June 30, 2013 and 2012, respectively.
- K) Income Taxes--The Organization is a not-for-profit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and state income taxes under the Indiana General Not-for-Profit Act.

PEAK COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- K) Income Taxes (Continued)--Accounting standards require entities to disclose in their financial statements the nature of any uncertainties in their tax position. Tax years 2009 through 2012 remain open and are subject to examination by tax authorities. Areas that IRS and state tax authorities consider when examining tax returns of a charity include, but may not be limited to, tax-exempt status and the existence and amount of unrelated business income. The Organization does not believe that it has any uncertain tax positions with respect to these or other matters, and therefore has not recorded any unrecognized tax benefits or liabilities. The Organization is not aware of any circumstances or events that make it reasonably possible that tax benefits may increase or decrease within 12 months of the date of these financial statements.
- L) Functional Allocation of Expenses--The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among programs and supporting services benefited.

NOTE 2: CONCENTRATION OF CREDIT RISK

At certain times during the year, the Organization maintained cash deposits with banks which exceeded the \$250,000 amount insured by the Federal Deposit Insurance Corporation (FDIC). The amount of cash over FDIC limit at June 30, 2013 and 2012 was \$638,251 and \$607,245, respectively.

NOTE 3: CASH AND CERTIFICATES OF DEPOSITS

Cash consisted of the following at June 30:

	2013	2012
Petty Cash	\$ 1,025	\$ 1,175
Checking	564,544	897,011
Savings	734,196	729,998
Activity Funds	8,337	9,438
TOTAL CASH	<u>\$ 1,308,102</u>	<u>\$ 1,637,622</u>
Certificate of Deposit--Operating	\$ 743,617	\$ 737,461
Certificate of Deposit--Activity Funds	28,339	28,193
TOTAL CERTIFICATES OF DEPOSIT	<u>\$ 771,956</u>	<u>\$ 765,654</u>

PEAK COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

NOTE 4: INVESTMENTS

In accordance with Accounting Standards, investments are carried at fair market value. Unrealized gains and losses are included in the change in net assets. Interest and dividends are accrued as earned. Interest is shown net of any investment fees. Investments of the Organization consisted of the following at June 30:

	2013		
	Fair Value	Cost	Unrealized Gain (Loss)
Equity Stock	\$ 3,745	\$ -	\$ 3,745
Mutual Funds			
Large Value	199,874	179,219	20,655
World Stock	96,883	86,576	10,307
World Allocation	96,902	92,754	3,148
Moderate Allocation	97,245	88,473	8,772
High Yield Bond	46,723	46,110	613
Intermediate Term Bond	138,067	138,806	(739)
World Bond	45,158	46,636	(1,478)
Short-Term Bond	139,559	142,277	(2,718)
Intermediate Government	92,400	94,648	(2,248)
	<u>\$ 965,556</u>	<u>\$ 915,499</u>	<u>\$ 40,057</u>
	2012		
	Fair Value	Cost	Unrealized Gain
Equity Stock	\$ 2,623	\$ -	\$ 2,623
Mutual Funds			
Large Value	59,618	51,671	7,947
World Stock	56,709	54,194	2,515
World Allocation	29,345	27,480	1,865
Moderate Allocation	29,754	24,023	5,731
High Yield Bond	11,023	9,415	1,608
Intermediate Term Bond	31,673	28,113	3,560
World Bond	8,232	7,345	887
	<u>\$ 228,977</u>	<u>\$ 202,241</u>	<u>\$ 26,736</u>

PEAK COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

NOTE 4: INVESTMENTS (Continued)

The following schedule summarizes the investment return in the statement of activities for the years ended June 30:

	<u>2013</u>	<u>2012</u>
Interest and Dividends*	\$ 13,321	\$ 22,838
Realized Gain on Investments	11,343	2,708
Unrealized Gain (Loss) on Investments	<u>13,321</u>	<u>(1,502)</u>
	<u>\$ 37,985</u>	<u>\$ 24,044</u>

*Investment fees are netted with investment income. Fees for the years ended June 30, 2013 and 2012 were not provided to the Organization.

NOTE 5: BENEFICIAL INTEREST IN ASSETS HELD AT PULASKI COUNTY COMMUNITY FOUNDATION

Amounts reported in the statement of financial position as Interest in Assets Held at Pulaski County Community Foundation (the Foundation) represent net cumulative transfers by the Organization to the Foundation as well as earnings thereon. These amounts totaled \$12,114 and \$11,393 at June 30, 2013 and 2012, respectively. The Foundation holds and invests the funds on behalf of the Organization. The Foundation has variance power over these funds. Funds are distributed to the Organization based on the spending policies of the Foundation.

NOTE 6: CASH VALUE OF LIFE INSURANCE

The Organization is a beneficiary of a \$40,000 life insurance policy conditional upon the death of the insured of the policy. As of June 30, 2013 and 2012, the cash value of the life insurance policy was \$250 and \$1,050, respectively.

PEAK COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

NOTE 7: TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets, included in cash and unconditional promises to give, are available for the following purposes as of June 30:

	<u>2013</u>	<u>2012</u>
Purpose Restrictions--		
Self Advocates	\$ 999	\$ 1,314
Time Restriction--		
United Way Funding for Next Fiscal Year	<u>16,597</u>	<u>14,225</u>
	<u>\$ 17,596</u>	<u>\$ 15,539</u>

NOTE 8: 401(K) PROFIT SHARING PLAN

The Organization participates in a 401(k) profit-sharing plan covering all employees meeting certain age and service requirements. Organization matching contributions are discretionary and totaled \$-0- for both years ended June 30, 2013 and 2012. The Organization may also make discretionary profit sharing contributions; however, no profit sharing contributions were made for the years ended June 30, 2013 and 2012.

NOTE 9: LEASES

The Organization leases vehicles and office equipment under non-cancelable operating lease arrangements. All other leases are year-to-year. Lease agreements expire from 2013 through 2017 and call for monthly variable payments ranging from \$996 to \$1,231 during the lease periods.

Lease payments for the years ended June 30, 2013 and 2012 totaled \$76,787 and \$64,561, respectively.

The minimum lease payments under these operating leases for the years following June 30, 2013 are as follows:

2014	\$ 46,180
2015	27,562
2016	27,562
2017	1,066
Thereafter	<u>-</u>
	<u>\$ 102,370</u>

PEAK COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

NOTE 10: FAIR VALUE MEASUREMENTS

FASB Accounting Standards Codification (FASC) defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASC requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. FASC also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

There are three general valuation techniques that may be used to measure fair value, as described below:

- A) **Market approach** – Uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sales transactions, market trades, or other sources.
- B) **Cost approach** – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- C) **Income approach** – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (including present value techniques, and option pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

PEAK COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

NOTE 10: FAIR VALUE MEASUREMENTS (Continued)

Assets itemized below were measured at fair value during the year ended June 30, 2013 and 2012. The market approach was used for Level 1 and level 3 inputs.

Fair values of assets measured at June 30, are as follows:

	Fair Value Measurements at Reporting Date Using:			
	Fair Value	Quoted Prices In Active Markets for Identical Assets/ Liabilities Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
<u>2013</u>				
Financial Assets--				
Equity Stock	\$ 3,746	\$ 3,746	\$ -	\$ -
Mutual Funds				
Large Value	199,874	199,874	-	-
World Stock	96,883	96,883	-	-
World Allocation	95,902	95,902	-	-
Moderate Allocation	97,245	97,245	-	-
High Yield Bond	46,723	46,723	-	-
Intermediate Term Bond	138,067	138,067	-	-
World Bond	45,158	45,158	-	-
Short-Term Bond	139,559	139,559	-	-
Intermediate Government	92,400	92,400	-	-
Beneficial Interest in Assets Held at Pulaski Community Foundation	12,114	-	-	12,114
Total Assets	\$ 967,670	\$ 955,656	\$ -	\$ 12,114
<u>2012</u>				
Financial Assets--				
Equity Stock	\$ 2,623	\$ 2,623	\$ -	\$ -
Mutual Funds				
Large Value	59,618	59,618	-	-
World Stock	56,709	56,709	-	-
World Allocation	29,345	29,345	-	-
Moderate Allocation	29,754	29,754	-	-
High Yield Bond	11,023	11,023	-	-
Intermediate Term Bond	31,673	31,673	-	-
World Bond	8,232	8,232	-	-
Beneficial Interest in Assets Held at Pulaski Community Foundation	11,393	-	-	11,393
Total Assets	\$ 240,370	\$ 228,977	\$ -	\$ 11,393

PEAK COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

NOTE 10: FAIR VALUE MEASUREMENTS (Continued)

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets using level 3 inputs were primarily valued using managements assumptions about the assumptions market participants would utilize in pricing the asset. Valuation techniques utilized to determine fair value are consistently applied.

Financial assets listed under level 3 inputs are reported at fair value on a recurring basis on the statement of financial position as of June 30, 2013. The resulting activity for the year ended June 30, is as follows:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	
Beneficial Interest in Assets Held at Pulaski Community Foundation--	2013	2012
Beginning July 1,	\$ 11,393	\$ 11,485
Contributions/(Payouts)	(325)	(190)
Interest and Dividends	306	395
Expenses	(163)	(157)
Total Unrealized/Realized Gain (Loss)	903	(140)
Ending June 30,	\$ 12,114	\$ 11,393

NOTE 11: RELATED PARTY TRANSACTIONS

The Organization has obtained services from a related party for materials and supplies. These items were purchased from companies affiliated with board members. During the years ended June 30, 2013 and 2012, the Organization paid the companies \$2,841 and \$4,389, respectively. The Organization owed this company \$159 and \$1,520 as of June 30, 2013 and 2012, respectively.

The Organization has an economic interest, but does not have control, in the Peak Community Services Foundation, Inc. Therefore, its operations are not consolidated in the financial statements of the Organization. The Organization made \$-0- of contributions to the Peak Community Services Foundation, Inc. during the years ended June 30, 2013 and 2012. The Organization collected \$7,655 and \$11,371 in service fees from the Peak Community Services Foundation, Inc. during the years ended June 30, 2013 and 2012, respectively.

PEAK COMMUNITY SERVICES, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2013 and 2012

NOTE 11: RELATED PARTY TRANSACTIONS (Continued)

The Organization is owed \$2,010 and \$1,154 from Peak Community Services Foundation, Inc. as of June 30, 2013 and 2012, respectively. The Organization owed \$448 and \$217 to Peak Community Services Foundation, Inc. as of June 30, 2013 and 2012, respectively.

NOTE 12: SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 20, 2013, the date which the financial statements were available to be issued.

