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March 2, 2015

Board of Directors
Pulaski County Human Services, Inc.
115 West Pearl Street
P.O. Box 32
Winamac, IN 46996

We have reviewed the audit report prepared by Bauer & Bauer, LLC, for the period January 1, 2012 to December 31, 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 Pulaski County Human Services, Inc., as of December 31, 2012, and the results of its operations for the period then ended, on the basis of accounting described in the report.

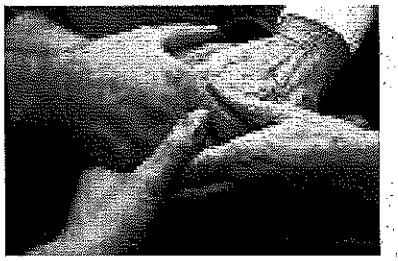
The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

Pulaski County Human Services, Inc.

Annual Financial and Compliance Report



December 31, 2012

DECEMBER 31, 2012

Pulaski County Human Services, Inc.

Financial Statements and Supporting Data

Together with Independent Auditor's Report

Bauer & Bauer, LLC
939 Keystone Way
Carmel, IN 46032

DECEMBER 31, 2012

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Bauer & Bauer, LLC
Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Pulaski County Human Services, Inc.

We have audited the accompanying statement of financial position of Pulaski County Human Services, Inc. (a nonprofit organization) as of December 31, 2012, and the related statements of activities, functional expense and statement of cash flow for the year then ended. These financial statements are the responsibility of Pulaski County Human Services, Inc.'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Pulaski County Human Services, Inc. as of December 31, 2012 and the changes in its net assets and its cash flow for the year then ended in conformity with accounting principles generally accepted in the United States of America, and on the basis of accounting described in **Note 1**.

Our audit was conducted on the purpose of forming an opinion on the basic financial statements taken as a whole.

Bauer & Bauer, LLC
George Bauer, CPA, CGMA, MBA

Carmel, Indiana
September 13, 2013

DECEMBER 31, 2012

STATEMENT OF FINANCIAL POSITION

Pulaski County Human Services, Inc. As of December 31, 2012		
ASSETS		
Current Assets		
Cash	$	97
Grants and accounts receivable (Note A)		99,094
Prepaid expenses		10,555
Total Current Assets	$	109,746
Non-Current Assets		
Property and equipment, net (Note A)	$	761,112
Land		109,200
Total Non-Current Assets	$	870,312
Total Assets	$	980,058
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	$	42,105
Accrued payroll and related liabilities		24,531
Accrued PTO		21,363
Checks wrtten in excess of cash balance		6,904
Current portion of non-current debt		7,953
Line-of-credit (Note B)		42,000
Total Current Liabilities	$	144,856
Non-Current Liabilities		
Note Payable (less current portion)(Note E)	$	155,675
Total Non-Current Liabilities	$	155,675
Net Assets		
Unrestricted	$	679,527
Temporarily restricted		0
Permanently restricted		0
Total Net Assets	$	679,527
Total Liabilities and Net Assets	$	980,058

See the accompanying notes to financial statements

DECEMBER 31, 2012

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Pulaski County Human Servcices, Inc. For the Year ended December 31, 2012	
Support and Revenue:	
Federal grant revenue	$ 271,113
State grant revenue	73,904
Local grant revenue	142,516
Cash match revenue	32,593
In-kind contributions (Note A)	64,589
Total Support and Revenue	$ 584,715
Program and Support Expenses:	
Program services	$ 560,622
Management & general	46,265
Total Program and Support Expenses	$ 606,887
Change in Net Assets	$ (22,172)
Beginning Net Assets	701,699
Ending Net Assets	$ 679,527

See accompanying notes to financial statements

DECEMBER 31, 2012

STATEMENT OF CASH FLOWS

Pulaski County Human Services, Inc. For the Year ended December 31,	2012
CASH FLOW FROM OPERATING ACTIVITIES	
Cash received from contributions and grants	$ 524,371
Cash paid to vendors and employees	(518,664)
Net Cash Provided (Used) by Operating Activities	$ 5,707
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of property and equipment	$ 0
Net Cash Provided (Used) by Investing Activities	$ 0
CASH FLOW FROM FINANCING ACTIVITIES	
Principal payments on non-current debt	$ (8,566)
Net Cash Provided (Used) by Financing Activities	$ (8,566)
INCREASE (DECREASE) IN CASH	$ (2,859)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	$ 2,956
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 97

For informaitonal purposes only

Cash paid for interest	$ 16,407

See accompanying notes to financial statements

DECEMBER 31, 2012

STATEMENT OF CASH FLOWS

Pulaski County Human Services, Inc. For the Year ended December 31,	2012
Change in net assets	$ (22,172)
Adjustments to reconcile changes in Net Assets to Net Cash provided (used) by operating activities	
Depreciation	$ 24,581
(Increase) Decrease in Assets:	
Accounts receivable	4,245
Increase (Decrease) in Liabilities:	
Accounts payable and accrued expenses	22,304
Accrued payroll liabilities and related liabilities	(21,898)
Checks written in excess of cash balance	(1,353)
TOTAL ADJUSTMENTS	$ 27,879
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 5,707

See accompanying notes to financial statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - Pulaski County Human Services, Inc. is a community-based non-profit corporation incorporated March 31, 1975 under the laws of the State of Indiana. The Organization's mission is for people to come together to plan, to act, to create new opportunities, and to inspire a new vision for all by assisting the low income, elderly, disabled and otherwise socially or economically disadvantaged of Pulaski County to attain economic self sufficiency and appropriate living. Services include outreach, information and referral, congregate and home delivered meals, public transportation services, preventive health and community services including emergency programs, food pantry, senior center activities, health and nutrition education.

Pulaski County Human Services, Inc. is supported primarily through government grants and contributions.

Basis of Accounting - The financial statements of the Agency have been prepared on the accrual basis of accounting. Revenue is recognized when earned and expenses when the obligation is incurred.

Basis of Presentation - As required by Financial Statement Presentation Disclosure topic of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC), the Agency 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.

Net Assets - The financial statements report amounts separately by class of net assets:

> **Unrestricted net assets** - Unrestricted amounts are those currently available for use in the Agency's Activities.
>
> **Temporarily restricted net assets** - Temporarily restricted expendable amounts are those which are restricted by donors for specific purposes. As of December 31, 2012, the Agency had $0 of temporarily restricted net assets.
>
> **Permanently restricted net assets** - Net assets subject to donor-imposed stipulations require that they be maintained permanently by the Agency. Generally, the donors of these assets permit the Agency to use all or part of the income earned on the related investments for general or specific purposes. As of December 31, 2012, the Agency had $0 permanently restricted net assets.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Agency considers all investments purchased with a maturity of three months or less to be cash equivalents. In the normal course of business, the Agency may maintain cash held at the financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) insured limits.

Grants Receivable - Grants receivable represent the uncollected portion of funds from grants awarded to the Agency.

Grants receivable are reported net of an allowance for doubtful accounts. There were no allowances, as of December 31, 2012, based on management's estimate of the amount of receivables that will actually be collected. Grants receivable are charged to bad debt expense as they are deemed uncollectible based upon a periodic review of the accounts.

Receivables are due from approved grants for services rendered. As of December 31, 2012, the Organization is due grant and account receivables as follows:

	2012
Northwest Indiana Community Action Corp.	$ 9,287
K-IRPC	
Pulaski County Auditor	
NWICC	
Winamac Town Council	5,000
Indiana Department of Revenue	2,673
Eastern Pulaski School	813
Miscellaneous	424
Total Grants and Accounts Receivable	$ 103,339

Property and Equipment - Property and equipment are recorded at cost, if contributed, at the estimated fair value at the date of the gift. The Agency capitalizes additions to property and equipment in excess of $1,000 cost or fair value, if contributed. Depreciation of property and equipment is computed using the straight-line method and based upon the estimated useful lives of the assets. Expenditures for property and equipment and for renewals or improvements which extend the originally estimated economic life of the assets are capitalized. Expenditures for maintenance and repairs are charged to expense when incurred.

Vehicles for transportation services are acquired through the Kankakee-Iroquois Regional Planning Commission (K-IRPC). Vehicles acquired in accordance with the Federal Sec. 5311 Rural Public Transit Program (Sec. 5311). Sec. 5311 requires the Organization to pay 20% of the vehicle cost. KIRPC retains title to these vehicles for their useful life of 4 years or 100,000 miles. During this period the Organization records 20% cost as prepaid lease expense amortized over the useful life. At the end of the vehicle's useful life, Sec. 5311 obligates K-IRPC to transfer title to the Organization. Transferred vehicles are recorded at the fair market value at time of transfer and depreciated with a useful life of 3 years. Fair market value is determined by the Kelly Blue Book trade-in value and is recorded as income on the statement of activities. As of December 31, 2012 prepaid vehicle expense is $10,555.

The following is a summary of property and equipment at December 31, 2012:

	2012
Land	$ 109,200
Buildings	873,800
Equipment, furniture & vehicles	49,519
	1,032,519
Less: accumulated depreciation	(162,207)
Total Property and Equipment	$ 870,312

Impairment of Long-Lived Assets - The Agency evaluates long-lived assets for impairment when circumstances indicate the carrying amount of an asset may not be recoverable base on the undiscounted cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write-down to fair value is recorded. Fair values are determined based on the discounted cash flows, quoted market values, or external appraisals, as applicable. Long-lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. Management has determined that no impairment existed for the year ended December 31, 2012.

NOTES TO FINANCIAL STATEMENTS

Income Tax Status - The Agency is exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code. The Agency is not considered to be a private foundation but rather a public charity. Accordingly, no provisions for federal has been reflected in the Agency's financial statements.

The Agency has adopted the provisions of Uncertain Tax Positions Disclosure Topics of FASB ASC, which prescribes a recognition threshold of more-likely-than-not to be sustained upon examination. Measurement of the tax uncertainty occurs if the recognition threshold has not been met. This guidance also addresses derecognition, classification, interest and penalties, disclosure, and transition. In the normal course of business, the Agency is subject to examination by taxing authorities. The Agency's tax returns for years subsequent to fiscal 2008 are open, by statute, for review by authorities. However, at present there are no ongoing income tax audits or unresolved disputes with the various tax authorities that the Agency currently files or has filed.

Functional Allocation of Expenses - The costs of providing the various programs and other activities have been summarized in the statement of activities. Some expenses related directly to specific programs or supportive services while others do not. Expenses that relate to more than one program or supporting service are allocated among the applicable functions. The allocation is based on a formula contained within the grant documents.

Costs are allocated to the programs and supporting services. Management periodically evaluates its allocation method and revises it when necessary. Management and general expenses include those expenses that are indirectly identifiable with other specific functions, but provide for the overall support and direction of the Agency.

Contributed Materials and Services - Contributed services are recognized as contributions in accordance with Contributions Disclosure Topic of FASB ASC, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment.

Of the $64,589 of in-kind contributions and related expenses recorded in the Agency's statement of activities, contributed services meeting the guidance requirements are $27,148 for the year ended December 31, 2012. The remaining $37,441 recorded were for contributed materials in 2012. Contributed materials and services that did not meet the guidance requirements were not recorded in 2012.

Estimates - Management uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could vary from the estimates that were used.

Contributions - Contributions are not recorded in accordance with Statement of Financial Accounting Standards (SFAS) No. 116 of the American Institute of Certified Public Accountants. Contributions are recorded when received, instead of when the promise to give is made. Contributions are considered to be unrestricted unless specifically restricted by the donor.

NOTES TO FINANCIAL STATEMENTS

Advertising - The Agency expenses advertising costs as they are incurred. Advertising expense for the year ended December 31, 2012 was minimal.

Revenue Recognition - The Agency reports grants of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the grant is received, the Agency reports the support as unrestricted.

Compensated Absences - Employees of the Agency are entitled to paid time off, depending on job classification, length of service, and other factors. As of December 31, 2012 the accrued paid was $

NOTE 2 - OPERATING LINE OF CREDIT

The Agency has a $42,000 bank operating line-of-credit with The First National Bank of Monterey for short-term borrowings. The interest rate is six and one half (6.5) percent per annum. The note is unsecured. The outstanding balance at December 31, 2012 is $42,000.

NOTE 3 - THIRD PARTY REIMBURSEMENTS

The Agency receives reimbursements from third parties. The Agency must submit claims to these parties for approval and payment. The Agency depends significantly on these third parties to carry out its program activities.

NOTE 4 - OPERATING LEASES

The Agency leases property under the terms of operating leases as set forth in FASB ASC 840-20, *Operating Leases*. There are no leases that are non-cancelable, conveying the right to use property for a stated period of time. Rental expense is recognized on a straight-line basis over its life, with a deferred liability or asset on the statement of financial position for the difference between expense and cash outlay. Rent expense recognized for year ending December 31, 2012 is $.

NOTE 5 - DEBT

The Agency recognizes current debt and non-current debt as defined by FASB ASC 470, *Debt*. The Agency's non-current debt consisted of the following at December 31, 2012:

Mortgage note payable: 1st Source Bank, payable in 57 monthly Installments of $1,840 including interest at 7.25% per annum with one principal and interest payment payable on November 20, 2016. The note is secured by the property at 115 West Pearl St., Winamac, IN 46996.

Principal non-current balance on December 31,

2012	2013	2014	2015 and Beyond
$155,675	$144,538	$132,568	Note due in 2016

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - CONCENTRATIONS AND CONTINGENCIES

Vulnerability from concentrations arises because an entity is exposed to risk of loss greater than it would have had it mitigated its risk through diversification. Such risks of loss manifest themselves differently, depending on the nature of the concentration, and vary in significance. The Agency discloses concentrations described in FASB ASC 275-10-50-16, when certain criteria are met. The following concentrations exist and require disclosure as set forth in FASB ASC 275-10-50-16.

The Agency relies on Federal and State government grants to support operations. Significant cuts in these grant programs could have a material impact on the organization's financial position.

The Agency does not have any program that exceeds 20% of total program funds.

The Agency records loss contingencies in accordance with FASB ASC 450-20-25-1, a loss contingency exists when the likelihood that the future event or events will confirm the loss or impairment of an asset or the incurrence of a liability can range from probable to remote.

Pulaski County Human Services, Inc. maintains cash balances at a financial institution. Accounts are insured by the Federal Deposit Insurance Company up to $250,000. the amount of cash in excess of the insured limits at December 31, 2012 is $0.

There are no matters of pending or threatened litigation, claim or assessments, of which we are aware, either as to the Agency, or its principal.

The Agencfy purchased land and a building for $109,000 on February 6, 2009. Of this amount, $106,200 was awarded by the Town of Medaryville through the Indiana Office of Community and Rural Affairs (IOCRA). The remainder was through matching funds solicited by the Agency. The subrecipient agreement requires that the building must remain in its stated purpose for 5 years. If the building does not remain in its stated purpose it will revert to the Town of Medaryville.

NOTE 7 - SUBSEQUENT EVENTS

In preparing these financial statements, the Agency has evaluated subsequent events and transactions for potential recognition or disclosure through August 30, 2013, the date the financial statements were available to be issued.

DECEMBER 31, 2012

SCHEDULE OF FUNCTIONAL EXPENSE

Pulaski County Human Services, Inc. For the Year Ended December 31, 2012	Program Services	Management & General	Fundraising	Total Expenses
Personnel Costs				
Personnel salaries	$ 230,798	$ 28,475	$ 0	$ 259,273
Payroll taxes/personnel fringe benefits	50,197	6,243	0	56,440
Total Personnel Costs	**$ 280,995**	**$ 34,718**	**$ 0**	**$ 315,713**
General Expenses				
Professional fees	$ 13,386	$ 7,293	$ 0	$ 20,679
Office and general	2,449	100	0	2,549
Telephone	4,397	620	0	5,017
Postage	4,850	0	0	4,850
Occupancy	15,725	1,699	0	17,424
Transportation	56,430	0	0	56,430
Client services	51,340	0	0	51,340
Conferences, conventions, and meetings	3,414	0	0	3,414
Insurance	16,515	1,835	0	18,350
Interest	16,407	0	0	16,407
Equipment Rental	5,544	0	0	5,544
In-kind	64,589	0	0	64,589
Depreciation	24,581	0	0	24,581
Total General Expenses	**$ 279,627**	**$ 11,547**	**$ 0**	**$ 291,174**
Total Expenses	**$ 560,622**	**$ 46,265**	**$ 0**	**$ 606,887**