



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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September 6, 2023

Board of Directors
LifeTime Resources, Inc.
13091 Benedict Drive
Dillsboro, IN 47018

We have reviewed the audit report of LifeTime Resources, Inc. which was opined upon by Barnes, Dennig & Co., Ltd., Independent Public Accountants, for the period July 1, 2021 to June 30, 2022. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of LifeTime Resources, Inc. as of June 30, 2022 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Barnes, Dennig & Co., Ltd. prepared the audit report in accordance with guidelines established by the State Board of Accounts.

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA
Deputy State Examiner

LifeTime Resources, Inc. and Subsidiaries

**Consolidated Financial Statements with Supplementary Information
June 30, 2022 and 2021 and
Independent Auditors' Report**

LIFETIME RESOURCES, INC. AND SUBSIDIARIES
June 30, 2022 and 2021

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Independent Auditors' Report

Board of Directors
LifeTime Resources, Inc. and Subsidiaries
Dillsboro, Indiana

Opinion

We have audited the accompanying consolidated financial statements of LifeTime Resources, Inc. and Subsidiaries (collectively, "the Agency"), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2022 and 2021, and the changes in their net assets, functional expenses and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Correction of Error

As discussed in Note 13 to the financial statements, certain errors resulting in the misstatement of amounts previously reported as of June 30, 2021 were discovered by Management of the Agency during the current year. Accordingly, amounts as identified in Note 13 have been restated in the 2022 financial statements now presented, and an adjustment has been made to net assets as of June 30, 2021 to correct the error. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

**Independent Auditors' Report
(Continued)**

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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 financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2023, on our consideration of the Agency'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 solely 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 effectiveness of the Agency's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



February 9, 2023

Indianapolis, Indiana

LIFETIME RESOURCES, INC. AND SUBSIDIARIES

**Consolidated Statements of Financial Position
June 30, 2022 and 2021**

	2022	2021
		(As restated, Note 13)
Assets		
Cash and cash equivalents	\$1,500,473	\$2,243,912
Cash held for others	54,915	121,720
Certificates of deposits	-	247,198
Grants receivable	835,324	741,420
Accounts receivable	100,078	112,119
Accounts receivable - related party	60,448	73,160
Investments at fair value	1,041,720	-
Other assets	33,392	31,836
Property and equipment, net	3,161,969	3,410,515
Total assets	\$ 6,788,319	\$ 6,981,880
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 144,243	\$ 217,207
Accrued interest	380,952	350,327
Accrued payroll and other liabilities	309,759	331,752
Contract liability	21,533	21,533
Custodial funds held for others	54,915	121,720
Notes and advances payable - related party	1,125,000	1,125,000
Paycheck protection program loan	-	467,469
Total liabilities	2,036,402	2,635,008
Net assets without donor restrictions	4,751,917	4,346,872
Total liabilities and net assets	\$ 6,788,319	\$ 6,981,880

See accompanying notes to consolidated financial statements

LIFETIME RESOURCES, INC. AND SUBSIDIARIES

**Consolidated Statements of Activities
Years Ended June 30, 2022 and 2021**

	2022	2021
		(As restated, Note 13)
Revenues and other support		
Grants	\$ 3,447,631	\$ 3,339,217
Rent revenue	547,218	520,128
Third party revenue	1,108,526	1,021,822
Local revenue	113,230	75,244
Program revenue	350,399	226,900
Paycheck protection program loan forgiveness	467,469	-
Other revenue	32,350	55,242
Total revenues and other support	6,066,823	5,238,553
Expenses		
Program services	4,859,709	4,750,219
Logan Elderly Housing	360,682	306,302
Logan Elderly Housing II	229,859	215,834
Administration	211,528	403,528
Total expenses	5,661,778	5,675,883
Change in net assets without donor restrictions	405,045	(437,330)
Net assets without donor restrictions, beginning of year, as previously stated	4,346,872	3,412,316
Prior period adjustment (Note 13)	-	(60,349)
Acquisition of Logan Elderly Housing I, L.P. (Note 11)	-	1,041,825
Acquisition of Logan Elderly Housing II, L.P. (Note 11)	-	390,410
Net assets without donor restrictions, end of year	\$ 4,751,917	\$ 4,346,872

See accompanying notes to consolidated financial statements

LIFETIME RESOURCES, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses
Year Ended June 30, 2022

	Service Contracts	Care Management	Information and Assistance	Congregate Meals	Catch A Ride	Other Program Services	Total Program Services	Logan Elderly Housing	Logan Elderly Housing II	Administration	Total
Salaries and wages	\$ -	\$ 1,006,442	\$ 90,757	\$ 122,798	\$ 1,062,238	\$ 55,516	\$ 2,337,751	\$ 89,710	\$ 42,346	\$ 102,801	\$ 2,572,608
Payroll taxes and benefits	-	396,540	54,524	32,989	206,483	26,571	717,107	28,353	12,760	36,345	794,565
Service providers	786,939	4,000	-	-	-	-	790,939	-	-	-	790,939
Contracted services	-	13,092	3,162	61,165	403,605	2,623	483,647	1,562	3,524	2,214	490,947
Depreciation	-	22,822	2,810	1,368	70,915	1,407	99,322	87,472	57,344	4,408	248,546
Insurance	-	17,110	1,655	1,362	87,350	893	108,370	28,033	16,501	3,104	156,008
Other costs	2,858	23,414	807	1,557	32,346	2,568	63,550	26,349	5,678	30,092	125,669
Travel and transportation	-	15,096	171	5,656	15,289	1,977	38,189	231	143	10,580	49,143
Furniture and equipment	-	4,971	3,795	66	13,685	4,981	27,498	3,125	1,728	211	32,562
Telephone	520	27,187	2,403	5,360	21,024	929	57,423	1,416	637	2,733	62,209
Equipment maintenance	-	31,878	3,980	3,042	22,078	2,122	63,100	2,173	970	6,894	73,137
Supplies	-	5,565	569	5,921	7,983	936	20,974	1,376	659	499	23,508
Building maintenance	-	3,587	467	236	1,780	225	6,295	237	103	719	7,354
Occupancy	-	13,594	1,674	815	5,586	838	22,507	89,376	56,218	2,626	170,727
Postage	-	3,546	556	661	3,279	223	8,265	235	123	448	9,071
Dues and subscriptions	-	1,246	124	121	10,800	65	12,356	82	37	7,783	20,258
Interest	-	-	-	-	-	-	-	-	30,625	-	30,625
Training	-	1,001	213	32	483	687	2,416	952	463	71	3,902
	<u>\$ 790,317</u>	<u>\$ 1,591,091</u>	<u>\$ 167,667</u>	<u>\$ 243,149</u>	<u>\$ 1,964,924</u>	<u>\$ 102,561</u>	<u>\$ 4,859,709</u>	<u>\$ 360,682</u>	<u>\$ 229,859</u>	<u>\$ 211,528</u>	<u>\$ 5,661,778</u>

See accompanying notes to consolidated financial statements

LIFETIME RESOURCES, INC. AND SUBSIDIARIES

Consolidated Statement of Functional Expenses - As Restated, Note 13
Year Ended June 30, 2021

	Service Contracts	Care Management	Information and Assistance	Congregate Meals	Catch A Ride	Other Program Services	Total Program Services	Logan Elderly Housing	Logan Elderly Housing II	Administration	Total
Salaries and wages	\$ -	\$ 904,616	\$ 129,312	\$ 107,507	\$ 976,249	\$ 43,215	\$ 2,160,899	\$ 75,896	\$ 38,187	\$ 144,750	\$ 2,419,732
Payroll taxes and benefits	-	290,652	49,988	33,183	165,750	7,071	546,644	22,062	12,027	46,856	627,589
Service providers	842,549	-	-	-	-	-	842,549	-	-	-	842,549
Contracted services	1,150	23,786	2,859	9,158	236,967	1,009	274,929	5,199	2,627	3,999	286,754
Depreciation	-	31,059	4,257	3,449	272,132	251	311,148	66,114	57,347	4,303	438,912
Insurance	-	16,798	1,887	2,477	91,037	115	112,314	23,339	14,813	1,871	152,337
Other costs	-	12,376	787	1,258	30,024	3,953	48,398	-	-	20,830	69,228
Travel and transportation	-	3,193	173	503	14,963	119	18,951	503	281	1,970	21,705
Furniture and equipment	-	40,123	8,782	3,572	40,087	292	92,856	6,812	3,327	5,140	108,135
Telephone	320	26,767	2,855	5,546	16,084	287	51,859	4,519	2,825	2,368	61,571
Equipment maintenance	-	81,917	12,175	10,793	52,065	765	157,715	3,932	1,663	12,295	175,605
Supplies	-	8,470	1,115	2,494	15,237	501	27,817	2,368	558	1,235	31,978
Building maintenance	-	6,060	906	823	4,170	45,725	57,684	60,671	32,893	916	152,164
Occupancy	-	14,977	2,053	1,663	7,786	121	26,600	33,894	18,180	2,075	80,749
Postage	-	3,184	952	1,099	2,943	166	8,344	163	107	200	8,814
Dues and subscriptions	-	761	295	91	535	5	1,687	37	16	5,758	7,498
Interest	-	-	-	-	-	-	-	-	30,608	-	30,608
Bad debt expense	-	-	-	-	-	-	-	-	-	146,618	146,618
Training	-	6,125	339	251	2,931	179	9,825	793	375	2,344	13,337
	\$ 844,019	\$ 1,470,864	\$ 218,735	\$ 183,867	\$ 1,928,960	\$ 103,774	\$ 4,750,219	\$ 306,302	\$ 215,834	\$ 403,528	\$ 5,675,883

See accompanying notes to consolidated financial statements

LIFETIME RESOURCES, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows Years Ended June 30, 2022 and 2021

	2022	2021 (As restated, Note 13)
Cash flows from operating activities		
Change in net assets	\$ 405,045	\$ (437,330)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	248,546	438,912
Realized and unrealized losses on investments	12,351	-
Forgiveness of paycheck protection program loan	(467,469)	-
Changes in:		
Grants receivable	(93,904)	214,205
Accounts receivable	24,753	(44,359)
Other assets	(1,556)	(6,457)
Accounts payable	(72,964)	130,500
Accrued interest	30,625	30,625
Accrued payroll and other liabilities	(21,993)	8,414
Custodial funds held for others	(66,805)	22,596
Net cash provided by (used in) operating activities	(3,371)	357,106
Cash flows from investing activities		
Sales of certificates of deposits	247,198	783,313
Transfer of cash from subsidiaries	-	297,032
Purchases of investments	(1,054,071)	-
Purchase of property and equipment	-	(51,070)
Net cash provided by (used in) operating activities	(806,873)	1,029,275
Cash flows from financing activities		
Draw on paycheck protection program loan	-	467,469
Net change in cash and cash equivalents	(810,244)	1,853,850
Cash and cash equivalents and restricted cash, beginning of year	2,365,632	511,782
Cash and cash equivalents and restricted cash, end of year	\$ 1,555,388	\$ 2,365,632
Cash and cash equivalents and restricted cash, end of year consists of:		
Cash and cash equivalents	\$ 1,500,473	\$ 2,243,912
Cash held for others	54,915	121,720
	\$ 1,555,388	\$ 2,365,632

(Continued)

LIFETIME RESOURCES, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Continued) Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Supplemental disclosure of noncash transactions		
Addition to related party notes and advances payable	\$ -	\$ 401,973
Capitalization of building improvements	-	401,973
Acquisition of subsidiary accounts receivable	-	4,290
Acquisition of subsidiary other assets	-	20,752
Acquisition of subsidiary property and equipment	-	2,737,281
Assumption of subsidiary accounts payable and accrued liabilities	-	584,391
Assumption of subsidiary notes payable and accrued interest	-	1,042,729
Recognition of contract liability	-	21,533

See accompanying notes to consolidated financial statements

LIFETIME RESOURCES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements

NOTE 1 NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

LifeTime Resources, Inc. and Subsidiaries (the Agency) was created to plan, coordinate, and provide services primarily for the elderly. The Agency also provides services to disabled and low-to moderate-income individuals of any age in southeastern Indiana.

The Agency's services include information and assistance, preadmission screening, guardianship, transportation, legal assistance, care management, options counseling, congregate meals, health and wellness, in-home services, ombudsman, and management of low-income housing.

The Agency receives significant funding through the Indiana Family and Social Services Administration (IFSSA) and the Indiana Department of Transportation (INDOT). The Agency depends significantly on these funding sources to carry out its program activities.

The Agency also receives income from local government and local agencies whose citizens and beneficiaries often receive support from the Agency.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

The consolidated financial statements include LifeTime Resources Inc. and the activity of Logan Elderly Housing, L.P. (Logan) and Logan Elderly Housing, II, L.P. (Logan II). All significant intercompany transactions and balances have been eliminated in consolidation.

The Agency is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net assets with donor restrictions, which are either temporary in nature, such as those met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Fair Value Measurements

Generally accepted accounting principles has established a three-level hierarchy for fair value measurements based on the transparency of valuation inputs as of the measurement date. The hierarchy is based on the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows: Level 1 inputs are unadjusted quoted prices for identical assets in active markets; Level 2 inputs are observable quoted prices for similar assets in active markets; Level 3 inputs are unobservable and reflect management's best estimate of what market participants would use as fair value.

LIFETIME RESOURCES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

NOTE 1 NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Agency maintains its cash in deposit accounts, the cumulative balance of which may exceed federally insured limits. The Agency 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. All liquid investments purchased with a maturity of three months or less are considered to be cash equivalents.

Certificates of Deposit

Certificates of deposit are recorded at original investment plus accrued interest.

Cash Held for Others

As part of the Agency's Sentry Services program, they serve as the agent for certain individuals' bank accounts. All transactions from these accounts require proper approval before the funds are distributed. The corresponding liability is included in custodial funds held for others and accounts payable.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Agency provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

Investments at Fair Value

Investments consists of equity, fixed income and other mutual funds and are reported at fair value.

Property and Equipment

Property and equipment are recorded at cost or fair value at the time of the gift in the case of donated items. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets. Major improvements are capitalized, while maintenance and repairs are expensed as incurred. Items over \$10,000 are capitalized.

In accordance with applicable GAAP, the Agency assesses the recoverability of the carrying amount of property and equipment if certain events or changes occur, such as a significant decrease in market value of the assets or a significant change in operating conditions. Based on its most recent analysis, the Agency believes no impairments existed at June 30, 2022 and 2021.

Rental Income

Rental income is recognized as rental payments become due. Rental payments received in advance are deferred until earned. All leases between the Agency and the tenants of the properties are operating leases.

LIFETIME RESOURCES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

NOTE 1 NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Gifts and Contributions

Gifts of cash and other assets received without donor stipulations are reported as revenue without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenues with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue without donor restrictions.

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as revenue with donor restrictions. In the absence of explicit donor stipulations about how long-lived assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met, generally as qualifying expenses are incurred. The Agency has numerous grants for which the grantor agencies' promises to give are conditioned upon the Agency incurring certain qualifying expense under the grant programs. At June 30, 2022 and 2021, the Agency had remaining available award balances on federal government conditional grants of \$2,142,404 and \$1,406,520, respectively. These award balances are not recognized as assets and will be recognized as revenue without donor restrictions as the conditions are met.

Functional Classification of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Expenses have been classified based upon the actual direct expenditures and cost allocations. The most significant allocations are salary and related expenses, which are allocated to programs based on activity revenues.

Income Taxes

The Agency is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of Indiana law. However, the Agency is subject to federal income tax on any unrelated business taxable income. The Agency is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes.

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Actual results could differ from those estimates.

LIFETIME RESOURCES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

NOTE 1 NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Standard

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Agency's year ending June 30, 2023.

The Agency is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Reclassifications

Certain reclassifications were made to the prior year financial statements to be consistent to current year presentation. These reclassifications had no effect on the change in net assets.

Subsequent Events

The Agency has evaluated subsequent events through February 9, 2023, which is the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

The Agency's financial assets available within one year of the statement of financial position date for general expenditure are as follows as of June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,500,473	\$ 2,243,912
Certificates of deposit	-	247,198
Grants and accounts receivable	935,402	853,539
Accounts receivable - related party	60,448	73,160
Investments	<u>1,041,720</u>	<u>-</u>
	<u>\$ 3,538,043</u>	<u>\$ 3,417,809</u>

The Agency maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

LIFETIME RESOURCES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

NOTE 3 INVESTMENTS AT FAIR VALUE

Investments at fair value at June 30, 2022 and 2021 consisted of the following:

	<u>2022</u>	<u>2021</u>
Level 1:		
Managed cash	\$ 26,574	\$ -
Equities and options	419,313	-
Mutual funds	<u>595,833</u>	<u>-</u>
	<u>\$ 1,041,720</u>	<u>\$ -</u>

There were no valuations using Level 2 or Level 3 inputs.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Land	\$ 140,000	\$ 140,000
Buildings	6,048,074	6,048,074
Building improvements	486,448	486,448
Vehicles	1,837,666	1,837,666
Furniture and equipment	330,994	330,994
Office equipment	16,536	16,536
Less accumulated depreciation	<u>(5,697,749)</u>	<u>(5,449,203)</u>
	<u>\$ 3,161,969</u>	<u>\$ 3,410,515</u>

LIFETIME RESOURCES, INC. AND SUBSIDIARIES

**Notes to Consolidated Financial Statements
(Continued)**

NOTE 5 NOTES AND ADVANCES PAYABLE – RELATED PARTY

Notes and advances payable at June 30, consisted of the following:

	2022	2021
LifeTime Housing Group (LTHG)		
HOME (Logan II)	\$ 300,000	\$ 300,000
AHP (Logan)	500,000	500,000
AHP (Logan II)	325,000	325,000
	\$ 1,125,000	\$ 1,125,000

LifeTime Housing Group (LTHG) has loaned \$300,000 in HOME funds to Logan II. The full balance of the note and \$162,734 of accrued interest was transferred in upon the acquisition of Logan II. The note bears interest at the rate of 4.9%. The note is secured by a mortgage on certain real estate. Principal and accrued interest is due no later than October 1, 2033. Interest expense was \$14,700 for the years ended June 30, 2022 and 2021. Accrued interest was \$192,134 and \$177,434 at June 30, 2022 and 2021, respectively.

In 2020, LTHG entered into a subsidy agreement for AHP funds up to \$500,000 for renovation of Logan’s property. As of June 30, 2021, the full \$500,000 has been spent on the agreement and recognized as building improvements and advance payable by the Agency. The note and construction in process balances of \$98,027 were transferred into the Agency upon the acquisition of Logan. A formal note payable has not been issued for the total amount of the project as of June 30, 2022. No interest has been charged on this amount as of June 30, 2022.

LTHG has loaned \$325,000 in Affordable Housing Project (AHP) funds to Logan II. The full balance of the note and \$156,968 of accrued interest was transferred in upon the acquisition of Logan II. The note bears interest at the rate of 4.9%. The note is secured by a mortgage on certain real estate. Principal and accrued interest is due no later than October 1, 2033. Interest expense was \$15,925 and \$15,908 for the years ended June 30, 2022 and 2021, respectively. Accrued interest was \$188,818 and \$172,893 at June 30, 2022 and 2021, respectively.

NOTE 6 PAYCHECK PROTECTION PROGRAM LOAN

On January 20, 2021, the Agency qualified and received a loan pursuant to the Paycheck Protection Program (the “Program”), a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security’s Act, from a qualified lender, for an aggregate principal amount of \$467,469 (the “PPP Loan”). The PPP Loan bears interest at a fixed rate of 1.00% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Program upon the Agency’s request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Agency. On November 30, 2021, the Agency received notification from the Small Business Administration that the loan was fully forgiven and used in accordance with the Program requirements. Accordingly, the full amount was recognized as debt forgiveness income in the year ending June 30, 2022.

LIFETIME RESOURCES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

NOTE 7 NET ASSETS WITHOUT DONOR RESTRICTIONS - DESIGNATIONS

During previous years, the Agency's Board of Directors designated a portion of its net assets for future programs and costs. The designated net assets as of June 30, 2022 and 2021, are as follows:

	2022	2021
Cash flow reserve	\$ 2,291,654	\$ 2,014,289
Vehicle asset fund	57,081	118,618
General fund	46,536	-
Revenue fluctuations	500,491	490,469
Building fund	274,399	300,057
Building and equipment reserve	140,000	225,000
Sentry services	182,473	182,473
Catch A Ride	401,303	218,124
Vehicle replacement	130,587	84,500
DVA equity	(62,893)	20,690
LTHG operations Reserve	22,159	48,382
NDV maintenance and repairs reserve	405,610	303,316
Care transitions fund balance	-	20,000
Program restricted fund	41,560	-
LTHG undesignated Investments	320,957	320,954
	\$ 4,751,917	\$ 4,346,872

NOTE 8 THIRD PARTY REVENUE

The Agency identifies a contract with a customer for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance, and the collectability of consideration is probable. The Agency evaluates each contract to determine the number of distinct performance obligations in the contract. To determine the proper revenue recognition method, the Agency evaluates whether two or more contracts should be consolidated and accounted for as one single contract and whether the consolidated or single contract should be accounted for as single or more than one performance obligation, which requires judgment.

Third party revenue consists of the following at June 30:

	2022	2021
Medicaid waiver	\$ 565,258	\$ 516,783
Waiver intake	245,158	215,284
Southeastrans	115,763	104,329
Margaret Mary Health	91,003	89,081
Other contracts	91,344	96,345
	\$ 1,108,526	\$ 1,021,822

LIFETIME RESOURCES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

NOTE 8 THIRD PARTY REVENUE (CONTINUED)

The Agency has been designated by Medicaid as an approved provider of care management services for aged and disabled clients and individuals with traumatic brain injuries. Individual recipients of Medicaid waiver funding can select the Agency to provide services as noted in their care plans. Fees are charged for each month the individual is under the waiver. There is no set minimum or maximum number of services that are to be provided to a client in a given month.

The Agency has a contract with Margaret Mary Health (MMH), a critical access hospital, to provide non-emergency medical transportation services to patients of MMH. Under this agreement, MMH identifies eligible patients who meet financial criteria to receive free transportation by the Agency to a designated MMH location. There is no set minimum or maximum number of rides that are to be provided in a given month.

Under the Medicaid waiver and MMH contracts, the performance obligation of the Agency is to stand ready for the referrals from these organizations. Revenue is recognized over the term its services are provided. The Agency generally uses the time elapsed method, an input measure, as it considers it to best depict the simultaneous consumption and delivery of its services. The determination of the method by which the Agency measures its progress towards the satisfaction of its performance obligations requires judgment.

The Agency provides transportation to eligible individuals under its contract with Southeastrans, Inc. Under this contract, Southeastrans provides the information necessary for the Agency to provide the transportation to the individual client. The Agency is reimbursed for each trip provided. Each trip is determined to be a separate, distinct performance obligation due to each trip providing benefit to the customer on its own.

The Agency has an agreement with the Indiana Family and Social Services Administration (FSSA) to provide waiver intake services for individuals. Individuals wishing to apply for the waiver program are referred or self-referred to the Agency. Upon referral, the Agency provides waiver intake services, which include phone and face-to-face counseling, initial service plan development, and assistance with the Medicaid application. These services are deemed to be a single performance obligation as they are highly interrelated in providing the intake services to the individual.

Revenue under the Southeastrans and FSSA contracts is recognized over time, as the service is performed.

Third party revenue is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing the services. Generally, the Agency bills third party payors monthly after the service is performed. The transaction price is stated in the contract and is known at the time of contract inception. There is no material variable consideration associated with the Agency's contracts with customers. The Agency has elected to apply the practical expedient related to reimbursed expenses and recognizes reimbursed expenses as revenue as they are incurred.

LIFETIME RESOURCES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

NOTE 8 THIRD PARTY REVENUE (CONTINUED)

Accounts receivable from third party contracts as of June 30 was as follows:

	2022	2021	2020
Medicaid waiver	\$ 39,778	\$ 46,375	\$ 1,851
Waiver intake	-	20,031	41,281
Southeastrans	11,750	10,646	8,924
Margaret Mary Health	14,774	14,980	7,279
Other contracts	33,776	18,589	41,491
	\$ 100,078	\$ 110,621	\$ 100,826

Contract liabilities from third party contracts as of June 30 was as follows:

	2022	2021	2020
Medicaid waiver	\$ 21,533	\$ 21,533	\$ -

NOTE 9 EMPLOYEE BENEFIT PLAN

The Agency offers a 401(k) retirement plan. An employee must be 19 years of age and have completed three months of employment to be eligible. The Agency provides a matching contribution equal to 100% of salary deferrals not to exceed \$50 per month. Matching contributions made by the Agency totaled \$30,565 and \$32,166 for the years ended June 30, 2022 and 2021, respectively.

NOTE 10 RELATED PARTIES

Certain members of the Agency's Board of Directors also serve on the Board of Directors of LifeTime Housing Group (LTHG), but controlling interest is not present. Included in accounts receivable are personnel costs and expenses paid by the Agency for LTHG staff and are reimbursable to the Agency. As of June 30, 2022 and 2021, the Agency has a net amount of \$39,076 and \$51,788 in accounts receivable from LTHG, respectively. For June 30, 2022 and 2021, LTHG was charged \$6 and \$60,832, respectively, by the Agency for various overhead expenses.

LTHG shares board members with Alpha Properties, Inc. (Alpha). Included in accounts receivable are personnel costs and expenses paid by the Agency for Alpha staff and are reimbursable to the Agency. As of June 30, 2022 and 2021, the Agency has a \$146,618 in accounts receivable from Alpha. The Agency has an allowance of \$146,618 at June 30, 2022 and 2021, as this amount is not expected to be collected. A total of \$-0- and \$6,594 for amounts due to Alpha is included in accounts payable at June 30, 2022 and 2021, respectively. For June 30, 2022 and 2021, Alpha was charged \$13,682 and \$156,241, respectively, by the Agency for various overhead expenses.

LIFETIME RESOURCES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

NOTE 10 RELATED PARTIES (CONTINUED)

In June 2020, the Agency took over property management of Alpha. As the management agent, the agency provides staffing and administrative services to the complex. This fee is recognized monthly based on a standard percentage of gross rents received, in accordance with the management agreement. All fees are deemed earned as the services are performed within the month. For June 30, 2022 and 2021, the Agency recognized \$19,059 and \$21,372 of management fees, respectively. During 2021, Alpha incorrectly paid LTHG for these services. These fees of \$21,372 from LTHG are included in accounts receivable at June 30, 2022 and 2021.

During the year ended June 30, 2019, the Agency entered into a contract with Alpha for operation of a Senior Nutrition Center at Alpha. The contract ended during the year ended June 30, 2021. Expense incurred on the contract was \$4,400 in the year ended June 30, 2021.

NOTE 11 TRANSFER OF ASSETS

On July 6, 2020, ownership of Logan Elderly Housing, L.P. (Logan I) and Logan Elderly Housing II, L.P. (Logan II) were transferred to the Agency from LTHG. The below table represents the amount of assets and liabilities recognized by the Agency as of July 1, 2020. Activity from July 1, 2020 to July 6, 2020 is deemed immaterial to the financial statements as a whole.

	Logan I	Logan II	Total
Cash	\$ 197,699	\$ 99,333	\$ 297,032
Accounts receivable	4,261	29	4,290
Other assets	20,752	-	20,752
Property and equipment, net	1,474,205	1,263,076	2,737,281
Accounts payable	(529,206)	(7,560)	(536,766)
Security deposit liability	(27,859)	(13,266)	(41,125)
Accrued property tax	-	(6,500)	(6,500)
Notes payable	(98,027)	(625,000)	(723,027)
Accrued interest	-	(319,702)	(319,702)
	<u>\$ 1,041,825</u>	<u>\$ 390,410</u>	<u>\$ 1,432,235</u>
Net amount transferred	<u>\$ 1,041,825</u>	<u>\$ 390,410</u>	<u>\$ 1,432,235</u>

NOTE 12 CONTINGENCIES

During the normal course of business, the Agency is involved in various claims and lawsuits. In the opinion of management, the potential loss on any claims or lawsuits, net of insurance proceeds, will not be significant to the Agency's financial position or its activities.

LIFETIME RESOURCES, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

NOTE 13 CORRECTION OF ERROR

During 2022, it was determined that there was an error in the recording of payroll and related accruals. The following table shows the effect of this error on the 2021 financial statements.

	<u>As Originally Reported</u>	<u>Error Correction</u>	<u>As Restated</u>
Net assets, beginning of year	\$ 3,412,316	\$ (60,349)	\$ 3,351,967
Total expenses	5,646,986	28,897	5,675,883
Accounts receivable	162,053	23,226	185,279
Accrued payroll and other liabilities	219,280	112,472	331,752
Change in net assets	(408,433)	(28,897)	(437,330)
Net assets, end of the year	4,436,118	(89,246)	4,346,872

Supplementary Information

LIFETIME RESOURCES, INC.

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022**

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Dept. of Health & Human Services:			
Indiana Family and Social Services Administration			
Aging Cluster			
Title III-B Admin	93.044	2201INOASS	\$ 85,488
Title III-B Social Services	93.044	2201INOASS	152,600
Title III-B ARP	93.044	2101NSSC6	3,000
COVID-19 Funding			
Title III-B VAC5	93.044	2101NVAC5-00	2,263
Total Title III-B			<u>243,351</u>
Title III-C Congregate Meals	93.045	2201INOACM	188,419
Title III-C Home Delivered Meals	93.045	2201INOAHD	17,602
COVID-19 Funding			
Title III-C 2 CARES	93.045	2101INHDC5	55,626
Total Title III-C			<u>261,647</u>
Nutrition Services Incentive Program	93.053	2201INOANS	22,891
Total Aging Cluster			<u>527,889</u>
COVID-19 Funding			
Title II - ADRCVAC	93.048	90NWC50050-01-01	2,421
Title VII - Ombudsman	93.042	2201INOAOM	4,760
Title III - D	93.043	2201INOAPH	15,825
Title III - E	93.052	2201INO AFC	59,224
Social Services Block Grant	93.667	1002INSOSR	221,015
Total U.S. Department of Health & Human Services			<u>831,134</u>
U.S. Department of Transportation:			
Historic Hoosier Hills RC&D			
Formula Grants for Rural Areas	20.509	1804074O	1,540,113
Total U.S. Department of Transportation			<u>1,540,113</u>
Transit Services Program Cluster			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	OH-2019-01500	9,480
Total Transit Services Programs Cluster			<u>9,480</u>
Total U.S. Department of Transportation			<u>1,549,593</u>
Total Expenditures of Federal Awards			<u>\$ 2,380,727</u>

See accompanying notes

LIFETIME RESOURCES, INC.

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2022

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 LifeTime Resources, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance.

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 the Uniform Guidance, whereby 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.

Indirect Cost Rate

The Agency has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Subrecipients - The Agency provided no federal awards to subrecipients.

**Independent Auditors' 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**

Board of Directors
LifeTime Resources, Inc. and Subsidiaries
Dillsboro, Indiana

We have audited, 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, the consolidated financial statements of LifeTime Resources, Inc. and Subsidiaries (the Agency), which comprise the consolidated statement of financial position as June 30, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated February 9, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from 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 financial statements. 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 Standards*.

**Independent Auditors' 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*
(Continued)**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Agency's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable of any other purpose.

Barnes, Dennig & Co., Ltd.

February 9, 2023
Indianapolis, Indiana

**Independent Auditors' Report on Compliance for Each Major Federal Program
and on Internal Control over Compliance Required by Uniform Guidance**

Board of Directors
LifeTime Resources, Inc. and Subsidiaries
Dillsboro, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited LifeTime Resources, Inc. and Subsidiaries' (the Agency) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2022. The Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the agency and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Agency's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Agency's federal programs.

**Independent Auditors' Report on Compliance for Each Major Federal Program
and on Internal Control over Compliance Required by Uniform Guidance
(Continued)**

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Agency's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

**Independent Auditors' Report on Compliance for Each Major Federal Program
and on Internal Control over Compliance Required by Uniform Guidance
(Continued)**

Report on Internal Control over Compliance (Continued)

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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Barnes, Dennig & Co., Ltd.

February 9, 2023
Indianapolis, Indiana

LIFETIME RESOURCES, INC.

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2022**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted

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

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR Section 200.516(a)? _____ Yes X No

Identification of major programs

<u>CFDA #</u>	<u>Name of Federal Programs or Clusters</u>
20.509	Formula Grants for Rural Areas

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

LIFETIME RESOURCES, INC

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022**

Reference Number	Summary of Finding	Status
2021-001	Errors in recording related party activity.	Resolved