



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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November 30, 2023

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

We have reviewed the audit report of Cass County Council on Aging, Inc., which was opined upon by Rea Logan & Co., LLC, Independent Public Accountants, for the period January 1, 2022 to December 31, 2022. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Cass County Council on Aging, Inc. as of December 31, 2022 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the findings included in the report on pages 18 through 20. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding. Management's Corrective Action Plan appears at the end of each finding.

In our opinion, Rea Logan & Co., LLC prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit 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

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

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

DECEMBER 31, 2022

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

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

DECEMBER 31, 2022

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Member of American Institute and Indiana CPA Society

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Cass County Council on Aging, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related 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 financial statements present fairly, in all material respects, the financial position of Cass County Council on Aging, Inc. as of December 31, 2022, and the changes in its net assets and its 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Cass County Council on Aging, Inc. 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cass County Council on Aging, Inc.'s ability to continue as a going concern within one year after the date that the 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 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 and *Government 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 financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 financial statements.

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- 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 Cass County Council on Aging, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cass County Council on Aging, Inc.'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 schedule of expenditures of federal awards 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 September 26, 2023, on our consideration of Cass County Council on Aging, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Cass County Council on Aging, Inc.'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 Cass County Council on Aging, Inc.'s internal control over financial reporting and compliance.

Rea Logan & Co., LLC

Peru, Indiana
September 26, 2023

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022

ASSETS

CURRENT ASSETS:

| | |
|-----------------------------|----------------|
| Cash | \$ 40,012 |
| Accounts receivable | 324,356 |
| Prepaid expenses | 114,861 |
| Total Current Assets | 479,229 |

FIXED ASSETS:

| | |
|-------------------------------|------------------|
| Building | 363,341 |
| Land | 150,000 |
| Office equipment | 234,912 |
| Vehicles | 1,376,084 |
| | <u>2,124,337</u> |
| Less accumulated depreciation | 1,280,353 |
| Total Fixed Assets | 843,984 |

TOTAL ASSETS

\$ 1,323,213

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

| | |
|--------------------------------------|----------------|
| Line of credit | \$ 79,100 |
| Accounts payable | 44,377 |
| Accrued interest | 710 |
| Accrued wages and vacation | 55,598 |
| Payroll taxes and other withholdings | 5,319 |
| Deferred revenue | 139,401 |
| Current portion of long term debt | 64,974 |
| Total Current Liabilities | 389,479 |

LONG TERM LIABILITIES:

| | |
|--|----------------|
| Deferred revenue | 137,724 |
| Note payable - roof | 69,377 |
| Note payable - insurance policy | 63,402 |
| Less current portion of long term debt | (64,974) |
| Total Long Term Liabilities | 205,529 |

NET ASSETS:

| | |
|----------------------------|----------------|
| Without donor restrictions | 728,205 |
| Total Net Assets | 728,205 |

TOTAL LIABILITIES AND NET ASSETS

\$ 1,323,213

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|--|---|---------------------|
| REVENUES AND OTHER SUPPORT: | | | |
| Federal - Section 5311 | \$ 954,173 | \$ - | \$ 954,173 |
| State - public mass transit | 426,921 | - | 426,921 |
| Title III-B | 21,378 | - | 21,378 |
| Federal - Section 5311/5339 Capital Projects | 169,202 | - | 169,202 |
| Cass County Commissioners | 10,860 | - | 10,860 |
| City of Logansport | 40,000 | - | 40,000 |
| United Way of Cass County | 26,380 | - | 26,380 |
| Transit service fees | 248,595 | - | 248,595 |
| Donations | 4,944 | - | 4,944 |
| In-kind donations | 7,187 | - | 7,187 |
| Interest | 13 | - | 13 |
| Other income | 23,033 | - | 23,033 |
| Nutrition | 4,673 | - | 4,673 |
| TOTAL REVENUES AND OTHER SUPPORT | 1,937,359 | - | 1,937,359 |
| EXPENSES: | | | |
| Transportation | 1,851,700 | - | 1,851,700 |
| Recreation | 65,646 | - | 65,646 |
| Nutrition | 21,651 | - | 21,651 |
| TOTAL EXPENSES | 1,938,997 | - | 1,938,997 |
| DECREASE IN NET ASSETS | (1,638) | - | (1,638) |
| NET ASSETS - beginning of year | 729,843 | - | 729,843 |
| NET ASSETS - end of year | \$ 728,205 | \$ - | \$ 728,205 |

See Accompanying Notes to Financial Statements.

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

| | <u>Transportation</u> | <u>Recreation</u> | <u>Nutrition</u> | <u>Totals</u> |
|---------------------------|-----------------------|-------------------|------------------|---------------------|
| Salaries and wages | \$ 954,001 | \$ 45,976 | \$ 4,071 | \$ 1,004,048 |
| Payroll taxes and fringes | 75,369 | 3,821 | 318 | 79,508 |
| Advertising | 6,647 | 188 | 63 | 6,898 |
| Building maintenance | 18,977 | 677 | 437 | 20,091 |
| Conferences and travel | 2,467 | | - | 2,467 |
| Depreciation | 215,442 | 257 | 900 | 216,599 |
| Dues and subscriptions | 869 | 26 | 8 | 903 |
| Equipment | 8,828 | 4,060 | 81 | 12,969 |
| Miscellaneous expenses | 6,452 | 703 | 108 | 7,263 |
| Insurance | 193,933 | 3,630 | 4,034 | 201,597 |
| Interest | 12,295 | 201 | 701 | 13,197 |
| Nutrition program | 674 | 41 | 6,796 | 7,511 |
| Penalties | 417 | 9 | 32 | 458 |
| Professional fees | 50,405 | 413 | 138 | 50,956 |
| Recreation program | 494 | 1,519 | 108 | 2,121 |
| Supplies and materials | 5,486 | 291 | 64 | 5,841 |
| Telephone | 10,994 | 472 | 381 | 11,847 |
| Utilities | 18,069 | 3,225 | 3,362 | 24,656 |
| Vehicle operations | 252,990 | 139 | 46 | 253,175 |
| Vehicle supplies | 16,891 | (2) | 3 | 16,892 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Expenses | <u>\$ 1,851,700</u> | <u>\$ 65,646</u> | <u>\$ 21,651</u> | <u>\$ 1,938,997</u> |

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

| | |
|---|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | |
| Cash from contributions, grants, programs and miscellaneous | \$ 1,949,517 |
| Cash paid to suppliers and employees | (1,721,899) |
| Interest paid | (14,273) |
| Interest income | 13 |
| Net Cash Provided (Used) by Operating Activities | <u>213,358</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | |
| Purchases of fixed assets | <u>(107,205)</u> |
| Net Cash Provided (Used) by Investing Activities | <u>(107,205)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES: | |
| Borrowings (payments) on line of credit (net) | (135,300) |
| Proceeds from note payable | 171,304 |
| Principal payments on notes payable | <u>(105,979)</u> |
| Net Cash Provided (Used) by Financing Activities | <u>(69,975)</u> |
| INCREASE (DECREASE) IN CASH | 36,178 |
| CASH AT BEGINNING OF YEAR | <u>3,834</u> |
| CASH AT END OF YEAR | <u><u>\$ 40,012</u></u> |
| RECONCILIATION OF CHANGE IN NET ASSETS | |
| PROVIDED (USED) BY OPERATING ACTIVITIES: | |
| Increase (decrease) in net assets | <u>\$ (1,638)</u> |
| Adjustments to reconciled change in net cash provided (used) by operating activities: | |
| Depreciation | 216,599 |
| (Gain) loss on asset disposal | - |
| Bad debt from accounts receivable | - |
| (Increase) decrease in accounts receivable | 193,563 |
| (Increase) decrease in prepaid expenses | 9,417 |
| Increase (decrease) in accounts payable | (22,950) |
| Increase (decrease) in deferred revenue | (174,319) |
| Increase (decrease) in accrued interest expense | (446) |
| Increase (decrease) in accrued payroll and payroll taxes | <u>(6,868)</u> |
| Total adjustments | <u>214,996</u> |
| Net Cash Provided (Used) by Operating Activities | <u><u>\$ 213,358</u></u> |

See Accompanying Notes to Financial Statements.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization - Cass County Council on Aging, Inc. exists to assist, encourage, monitor, and develop comprehensive and coordinated services for older individuals within Cass County. The Organization's programs are Transportation, Recreation, and Nutrition.

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

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

Basis of Presentation – The Organization reports information regarding its financial position and activities according to two classes of net assets which are classified and reported as follows:

Net assets without donor restrictions—Net assets available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net assets with donor restrictions—Net assets subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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

Accounts Receivable - Accounts receivable are reported at the amount management expects to collect on balances outstanding at year end. A provision for doubtful accounts has not been established, as management considers all accounts to be collectible based on a favorable history over a substantial period of time. The Organization periodically evaluates its receivables and then charges off uncollectible accounts receivable as contra-revenue bad debts when management determines the receivable will not be collected. There were no write-offs for December 31, 2022.

Restricted Revenue and Support - Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions.

Donated Services - Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The value of this contributed time is not reflected in the accompanying financial statements since volunteers' time does not meet the criteria for recognition.

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

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

Fixed Assets – Property, plant, and equipment are stated at cost, if purchased, or at fair value at the date of gift, if donated, less accumulated depreciation. Repair and maintenance charges that do not increase the useful lives of the assets are charged to the change in net assets as incurred. Additions with a cost or fair value of less than \$1,000 are expensed.

Depreciation of property, plant, and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following items:

| | |
|------------------|----------|
| Buildings | 39 years |
| Office equipment | 5 years |
| Vehicles | 5 years |

Currently, included in vehicles and equipment are \$836,462 of vehicles and equipment purchased with restricted resources from federal grants. If the Organization does not continue to use such vehicles in its transit operations or remains compliant with the grant agreement, either the title to the equipment or the proceeds from the sale of the equipment will revert to the original donor. The typical period of compliance is four years from the use of grant funds to purchase a vehicle for the transit program.

Most vehicles and equipment are long-lived assets used relating to a government grant contract. Although the grantor typically retains title to the assets, if it is probable that the Organization will be permitted to keep the assets when the contract terminates, the assets are capitalized, and a corresponding contribution is recognized.

Compensated Absences – Employees of the Organization are entitled to paid vacation days depending on job classification, length of service, and other factors. A liability has been recorded for accrued vacation days in the Statement of Financial Position. The Organization's personnel policy permits vesting of unused vacation days and payment of unused vacation days upon termination of employment.

Deferred Revenue – Certain grants include a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The revenue from these grants is recognized in the period in which a barrier is overcome or when the Organization has been released from certain conditions.

The Organization is also the recipient of grants that require expenditure for specified activities before the Organization is reimbursed by the grantor for the costs incurred. Documentation showing actual costs expended is included when submitting a quarterly report for reimbursement. If grant funds are received in advance of incurring the specified costs, then the amount received in excess of amounts spent on reimbursable costs are reported as deferred revenue to be spent on future specified costs or returned to the grantor if unspent at the conclusion of the grant period.

Expense Allocation – The costs of providing various programs and other activities are categorized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited, which are allocated based on estimates of time and effort, and square footage.

Advertising Costs - The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expense for the year ended December 31, 2022 was \$6,898.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

Income Taxes - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization complies with other Internal Revenue reporting requirements regarding contributions received, payroll, and payments to independent contractors. The Organization believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK:

The Organization maintains all cash balances at one financial institution located in Cass County. The balances are covered by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 (per institution). As of December 31, 2022, there were no uninsured balances.

NOTE 3 – ACCOUNTS RECEIVABLE:

Accounts receivable is comprised of the following accounts and all are due within one year:

| | |
|------------------------|-------------------|
| Federal - Section 5311 | \$ 181,337 |
| State PMTF | 123,399 |
| Area V Title IIIB | 5,239 |
| Transit service fees | <u>14,381</u> |
| Total | <u>\$ 324,356</u> |

NOTE 4 – LINE OF CREDIT:

The Organization has a \$270,000 line of credit with a bank in Logansport, of which \$190,900 was unused at December 31, 2022. The line of credit had a balance of \$79,100 at December 31, 2022. All business real estate assets are pledged as collateral. The variable interest rate is 1.25% over the Wall Street Journal prime rate and will be no less than 5.000% and no more than 18.000% per annum. The current interest rate is 5%.

NOTE 5 – NOTE PAYABLE FOR INSURANCE PREMIUMS:

In August 2022, the Organization entered into a 9-month finance agreement to pay for the transit operation's commercial policy which is \$144,719 in total. The finance agreement required an initial down payment of \$43,415, which left the remaining balance of \$101,304 to be financed and repaid with eight monthly payments of \$15,054 starting October 8, 2022. The interest is computed at an annual rate of 6.90%. The balance remaining at December 31, 2022 was \$63,403 and was paid in full in May 2023.

NOTE 6 – NOTE PAYABLE FOR EQUIPMENT:

In 2017, the Organization entered into a 60-month finance agreement for \$45,800 to purchase equipment for its transit program. The finance agreement began on October 5, 2017 and required monthly payments of \$833 which includes interest computed at a rate of 3.5%. The loan was paid in full in October 2022.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 7 – NOTE PAYABLE FOR ROOF:

In October 2022, the Organization entered into a 240-month finance agreement for \$70,000 to cover the costs of repairing the roof. The finance agreement requires monthly payments of \$502 beginning in November 2022, which includes interest computed at a rate of 6.00% for the first 60 months and then the interest rate becomes variable for the remainder of the loan. The interest rate will be no less than 6.000% and no more than 11.000% per annum. The loan maturities for the next five years are as follows:

| | | |
|------------|----|-----------|
| 2023 | \$ | 1,910 |
| 2024 | | 2,027 |
| 2025 | | 2,152 |
| 2026 | | 2,285 |
| 2027 | | 2,426 |
| Thereafter | | 58,577 |
| | | \$ 69,377 |

NOTE 8 – EQUIPMENT LEASE:

The Organization has a five-year non-cancellable lease for a copier that began September 1, 2013 and was renewed on September 1, 2018 for another five years with the same monthly lease cost of \$184. The Organization is required to pay all executory costs such as maintenance and insurance. Lease expense for December 31, 2022 was \$2,208.

Total lease payments required in the next five years are: \$1,472, 2023; none, 2024; none, 2025; none, 2026; and none, 2027.

NOTE 9 – LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use within one year of the balance sheet date, comprise the following:

| | | |
|---|----|------------|
| Cash | \$ | 40,012 |
| Accounts receivable | | 324,244 |
| Total financial assets at year-end | | 364,256 |
| Contractual or donor-imposed restrictions: | | |
| Restricted to time or expenditure for specific purpose: | | |
| Less: roof loan escrow amount available at year-end | | (39,147) |
| Financial assets available to meet cash needs for general expenditures within one year | | \$ 325,109 |

Additionally, as discussed in more detail in Note 4, the Organization maintains a \$270,000 line of credit, of which \$190,900 remained available on December 31, 2022.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 – CONCENTRATIONS OF REVENUES AND SUPPORT:

| | | |
|--|----------------------------|-------------|
| Federal - Section 5311 | \$ 954,173 | 49.26% |
| State - public mass transit | 426,921 | 22.04% |
| Title III-B | 21,378 | 1.10% |
| Federal - Section 5311/5339 Capital Projects | 169,202 | 8.73% |
| Cass County Commissioners | 10,860 | 0.56% |
| City of Logansport | 40,000 | 2.06% |
| United Way of Cass County | 26,380 | 1.36% |
| Transit Service fees | 248,595 | 12.83% |
| Donations | 4,944 | 0.26% |
| In-kind donations | 7,187 | 0.37% |
| Interest | 13 | 0.00% |
| Other income | 23,033 | 1.19% |
| Nutrition | 4,673 | 0.24% |
| TOTAL REVENUES AND OTHER SUPPORT | <u>\$ 1,937,359</u> | 100% |

Transportation related income is concentrated at ninety-six percent of the Organization's total revenue and other support at December 31, 2022. Federal and state transit funding and other support from transit service fees and indirect income are sustaining the entire operation of the Organization, which includes its senior activities and nutrition programs.

NOTE 11 – SUBSEQUENT EVENTS:

The Organization evaluates events and transactions that occur after year end for the potential recognition or disclosure in the financial statements. These subsequent events have been considered through the report date, which is the date the financial statements were available to be issued.

CASS COUNTY COUNCIL ON AGING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

| <u>FEDERAL GRANTOR/PASS-THROUGH GRANTER/PROGRAM CLUSTER TITLE</u> | <u>ASSISTANCE LISTING NUMBER</u> | <u>FEDERAL EXPENDITURES</u> |
|--|---|--|
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | |
| Passed through from Indiana Department of Transportation: | | |
| Section 5311 (CARES Act) | 20.509 | \$ 326,005 |
| Section 5311 (American Rescue Plan) | 20.509 | 64,083 |
| Section 5311 | 20.509 | 564,085 |
| Section 5339 | 20.526 | <u>45,504</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | <u>\$ 999,677</u> |

NOTE 1 – BASIS OF PRESENTATION:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Cass County Council on Aging, Inc. and is presented on the accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of OMB Uniform Guidance at 2 CFR 200, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited to reimbursement.

NOTE 3 – INSURANCE COVERAGE:

Cass County Council on Aging, Inc. maintains worker's compensation insurance and commercial liability insurance coverage exceeding amounts required by the various federal awards.

CERTIFIED PUBLIC ACCOUNTANTS



Member of American Institute and Indiana CPA Society

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the 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 financial statements of Cass County Council on Aging, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 26, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cass County Council on Aging, Inc.'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cass County Council on Aging, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Cass County Council on Aging, Inc.'s internal control.

Our consideration of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 a 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. We consider the deficiencies described in the schedule of findings and questioned costs as items 2022-001, 2022-002, and 2022-003 to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cass County Council on Aging, Inc.'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*.

Cass County Council on Aging, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Cass County Council on Aging, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Cass County Council on Aging, Inc.'s response was not subject to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea Logan & Co., LLC

Peru, Indiana

September 26, 2023

CERTIFIED PUBLIC ACCOUNTANTS



Member of American Institute and Indiana CPA Society

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cass County Council on Aging, Inc.'s compliance with the types of compliance requirements identified as subject to audit in OMB *Compliance Supplement* that could have a direct and material effect on Cass County Council on Aging, Inc.'s major federal program for the year ended December 31, 2022. Cass County Council on Aging, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Cass County Council on Aging, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

Basis for Opinion on Each Major 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 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 Cass County Council on Aging, Inc. 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 the major federal program. Our audit does not provide a legal determination of Cass County Council on Aging, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management's 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 Cass County Council on Aging, Inc.'s federal program.

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 Cass County Council on Aging, Inc.'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 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 Cass County Council on Aging, Inc.'s compliance with the requirements of its 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 Cass County Council on Aging, Inc.'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 Cass County Council on Aging, Inc.'s internal control over compliance relevant to the audit 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 Cass County Council on Aging, Inc.'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.

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.

Rea Logan & Co., LLC

Peru, Indiana

September 26, 2023

CASS COUNTY COUNCIL ON AGING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION I - SUMMARY OF AUDIT RESULTS:

Financial Statements

| | |
|---|-----------------------------------|
| Type of auditor's report issued: | Unmodified |
| Internal control over financial reporting | |
| Material weakness(es) identified? | <u> x </u> yes <u> </u> no |
| Significant deficiency(ies) identified that are not considered to be material weakness(es)? | <u> </u> yes <u> x </u> no |
| Noncompliance material to financial statements noted? | <u> </u> yes <u> x </u> no |

Federal Awards

| | |
|--|-----------------------------------|
| Internal control over major programs: | |
| Material weakness(es) identified? | <u> </u> yes <u> x </u> no |
| Significant deficiency(ies) identified that are not considered to be material weakness(es) identified? | <u> </u> yes <u> x </u> no |

| | |
|--|-----------------------------------|
| Type of auditor's report issued on compliance on major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported as defined by Uniform Guidance [2 CFR 200.516(a)]? | <u> </u> yes <u> x </u> no |

The major program is:

| Index Listing Number | Name of Federal Program or Cluster |
|----------------------|--|
| 20.509 | (CARES Act) Formula Grant for Rural Areas |
| 20.509 | (AMERICAN RESCUE PLAN) Formula Grant for Rural Areas |
| 20.509 | Formula Grant for Rural Areas |

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

| | |
|--|-----------------------------------|
| Auditee qualified as low-risk auditee? | <u> </u> yes <u> x </u> no |
|--|-----------------------------------|

CASS COUNTY COUNCIL ON AGING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS:

2022-001 Check Posting and Accounts Payable

Prior Year Audit Finding: No

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Financial Reporting of Accounts Payable

Severity of Deficiency: Material Weakness

Criteria: 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 a 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.

Condition: A material audit adjustment was identified that resulted in significant changes to the Organization's financial statements.

Context: The inability to detect misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented.

Effect: The following audit adjustment was reviewed and approved by the appropriate staff and is reflected in the financial statements:

- MISPOSTING OF CHECKS AND ACCOUNTS PAYABLE

Cause: A series of checks were posted with dates prior to December 31, 2022. These checks should have been dated after December 31, 2022. The Organization's checking account and accounts payable balances were understated by \$17,244.52 as of December 31, 2022

Recommendation: A written policy and procedure to ensure those staff and board members signing checks look at the invoice date and check date. An issue should be identified when seeing the check date is before the invoice date, suggesting the check was written before the invoice was received or is due.

View of responsible Official: Concur

CASS COUNTY COUNCIL ON AGING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (CONT'D):

2022-002 Accounts Receivable

Prior Year Audit Finding Number: No

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Financial Reporting of Accounts Receivable

Severity of Deficiency: Material Weakness

Criteria: 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 a 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.

Condition: Six separate audit entries were required to correct grantor or customer accounts receivable balances. The net effect of the audit entries was slightly below the audit materiality level, however, the aggregate effect of accounting transaction postings throughout the audit suggests a systemic issue dealing directly to limited experience and skill set of the Organization's accounting staff.

Context: The inability to detect misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented:

Effect: The following audit adjustment was reviewed and approved by the appropriate staff and is reflected in the financial statements:

- ACCOUNTS RECEIVABLE NOT RECORDED OR PAYMENTS NOT POSTED TO ACCOUNTS RECEIVABLE

Cause: Accounting proficiency is the product of experience and training. The accounting staff in place at the Organization requires development to understand closing entries and what transactions to search for at any given month or year end.

Recommendation: The service contract with the accounting service provider was less hands on for this reporting year but needs to be more hands on to either develop the Organization's accounting staff or play a more active role in the weekly, monthly, and annual accounting transaction cycles.

View of Responsible Office: Concur

CASS COUNTY COUNCIL ON AGING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION II – FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (CONT'D):

2022-003 Note Payable and Escrow

Prior Year Audit Finding: No

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Long-Term Notes Payable

Severity of Deficiency: Material Weakness

Criteria: *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 a 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.

Condition: A material adjustment of \$41,012.75 to correct notes payable, an offsetting adjustment to an escrow account for \$39,147.00 and a difference to depreciable assets account for \$1,865.75.

Context: The inability to detect misstatements in the financial statements increases the likelihood that the financial statements would not be fairly presented.

Effect: The following audit adjustment was reviewed and approved by the appropriate staff and is reflected in the financial statements:

- NOTE PAYABLE, ESCROW, AND ASSET BALANCES NOT POSTED

Cause: Accounting proficiency is the product of experience and training. The accounting staff in place at the Organization requires development to understand closing entries and accounting transactions to search for at any given month or year end.

Recommendation: The service contract with the accounting service provider was less hands on for this reporting year but needs to be more hands on to either develop the Organization's accounting staff or play a more active role in the weekly, monthly, and annual accounting transaction cycles.

View of Responsible Official: Concur

CASS COUNTY COUNCIL ON AGING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022

SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS PROGRAMS:

NONE

SECTION IV – SUMMARY OF PRIOR AUDIT FINDINGS:

FINDING 2021-001

Condition and Context: Final 2021 quarterly submission to the Indiana Department of Transportation (INDOT) for reimbursement of transit expenses under 5311 over reported allowable expenses. These expenses were previously reported in prior quarterly submissions to INDOT. The Organization erroneously included expenses that were previously reimbursed in prior quarterly filings to INDOT and recorded a receivable and revenue based on excessive allowable costs reported for reimbursement for the final quarter of 2021. Controls and policies were overridden by a former director and untrained staff were not proficient when filling in after the director resigned.

Status: The finding has been resolved.

FINDING 2021-002

Condition and Context: : During review and walk-through procedures on payroll and during questioning of the outside accountant payroll processor, it was identified that the predecessor executive director was consistently overriding the established direct deposit pay schedule and writing paper checks before pay periods for specific employees including the executive director. The predecessor executive director's actions were not transparent, and he continued to bypass established controls until his resignation in November 2021. The likelihood of board members or other staff finding or identifying the discrepancy was overshadowed until employees not receiving early paychecks discovered certain employees were receiving early paychecks.

Status: The finding has been resolved.

FINDING 2021-003

Condition and Context: Several instances reported to the auditors by employees of alleged wasteful spending and supplies inventory frequently missing. Reported but not officially confirmed were the following instances: 1) a first-aid kit consistently having name brand products replaced for hundreds of dollars per month by a vendor; 2) new computers installed with no knowledge of the disposition of the replaced computers; 3) reports of vehicle supplies being used for personal use; 4) online purchases without a clear indication of business purpose or use; 5) gift card purchases without clear indication or documentation for purpose; and 6) advertising expense without a meaningful advertising use.

Status: The finding has been resolved.