



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

May 15, 2025

Board of Directors
Cass County Council on Aging, Inc.
Cass County, Indiana

We have reviewed the audit report of the Cass County Council on Aging, Inc., which was opined upon by Rea Logan & Co., LLC, Independent Public Accountants, for the period January 1, 2023 to December 31, 2023. Per the *Independent Auditor's Report*, the financial statements included in the report present fairly the financial condition of the Cass County Council on Aging, Inc. as of December 31, 2023, 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 19. 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 Indiana State Board of Accounts.

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

Tammy R. White, CPA
Deputy State Examiner

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

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

DECEMBER 31, 2023

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

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

DECEMBER 31, 2023

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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, 2023, 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, 2023, 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.

P.O. Box 1059 / 220 South Norton Street / Marion, IN 46952 / (765) 664-2366 / Fax: (765) 664-4644

P.O. Box 317 / 89 West Canal Street / Wabash, IN 46992 / (260) 563-1141 / Fax: (260) 563-4627

825 North Broadway / Peru, IN 46970 / (765) 473-8840 / Fax: (765) 473-8890

- 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 December 18, 2024, 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
December 18, 2024

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023

ASSETS

| | |
|-------------------------------|----------------------------|
| CURRENT ASSETS: | |
| Accounts receivable | \$ 378,718 |
| Prepaid expenses | 108,683 |
| Total Current Assets | <u>487,401</u> |
| FIXED ASSETS: | |
| Building | 392,299 |
| Land | 150,000 |
| Office equipment | 234,912 |
| Vehicles | 1,306,156 |
| | <u>2,083,367</u> |
| Less accumulated depreciation | 1,397,610 |
| Total Fixed Assets | <u>685,757</u> |
| TOTAL ASSETS | <u><u>\$ 1,173,158</u></u> |

LIABILITIES AND NET ASSETS

| | |
|---|----------------------------|
| CURRENT LIABILITIES: | |
| Line of credit | \$ 279,657 |
| Overdrawn cash accounts | 4,005 |
| Accounts payable | 44,028 |
| Accrued interest | 2,191 |
| Accrued wages and vacation | 65,528 |
| Payroll taxes and other withholdings | 5,899 |
| Deferred revenue | 102,306 |
| Current portion of long term debt | 50,431 |
| Total Current Liabilities | <u>554,045</u> |
| LONG TERM LIABILITIES: | |
| Deferred revenue | 37,095 |
| Note payable - roof | 54,704 |
| Note payable - insurance policy | 47,968 |
| Less current portion of long term debt | <u>(50,431)</u> |
| Total Long Term Liabilities | <u>89,336</u> |
| NET ASSETS: | |
| Without donor restrictions | 512,472 |
| With donor restrictions | 17,305 |
| Total Net Assets | <u>529,777</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 1,173,158</u></u> |

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|--|---|--------------------------|
| REVENUES AND OTHER SUPPORT: | | | |
| Federal - Section 5311 | \$ 834,200 | \$ - | \$ 834,200 |
| State - public mass transit | 431,502 | - | 431,502 |
| Title III-B | 20,934 | - | 20,934 |
| Federal - Section 5311/5339 Capital Projects | 137,724 | - | 137,724 |
| Cass County Commissioners | 10,860 | - | 10,860 |
| City of Logansport | 40,000 | - | 40,000 |
| United Way of Cass County | 28,580 | - | 28,580 |
| Transit service fees | 186,357 | - | 186,357 |
| Other transit income | 45,691 | 17,305 | 62,996 |
| Donations | 873 | - | 873 |
| In-kind donations | 5,230 | - | 5,230 |
| Interest | 8 | - | 8 |
| Other income | 7,702 | - | 7,702 |
| Nutrition | 3,469 | - | 3,469 |
| TOTAL REVENUES AND OTHER SUPPORT | <u>1,753,130</u> | <u>17,305</u> | <u>1,770,435</u> |
| EXPENSES: | | | |
| Transportation | 1,901,013 | - | 1,901,013 |
| Recreation | 51,984 | - | 51,984 |
| Nutrition | 15,866 | - | 15,866 |
| TOTAL EXPENSES | <u>1,968,863</u> | <u>-</u> | <u>1,968,863</u> |
| DECREASE IN NET ASSETS | <u>(215,733)</u> | <u>17,305</u> | <u>(198,428)</u> |
| NET ASSETS - beginning of year | <u>728,205</u> | <u>-</u> | <u>728,205</u> |
| NET ASSETS - end of year | <u>\$ 512,472</u> | <u>\$ 17,305</u> | <u>\$ 529,777</u> |

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

| | <u>Transportation</u> | <u>Recreation</u> | <u>Nutrition</u> | <u>Totals</u> |
|---------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Salaries and wages | \$ 1,030,162 | \$ 33,422 | \$ 1,789 | \$ 1,065,373 |
| Payroll taxes and fringes | 97,311 | 2,714 | 85 | 100,110 |
| Advertising | 2,800 | 74 | 25 | 2,899 |
| Building maintenance | 13,622 | 1,000 | 610 | 15,232 |
| Conferences and travel | 2,668 | - | - | 2,668 |
| Depreciation | 186,733 | 339 | 113 | 187,185 |
| Dues and subscriptions | 738 | 21 | 6 | 765 |
| Equipment | 5,412 | 1,229 | 56 | 6,697 |
| Miscellaneous expenses | 4,526 | 145 | 41 | 4,712 |
| Insurance | 175,615 | 3,502 | 3,840 | 182,957 |
| Interest | 25,667 | 802 | 267 | 26,736 |
| Nutrition program | 752 | 136 | 5,826 | 6,714 |
| Penalties | 2,317 | - | - | 2,317 |
| Professional fees | 45,279 | 330 | 108 | 45,717 |
| Recreation program | 286 | 3,845 | 5 | 4,136 |
| Supplies and materials | 11,697 | 502 | 105 | 12,304 |
| Telephone | 12,572 | 244 | 81 | 12,897 |
| Personal property taxes | 130 | 4 | 1 | 135 |
| Utilities | 18,123 | 3,427 | 2,741 | 24,291 |
| Vehicle operations | 250,631 | 247 | 167 | 251,045 |
| Vehicle supplies | 13,972 | 1 | - | 13,973 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total Expenses | <u>\$ 1,901,013</u> | <u>\$ 51,984</u> | <u>\$ 15,866</u> | <u>\$ 1,968,863</u> |

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|---|--------------|
| Cash from contributions, grants, programs and miscellaneous | \$ 1,573,111 |
| Cash paid to suppliers and employees | (1,734,670) |
| Interest paid | (23,957) |
| Interest income | 8 |
| | <hr/> |
| Net Cash Provided (Used) by Operating Activities | (185,508) |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|--|----------|
| Purchases of fixed assets | (28,958) |
| | <hr/> |
| Net Cash Provided (Used) by Investing Activities | (28,958) |

CASH FLOWS FROM FINANCING ACTIVITIES:

| | |
|--|----------|
| Borrowings (payments) on line of credit (net) | 200,557 |
| Principal payments on notes payable | (30,108) |
| | <hr/> |
| Net Cash Provided (Used) by Financing Activities | 170,449 |

INCREASE (DECREASE) IN CASH (44,017)

CASH AT BEGINNING OF YEAR 40,012

CASH AT END OF YEAR (OVERDRAWN) \$ (4,005)

RECONCILIATION OF CHANGE IN NET ASSETS**PROVIDED (USED) BY OPERATING ACTIVITIES:**

| | |
|--|----------------------------|
| Increase (decrease) in net assets | <u>\$ (198,428)</u> |
| Adjustments to reconciled change in net cash provided (used) by operating activities: | |
| Depreciation | 187,185 |
| (Increase) decrease in accounts receivable | (54,362) |
| (Increase) decrease in prepaid expenses | 6,178 |
| Increase (decrease) in accounts payable | (349) |
| Increase (decrease) in deferred revenue | (137,724) |
| Increase (decrease) in accrued interest expense | 1,481 |
| Increase (decrease) in accrued payroll and payroll taxes | 10,511 |
| | <hr/> |
| Total adjustments | 12,920 |
| | <hr/> |
| Net Cash Provided (Used) by Operating Activities | <u><u>\$ (185,508)</u></u> |

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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 those 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. 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, 2023.

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, 2023

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 |

Included in vehicles and equipment are \$558,305 of vehicles and equipment purchased with restricted resources from federal grants. If the Organization does not continue to use these vehicles and equipment in its transit operations or fails to remain compliant with the grant agreement, then, either the assets or the proceeds from the sale of the assets will revert to the original grantor. The typical period of compliance is four years from the use of grant funds to purchase a vehicle or equipment for the transit program.

The transportation program vehicles and equipment are long-lived assets used in performing local transit services and are acquired through federal grants. Although the grantor typically retains title to the assets through the useful life of the asset, the assets are capitalized, and the corresponding grant revenue is recognized as deferred revenue and amortized over the useful life of the asset.

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, 2023 was \$2,899.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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, 2023, 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 | \$ 252,625 |
| State PMTF | 100,000 |
| Area V Title IIIB | 5,238 |
| Transit service fees | 20,855 |
| Total | \$ 378,718 |

NOTE 4 – LINE OF CREDIT:

The Organization has a \$350,000 line of credit with a bank in Logansport, of which \$70,343 was unused at December 31, 2023. The line of credit had a balance of \$279,657 at December 31, 2023. 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 interest rate during 2023 was between 8.25% and 9.75%. Following the sale of the Organization’s building in August 2024, the line of credit was paid in full in as of the report date..

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, 2023 was \$47,969 and has been paid in full as of the report date.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 6 – 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. Following the sale of the Organization’s building in August 2024, the loan was paid in full as of the report date.

NOTE 7 – OPERATING LEASE:

The Organization leased copiers under a five-year non-cancelable operating lease expiring on November 1, 2024. Monthly lease payments are \$184 per month. Lease expense for the year ended December 31, 2023, was \$2,208. Future minimum payments on the lease are as follows: \$1,840, 2025; none, 2026; none, 2027; none, 2028; and none, 2029.

NOTE 8 – 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 | \$ | - |
| Accounts receivable | | 378,718 |
| | | 378,718 |
| Total financial assets at year-end | | 378,718 |
| Contractual or donor-imposed restrictions: | | |
| Restricted to time or expenditure for specific purpose: | | |
| Less: insurance funds to repair transit vehicle | | (17,305) |
| | | (17,305) |
| Financial assets available to meet cash needs for general expenditures within one year | | \$ 361,413 |

Additionally, as discussed in more detail in Note 4, the Organization maintained a \$350,000 line of credit, of which \$70,343 remained available on December 31, 2023.

Also, in 2023 the Organization received \$17,305 in insurance proceeds to repair a transit vehicle that had previously been purchased with Federal Section 5311/5339 grant funds. The grant requires all transit vehicles to be kept in working order while they are operating under the grant agreement. The vehicle was not repaired in 2023; therefore, these funds were considered donor restricted as of December 31, 2023. As of the date of this report, the Organization had contracted with a vendor to repair the vehicle and will utilize the funds to pay for the required repairs.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 9 – CONCENTRATIONS OF REVENUES AND SUPPORT:

| | | |
|--|---------------------|----------------|
| Federal - Section 5311 | \$ 834,200 | 47.11% |
| State - public mass transit | 431,502 | 24.37% |
| Title III-B | 20,934 | 1.18% |
| Federal - Section 5311/5339 Capital Projects | 137,724 | 7.78% |
| Cass County Commissioners | 10,860 | 0.61% |
| City of Logansport | 40,000 | 2.26% |
| United Way of Cass County | 28,580 | 1.61% |
| Transit service fees | 186,357 | 10.53% |
| Other transit income | 62,996 | 3.56% |
| Donations | 873 | 0.05% |
| In-kind donations | 5,230 | 0.30% |
| Interest | 8 | 0.00% |
| Other income | 7,702 | 0.44% |
| Nutrition | 3,469 | 0.20% |
| TOTAL REVENUES AND OTHER SUPPORT | \$ 1,770,435 | 100.00% |

Transportation related income is concentrated at ninety-six percent of the Organization's total revenue and other support at December 31, 2023. 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 10 – 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.

In early 2024, the Organization ceased operation of its Nutrition and Senior programs which lacked the necessary independent funding and program participation necessary to be self-sufficient. Accordingly, the Organization downsized their staff size and shifted all remaining resources to the transportation program. The board of directors and management assessed the current and projected financial health of the Organization and determined it was in the Organization's best interest to explore selling its building and relocate to a new location with lower overhead costs and reduced square footage.

In July 2024, the Organization entered into an agreement to sell their building to the local government for the sum of \$500,000. The sale closed at the end of August 2024 and the proceeds from the sale were used to pay off the balances on the Organization's line of credit and the loan on the roof repair. In coordination with the closing of the sale, the Organization entered into a five-year lease agreement for a building owned by the local government that began on September 1, 2024. The terms of the lease agreement require the Organization to pay a total rental fee of \$1 for the entire term of the lease but is responsible for a portion of the utilities.

As of the date of this report, the board of directors and management believe that these cost control measures will allow the Organization to continue to operate for twelve months and thereafter.

CASS COUNTY COUNCIL ON AGING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

| <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 | \$ 97,351 |
| Section 5311 | 20.509 | 736,849 |
| | | 736,849 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | \$ 834,200 |
| | | 834,200 |

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.

NOTE 4 – INDIRECT COST RATE:

The Cass County Council on Aging, Inc. has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

CERTIFIED PUBLIC ACCOUNTANTS



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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, 2023, 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 December 18, 2024.

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 item 2023-001 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

December 18, 2024

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**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

Qualified and Unmodified Opinions

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, 2023. 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, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, 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 Formula Grant for Rural Areas for the year ended December 31, 2023.

Basis for Qualified and Unmodified Opinions

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.

Matter Giving Rise to Qualified Opinion on Formula Grant for Rural Areas

As described in the accompanying schedule of findings and questioned costs, Cass County Council on Aging, Inc. did not comply with requirements regarding Formula Grant for Rural Areas as described in finding number 2023-001 for Equipment and Real Property Management.

Compliance with such requirements is necessary, in our opinion, for Cass County Council on Aging, Inc. to comply with the requirements applicable to that program.

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.

Other Matters

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

Report on Internal Control over Compliance

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.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a material weakness.

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.

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

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

December 18, 2024

CASS COUNTY COUNCIL ON AGING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION I - SUMMARY OF AUDIT RESULTS:

Financial Statements

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

Federal Awards

| | |
|--|----------------------------|
| Internal control over major programs: | |
| Material weakness(es) identified? | _____ x _____ yes _____ no |
| Significant deficiency(ies) identified that are not considered to be material weakness(es) identified? | _____ yes _____ x _____ no |
| Type of auditor's report issued on compliance on major programs: | Qualified Unmodified |
| Any audit findings disclosed that are required to be reported as defined by Uniform Guidance [2 CFR 200.516(a)]? | _____ yes _____ x _____ 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 | Formula Grant for Rural Areas |

| | |
|---|----------------------------|
| Dollar threshold used to distinguish between type A and B programs: | \$750,000 |
| Auditee qualified as low-risk auditee? | _____ yes _____ x _____ no |

Section II - Findings Related to Financial Statements Reported in Accordance with Governmental Auditing Standards:

2023-001

Section III - Findings and Questioned Costs Relating to Federal Awards:

2023-001

Section IV - Summary Schedule of Prior Audit Findings:

2022-001, 002, and 003

CASS COUNTY COUNCIL ON AGING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

2023-001 TRANSIT INSURANCE PROCEEDS IMPROPERLY SPENT

Prior Year Audit Finding: No

Repeat Finding Since: N/A

Type of Finding: Internal Control Over Transit Assets

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:

- \$17,305 RECEIVED FROM INSURANCE DUE TO A TRANSIT VEHICLE ACCIDENT WERE USED TO COVER PAYROLL EXPENSES.
- \$17,305 PROCEEDS REVENUE WERE RECLASSIFIED AS DONOR RESTRICTED NET ASSETS TO HIGHLIGHT THE NECESSITY TO USE THOSE FUNDS TO REPAIR BUS NUMBER 8 IN THE ORGANIZATION'S TRANSIT ASSET INVENTORY.

Cause: Due to a shortage in available cash management used insurance proceeds that were to be used for the transit vehicle repair to cover payroll expenses

Recommendation: We recommend that management and the board of directors implement enhanced controls and procedures that will ensure that there is a full documentation trail of each insurance claim from start to finish to ensure there is an accounting of the funds received and the associated expenditures of those funds. These controls and procedures should also include a final review by senior management or a designated board officer to ensure insurance funds are being properly managed and that the Organization is remaining compliant with the federal transit grant requirements.

View of responsible Official: Concur

CASS COUNTY COUNCIL ON AGING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

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

2023-001 EQUIPMENT AND REAL PROPERTY MANAGEMENT

Prior Year Audit Finding Number: None

Repeat Finding Since: N/A

Type of Finding: Internal Control over Compliance with a Federal Program

Severity of Deficiency: Material Weakness

Federal Agency: U.S. Department of Transportation

Program: 20.509 – Formula Grants for Rural Areas (Section 5311)

Award Number and Year: EDS#A249—23-G220051 2023

Pass-Through Agency: Indiana Department of Transportation (INDOT)

Criteria: Property Management Standards as set forth in 2 CFR 200 Part 200.

Condition: Proceeds received by the Organization from an insurance company due to transit asset identified as Bus No. 8 being damaged in an accident, were not used to bring the asset back to use and instead were used for payroll expenses. As of the audit procedures date Bus No. 8 has been idle for approximately 18 months, unusable.

Questioned Costs: \$17,305

Context: The Organization expensed the insurance proceeds on other than the federal program asset restoration with no intention of repairing the Bus No. 8.

Effect: Equipment and personal property management not understood to the extent necessary to maintain compliance with the formula grant for rural areas (Section 5311). Available assets left idle when funding to make the repair was made available through insurance reimbursement.

Cause: Due to shortfalls in available cash, the management of the Organization used available funding to make payroll expenditures. In effect management did not know the funding should be encumbered and/or restricted for use to bring the Bus No. 8 back into operation.

Recommendation: We recommend that management and the board of directors implement enhanced controls and procedures that will ensure that there is a full documentation trail of each insurance claim from start to finish to ensure there is an accounting of the funds received and the associated expenditures of those funds. These controls and procedures should also include a final review by senior management or a designated board officer to ensure insurance funds are being properly managed and that the Organization is remaining compliant with the federal transit grant requirements.

View of Responsible Official: Concur. As of this report date the Organization's October 2024 board minutes outline the details of a contract with an authorized INDOT vendor to repair Bus No. 8.

CASS COUNTY COUNCIL ON AGING, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023

SECTION IV – SUMMARY OF PRIOR AUDIT FINDINGS:

FINDING 2022-001

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

Status: The finding has been resolved.

FINDING 2022-002

Condition and Context: Six audit entries were required to correct grantor or customer account receivable balances. While the net effect of the audit entries was slightly below the audit materiality threshold, the aggregate effect of the accounting transaction postings throughout the audit suggested a systemic issue directly associated to limited experience and skills of the Organization's accounting staff.

Status: The finding has been resolved.

FINDING 2022-003

Condition and Context: 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. Again, the accounting staff lacked proficiency, and the skill sets required for the position to ensure accurate posting of accounting transactions.

Status: The finding has been resolved.