



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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August 21, 2009

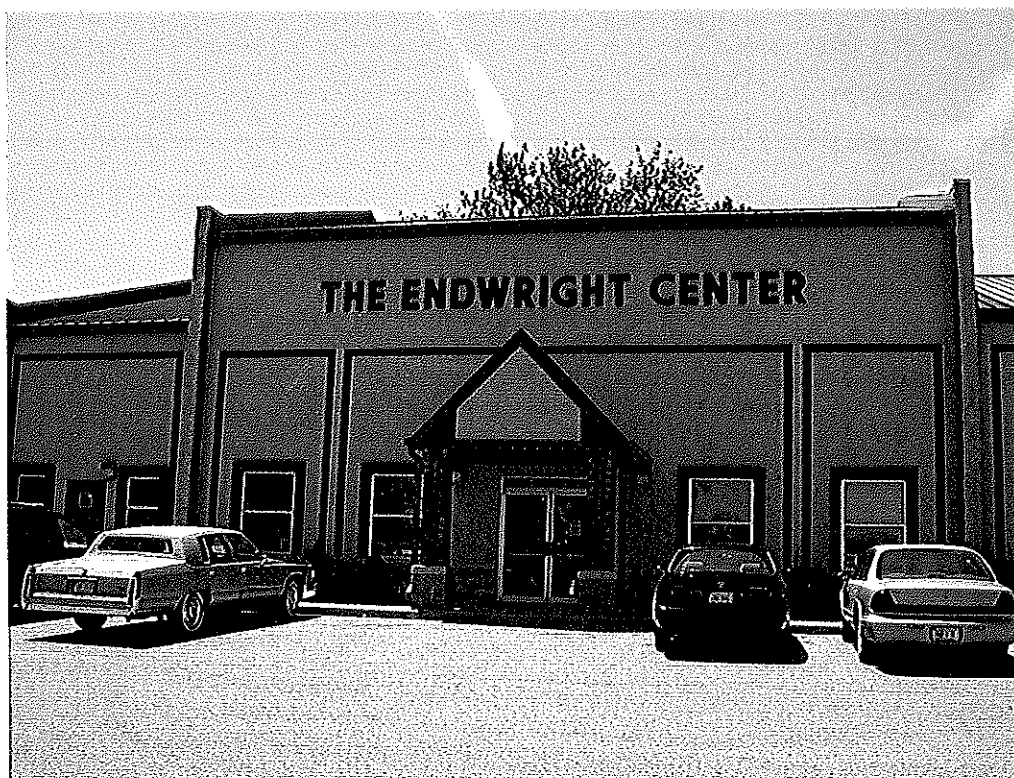
Board of Directors
Area 10 Council on Aging of
Monroe and Owen Counties, Inc.
630 W. Edgewood Dr.
Ellettsville, IN 47429

We have reviewed the audit report prepared by Bauer & Bauer, LLC, Independent Public Accountants, for the period July 1, 2007 to June 30, 2008. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Area 10 Council on Aging of Monroe and Owen Counties, Inc., as of June 30, 2008, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

STATE BOARD OF ACCOUNTS

Area 10 Council on Aging of Monroe and Owen Counties, Inc



Financial
&
Compliance
Audit

June 30, 2008

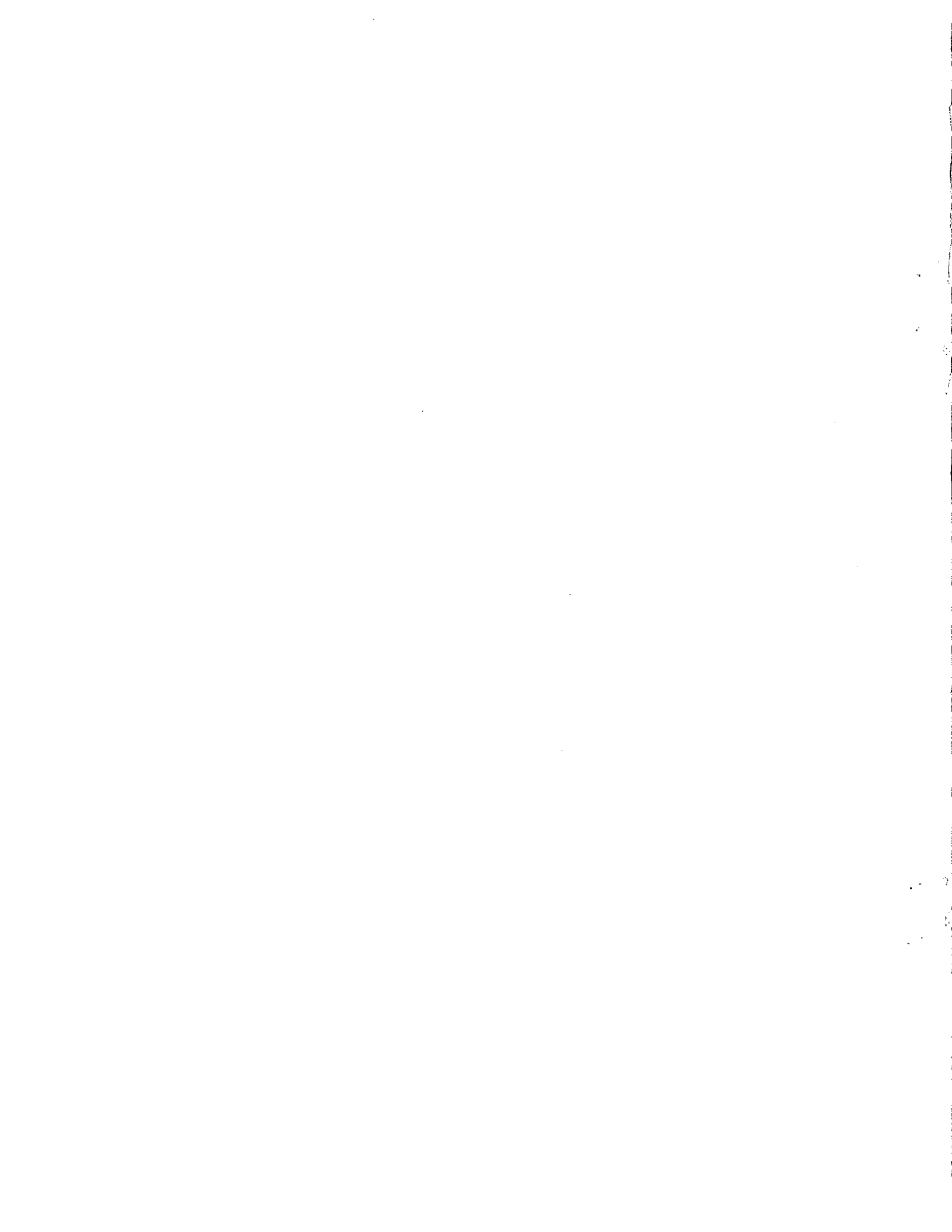


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Bauer & Bauer, LLC

Certified Public Accountants

Independent Auditor's Report

To the Board of Directors
Area 10 Council on Aging of Monroe and Owen Counties, Inc.

We have audited the accompanying statement of assets, liabilities and fund balance-statutory basis of Area 10 Council on Aging of Monroe and Owen Counties, Inc. (a nonprofit organization) as of June 30, 2008, and the related statements of activities-statutory basis, functional expenses-statutory basis and cash flows-statutory basis for the year then ended. These financial statements are the responsibility of Area 10 Council on Aging of Monroe and Owen Counties, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balance-statutory basis of Area 10 Council on Aging of Monroe and Owen Counties, Inc. as of June 30, 2008 and the results of its revenue and expenses-statutory basis and cash flows-statutory basis for the year then ended, on the basis of accounting described in Note 1.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Area 10 Council on Aging of Monroe and Owen Counties, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and budget Circular A-133, "Audits of States, Local Governments, and non-profit organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with GOVERNMENT AUDITING STANDARDS, we have also issued our report dated January 3, 2009 on our consideration of Area 10 Council on Aging of Monroe and Owen Counties, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Bauer & Bauer, LLC

George Bauer, CPA, MBA

Carmel, Indiana
January 3, 2009



Bauer & Bauer, LLC

Certified Public Accountants

Independent Auditor's Report

ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Area 10 Council on Aging of Monroe and Owen Counties, Inc.

We have audited the financial statements of Area 10 Council on Aging of Monroe and Owen Counties, Inc. (a non-profit organization) as of and for the year ended June 30, 2008 and have issued our report thereon dated January 3, 2009. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in GOVERNMENT AUDITING STANDARDS issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Area 10 Council on Aging of Monroe and Owen Counties, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. 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 that are required to be reported under GOVERNMENT AUDITING STANDARDS.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Area 10 Council on Aging of Monroe and Owen Counties, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Bauer & Bauer, LLC

George Bauer, CPA, MBA

Carmel, Indiana
January 3, 2009



Bauer & Bauer, LLC

Certified Public Accountants

**REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors
Area 10 Council on Aging of Monroe and Owen Counties, Inc.

Compliance

We have audited the compliance of Area 10 Council on Aging of Monroe and Owen Counties, Inc. (a non-profit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Area 10 Council on Aging of Monroe and Owen Counties, Inc.'s major federal programs are identified in the accompanying schedule of expenditures of federal awards. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility Area 10 Council on Aging of Monroe and Owen Counties, Inc.'s management. Our responsibility is to express an opinion on Area 10 Council on Aging of Monroe and Owen Counties, Inc.'s compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Area 10 Council on Aging of Monroe and Owen Counties, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Area 10 Council on Aging of Monroe and Owen Counties, Inc.'s compliance with those requirements.

In our opinion, Area 10 Council on Aging of Monroe and Owen Counties, Inc. has complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Area 10 Council on Aging of Monroe and Owen Counties, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Area 10 Council on Aging of Monroe and Owen Counties, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.



Bauer & Bauer, LLC

Certified Public Accountants

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Board of Directors, Management, the State Board of Accounts and should not be used for any other purpose.

Bauer & Bauer, LLC

George Bauer, CPA, MBA

Carmel, Indiana

January 3, 2009

Schedule of Findings and Questioned Costs

For the Year ended June 30, 2008

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified? yes no
- Reportable condition identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness identified? yes no
- Reportable condition identified that are not considered to be material weaknesses? yes none reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510 (a) of Circular A-133? yes no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.507	Federal Transit Authority

Dollar Threshold used to distinguish between type A and type B programs: \$ 500,000

Auditee qualified as low-risk auditee? yes no

Schedule of Findings and Questioned Costs

For The Year Ended June 30, 2008

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

Schedule of Prior Audit Findings

For the Year ended June 30, 2008

There were no findings or questioned costs reported for the year ended June 30, 2007.

The accompanying notes are an integral part of these financial statements.

Statement of Assets, Liabilities and Fund Balance - Statutory Basis

Area 10 Council on Aging of Monroe and Owen Counties, Inc.
As of June 30, 2008

ASSETS	
Current Assets	
Cash	\$ 713,163
Grants Receivable (Note 5)	569,630
Accounts Receivable (Note 14)	124,709
Prepaid Expenses	4,192
Related Party Receivable (Note 6)	359,774
Development Fees Receivable (Note 6)	122,212
Investment (Note 7)	39,138
Total Current Assets	\$ 1,932,818
Long-Term Assets	
Property and Equipment (Note 8)	\$ 678,435
Note Receivable (Note 9)	1,302,363
Accrued Interest (Note 9)	798,177
Total Long-term Assets	\$ 2,778,975
Total Assets	\$ 4,711,793
LIABILITIES AND FUND BALANCE	
Current Liabilities	
Accounts Payable	\$ 148,978
Accrued Payroll	52,260
Accrued Vacation	69,405
Payroll Withholdings	18,204
Sick Pay Liability	18,332
Deferred Revenue	22,350
Due to Funding Source (Note 10)	0
Total Current Liabilities	\$ 329,529
Fund Balance	
Unrestricted-Current (ongoing programs)	\$ 453,433
Board Designated (Note 11)	3,890,093
Permanently Restricted Fund Balances (Note 7)	38,738
Total Fund Balances	\$ 4,382,264
Total Liabilities and Fund Balances	\$ 4,711,793

The accompanying notes are an integral part of these financial statements.

Statement of Revenue, Expenses, and Changes in Fund Balance - Statutory Basis

Area 10 Council on Aging of Monroe and Owen Counties, Inc.
For the Year ended June 30, 2008

Revenue:	
Federal Grants	\$ 1,367,950
State Grants	906,829
County Support	82,000
City Contracts	493,595
Service Fees	68,488
Project Income	201,233
Medicaid	173,098
Donations	
Indirect public support-United Way	61,994
Direct public support	38,837
Miscellaneous Income	155,650
In-Kind Support	113,470
Interest Income	91,765
Total Revenue	\$ 3,754,909
Expenses:	
Program Service Expenses	
Title III-Administration	\$ 57,868
Title III-Social Services	159,851
Title III-Congregate Meals	163,741
Title III-Home Delivered Meals	272,522
Title VII-Ombudsman	4,655
Title III-Assisted Living Ombudsman	2,793
Title III-Preventive Health	9,071
Monroe County Rec. Services	1,163
AOA Planning Administration	10,000
Title III-Family Caregiver	74,686
Social Services Block Grant	119,690
Assistance to the Homebound	21,342
2-1-1 Service	9,957
Choice	519,537
Medicaid Pre-Admission Screening	69,083
ADRC	48,447
Medicaid Waiver Administration	19,103
Medicaid Waiver	54,374
Endwright Center	37,730

The accompanying notes are an integral part of these financial statements.

Statement of Revenue, Expenses, and Changes in Fund Balance - Statutory Basis

Area 10 Council on Aging of Monroe and Owen Counties, Inc.
For the Year ended June 30, 2008

Expenses:	
Program Service Expenses	
Disc Directory	\$ 2,824
VISTA	7,083
Federal Transportation-Operating and Capital	1,071,049
SALT	37
Arts Program	10,806
Senior Games	11,142
Senior Salute	1,207
Retired Senior Volunteer Program	124,130
Bloomington Transit Access	562,301
Downtown Dash	28,834
Martin Luther King	107
Hartst Rd Property	2,040
Cunot Housing Management	25,333
Edgewood Housing Management	51,695
Total Program Services	\$ 3,554,201
Fundraising	\$ 27
Unrealized Loss on Investment	1,269
Risk Management	4,342
Unallocated Indirect Costs	4,730
Total Support Services	\$ 10,368
Total Expenses	\$ 3,564,569
Excess Nonfederal Funds	\$ 190,340
Beginning Fund Balance	4,191,924
Ending Fund Balance	\$ 4,382,264

The accompanying notes are an integral part of these financial statements.

Statement of Functional Expenses

Area 10 Council on Aging of Monroe and Ouray Counties, Inc. For the Year Ended June 30, 2008	Title III-Admin.	Title III-Social Services	Title III-Congregate Meals	Title III-Home Delivered Meals	Title VIII-Community Ombudsman	Assisted Living Ombudsman	Title III-Preventive Health	Monroe County Recreational Services
Salaries and Wages	\$ 38,973	\$ 92,691	\$ 39,736	\$ 49,008	\$ 3,566	\$ 2,442	\$ 6,019	\$ 0
Employee Benefits	6,521	11,782	3,789	6,440	560	294	1,310	0
Total Personnel Costs	\$ 45,494	\$ 104,473	\$ 43,525	\$ 55,448	\$ 4,126	\$ 2,736	\$ 7,329	\$ 0
Occupancy	\$ 1,150	\$ 3,525	\$ 216	\$ 281	\$ 37	\$ 66	\$ 444	\$ 0
Telephone/Postage	879	642	400	251	16	5	36	0
Materials/Supplies	3,642	31,991	2,996	12,846	11	0	592	0
Printing	0	0	0	0	0	0	0	0
Volunteer Recognition	0	0	0	0	0	0	0	0
Travel	1,138	2,497	7,603	15,043	296	0	0	0
Contracted Services	4,526	1,957	442	1,199	18	571	100	0
Service Providers	0	7,655	0	0	0	0	0	1,163
Catered Food	0	0	107,521	184,333	0	0	0	0
Physicals	0	0	0	0	0	0	0	0
Training	0	0	0	0	0	0	0	0
Life Insurance	729	6,372	975	3,036	140	60	443	0
Equipment	0	0	0	0	0	0	0	0
Emergency Food	0	0	0	0	0	0	0	0
Indirect Costs	0	0	0	0	0	0	0	0
Other Costs	0	0	0	0	0	0	0	0
Depreciation	310	739	63	85	11	23	127	0
Volunteer Meals	0	0	0	0	0	0	0	0
Total Expenses	\$ 57,868	\$ 159,851	\$ 163,741	\$ 272,522	\$ 4,655	\$ 3,461	\$ 9,071	\$ 1,163

The accompanying notes are an integral part of these financial statements.

Statement of Functional Expenses

Area 10 Council on Aging of Monroe and Ouachita Counties, Inc. For the Year Ended June 30, 2008	AOA Planning Administration	Title III Family Caregiver	Social Services Block Grant	Assistant to Homebound	211 Service	Choice	Medicaid Pre-Admission Screening
Salaries and Wages	\$ 0	\$ 52,411	\$ 29,505	\$ 259	\$ 5,337	\$ 80,732	\$ 45,682
Employee Benefits	0	6,665	4,880	24	1,324	13,962	8,055
Total Personnel Costs	\$ 0	\$ 59,076	\$ 34,385	\$ 283	\$ 6,661	\$ 94,694	\$ 53,737
Occupancy	\$ 0	\$ 2,056	\$ 865	\$ 197	\$ 0	\$ 2,504	\$ 0
Telephone/Postage	0	725	442	33	1,476	917	317
Materials/Supplies	0	9,913	245	355	0	9,844	3,085
Printing	0	0	0	0	0	0	0
Volunteer Recognition	0	0	0	0	0	0	0
Travel	0	87	1,264	599	0	4,455	2,838
Contacted Services	10,000	394	2,987	0	250	7,651	298
Service Providers	0	0	78,710	(78)	0	391,845	0
Catered Food	0	0	0	0	0	0	0
Physicals	0	0	0	0	0	0	0
Trainings	0	0	0	0	0	0	0
Insurance	0	2,022	547	362	92	6,924	406
Equipment	0	0	0	11,891	0	0	0
Emergency Food	0	0	0	7,609	0	0	0
Incident Costs	0	0	0	39	1,470	0	8,335
Other Costs	0	0	0	0	0	0	0
Depreciation	0	413	245	52	8	705	67
Volunteer Meals	0	0	0	0	0	0	0
Total Expenses	\$ 10,000	\$ 74,686	\$ 119,690	\$ 21,342	\$ 9,937	\$ 119,337	\$ 69,083

The accompanying notes are an integral part of these financial statements.

Statement of Functional Expenses

Area 10 Council on Aging of Monroe and Owen Counties, Inc For the Year Ended June 30, 2008	ADRC	Medicaid Waiver Administration	Medicaid Waiver	Endwright Center	Discount Directory	VISTA	Federal Transportation Operating & Capital	SMHI	Arts Program	Senior Games
Salaries and Wages	\$ 16,194	\$ 16,225	\$ 36,303	\$ 19,584	\$ 0	\$ 6,405	\$ 462,634	\$ 0	\$ 5,814	\$ 1,328
Employee Benefits	2,582	2,878	5,846	3,841	0	678	72,085	0	0	327
Total Personnel Costs	\$ 18,776	\$ 19,103	\$ 42,149	\$ 23,425	\$ 0	\$ 7,083	\$ 534,719	\$ 0	\$ 5,814	\$ 1,655
Occupancy	\$ 0	\$ 0	\$ 0	\$ 6,713	\$ 0	\$ 0	\$ 20,537	\$ 0	\$ 935	\$ 4,799
Telephone/Postage	86	0	267	101	0	0	2,473	0	0	9
Materials/Supplies	7,682	0	105	43	0	0	259,021	37	1,126	3,002
Printing	0	0	0	0	2,824	0	0	0	0	0
Volunteer Recognition	0	0	0	0	0	0	0	0	0	0
Travel	247	0	414	0	0	0	187	0	282	0
Contacted Services	135	0	90	0	0	0	13,773	0	2,591	0
Service Providers	0	0	80	0	0	0	0	0	0	0
Catered Food	0	0	0	0	0	0	0	0	0	0
Physicals	0	0	0	0	0	0	4,451	0	0	0
Training	300	0	0	0	0	0	2,031	0	0	0
Insurance	0	0	456	96	0	0	46,406	0	0	12
Equipment	18,052	0	0	1,551	0	0	113,194	0	0	0
Emergency Food	0	0	0	0	0	0	0	0	0	0
Indirect Costs	3,145	0	10,736	3,772	0	0	61,379	0	0	283
Other Costs	0	0	0	0	0	0	4,730	0	58	0
Depreciation	24	0	77	2,029	0	0	3,332	0	0	1,382
Volunteer Meals	0	0	0	0	0	0	0	0	0	0
Total Expenses	\$ 48,447	\$ 19,103	\$ 54,374	\$ 37,730	\$ 2,824	\$ 7,083	\$ 1,066,233	\$ 37	\$ 10,806	\$ 11,142

The accompanying notes are an integral part of these financial statements.

Statement of Functional Expenses

Area 110 Council on Aging of Monroe and Owen Counties, Inc For the Year Ended June 30, 2008	Senior Salary	Retired Service Volunteer Program	Bloomington Transit Access	Downtown Dash	Martin Luther King	Hart Road Property	Cumot Housing Mgmt	Ederwood Housing Mgmt	Total Program Services
Salaries and Wages	\$ 0	\$ 73,892	\$ 278,684	\$ 13,644	\$ 0	\$ 0	\$ 17,833	\$ 36,157	\$ 1,405,260
Employee Benefits	0	11,282	42,264	1,388	0	0	2,968	7,022	210,429
Total Personnel Costs	0	85,174	320,948	15,232	0	0	20,801	43,179	1,615,689
Occupancy	\$ 0	\$ 11,006	\$ 3,056	\$ 550	\$ 0	\$ 0	\$ 128	\$ 192	\$ 62,281
Telephone/Postage	0	1,615	702	22	0	0	161	206	11,142
Materials/Supplies	1,171	4,261	104,909	8,909	107	0	273	249	474,691
Printing	0	0	0	0	0	0	0	0	2,824
Volunteer Recognition Travel	0	8,887	263	0	0	0	0	0	8,887
Contracted Services	35	3,126	263	5	0	0	6	0	41,134
Service Providers	0	3,042	3,174	0	0	40	35	20	53,630
Catered Food	0	0	0	0	0	0	0	0	479,375
Physicla	0	0	305	0	0	0	0	0	291,854
Training	0	0	256	0	0	0	0	0	3,407
Insurance	1	3,835	31,159	1,339	0	0	145	306	1,168
Equipment	0	0	0	0	0	2,000	0	0	103,032
Emergency Food	0	0	0	0	0	0	0	0	153,093
Indirect Costs	0	0	54,632	2,601	0	0	3,719	7,433	7,609
Other Costs	0	0	0	0	0	0	0	0	181,372
Depreciation	0	1,371	42,897	176	0	0	65	110	4,022
Volunteer Meals	0	1,813	0	0	0	0	0	0	55,178
Total Expenses	\$ 1,207	\$ 124,130	\$ 562,301	\$ 28,834	\$ 107	\$ 2,040	\$ 25,333	\$ 51,695	\$ 3,554,201

The accompanying notes are an integral part of these financial statements.

Statement of Functional Expenses

Area 10 Council on Aging of Monroe and Owen Counties, Inc For the Year Ended June 30, 2008	Fundraising	Risk Management	Unallocated Indirect Costs	Total Support Services	Total Expenses
Salaries and Wages	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,405,260
Employee Benefits	0	0	(1,333)	(1,333)	209,096
Total Personnel Costs	\$ 0	\$ 0	\$ (1,333)	\$ (1,333)	\$ 1,614,356
Occupancy	\$ 0	\$ 0	\$ 0	\$ 0	\$ 62,281
Telephone/Postage	0	0	1	1	11,143
Materials/Supplies	12	1,957	5,643	7,612	482,303
Printing	0	0	0	0	2,824
Volunteer Recognition	0	0	0	0	8,887
Travel	15	0	0	15	41,149
Contracted Services	0	2,385	419	2,804	56,434
Service Providers	0	0	0	0	479,375
Catered Food	0	0	0	0	291,854
Physicals	0	0	0	0	3,407
Training	0	0	0	0	1,168
Insurance	0	0	0	0	103,032
Equipment	0	0	0	0	155,093
Emergency Food	0	0	0	0	7,609
Indirect Costs	0	0	0	0	181,372
Other Costs	0	0	0	0	4,022
Depreciation	0	0	0	0	55,178
Volunteer Meals	0	0	0	0	1,813
Total Expenses	\$ 27	\$ 4,342	\$ 4,730	\$ 9,099	\$ 3,563,300

The accompanying notes are an integral part of these financial statements.

Statement of Cash Flows

Area 10 Council on Aging of Monroe and Owen Counties, Inc.
For the Year ended June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES	
Excess Nonfederal Funds	\$ 193,340
Adjustments to reconcile excess revenue to net cash provided by operating activities:	
Depreciation	\$ 55,178
Unrealized Loss on Investment	248
Accrued Interest Income from Housing Loans	(66,843)
(Increase) Decrease in:	
Grants and Accounts Receivable	\$ (181,180)
Related Party Receivable (Note 6)	(76,886)
Development Fee Receivables	52,000
Prepaid Expenses	(4,192)
Increase (Decrease) in:	
Accounts Payable	\$ 28,624
Accrued Payroll	4,519
Deferred Income	1,183
Accrued Vacation	(8,274)
Payroll Withholdings	2,105
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ (178)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of Equipment	\$ (161,771)
NET CASH USED BY INVESTING ACTIVITIES	(161,771)
CASH FLOWS FROM FINANCING ACTIVITIES	
Note Receivable	0
NET CASH USED BY FINANCING ACTIVITIES	\$ 0
NET INCREASE IN CASH	\$ (161,949)
CASH AT BEGINNING OF YEAR	\$ 875,112
CASH AT END OF YEAR	\$ 713,163
Interest Paid	\$ 0
Income Taxes Paid	\$ 0

The accompanying notes are an integral part of these financial statements

Notes to Financial Statements

June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Program Services

Area 10 Council on Aging of Monroe and Owen Counties, Inc. is a designated Area Agency on Aging for Monroe and Owen counties in the State of Indiana. The Agency primary purpose is to plan, develop, coordinate and provide services, which enable persons age 60+ and disabled of any age to remain independent.

The Agency's services include information and referral, transportation, legal assistance, care management, homemaker, home health aide, respite and attendant care, congregate meals, home delivered meals, senior employment, nursing home pre-admission screening, senior centers, adult day care, nursing home ombudsman, housing and transportation.

Accounting Basis

The accompanying financial statements have been prepared in conformity with the State of Indiana Family and Social Services Administration instructions. The basis of accounting utilized in preparation of these reports differs from generally accepted accounting principles. The following information summarizes these differences:

1. Basis of Presentation

The financial statement presentation does not follow the Statement of Financial Accounting Standard (SFAS) No. 117 of the American Institute of Certified Public Accountants. The Agency presents their assets, liabilities, and activities as unrestricted.

2. Contributions

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

3. Inventory

Minor materials and supplies are charged to expense during the period of purchase. As a result, no inventory is recognized for these items in the financial statements.

4. Compensated Absences

Employees of the Area 10 are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. As of June 30, 2008 the accrued vacation payable was \$69,405. Accrued sick pay was \$18,332.

5. Equipment

Equipment paid by grant funds are charged to expense in the period which it is purchased, instead recognizing it as an asset and depreciating it over its useful life. As a result, the expenses reflected in the aforementioned financial statements include the cost of the grant equipment purchased during the year rather than capitalizing the asset and depreciating it. However, buildings and vehicles purchased with Agency's non grant funds are depreciated over their useful lives. The equipment acquired is owned by Area 10 Council on Aging of Monroe and Owen Counties, Inc. while used in the programs for which it was purchased or in other authorized programs. However, the Indiana Family and Social Services Administration has the reversionary interest in the equipment. Its disposition, as well as the ownership of any proceeds there from, is subject to State of Indiana Family and Social Services Administration regulations. New rural transit vehicles are purchased through the 5311 program and are titled to Monroe County. These assets are expensed at time of purchase.

Notes to Financial Statements

June 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements; disclosures of contingent assets and liabilities at the date of the financial statements; and the reported amounts of revenue, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For the purposes of the financial statements including the statement of cash flows, cash includes petty cash, checking accounts, certificate of deposits and the money market account.

NOTE 2 - EXPENDITURES TO SUBGRANTEES AND SERVICES PROVIDERS

Area 10 Council on Aging of Monroe and Owen Counties, Inc. uses certain funds received under Title III, SSBG and CHOICE to issue its own contract to area agency sub grantees and service providers. Although the expenditures made by sub grantees and units performed by the service providers are certified as bona fide to Area 10 Council on Aging of Monroe and Owen Counties, Inc. personnel, documentation of the purpose of such expenditures and the units served are subject to audit under the appropriate governmental agency. To the extent the local sub grantee or service provider would be unable to document expenditures or units served and would be unable to refund the resultant unearned funds, the subgrantee would become liable for the funds required to be returned to the agency issuing the contract. Area 10 Council would have the option of loaning the funds to the subgrantee for payment.

NOTE 3 - FEDERAL AND STATE INCOME TAX

Under Internal Revenue Code Section 501 (c) (3), the Agency is considered a public charity exempt from income taxes and, accordingly, no federal or state income tax expense or liability is shown in the accompanying financial statements.

NOTE 4 - THIRD PARTY REIMBURSEMENTS

Area 10 Council on Aging of Monroe and Owen Counties, Inc. receives reimbursements from two large third parties, the Indiana Family and Social Services Administration and the Board of Commissioners of Monroe County. The Agency must submit claims to these parties for approval and payment. Area 10 Council on Aging of Monroe and Owen Counties, Inc. depends significantly on these third parties to carry out its program activities.

Notes to Financial Statements

June 30, 2008

NOTE 5 - GRANTS RECEIVABLE

The Agency's Grants Receivable consists of the following at June 30, 2008

Title III-A	\$ 3,888
Title III-B	11,871
Title III-C(1)	41,941
Title III-C(2)	62,260
Title III-E	3,087
Title VII Ombudsman Support	722
Assisted Living Ombudsman	666
ADRC	11,703
S.S.B.G.	15,956
C.H.O.I.C.E.	82,246
Older Hoosier	4,645
Medicaid-PAS	3,984
Medicaid Waiver Administration	3,257
Medicaid Waiver	6,303
Federal Transit	203,832
Retired Senior Volunteer Program	23,432
City of Bloomington	84,581
Downtown Dash	3,150
VISTA	2,102
Arts Program	4
Total	\$ 569,630

NOTE 6 -RELATED PARTY TRANSACTIONS

Area 10 Council on Aging of Monroe and Owen Counties, Inc. is the 100% shareholder in Area 10 Development, Inc. and Area 10 Development, Inc. is the general partner in two limited partnerships (Cunot Apartments, L.P. and Edgewood Village Apartments, L.P.). The Agency provides management and maintenance services for these two projects. For the year ended June 30, 2008 the Agency earned \$76,886 in management and maintenance fees. As of June 30, 2008 these two partnerships owed Area 10 Agency on Aging \$359,774 in management and maintenance fees and \$122,212 in development fees. Development fees were earned at the time of development and are deferred. The Agency has also loaned these partnership funds, which is described in Note 9.

Notes to Financial Statements

June 30, 2008

NOTE 7 –INVESTMENT

The Agency has an endowment fund with the Monroe County Community Foundation, which is a permanently restricted investment. As of June 30, 2008 the Agency's cost in this investment was \$35,000 and the market value is \$39,138, which is an appreciation in value of \$4,138 and an unrealized loss on the investment for the year ended June 30, 2008 of \$1,269. The Agency also has an investment in the Indiana Case Management Institute of Indiana, Inc. of \$400 at June 30, 2008.

NOTE 8 - PROPERTY AND EQUIPMENT

As of June 30, 2008 the Agency's property and equipment consisted of the following:

	Cost	Accumulated Depreciation	Book Value
Land	\$ 129,000	\$ 0	\$ 129,000
Building and Improvements	524,700	136,484	388,216
Vehicles	380,046	218,827	161,219
Total	\$ 1,033,746	\$ 355,311	\$ 678,435

NOTE 9 –NOTES RECEIVABLE

The Agency has five notes receivables associated with their two limited partnerships. The following is a summary of those five notes:

- 1 A \$131,976 loan with Cunot Apartments, L.P. which matures November 18, 2013. The loan is at an interest rate of 1% per annum and no principal or interest payments are due until the note matures. As of June 30, 2008 the balance of the note including accrued interest of \$14,498 is \$146,474.
- 2 A \$350,000 loan with Cunot Apartments, L.P. which matures November 18, 2013. The loan is at an interest rate of 1% per annum and no principal or interest payments are due until the note matures. As of June 30, 2008 the balance of the note including accrued interest of \$28,000 is \$378,000.
- 3 A \$127,798 loan with Cunot Apartments, L.P. which matures November 18, 2013. The loan is at an interest rate of 8% per annum and no principal or interest payments are due until the note matures. As of June 30, 2008 the balance of the note including accrued interest of \$97,081 is \$224,879.
- 4 A \$220,752 loan with Edgewood Village Apartments, L.P. which matures November 30, 2013. The loan is at an interest rate of 1% per annum and no principal or interest payments are due until the note matures. As of June 30, 2008 the balance of the note including accrued interest of \$23,571 is \$244,323.
- 5 A \$471,837 loan with Edgewood Village Apartments, L.P. which matures November 30, 2014. The loan is at an interest rate of 8.5% per annum and no principal or interest payments are due until the note matures. As of June 30, 2008 the balance of the note including accrued interest of \$373,759 is \$845,596.

Notes to Financial Statements

June 30, 2008

NOTE 10 - DUE TO FUNDING SOURCES

The balance of the due to funding sources as of June 30, 2008 was \$0.

NOTE 11 - BOARD DESIGNATED FUNDS

The Agency's Board of Directors has designated some of the Agency's fund balance for long-term projects. The Agency has earmarked these funds in anticipation of future needs of the specific programs. The Board has worked over the years to accumulate these dollars so no program will suffer. The following is a summary of those Board designations:

Housing Development	\$	33,057
Eugenia White Funds for Capital Expenditures		340,363
Cunot Housing		1,053,610
Edgewood Housing		1,999,359
Frances Pearson Funds for Transit Services		125,111
Maurice Endwright Funds Elderly Services		203,720
Elizabeth Radcliffe Funds for In-Home Services		134,873
Total	\$	3,890,093

NOTE 12 - IN-KIND DONATIONS

The in-kind donations are recorded at fair market value on the date of the contribution. These donations are shown as in-kind support, and in-kind expenses. The amount of in-kind donations for 2008 was \$113,470 and consisted of the following:

Personnel	\$	62,042
Fringe Benefits		931
Occupancy		15,835
Materials/Supplies		29,039
Volunteer Recognition		2,723
Travel		743
Contracted services		638
Meals		1,519
Total	\$	113,470

NOTE 13 - INDIRECT COSTS

The Agency allocates indirect costs to all of its programs using a cost allocation plan where the indirect costs are allocated to the programs as direct costs using an indirect cost rate. All indirect costs are charged to the program services using this rate.

Notes to Financial Statements

June 30, 2008

NOTE 14—ACCOUNTS RECEIVABLE

The Agency had \$124,709 of accounts receivable at June 30, 2008. The receivables consist of two primary accounts, Federal Transit Authority for \$51,092 and \$68,515 due on an insurance claim for flooding. All receivables at June 30, 2008 were subsequently collected.

Schedule of Expenditures of Federal Awards

Area 10 Council on Aging of Monroe and Owen Counties, Inc. the Year Ended June 30, 2008	For	CFDA No.	Expenditures	Passed Through to Subrecipients
Federal Grantor / Pass Through Grantor / Program Title				
Department of Agriculture				
Passed Through State of Indiana Family and Social Services				
Nutrition Program for the Elderly		10.570	\$ 62,171	\$ 0
TOTAL DEPARTMENT OF AGRICULTURE			\$ 62,171	\$ 0
Department of Labor				
Passed Through State of Indiana Family and Social Services				
Title V Senior Employment		17.235	\$ -	\$ 0
TOTAL DEPARTMENT OF LABOR			\$ -	\$ 0
Department of Transportation				
Passed Through Commissioners of Monroe County				
Mass Transit		20.507	\$ 547,212	\$ 0
TOTAL DEPARTMENT OF TRANSPORTATION			\$ 547,212	\$ 0
Department of Emergency Management Agency				
Passed Through United Way of America				
Emergency Food and Shelter		83.523	\$ 250	\$ 0
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			\$ 250	\$ 0

*Denotes Major Program

Schedule of Expenditures of Federal Awards

Area 10 Council on Aging of Monroe and Owen Counties, Inc. the Year Ended June 30, 2008	For	CFDA No	Expenditures	Passed Through to Subrecipients
Federal Grantor / Pass Through Grantor / Program				
Department of Health and Human Services				
Passed Through State of Indiana Family and Social Services Administration				
Title III Administration		93.042	\$ 43,400	\$ 0
Title VII Ombudsman		93.042	4,655	0
Title III Preventive Health		93.043	8,491	0
Title III Social Services		93.044	131,713	0
Title III Nutrition		93.045	229,532	0
Title III-E		93.052	54,489	0
Pre-Admission Screening		93.778	60,692	0
Assistance to the Homebound and Elderly		97.024	7,810	0
Emergency Food Assistance Program		10.569	60	0
Social Services Block Grant		93.667	119,690	0
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 660,532	\$ 0
Corporation for National and Community Service Direct:				
VISTA (Volunteers in Service to America)		94.013	7,083	
Retired Senior Volunteer Program		94.013	90,702	0
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICES			\$ 97,785	\$ 0
TOTAL			\$ 1,367,950	\$ 0

*Denotes Major Program



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