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January 13, 2011

Board of Directors  
Wabash County Council on Aging, Inc.  
239 Bond St., P.O. Box 447  
Wabash, IN 46992

We have reviewed the audit report prepared by Rea Logan & Co., LLC, Independent Public Accountants, for the period January 1, 2008 to December 31, 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 Wabash County Council on Aging, Inc., as of December 31, 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

**WABASH COUNTY COUNCIL ON AGING, INC.  
WABASH, INDIANA**

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**FINANCIAL STATEMENTS**

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**DECEMBER 31, 2008 AND 2007**

**WABASH COUNTY COUNCIL ON AGING, INC.  
WABASH, INDIANA**

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**FINANCIAL STATEMENTS**

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**DECEMBER 31, 2008 AND 2007**

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**INDEPENDENT AUDITOR'S REPORT**

To the Officers and Board of Directors  
Wabash County Council on Aging, Inc.  
Wabash, Indiana

We have audited the accompanying statements of financial position of Wabash County Council on Aging, Inc. (a nonprofit corporation), as of December 31, 2008 and 2007, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 financial position of Wabash County Council on Aging, Inc., as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 19, 2009, on our consideration of Wabash County Council on Aging, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contract and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

*Rea Logan & Co., LLC*

Certified Public Accountants

Wabash, Indiana  
August 19, 2009

**WABASH COUNTY COUNCIL ON AGING, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2008 AND 2007**

**ASSETS**

	<b><u>2008</u></b>	<b><u>2007</u></b>
<b>CURRENT ASSETS:</b>		
Cash	\$ 117,950	\$ 95,090
Accounts receivable	20,333	16,683
Prepaid expenses	9,300	8,226
	<hr/>	<hr/>
Total Current Assts	147,583	119,999
	<hr/>	<hr/>
<b>FIXED ASSETS:</b>		
Office equipment	15,585	3,381
Transportation vehicles	157,415	79,279
	<hr/>	<hr/>
	173,000	82,660
Less: Accumulated depreciation	60,421	46,877
	<hr/>	<hr/>
Net fixed Assets	112,579	35,783
	<hr/>	<hr/>
<b>TOTAL ASSETS</b>	<b><u>\$ 260,162</u></b>	<b><u>\$ 155,782</u></b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 6,502	\$ 11,583
Accrued payroll and payroll taxes	9,765	10,953
	<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>	<b><u>16,267</u></b>	<b><u>22,536</u></b>
<b>NET ASSETS:</b>		
Unrestricted	235,252	126,791
Temporarily restricted	8,643	6,455
	<hr/>	<hr/>
Total Net Assets	243,895	133,246
	<hr/>	<hr/>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 260,162</u></b>	<b><u>\$ 155,782</u></b>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

**WABASH COUNTY COUNCIL ON AGING, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<u>Unrestricted</u>		<u>Temporarily Restricted</u>		<u>Totals</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
<b>REVENUES AND OTHER SUPPORT:</b>						
Grants	\$ 10,000	\$ 7,273	\$ 312,613	\$ 250,707	\$ 322,613	\$ 257,980
Government allocation	77,425	59,925	5,000	5,000	82,425	64,925
Medicaid reimbursement	32,020	41,406	-	-	32,020	41,406
United Fund of Wabash County	22,106	22,003	-	-	22,106	22,003
Program income	72,807	60,048	-	-	72,807	60,048
Donations	47,855	63,785	-	-	47,855	63,785
In kind donations	20,907	23,333	-	-	20,907	23,333
Rental income	3,852	4,656	-	-	3,852	4,656
Gain on sale of fixed assets	-	750	-	-	-	750
Endowment income (net of expenses)	10,706	6,314	-	-	10,706	6,314
Interest	206	174	-	-	206	174
Net assets released from restrictions; satisfaction of program requirements	315,425	253,677	(315,425)	(253,677)	-	-
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<u>613,309</u>	<u>543,344</u>	<u>2,188</u>	<u>2,030</u>	<u>615,497</u>	<u>545,374</u>
<b>EXPENSES:</b>						
Transportation	363,507	349,041	-	-	363,507	349,041
Senior Center	140,463	154,916	-	-	140,463	154,916
Fund raising	878	4,001	-	-	878	4,001
<b>TOTAL EXPENSES</b>	<u>504,848</u>	<u>507,958</u>	<u>-</u>	<u>-</u>	<u>504,848</u>	<u>507,958</u>
<b>INCREASE IN NET ASSETS</b>	108,461	35,386	2,188	2,030	110,649	37,416
<b>NET ASSETS - beginning of year</b>	<u>126,791</u>	<u>91,405</u>	<u>6,455</u>	<u>4,425</u>	<u>133,246</u>	<u>95,830</u>
<b>NET ASSETS - end of year</b>	<u>\$ 235,252</u>	<u>\$ 126,791</u>	<u>\$ 8,643</u>	<u>\$ 6,455</u>	<u>\$ 243,895</u>	<u>\$ 133,246</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

**WABASH COUNTY COUNCIL ON AGING, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<u>Transportation</u>		<u>Senior Center</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Salaries and wages	\$ 200,258	\$ 183,107	\$ 64,013	\$ 64,583
Payroll taxes & fringe benefits	19,545	17,169	6,122	6,827
Travel and meetings	705	784	3,265	4,326
Program expenses	60,363	61,624	16,580	17,830
Supplies	221	234	1,650	1,580
Postage	509	492	514	556
Promotional	21	369	451	717
Professional fees	15,992	29,332	7,055	2,673
Training	493	426	40	216
Telephone	2,189	2,072	1,575	1,718
Insurance	27,104	27,283	5,150	6,582
Utilities	3,154	2,853	10,707	10,004
Repairs and maintenance	485	1,011	1,576	6,882
Food pantry	-	-	16,807	26,924
Depreciation expense	18,534	8,503	1,696	372
Miscellaneous	-	2	590	284
Membership fee	266	112	260	430
Inkind rent	13,668	13,668	2,412	2,412
	<u>13,668</u>	<u>13,668</u>	<u>2,412</u>	<u>2,412</u>
<b>TOTAL EXPENSES</b>	<b><u>\$ 363,507</u></b>	<b><u>\$ 349,041</u></b>	<b><u>\$ 140,463</u></b>	<b><u>\$ 154,916</u></b>

See Independent Auditor's Report and Accompanying Notes to Financial Statements

<u>Fund Raising</u>		<u>Totals</u>	
<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
\$ -	\$ 2,881	\$ 264,271	\$ 250,571
-	-	25,667	23,996
-	-	3,970	5,110
270	-	77,213	79,454
459	425	2,330	2,239
149	624	1,172	1,672
-	47	472	1,133
-	-	23,047	32,005
-	24	533	666
-	-	3,764	3,790
-	-	32,254	33,865
-	-	13,861	12,857
-	-	2,061	7,893
-	-	16,807	26,924
-	-	20,230	8,875
-	-	590	286
-	-	526	542
-	-	16,080	16,080
<u>\$ 878</u>	<u>\$ 4,001</u>	<u>\$ 504,848</u>	<u>\$ 507,958</u>

**WABASH COUNTY COUNCIL ON AGING, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash from contributions, grants, programs, and miscellaneous	\$ 611,847	\$ 536,050
Cash paid to suppliers and employees	(502,873)	(505,285)
Interest income	<u>10,912</u>	<u>6,488</u>
Net Cash Provided by Operating Activities	<u>119,886</u>	<u>37,253</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of fixed assets	(97,026)	(33,720)
Proceeds from sale of fixed assets	<u>-</u>	<u>750</u>
Net Cash Provided (Used) by Investing Activities	<u>(97,026)</u>	<u>(32,970)</u>
<b>INCREASE IN CASH</b>	22,860	4,283
<b>CASH AT BEGINNING OF YEAR</b>	<u>95,090</u>	<u>90,807</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 117,950</u>	<u>\$ 95,090</u>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Increase in net assets	<u>\$ 110,649</u>	<u>\$ 37,416</u>
Adjustments to reconciled change in net cash provided by operating activities:		
Depreciation	20,230	8,875
Gain on sale of fixed assets	-	(750)
Decrease (increase) in accounts receivable	(3,650)	(2,086)
Decrease (increase) in prepaid expenses	(1,074)	(1,312)
Increase (decrease) in accounts payable	(5,081)	2,178
Increase (decrease) in accrued payroll	(1,188)	205
Increase in unearned grant revenue	<u>-</u>	<u>(7,273)</u>
Total Adjustments	<u>9,237</u>	<u>(163)</u>
Net Cash Provided by Operating Activities	<u>\$ 119,886</u>	<u>\$ 37,253</u>

See Independent Auditor's Report and Accompanying Notes to Financial Statements.

**WABASH COUNTY COUNCIL ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**NOTE 1 – Accounting Policies:**

The Wabash County Council on Aging, Inc. exists to assist the citizens of Wabash County in meeting their social, physical, economic, and mobility needs with an emphasis on persons age 60 and over. The Organization is supported by Government allocations, services, grants, and donations.

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

- (a) Basis of Accounting – The financial statements of Wabash County Council on Aging, Inc. have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.
- (b) Basis of Presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of *Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no permanently restricted net assets. Temporarily restricted net assets are \$8,643 and \$6,455 for December 31, 2008 and 2007, respectively.
- (c) 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.
- (d) Cash and Cash Equivalents – For purpose of the statement of cash flows, The Wabash County Council on Aging, Inc. considers all highly liquid investments to be cash equivalents. The term *highly liquid* refers to investments with maturity of three months or less when purchased to be cash equivalents.
- (e) 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 collectable based on a favorable history over a substantial period of time.
- (f) In-Kind Contributions – In-kind contributions are recorded at fair market value and recognized in the accounting period when they are received.
- (g) 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 the volunteers' time does not meet the criteria for recognition.

See Independent Auditor's Report.

**WABASH COUNTY COUNCIL ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**NOTE 1 – Accounting Policies (continued):**

- (h) Restricted and Unrestricted Revenue and Support – Support that is restricted by the donor is reported as an increase in unrestricted net assets 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 temporarily or permanently restricted net assets, depending on the nature of the restrictions.
- (i) Fixed Assets – Purchases of property and equipment in excess of \$1,000 are recorded at cost. Gifts or contributions of property and equipment are recorded at the asset's fair market value at the time received. Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets: 5 years for office and equipment, and 100,000 miles which approximates 5 years for vehicles. When items are disposed of, the cost and accumulated depreciation are eliminated from the records of account, and a gain or loss is reported in the change in net assets. Repair and maintenance charges that do not increase the useful lives of the assets are charged to the change in net assets as incurred.
- (j) Income Taxes – Wabash County Council on Aging, Inc. is exempt from federal and state income taxes under Section 501(c) (3) of the Internal Revenue Code. However, a Form 990, Return of Organization Exempt from Income Tax, is required to be filed each year. The Organization complies with other Internal Revenue reporting requirements regarding contributions received, payroll, and payments to independent contractors.
- (k) Compensated Absence – Employees of the Organization are entitled to paid vacation and sick days depending on job classification, length of service, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the costs of compensated absence when actually paid to employees.
- (l) Advertising Costs – The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expense for the year ended December 31, 2008 and 2007 was \$1,081 and \$1,133, respectively.

**NOTE 2 – Rental Lease:**

The Organization has a building lease agreement with the City of Wabash. The lease agreement became effective July 1, 1999 for a ten year term. The terms of agreement are for \$1.00 per year. However, the fair market value rental value of the property is \$16,080 which is recorded as an in kind donation for 2008 and 2007.

**NOTE 3 – Operating Lease:**

The Organization has a noncancellable operating lease of a copier that expires November 2012. The Organization is required to pay all executory costs such as a maintenance and insurance. Rental expense for the years ended December 31, 2008 and 2007 and was \$6,222 and \$2,899, respectively.

See Independent Auditor's Report.

**WABASH COUNTY COUNCIL ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**NOTE 3 – Operating Lease (continued):**

Total lease payments required in the next five years is as follows under the above agreement: 2009, \$4,128; 2010, \$4,128; 2011, \$4,128; 2012, \$3,784 and none in 2013.

**NOTE 4 – Government Contributions:**

Wabash County Council on Aging, Inc. received government contributions from the following entities:

	<u>2008</u>	<u>2007</u>
Federal III B	\$ 25,296	\$ 25,296
Federal - Section 5311	212,648	149,621
State - Section 5311	64,555	53,329
City of Wabash	45,000	35,000
Town of North Manchester	19,000	16,500
Wabash County Council	18,425	13,425
	<u>\$ 384,924</u>	<u>\$ 293,171</u>

**NOTE 5 – Concentrations of Credit Risk:**

The Organization maintains a cash balance at Frances Slocum Bank. This institution is covered by Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in 2008 and \$100,000 in 2007 per customer. As of December 31, 2008 and 2007, the Organization had no uninsured balances.

**NOTE 6 – Donated Services:**

The value of donated services included as In kind contributions in the financial statements and expenses for the years ended 2008 and 2007 are as follows:

	<u>2008</u>	<u>2007</u>
Wages	\$ 1,527	\$ 1,424
Accounting services	1,400	3,700
Professional services	85	2,129
Program expenses	1,815	-
Total	<u>\$ 4,827</u>	<u>\$ 7,253</u>

**NOTE 7 – Tax Deferred Annuity Plan:**

The Organization has a tax deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan covers all employees of the Organization. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. The Organization provided no matching contribution.

See Independent Auditor's Report.



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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 OFFICERS AND BOARD OF DIRECTORS  
WABASH COUNTY COUNCIL ON AGING, INC.  
Wabash, Indiana

We have audited the financial statements of Wabash County Council on Aging, Inc. (a nonprofit organization) as of and for the year ended December 31, 2008, and have issued our report thereon dated August 19, 2009. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Wabash County Council on Aging, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 (CONT'D)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wabash County Council on Aging, Inc.'s financial statements are free of 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 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 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*.

We noted certain matters that we reported to management of Wabash County Council on Aging, Inc. in a separate letter dated August 19, 2009.

This report is intended solely for the information and use of management, the Board of Directors, federal awarding agencies and the Indiana State Board of Accounts and is not intended to be and should not be used by anyone other than these specified parties.

*Rea Logan & Co, LLC*

Certified Public Accountants

Wabash, Indiana  
August 19, 2009