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302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

October 18, 2013

Board of Directors
Lifespan Resources, Inc.
33 State St., Ste. 308
New Albany, IN 47150

We have reviewed the audit report prepared by Rodefer Moss & Co., PLLC, Independent Public Accountants, for the period July 1, 2011 to June 30, 2012. 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 Lifespan Resources, Inc., as of June 30, 2012, 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

LIFESPAN RESOURCES, INC.

Financial Statements and Supplementary Information

Years Ended June 30, 2012 and 2011

LIFESPAN RESOURCES, INC.
Financial Statements and Supplementary Information
Years Ended June 30, 2012 and 2011

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Independent Auditors' Report

To the Board of Directors
LifeSpan Resources, Inc.

We have audited the accompanying statements of financial position of LifeSpan Resources, Inc. (a nonprofit organization) as of June 30, 2012 and 2011, 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. The prior year summarized comparative information included on the Statement of Functional Expenses has been derived from the Organization's 2011 financial statements and, in our report dated October 31, 2011, we expressed an unqualified opinion on those financial statements.

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 audits provide 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 LifeSpan Resources, Inc. as of June 30, 2012 and 2011, and the changes in its net assets and 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 November 2, 2012, on our consideration of LifeSpan Resources, 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 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 an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 is presented for 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 financial statements of the Organization. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Rodefer Moss & Co, PLLC

Rodefer Moss & Co, PLLC
New Albany, Indiana
November 2, 2012

LIFESPAN RESOURCES, INC.
 Statements of Financial Position
 June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
ASSETS		
Cash	\$ 831,733	\$ 947,059
Petty cash	400	400
Money market	269,222	244,612
Certificates of deposit	500,014	275,160
Contract and grants receivable	457,475	603,404
Medicaid receivable, net of allowance	109,977	95,043
Prepaid postage	3,263	4,517
Prepaid insurance	12,992	6,980
Property and equipment, net of accumulated depreciation	<u>112,919</u>	<u>122,145</u>
Total assets	<u>\$ 2,297,995</u>	<u>\$ 2,299,320</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 70,448	\$ 92,478
Payroll withholdings	5,136	4,726
Accrued expenses	<u>139,222</u>	<u>125,299</u>
Total liabilities	<u>214,806</u>	<u>222,503</u>
Net Assets		
Temporarily restricted	169,963	210,604
Unrestricted	<u>1,913,226</u>	<u>1,866,213</u>
Total net assets	<u>2,083,189</u>	<u>2,076,817</u>
Total liabilities and net assets	<u>\$ 2,297,995</u>	<u>\$ 2,299,320</u>

LIFESPAN RESOURCES, INC.
Statement of Activities
Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
Revenue, Gains, and Other Support:			
Contract/program income	\$ 3,675,106	\$ -	\$ 3,675,106
In-kind income	421,121	-	421,121
Grant income	35,756	67,373	103,129
Donations	25,334	64,427	89,761
Miscellaneous income	3,356	-	3,356
Gain on disposal of property and equipment	-	-	-
	<u>4,160,673</u>	<u>131,800</u>	<u>4,292,473</u>
Net assets released from restrictions	<u>172,441</u>	<u>(172,441)</u>	<u>-</u>
			-
Total unrestricted revenues, gains, and other support	<u>4,333,114</u>	<u>(40,641)</u>	<u>4,292,473</u>
Expenses			
Program Services:			
CDSMP/ARRA	16,104	-	16,104
Health Screening	17,828	-	17,828
Ombudsman	54,030	-	54,030
Legal Assistance	21,294	-	21,294
Services - Title IIIB	41,142	-	41,142
Information and Referral	6,349	-	6,349
Transportation	416,680	-	416,680
Family Caregiver	169,719	-	169,719
Case Management - PAS	281,032	-	281,032
Outreach	9,013	-	9,013
Case Management - SSBG	96,792	-	96,792
Services - SSBG	3,135	-	3,135
Case Management - Choice	152,286	-	152,286
Case Management - CHMW	236,062	-	236,062
Services - Choice	454,476	-	454,476
Congregate Meals	546,211	-	546,211
Home Delivered Meals	423,558	-	423,558
ADRC	43,217	-	43,217
Care Transition	12,526	-	12,526
Services - Medicaid	662,761	-	662,761
Meals To Go	312,612	-	312,612
Options Counseling	20,214	-	20,214
	<u>3,997,041</u>	<u>-</u>	<u>3,997,041</u>
Total program service expenses			

LIFESPAN RESOURCES, INC.
Statement of Activities (Continued)
Year Ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
Expenses (Continued)			
Supporting Services:			
Fundraising expense	\$ 37,493	\$ -	\$ 37,493
Administration - Title III	137,701	-	137,701
Administration - SSBG	16,793	-	16,793
Administration - Choice	40,752	-	40,752
Nonfederal	<u>56,321</u>	-	<u>56,321</u>
Total supporting service expenses	<u>289,060</u>	-	<u>289,060</u>
 Total expenses	 <u>4,286,101</u>	 <u>-</u>	 <u>4,286,101</u>
 Net change in net assets	 47,013	 (40,641)	 6,372
 Net assets at the beginning of the year	 <u>1,866,213</u>	 <u>210,604</u>	 <u>2,076,817</u>
 Net assets at the end of the year	 <u>\$ 1,913,226</u>	 <u>\$ 169,963</u>	 <u>\$ 2,083,189</u>

LIFESPAN RESOURCES, INC.
Statement of Activities
Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Total
Revenue, Gains, and Other Support			
Contract/program income	\$ 3,368,123	\$ 89,870	\$ 3,457,993
In-kind income	311,534	-	311,534
Donations	110,622	6,790	117,412
Grant income	16,995	75,781	92,776
Miscellaneous income	54,224	-	54,224
Gain on disposal of property and equipment	2,012	-	2,012
	<u>3,863,510</u>	<u>172,441</u>	<u>4,035,951</u>
Net assets released from restrictions	<u>144,321</u>	<u>(144,321)</u>	<u>-</u>
Total unrestricted revenues, gains, and other support	<u>4,007,831</u>	<u>28,120</u>	<u>4,035,951</u>
Expenses			
Program Services:			
CDSMP/ARRA	16,920	-	16,920
Health Screening	16,806	-	16,806
Ombudsman	53,727	-	53,727
Legal Assistance	22,808	-	22,808
Services - Title III B	77,915	-	77,915
Information and Referral	7,551	-	7,551
Transportation	383,891	-	383,891
Family Caregiver	133,610	-	133,610
Case Management- PAS	254,321	-	254,321
Outreach	9,047	-	9,047
Case Management - SSBG	96,587	-	96,587
Services - SSBG	9,976	-	9,976
Case Management - Choice	179,038	-	179,038
Case Management - CHMW	120,609	-	120,609
Services - Choice	532,635	-	532,635
Congregate Meals	513,954	-	513,954
Home Delivered Meals	354,099	-	354,099
ADRC	41,495	-	41,495
Services - Medicaid	545,139	-	545,139
Meals To Go	282,008	-	282,008
Options Counseling	33,628	-	33,628
Total program service expenses	<u>3,685,764</u>	<u>-</u>	<u>3,685,764</u>

LIFESPAN RESOURCES, INC.
Statement of Activities (Continued)
Year Ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Expenses (Continued)			
Supporting Services			
Fundraising Expense	\$ 36,584	\$ -	\$ 36,584
Administration - Title III	116,974	-	116,974
Administration - SSBG	14,094	-	14,094
Administration - Choice Nonfederal	43,955	-	43,955
	<u>57,257</u>	<u>-</u>	<u>57,257</u>
 Total supporting service expenses	 <u>268,864</u>	 <u>-</u>	 <u>268,864</u>
 Total expenses	 <u>3,954,628</u>	 <u>-</u>	 <u>3,954,628</u>
 Net change in net assets	 53,203	 28,120	 81,323
 Net assets at the beginning of the year	 <u>1,813,010</u>	 <u>182,484</u>	 <u>1,995,494</u>
 Net assets at the end of the year	 <u>\$ 1,866,213</u>	 <u>\$ 210,604</u>	 <u>\$ 2,076,817</u>

LIFESPAN RESOURCES, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2012
(With Comparative Totals for 2011)

	Program Services						
	CDSMP/ ARRA	Health Screening	Ombudsman	Legal Assistance	Services - Title IIIB	Information and Referral	Transportation
Salaries and wages	\$ 13,535	\$ 5,743	\$ 31,879	\$ -	\$ -	\$ 2,416	\$ 219,719
Employee benefits	-	2,843	8,631	-	-	294	50,463
Payroll taxes	1,081	459	2,400	-	-	184	16,967
Total salaries and related expenses	14,616	9,045	42,910	-	-	2,894	287,149
Audit expense	-	100	313	-	-	125	1,786
Professional fees	-	1	56	7,774	-	4	657
Contractual allowance	-	-	-	-	-	-	-
Office expenses	833	717	554	-	-	109	3,102
Telephone	-	983	912	-	-	191	4,316
Postage	-	25	92	-	-	2,118	840
Rent	-	9	65	-	-	5	395
Utilities	-	471	471	-	-	-	2,397
Travel and transportation	125	648	995	-	-	172	755
Dues and subscriptions	-	625	236	-	-	272	1,243
Contract services	-	-	12	-	-	31	-
Repairs and maintenance	-	501	678	-	-	44	75,513
Service providers	-	-	-	-	41,142	-	-
Catered food	-	-	-	-	-	-	-
Insurance	-	217	384	-	-	29	13,482
Advertising	-	9	57	-	-	19	318
Computer expenses	-	486	1,212	-	-	221	7,970
Expensed equipment	435	540	565	-	-	14	2,602
In-kind expenses	-	3,168	3,168	13,520	-	-	4,872
Nutrition education	-	-	-	-	-	-	-
Occupancy expense	-	149	1,067	-	-	84	6,541
Legal fees	-	4	24	-	-	2	149
Depreciation	-	-	-	-	-	-	-
Other expenses	95	130	259	-	-	15	2,593
Total expenses	\$ 16,104	\$ 17,828	\$ 54,030	\$ 21,294	\$ 41,142	\$ 6,349	\$ 416,680

See notes to financial statements.

LIFESPAN RESOURCES, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2012
(With Comparative Totals for 2011)

	Family Caregiver	Program Services				Services - SSBG	Case Management - Choice
		Case Management - PAS	Outreach	Case Management - SSBG	Case Management - Choice		
Salaries and wages	\$ 60,031	\$ 181,088	\$ 5,229	\$ 58,461	\$ -	\$ 92,649	
Employee benefits	4,032	40,333	584	12,755	-	30,891	
Payroll taxes	4,568	13,639	396	4,362	-	6,985	
Total salaries and related expenses	68,631	235,060	6,209	75,578	-	130,525	
Audit expense	352	254	50	1,227	-	3	
Professional fees	23	194	2	77	-	138	
Contractual allowance	-	-	-	-	-	-	
Office expenses	1,019	5,629	263	2,069	-	1,636	
Telephone	969	4,428	588	3,174	-	2,013	
Postage	1,274	1,947	57	560	-	304	
Rent	149	372	13	146	-	230	
Utilities	-	892	362	1,061	-	235	
Travel and transportation	677	5,624	38	1,610	-	2,928	
Dues and subscriptions	755	1,290	96	463	-	738	
Contract services	92	453	12	412	-	-	
Repairs and maintenance	479	2,170	123	946	-	980	
Service providers	18,499	-	-	-	3,135	-	
Catered food	-	-	-	-	-	-	
Insurance	512	3,054	162	688	-	731	
Advertising	159	488	15	310	-	174	
Computer expenses	2,132	9,572	583	4,582	-	5,038	
Expensed equipment	92	2,789	187	1,081	-	1,662	
In-kind expenses	70,077	-	-	-	-	-	
Nutrition education	-	-	-	-	-	-	
Occupancy expense	2,501	5,848	217	2,384	-	4,240	
Legal fees	57	127	5	55	-	84	
Depreciation	-	-	-	-	-	-	
Other expenses	1,270	841	31	369	-	627	
Total expenses	\$ 169,719	\$ 281,032	\$ 9,013	\$ 96,792	\$ 3,135	\$ 152,286	

See notes to financial statements.

LIFESPAN RESOURCES, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2012
(With Comparative Totals for 2011)

	Program Services						Care Transition
	Case Management - CHMW	Services - Choice	Congregate Meals	Home Delivered Meals	ADRC		
Salaries and wages	\$ 161,982	\$ -	\$ 131,119	\$ 113,691	\$ 29,968	\$ 10,798	
Employee benefits	28,651	-	13,361	13,575	3,451	741	
Payroll taxes	12,018	-	10,514	8,865	2,284	846	
Total salaries and related expenses	202,651	-	154,994	136,131	35,703	12,385	
Audit expense	802	-	1,003	753	-	-	
Professional fees	163	-	19	20	135	-	
Contractual allowance	-	-	-	-	-	-	
Office expenses	2,999	-	2,917	20,351	617	-	
Telephone	3,438	-	3,530	3,116	-	-	
Postage	1,757	-	1,420	1,269	-	-	
Rent	355	-	242	209	-	-	
Utilities	1,100	-	4,258	4,421	-	-	
Travel and transportation	5,070	-	878	20,332	912	141	
Dues and subscriptions	800	-	831	644	2,075	-	
Contract services	144	-	-	31	-	-	
Repairs and maintenance	1,438	-	2,905	2,269	-	-	
Service providers	-	454,476	-	-	-	-	
Catered food	-	-	162,804	173,362	-	-	
Insurance	691	-	1,667	1,681	-	-	
Advertising	511	-	690	602	627	-	
Computer expenses	5,918	-	9,907	4,397	2,231	-	
Expensed equipment	2,140	-	2,213	973	917	-	
In-kind expenses	-	-	191,187	49,002	-	-	
Nutrition education	-	-	30	38	-	-	
Occupancy expense	5,448	-	4,047	3,384	-	-	
Legal fees	144	-	89	80	-	-	
Depreciation	-	-	-	-	-	-	
Other expenses	493	-	580	493	-	-	
Total expenses	\$ 236,062	\$ 454,476	\$ 546,211	\$ 423,558	\$ 43,217	\$ 12,526	

See notes to financial statements.

LIFESPAN RESOURCES, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2012
(With Comparative Totals for 2011)

	Program Services			Supporting Services		
	Services - Medicaid	Meals To Go	Options Counseling	Subtotal	Fundraising Admin. - Title III	Admin. - SSBG
Salaries and wages	\$ 397,321	\$ 52,196	\$ 15,323	\$ 1,583,148	\$ 11,786	\$ 54,781
Employee benefits	55,471	8,146	-	274,222	3,015	7,563
Payroll taxes	30,157	4,068	1,198	120,991	767	4,137
Total salaries and related expenses	482,949	64,410	16,521	1,978,361	15,568	66,481
Audit expense	1,695	501	-	8,964	-	1,058
Professional fees	381	6	-	9,650	-	11
Contractual allowance	70,061	1,905	-	71,966	-	-
Office expenses	4,415	8,370	204	55,804	710	2,885
Telephone	5,764	2,016	-	35,438	-	429
Postage	1,535	1,079	-	14,277	52	1,050
Rent	550	109	-	2,849	-	133
Utilities	1,194	2,779	-	19,641	-	-
Travel and transportation	18,201	8,131	218	67,455	317	907
Dues and subscriptions	1,930	396	79	12,473	-	419
Contract services	351	-	-	1,538	-	-
Repairs and maintenance	23,909	1,541	-	113,496	16	309
Service providers	-	-	-	517,252	-	-
Catered food	-	213,938	-	550,104	-	-
Insurance	5,625	958	-	29,881	-	282
Advertising	535	879	-	5,393	630	117
Computer expenses	16,202	2,719	3,192	76,362	-	1,297
Expensed equipment	1,396	482	-	18,088	-	34
In-kind expenses	-	-	-	334,994	9,573	59,847
Nutrition education	-	-	-	68	-	-
Occupancy expense	10,812	1,734	-	48,456	-	2,133
Legal fees	280	43	-	1,143	-	52
Depreciation	-	-	-	-	-	-
Other expenses	14,976	616	-	23,388	10,627	257
Total expenses	\$ 662,761	\$ 312,612	\$ 20,214	\$ 3,997,041	\$ 37,493	\$ 137,701
						\$ 16,793

See notes to financial statements.

LIFESPAN RESOURCES, INC.
Statement of Functional Expenses
For the Year Ended June 30, 2012
(With Comparative Totals for 2011)

	Supporting Services			Total Program	2011 All Funds
	Admin. - Choice	Nonfederal	Subtotal	and Supporting Services 2012	(Memorandum Only)
Salaries and wages	\$ 25,385	\$ 2,409	\$ 107,885	\$ 1,691,033	\$ 1,546,308
Employee benefits	4,702	651	18,186	292,408	270,499
Payroll taxes	1,902	148	7,968	128,959	116,645
Total salaries and related expenses	31,989	3,208	134,039	2,112,400	1,933,452
Audit expense	1,775	738	3,571	12,535	12,401
Professional fees	53	5	69	9,719	11,533
Contractual allowance	-	480	480	72,446	8,960
Office expenses	997	1,833	6,425	62,229	54,603
Telephone	1,791	256	2,476	37,914	31,463
Postage	1,085	153	2,340	16,617	15,469
Rent	-	78	211	3,060	1,417
Utilities	-	463	463	20,104	12,875
Travel and transportation	196	1,415	2,835	70,290	56,843
Dues and subscriptions	8	1,350	1,777	14,250	13,143
Contract services	414	-	414	1,952	1,922
Repairs and maintenance	273	238	836	114,332	108,230
Service providers	-	4,019	4,019	521,271	665,010
Catered food	-	556	556	550,660	482,115
Insurance	209	218	709	30,590	27,429
Advertising	190	56	993	6,386	6,611
Computer expenses	1,536	1,078	3,911	80,273	61,828
Expensed equipment	207	61	302	18,390	36,992
In-kind expenses	-	-	69,420	404,414	289,894
Nutrition education	-	-	-	68	39
Occupancy expense	-	1,284	3,417	51,873	53,543
Legal fees	-	29	81	1,224	324
Depreciation	-	25,933	25,933	25,933	23,796
Other expenses	29	12,870	23,783	47,171	44,736
Total expenses	\$ 40,752	\$ 56,321	\$ 289,060	\$ 4,286,101	\$ 3,954,628

See notes to financial statements.

LIFESPAN RESOURCES, INC.
Statements of Cash Flows
Years Ended June 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 6,372	\$ 81,323
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	25,933	23,796
Decrease (increase) in assets:		
Contract and grants receivable	145,929	84,330
Medicaid receivable	(14,934)	(15,916)
Prepaid expenses	(4,758)	(57)
Increase (decrease) in liabilities:		
Accounts payable	(22,030)	(3,240)
Payroll withholdings	410	1,437
Accrued expenses	13,923	3,074
Loss (gain) on the disposal of assets	<u>-</u>	<u>(2,012)</u>
Net cash flows from operating activities	150,845	172,735
Cash Flows From Investing Activities		
Purchase of certificates of deposit	(599,854)	(594,818)
Redemptions of certificates of deposit	375,000	670,000
Purchases of property and equipment	(16,707)	(21,640)
Proceeds from disposal of property and equipment	<u>-</u>	<u>11,200</u>
Net cash flows from investing activities	<u>(241,561)</u>	<u>64,742</u>
Net change in cash and cash equivalents	(90,716)	237,477
Cash and cash equivalents at the beginning of the year	<u>1,192,071</u>	<u>954,594</u>
Cash and cash equivalents at the end of the year	<u>\$ 1,101,355</u>	<u>\$ 1,192,071</u>
Supplemental Disclosures		
Noncash Investing Transaction		
Donated vehicles	\$ 16,707	\$ 21,640

LIFESPAN RESOURCES, INC.
Notes to Financial Statements
June 30, 2012 and 2011

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization Activities - LifeSpan Resources, Inc. (the Organization) is a designated Area Agency on Aging for Scott, Clark, Floyd, and Harrison counties in the State of Indiana. The Organization's mission statement is as follows: "Promoting independent living for people of all ages." The Organization provides a comprehensive network of services to persons age sixty and older, as well as providing services for persons of all ages with disabilities.

Basis of Accounting - The financial statements of the Organization 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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash and Cash Equivalents - Cash and cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

Contract Income and Grants Receivable - Contract income and grants receivable are reported at the amount management expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and deems all contract income and grants receivable to be fully collectible at year-end.

Medicaid Receivable - Medicaid receivable is stated at the amount management expects to collect from outstanding balances at year-end. The Organization provides for probable contractual allowance through an adjustment to revenue based on its assessment of the current status of individual accounts. The contractual allowance as of June 30, 2012 and 2011 is \$55,860 and \$8,960, respectively.

Property and Equipment - Property and equipment are stated at cost less accumulated depreciation. The costs of additions and betterments are capitalized and expenditures for repairs and maintenance are expensed in the period incurred. When items of property and equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Depreciation is provided over the estimated useful lives of the assets on the straight-line basis. The range of estimated useful lives for assets is 5-10 years. The Organization's policy is to expense assets costing \$2,500 or less.

Promises to Give - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restriction expires in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Income Taxes - The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes is included in the accompanying financial statements. The Organization evaluates its uncertain tax positions in accordance with applicable standards. It has evaluated its tax positions, and believes that it has none that are uncertain. At the Statement of Financial Position date, the Organization's Form 990s for the years ending June 30, 2012, 2011, and 2010 remained subject to examination by the Internal Revenue Service.

Contributed Services, Materials, and Facilities - Certain contributed materials are recorded as support and expensed at fair market value when determinable, otherwise at values indicated by the donor. Contributions of services are recognized in the financial statements if the services enhance or create nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, or would typically need to be purchased if not provided by donation. Contributed facilities are recorded as support and expensed at fair market value. For the years ended June 30, 2012 and 2011, the Organization received donated services, materials, and facilities valued at \$421,121 and \$311,534, respectively.

LIFESPAN RESOURCES, INC.
Notes to Financial Statements (Continued)

NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Functional Allocation of Expenses - The June 30, 2011 Statement of Functional Expenses presents summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2011, from which the summarized information was derived.

Advertising - The Organization uses advertising for employee recruitment purposes and to promote various programs. The costs of advertising are expensed as incurred. For the years ending June 30, 2012 and 2011, advertising costs totaled \$ 6,386 and \$ 6,611, respectively.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications - Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Date of Management's Review - Management has evaluated events and transactions occurring subsequent to the Statement of Financial Position date of June 30, 2012 for items that should potentially be recognized or disclosed in these financial statements. The evaluation was conducted through November 2, 2012, the date these financial statements were available to be issued.

NOTE 2 - CASH ON DEPOSIT IN EXCESS OF FEDERAL DEPOSIT INSURANCE LIMITS

Financial instruments that potentially subject the Organization to concentrations of credit risk are primarily cash and cash equivalents, certificates of deposit, and contract, Medicaid, and grants receivable. Cash and cash equivalents are maintained at financial institutions and, at times, balances may exceed federally insured limits. The Organization has never experienced any losses related to these balances. All of the non-interest bearing cash balances were fully insured at June 30, 2012 due to a temporary federal program in effect from December 31, 2010 through December 31, 2012. Under the program, there is no limit to the amount of insurance for eligible accounts.

NOTE 3 - CONTRACT AND GRANTS RECEIVABLE

	Years Ending June 30,	
	2012	2011
Family and Social Services Administration	\$ 369,858	\$ 519,772
United Way	62,601	71,009
Other	25,016	12,623
Total contract and grants receivable	\$ 457,475	\$ 603,404

LIFESPAN RESOURCES, INC.
Notes to Financial Statements (Continued)

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Years Ending June 30,	
	<u>2012</u>	<u>2011</u>
Furniture and fixtures	\$ 72,502	\$ 72,502
Vehicles	85,277	68,570
Computer equipment	<u>28,704</u>	<u>28,704</u>
Total	186,483	169,776
Less accumulated depreciation	<u>(73,564)</u>	<u>(47,631)</u>
Property and equipment, net	<u>\$ 112,919</u>	<u>\$ 122,145</u>

NOTE 5 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets were available for the following purposes:

	Years Ending June 30,	
	<u>2012</u>	<u>2011</u>
United Way	\$ 62,601	\$ 71,009
Nutrition program	59,917	79,103
Transportation donations	24,163	24,163
Scribner Place	14,000	14,000
Scott County United Way	4,772	4,772
Angel Tree	4,510	6,790
Pre-Admissions Screening	<u>-</u>	<u>10,767</u>
Total temporarily restricted net assets	<u>\$ 169,963</u>	<u>\$ 210,604</u>

NOTE 6 - OPERATING LEASES (LESSEE)

On December 12, 2006, the Organization entered into a lease agreement to lease space for a meal site and Senior Citizens Center located at 21 East Wilbur Street, Austin, Indiana. Under the lease agreement, beginning July 24, 2004 and ending July 24, 2009, the Organization agreed to pay \$1 per month. On July 14, 2009, the agreement was extended until July 24, 2014. Under the extended lease agreement, the Organization agreed to continue to pay \$1 per month. The lease agreement is less than fair market value and the difference is recorded as an in-kind donation.

On November 1, 2008, the Organization entered into a lease agreement to lease office space located in the YMCA of Southern Indiana building located at 33 State Street, New Albany, Indiana. The lease is for ninety-nine (99) years ending November 1, 2107. Beginning July 1, 2009, the monthly rent, occupancy, and operating costs totaled \$ 4,858 per month. The occupancy costs will be reviewed on an annual basis and the monthly rent expense will be adjusted accordingly. For the year ending June 30, 2012, the monthly fixed amount totaled \$3,943. In addition, the Organization is responsible for a portion of the cleaning labor expense for the building. For the years ending June 30, 2012 and 2011, the Organization paid \$51,873 and \$53,543 in rent expense which is included in occupancy and operating costs.

On September 1, 2011, the Organization entered into an operating agreement with the City of Scottsburg for the use of donated space in the Bacala Building located at 69 East Wardell Street, Scottsburg, Indiana. The operating agreement is for ten (10) years ending August 31, 2021. Under the operating agreement, the Organization is not required to pay rent, but must provide a meal site and Aging and Disabilities Resource Center site for senior citizens. The Organization recognizes the donated value for the use of the space as in-kind revenue and in-kind expense.

LIFESPAN RESOURCES, INC.
Notes to Financial Statements (Continued)

NOTE 6 - OPERATING LEASES (LESSEE) - (Continued)

The following schedule represents estimated future minimum lease payments over the next five fiscal years based on the information provided at the date of this report:

<u>Years ending June 30,</u>	
2013	\$ 47,320
2014	47,320
2015	47,320
2016	47,320
2017	<u>47,320</u>
	<u>\$ 236,600</u>

NOTE 7 - RETIREMENT PLAN

The Organization maintains a 401(k) retirement plan that is available to all employees. For full-time employees, the Organization contributes either 3% of gross salaries or \$200 per month (for employees not participating in the health insurance program). For part-time employees, the Organization contributes \$35 per month for the 401(k) plan. Plan expense was \$ 74,312 and \$ 69,170 for the years ending June 30, 2012 and 2011, respectively.

NOTE 8 - SIGNIFICANT THIRD-PARTY REIMBURSEMENTS

The Organization receives significant fees from Medicaid and CHOICE programs for the services it provides to its clients. In the years ended June 30, 2012 and 2011, it received 22 percent and 21 percent from Medicaid and 22 percent and 24 percent from CHOICE of its revenue and support, respectively.

NOTE 9 - RELATED PARTY TRANSACTIONS

The Organization does business with Your Community Bank including maintaining the sweep and checking accounts. Diane Murphy, Vice-President for Your Community Bank, is the President of the Board of the Organization.

LIFESPAN RESOURCES, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Federal Grantor/Pass Through Grantor/ Program Title	Federal CFDA	Pass-Through Grantor's Number	Federal Award
Department of Health and Human Services			
Passed through State of Indiana Family and Social Services Administration			
Title IIIA - Administration	93.044	22-12-OV-1651-01	\$ 77,856
Title IIIB - Support Services	93.044	22-12-OV-1651-02	239,424
Title IIIC1 - Congregate Meals	93.045	22-12-OV-1651-03	251,570
Title IIIC2 - Home Delivered Meals	93.045	22-12-OV-1651-04	179,139
CDSMP-ARRA	93.725	22-10-SM-1651-03	16,000
SSBG	93.667	22-12-OG-1651-01	199,017
Title IIID - Health Services	93.043	22-12-OV-1651-05	14,245
Title IIIE - Family Caregiver	93.052	22-12-OV-1651-06	94,183
PASRR	93.778	22-12-70-1651-01	200,325
Title VII - Ombudsman	93.042	22-12-2V-1651-02	7,299
Nutrition Services Incentive Program	93.053	22-12-02-1651-01	<u>67,153</u>
Total Department of Health and Human Services			<u>\$ 1,346,211</u>

LIFESPAN RESOURCES, INC.
Note to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of LifeSpan Resources, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *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.

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
LifeSpan Resources, Inc.

We have audited the financial statements of LifeSpan Resources, Inc. as of and for the year ended June 30, 2012, and have issued our report thereon dated November 2, 2012. 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 LifeSpan Resources, 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 LifeSpan Resources, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LifeSpan Resources, 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 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*.

This report is intended solely for the information and use of management, the audit committee, others within the entity, the Board of Directors, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Rodefer Moss & Co, PLLC

Rodefer Moss & Co, PLLC
New Albany, Indiana
November 2, 2012

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Directors
LifeSpan Resources, Inc.

Compliance

We have audited LifeSpan Resources, Inc.'s compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of LifeSpan Resources, Inc.'s major federal programs for the year ended June 30, 2012. LifeSpan Resources, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of LifeSpan Resources, Inc.'s management. Our responsibility is to express an opinion on LifeSpan Resources, Inc.'s compliance based on our audit.

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 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 LifeSpan Resources, 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 of LifeSpan Resources, Inc.'s compliance with those requirements.

In our opinion, LifeSpan Resources, Inc., complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of LifeSpan Resources, Inc., is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered LifeSpan Resources, Inc.'s internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of LifeSpan Resources, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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.

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

This report is intended solely for the information and use of management, the audit committee, others within the entity, the Board of Directors, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Rodefer Moss & Co, PLLC

Rodefer Moss & Co, PLLC
New Albany, Indiana
November 2, 2012

LIFESPAN RESOURCES, INC.
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2012

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? _yes no
- Significant deficiencies 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(es) identified? _yes no
- Significant deficiencies identified that are not considered to be material weaknesses? _yes none reported

Type of auditors' 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 OMB Circular A-133? _yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.044	Title IIIA-Administration
93.044	Title IIIB-Support Services
93.045	Title IIIC1-Congregate Meals
93.045	Title IIIC2-Home Delivered Meals
93.053	Nutritional Services Incentive Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? _X yes__ no

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None