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March 8, 2016

Board of Directors
Aging & Community Services of South Central Indiana, Inc.
1531 13th Street
Suite G900
Columbus, IN 47201

We have reviewed the audit report prepared by Gauthier & Kimmerling, LLC, for the period July 1, 2014 to June 30, 2015. 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 Aging & Community Services of South Central Indiana, Inc., as of June 30, 2015, 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

**AGING & COMMUNITY SERVICES OF
SOUTH CENTRAL INDIANA, INC.
(A MEMBER OF THRIVE ALLIANCE)**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

JUNE 30, 2015 AND 2014

AGING & COMMUNITY SERVICES OF
SOUTH CENTRAL INDIANA, INC.
(A MEMBER OF THRIVE ALLIANCE)

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Gauthier & Kimmerling, LLC
accountants & advisors

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Independent Auditors' Report

Board of Directors
Aging & Community Services of
South Central Indiana, Inc.
Columbus, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Aging & Community Services of South Central Indiana, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.


We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 2, 2015 on our consideration of the Organization'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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



November 2, 2015

AGING & COMMUNITY SERVICES OF SOUTH CENTRAL INDIANA, INC.
(A MEMBER OF THRIVE ALLIANCE)
STATEMENTS OF FINANCIAL POSITION
JUNE 30,

	2015	2014
<u>ASSETS</u>		
Cash and cash equivalents	\$ 548,982	\$ 335,462
Grants receivable (Note 9)	1,324,917	1,343,627
Accounts receivable	88,566	123,949
Accounts receivable - related parties	19,403	14,917
Prepaid expenses	5,014	11,672
Property and equipment, net of accumulated depreciation of \$210,996 and \$194,321 for 2015 and 2014, respectively	-	16,675
Board designated cash (Note 8)	89,111	69,453
Total Assets	\$ 2,075,993	\$ 1,915,755
<u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable	\$ 378,632	\$ 454,772
Accounts payable - related parties	23,173	20,649
Unearned revenue	19,423	23,779
Accrued payroll and related liabilities	517,745	468,175
Line of credit	-	50,000
Total Liabilities	938,973	1,017,375
Net Assets:		
Unrestricted	940,675	731,435
Unrestricted board designated	89,111	69,453
Total Unrestricted Net Assets	1,029,786	800,888
Temporarily restricted (Note 10)	107,234	97,492
Total Net Assets	1,137,020	898,380
Total Liabilities and Net Assets	\$ 2,075,993	\$ 1,915,755

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

AGING & COMMUNITY SERVICES OF SOUTH CENTRAL INDIANA, INC.
(A MEMBER OF THRIVE ALLIANCE)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

<u>REVENUES AND OTHER SUPPORT</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Donations	\$ 93,109	\$ -	\$ 93,109
Grants	-	4,813,742	4,813,742
Medicaid revenue	1,285,964	-	1,285,964
In-Kind	237,678	-	237,678
Other	<u>1,003,419</u>	<u>9,742</u>	<u>1,013,161</u>
Revenues and other support	2,620,170	4,823,484	7,443,654
Revenues released from restriction	<u>4,813,742</u>	<u>(4,813,742)</u>	<u>-</u>
Total Revenues and Other Support	<u>7,433,912</u>	<u>9,742</u>	<u>7,443,654</u>
 <u>EXPENSES</u>			
Program services	6,606,405	-	6,606,405
Support services	<u>598,609</u>	<u>-</u>	<u>598,609</u>
Total Expenses	<u>7,205,014</u>	<u>-</u>	<u>7,205,014</u>
Increase (decrease) in net assets	228,898	9,742	238,640
Net assets - beginning of year	<u>800,888</u>	<u>97,492</u>	<u>898,380</u>
Net assets - end of year	<u>\$ 1,029,786</u>	<u>\$ 107,234</u>	<u>\$ 1,137,020</u>

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

AGING & COMMUNITY SERVICES OF SOUTH CENTRAL INDIANA, INC.
(A MEMBER OF THRIVE ALLIANCE)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUES AND OTHER SUPPORT</u>			
Donations	\$ 93,051	\$ -	\$ 93,051
Grants	-	4,148,058	4,148,058
Medicaid revenue	1,078,375	-	1,078,375
In-Kind	346,620	-	346,620
Other	703,043	33,700	736,743
	<u>2,221,089</u>	<u>4,181,758</u>	<u>6,402,847</u>
Revenues and other support			
Revenues released from restriction	<u>4,148,058</u>	<u>(4,148,058)</u>	<u>-</u>
Total Revenues and Other Support	<u>6,369,147</u>	<u>33,700</u>	<u>6,402,847</u>
<u>EXPENSES</u>			
Program services	5,649,595	-	5,649,595
Support services	631,071	-	631,071
	<u>6,280,666</u>	<u>-</u>	<u>6,280,666</u>
Total Expenses			
Increase (decrease) in net assets	88,481	33,700	122,181
Net assets - beginning of year	<u>712,407</u>	<u>63,792</u>	<u>776,199</u>
Net assets - end of year	<u>\$ 800,888</u>	<u>\$ 97,492</u>	<u>\$ 898,380</u>

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

AGING & COMMUNITY SERVICES OF SOUTH CENTRAL INDIANA, INC.
(A MEMBER OF THRIVE ALLIANCE)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	In-home Services	Community Services	Nutrition	Total Program Services	Support Services	Total Program & Support Services
Salaries and wages	\$ 709,190	\$ 1,825,820	\$ 270,349	\$ 2,805,359	\$ 371,777	\$ 3,177,136
Payroll taxes and benefits	139,110	279,586	38,075	456,771	44,239	501,010
Occupancy	29,050	79,490	15,257	123,797	46,676	170,473
Telephone and postage	16,209	47,407	5,036	68,652	9,274	77,926
Contracted services	67,904	661,739	403	730,046	35,244	765,290
Supplies	39,304	56,444	3,049	98,797	22,343	121,140
Travel	24,347	146,621	26,911	197,879	1,679	199,558
Direct food services	-	-	455,513	455,513	-	455,513
Direct emergency response services	34,799	-	-	34,799	-	34,799
Other direct services	784,801	29,365	(106,494)	707,672	-	707,672
Foster grandparent stipend	-	180,587	-	180,587	-	180,587
Subgrantee contracts	-	402,830	-	402,830	-	402,830
Other expenditures	31,520	71,644	8,000	111,164	62,237	173,401
In-kind expenses	23,864	135,911	72,764	232,539	5,140	237,679
	<u>\$ 1,900,098</u>	<u>\$ 3,917,444</u>	<u>\$ 788,863</u>	<u>\$ 6,606,405</u>	<u>\$ 598,609</u>	<u>\$ 7,205,014</u>

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

AGING & COMMUNITY SERVICES OF SOUTH CENTRAL INDIANA, INC.
(A MEMBER OF THRIVE ALLIANCE)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014

	In-home Services	Community Services	Nutrition	Total Program Services	Support Services	Total Program & Support Services
Salaries and wages	\$ 645,190	\$ 1,312,856	\$ 240,152	\$ 2,198,198	\$ 428,219	\$ 2,626,417
Payroll taxes and benefits	102,809	181,841	31,388	316,038	83,648	399,686
Occupancy	30,518	68,798	17,686	117,002	45,942	162,944
Telephone and postage	15,455	29,301	5,936	50,692	6,977	57,669
Contracted services	49,156	444,271	643	494,070	(32,663)	461,407
Supplies	59,113	80,567	19,708	159,388	21,870	181,258
Travel	22,116	119,135	32,122	173,373	3,860	177,233
Direct food services	15,799	1,134	413,630	430,563	-	430,563
Direct emergency response services	32,837	-	-	32,837	-	32,837
Other direct services	704,176	23,139	(53,896)	673,419	-	673,419
Foster grandparent stipend	-	180,147	-	180,147	-	180,147
Subgrantee contracts	-	304,538	-	304,538	-	304,538
Other expenditures	54,533	83,447	39,001	176,981	68,947	245,928
In-kind expenses	22,006	234,959	85,384	342,349	4,271	346,620
	<u>\$ 1,753,708</u>	<u>\$ 3,064,133</u>	<u>\$ 831,754</u>	<u>\$ 5,649,595</u>	<u>\$ 631,071</u>	<u>\$ 6,280,666</u>

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

AGING & COMMUNITY SERVICES OF SOUTH CENTRAL INDIANA, INC.
(A MEMBER OF THRIVE ALLIANCE)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30,

	2015	2014
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ 238,640	\$ 122,181
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	16,675	31,553
(Increases) decreases in operating assets:		
Grants receivable	18,710	(364,970)
Accounts receivable	35,383	61,237
Accounts receivable - related parties	(4,486)	11,715
Prepaid expenses	6,658	(3,206)
Increases (decreases) in operating liabilities:		
Accounts payable	(76,140)	(4,809)
Accounts payable - related parties	2,524	(3,713)
Unearned revenue	(4,356)	10,529
Accrued payroll and related liabilities	49,570	256,795
Net Cash Provided by (Used in) Operating Activities	283,178	117,312
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Payment on line of credit	(50,000)	(150,000)
Net Cash Provided by (Used in) Investing Activities	(50,000)	(150,000)
Net increase (decrease) in cash	233,178	(32,688)
Cash - beginning of year	404,915	437,603
Cash - end of year	\$ 638,093	\$ 404,915
<u>RECONCILIATION OF CASH TO BALANCE SHEET</u>		
Cash and cash equivalents	\$ 548,982	\$ 335,462
Internally designated cash	89,111	69,453
Total Cash and Cash Equivalents	\$ 638,093	\$ 404,915
<u>SUPPLEMENTAL CASH FLOWS INFORMATION</u>		
Interest paid during the year	\$ 1,726	\$ 5,369

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

AGING & COMMUNITY SERVICES OF
SOUTH CENTRAL INDIANA, INC.
(A MEMBER OF THRIVE ALLIANCE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

1. NATURE OF THE ORGANIZATION

Aging & Community Services of South Central Indiana, Inc. (the Organization) is a not-for-profit corporation. The Organization was founded in 1981 to provide services to elderly and disabled persons in the Bartholomew, Brown, Decatur, Jackson and Jennings County areas in the state of Indiana. The Organization is primarily supported through federal and state government grants. In 2013, the Organization created a supporting organization called Thrive Alliance.

The Organization's direct services include: information and referral, care management, congregate meals, home delivered meals, homemaker, handy chore, outreach, advocacy, Foster Grandparents Program, nursing home preadmission screening, Medicaid Waiver, Caring Connections (volunteers), Guardianship, health prevention and First Steps. The Organization provides grants through Older Americans Act funds for: senior center operations, transportation, legal services, nursing home ombudsman, adult day care and medication assistance. Through the use of state funds, the Organization purchases on behalf of consumers: attendant care, homemaker services, home health aide, respite care, owner occupied rehabilitation and emergency response systems.

2. SIGNIFICANT ACCOUNTING POLICIES

The Organization maintains its accounts on the accrual basis and in accordance with the principles of fund accounting. Fund accounting is the procedure by which resources are classified for internal accounting purposes into funds that are associated with specific activities or objectives.

In accordance with accounting standards, unrestricted net assets include all assets over which the Organization has full discretion as to use. Temporarily restricted net assets include net assets whose use by the Organization is limited by donor-imposed restrictions that either expire by the passage of time or are fulfilled by the Organization. As the restrictions are met, the net assets are released from restrictions and included in unrestricted net assets. Contributions for which the restrictions are met in the same period in which the contribution is received are also recorded as temporarily restricted. Permanently restricted net assets include net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Equipment, furniture and, vehicles are stated at cost or, for donations, at fair market value at the date of donation, and include expenditures for additions and betterments, which substantially increase the useful lives of existing fixed assets. Maintenance, repairs, and minor renewals are expensed as incurred. Items over \$5,000 are capitalized.

(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES – Continued

The Organization reviews its fixed assets for impairment whenever events or changes in circumstances indicate the carrying value of such assets may not be recoverable. No impairment loss was recognized in 2015 and 2014.

Depreciation is computed using the straight-line method over estimated useful lives of 3 to 7 years.

The costs of providing the various programs and other activities have been summarized in the statement of functional expenses. Costs are charged directly to the programs they benefit whenever possible. Certain overhead costs that cannot be directly charged to an individual program are allocated to the various programs they benefit using relevant statistical allocation bases.

Receivables are charged to bad debt expense when they are determined to be uncollectable based upon periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require the allowance method to be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts may differ from these estimates.

All liquid investments purchased with a maturity of three months or less are considered to be cash equivalents.

The Organization is exempt from income taxation under the Internal Revenue Code Section 501(c)(3). Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Management believes that the Organization is no longer subject to income tax examination for years prior to 2012.

The Organization has recorded in-kind contributions for space and professional services in the statement of activities in accordance with financial accounting standards. These standards require that only contributions of service received that create or enhance a nonfinancial asset or require a specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by the donation be recorded.

Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 financial statement presentation. These reclassifications had no effect on the change in net assets for either year.

3. FINANCIAL INSTRUMENTS

The Organization maintains its cash in deposit accounts, the cumulative balance of which may exceed federally insured limits. As of June 30, 2015 and 2014, such excess totaled approximately \$304,000 and \$100,000, respectively.

The Organization has not experienced any losses in its accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

4. RELATED PARTIES

In 2013, the Organization and Housing Partnerships, Inc. (HPI) formed a supporting organization called Thrive Alliance. The Organization and HPI remain separate entities. The executive director of the Organization is contracted to be HPI's executive director with a portion of the executive director's time to be billed back to HPI.

5. PENSION PLAN

The Organization provides pension benefits for all of its full-time employees through a 403(b) Plan. The Organization matches 1% of the participating employee's annual pay. The number of participating employees was 12 for 2015 and 9 for 2014. The Organization's contributions to the plan for the year ended June 30, 2015 and 2014, were \$15,724 and \$14,709, respectively.

6. OPERATING LEASES

The Organization holds various operating leases for their administrative office, outreach offices, and equipment. The terms of the lease agreements require monthly payments for the duration of the lease. Total rental expense for the years ended June 30, 2015 and 2014 was \$167,233 and \$157,092, respectively. The Organization's obligation for future operating leases is as follows:

2016	\$	159,613
2017		156,961
2018		145,200
2019		72,600
2020		-

7. LINE OF CREDIT

The Organization had a line of credit of \$500,000 with Old National Bank with a variable interest rate. The interest rate as of June 30, 2014 was 4.00%. The line of credit was collateralized by accounts receivable due to the Organization. At June 30, 2014 the outstanding balance was \$50,000. The maximum outstanding was \$200,000 for 2014. The line of credit was paid off in 2015 and was not renewed.

8. BOARD DESIGNATED CASH

The Organization utilizes a third party to handle unemployment claims. Quarterly deposits are made into the account based on the projected unemployment claims as established by the third party. In 2014, the third party stated that excess funds held in the account could be returned to the Organization if not needed. The Board is currently leaving the cash in the account with the third party for use on future unemployment claims.

9. GRANT REVENUE AND RECEIVABLE

The Organization's grant revenue and related receivables at June 30, 2015 and 2014 consists of the following:

	CFDA No.	Revenue 6/30/15	Collections 6/30/15	Receivable 6/30/15
U.S. Department of Health and Human Services:				
Title III - A	93.044	\$ 66,649	\$ 61,306	\$ 5,343
Title III - B	93.044	180,035	151,281	28,754
Title III - C-1	93.045	236,142	186,076	50,066
Title III - C-2	93.045	93,869	83,281	10,588
Title III - D	93.043	12,628	12,628	-
Title III - E	93.052	77,168	41,450	35,718
Nutrition Service Incentive Program	93.053	46,981	35,236	11,745
Title VII Ombudsman	93.042	6,998	5,249	1,749
ADRC	93.048	9,586	3,403	6,183
Social Services Block Grant	93.667	229,704	133,761	95,943
U.S. Department of Education				
First Step	84.181	1,967,010	1,317,762	649,248
Corporation for National and Community Service				
FGP	94.011	305,320	240,487	64,833
State Grants		1,222,702	857,955	364,747
Local Grants		<u>358,950</u>	<u>358,950</u>	<u>-</u>
Total		<u>\$ 4,813,742</u>	<u>\$ 3,488,825</u>	<u>\$ 1,324,917</u>

(Continued)

9. GRANT REVENUE AND RECEIVABLE – Continued

	CFDA No.	Revenue 6/30/14	Collections 6/30/14	Receivable 6/30/14
U.S. Department of Health and Human Services:				
Title III - A	93.044	\$ 65,974	\$ 51,325	\$ 14,649
Title III - B	93.044	193,717	108,912	84,805
Title III - C-1	93.045	190,453	102,937	87,516
Title III - C-2	93.045	96,584	46,002	50,582
Title III - D	93.043	13,081	3,746	9,335
Title III - E	93.052	66,593	33,654	32,939
Nutrition Service Incentive Program				
	93.053	46,981	31,321	15,660
Title VII Ombudsman	93.042	6,998	5,144	1,854
Medicaid Admin	93.778	10,500	7,800	2,700
ADRC	93.048	7,166	6,367	799
Social Services Block Grant	93.667	248,832	152,465	96,367
U.S. Department of Education				
First Step	84.181	1,304,158	808,038	496,120
Corporation for National and Community Service				
FGP	94.011	305,320	279,979	25,341
State Grants		1,335,819	910,859	424,960
Local Grants		<u>255,882</u>	<u>255,882</u>	<u>-</u>
Total		<u>\$ 4,148,058</u>	<u>\$ 2,804,431</u>	<u>\$ 1,343,627</u>

10. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30, 2015 and 2014:

	2015	2014
Program contributions	\$ 101,531	\$ 91,769
Carolyn Ayers fund	5,456	5,456
Orville Pitts scholarship fund	<u>247</u>	<u>247</u>
Total temporarily restricted net assets	<u>\$ 107,234</u>	<u>\$ 97,472</u>

11. FAIR VALUE MEASUREMENT

In accordance with Accounting Standards Codification (ASC) 820, the Organization measures its recurring assets and liabilities at fair value using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy requires that entities maximize the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. The three levels of inputs used are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities
- Level 2 - Quoted prices for similar assets or liabilities in active markets
- Level 3 - Unobservable inputs for the asset or liability based on the best available information

At June 30, 2015 and 2014, there were no assets or liabilities valued on a recurring basis.

A summary of the methods and significant assumptions used to estimate the fair values of financial instruments is as follows:

Short-term financial instruments – The fair value of short-term financial instruments, including cash and cash equivalents, accounts and grants receivable, prepaid expenses, accounts payable, accrued liabilities, and the line of credit approximate the carrying value in the accompanying financial statements due to the short maturity of such instruments.

12. SUBSEQUENT EVENTS

Management has evaluated subsequent events through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

**AGING & COMMUNITY SERVICES OF
SOUTH CENTRAL INDIANA, INC.
(A MEMBER OF THRIVE ALLIANCE)**

**REPORTS PRESCRIBED BY
OMB CIRCULAR A-133**

JUNE 30, 2015



Gauthier & Kimmerling, LLC
accountants & advisors

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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*

Independent Auditors' Report

Board of Directors
Aging & Community Services of
South Central Indiana, Inc.
Columbus, Indiana

We have audited, 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, the financial statements of Aging & Community Services of South Central Indiana, Inc. (the Organization), which comprise the statement of financial position as June 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 2, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Organization's internal control over compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable of any other purpose.

Gauthier + Hummel, LLC

November 2, 2015



Gauthier & Kimmerling, LLC
accountants & advisors

5750 Castle Creek Parkway • Suite 245 • Indianapolis, IN 46250 • (317) 572-1130

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance;
And Report on the Schedule of Expenditures of Federal Awards
Required by OMB Circular A-133

Independent Auditors' Report

Board of Directors
Aging & Community Services of
South Central Indiana, Inc.
Columbus, Indiana

Report on Compliance for Each Major Federal Program

We have audited Aging & Community Services of South Central Indiana, Inc.'s (the Organization) 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 the Organization's major federal programs for the year ended June 30, 2015. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. 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 the Organization'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of 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, 2015.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 the Organization'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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

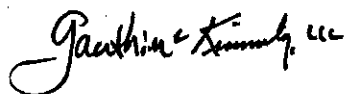
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable of any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the Organization as of and for the year ended June 30, 2015, and have issued our report thereon dated November 2, 2015, which contained an unmodified opinion on those financial statements. 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 OMB Circular A-133 and is not a required part of the financial statements. Such information is

Page 3

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

A handwritten signature in cursive script that reads "Jacobson & Kennedy, LLC".

November 2, 2015

Aging & Community Services of South Central Indiana, Inc.
(A member of Thrive Alliance)
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Dept. of Education:			
Indiana Family and Social Services Administration			
Special Education Grants for Infants and Family	84.181	03-14-5F-1163-02	\$ 1,967,010
Total U.S. Department of Education			<u>1,967,010</u>
U.S. Dept. of Health & Human Services:			
Indiana Family and Social Services Administration			
Aging Cluster			
Title III-B Admin	93.044	03-14-0V-1163-07	66,649
Title III-B Social Services	93.044	03-14-0V-1163-08	<u>180,035</u>
Total Title III-B			<u>246,684</u>
Title III- Congregate Meals	93.045	03-14-0V-1163-09	236,142
Title III-C Home Delivered Meals	93.045	03-14-0V-1163-10	<u>93,869</u>
Total Title III-C			<u>330,011</u>
Nutrition Services Incentive Program	93.053	03-14-02-1163-02	<u>46,981</u>
Total Aging Cluster			623,676
Title III - D	93.043	03-14-0V-1163-11	12,628
Title III - E	93.052	03-14-0V-1163-12	77,168
Title VII - Ombudsman	93.042	03-14-2V-1163-04	6,998
ADRC	93.048	03-14-ST-1163-02	2,534
ADRC	93.048	03-15-SP-1163-01	7,052
Social Services Block Grant	93.667	03-14-0G-1163-02	<u>229,704</u>
Total U.S. Department of Health & Human Services			<u>959,760</u>
Corporation for National and Community Service			
FGP	94.011	12SFNIN005	<u>305,320</u>
Total Corporation for National and Community Service			<u>305,320</u>
Total Expenditure of Federal Awards			<u>\$ 3,232,090</u>

The accompanying notes are an integral part of this schedule.

Aging & Community Services of South Central Indiana, Inc.
(A member of Thrive Alliance)
Note to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

The following describes the significant accounting policies used in the preparation of the schedule of expenditures of federal awards:

Basis of Presentation – The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Organization under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Summary of Significant Accounting Policies – Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

Aging & Community Services of South Central Indiana, Inc.
(A member of Thrive Alliance)
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2015

ITEM NUMBER

AUDIT FINDING

None reported.

Aging & Community Services of South Central Indiana, Inc.
(A member of Thrive Alliance)
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section I - Summary of Auditors' Results

Financial Statements:

Type of auditor report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified that are not considered to be material weaknesses? *None reported*

Noncompliance material to financial statements noted: *No*

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified: *No*
- Significant deficiency(ies) identified that are not considered to be material weaknesses? *None reported*

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? *No*

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
84.181	U.S. Department of Education Special Education Grants for Infants and Families

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

Auditee qualified as low-risk auditee? *Yes*

Aging & Community Services of South Central Indiana, Inc.
(A member of Thrive Alliance)
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2015

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.