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December 13, 2016

Board of Directors
Cass County Council on Aging, Inc.
115 South 6th Street
Logansport, IN 46947

We have reviewed the audit report prepared by Rea Logan & Co., LLC, for the period January 1, 2015 to December 31, 2015. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Auditor's Report, the financial statements included in the report present fairly the financial condition of Cass County Council on Aging, Inc., as of December 31, 2015, and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

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

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

DECEMBER 31, 2015 AND 2014

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

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

DECEMBER 31, 2015 AND 2014

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INDEPENDENT AUDITOR'S REPORT

**TO THE BOARD OF DIRECTORS
CASS COUNTY COUNCIL ON AGING, INC.
Logansport, Indiana**

We have audited the accompanying financial statements of Cass County Council on Aging, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 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. Those standards require that we plan and perform the audit 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 Cass County Council on Aging, Inc. as of December 31, 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.

Rea Logan & Co., LLC

Peru, Indiana
September 12, 2016

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015 AND 2014

ASSETS

	<u>2015</u>	<u>Restated 2014</u>
CURRENT ASSETS:		
Cash	\$ 288,062	\$ 266,988
Accounts receivable	226,361	135,753
Prepaid expenses	86,103	108,187
Total Current Assets	<u>600,526</u>	<u>510,928</u>
FIXED ASSETS:		
Building	284,247	274,679
Land	150,000	150,000
Office equipment	59,441	52,460
Vehicles	626,131	555,950
	1,119,819	1,033,089
Less accumulated depreciation	456,606	398,419
Total Fixed Assets	<u>663,213</u>	<u>634,670</u>
TOTAL ASSETS	<u>\$ 1,263,739</u>	<u>\$ 1,145,598</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Line of credit	\$ 145,799	\$ 973
Note payable - insurance	58,700	60,926
Accounts payable	18,280	29,071
Accrued interest	402	402
Accrued wages and vacation	29,462	67,105
Payroll taxes and other withholdings	23,501	4,377
Current portion of long term debt	953	-
Total Current Liabilities	<u>277,097</u>	<u>162,854</u>
LONG TERM LIABILITIES:		
Note payable - equipment	4,460	-
Less current portion of long term debt	953	-
Total Long Term Liabilities	<u>3,507</u>	<u>-</u>
NET ASSETS:		
Unrestricted	983,135	982,744
Total Net Assets	<u>983,135</u>	<u>982,744</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,263,739</u>	<u>\$ 1,145,598</u>

See Accompanying Notes to Financial Statements.

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>Restated 2014</u>
REVENUES AND OTHER SUPPORT:		
Federal - Section 5311	\$ 491,032	\$ 443,616
State - public mass transit	367,801	420,216
Title III-B	14,077	13,953
Federal - Section 5310 Capital Projects	-	141,530
Federal - Section 5311 Capital Projects	54,821	-
Medicaid	369,012	346,336
Cass County Commissioners	10,860	10,860
City of Logansport	10,000	-
United Way of Cass County	39,000	39,000
Transit service fees	219,830	226,157
Special events	5,587	8,882
Gaming (net of payouts)	16,660	16,073
Donations	13,719	7,294
Rent	-	925
Interest	28	15
Gain (loss) on asset disposal	9,365	742
Other income	2,597	23,860
Nutrition	31,824	28,368
	<u>1,656,213</u>	<u>1,727,827</u>
TOTAL REVENUES AND OTHER SUPPORT		
EXPENSES:		
Transportation	1,472,523	1,452,072
Recreation	79,064	43,792
Nutrition	104,235	97,005
	<u>1,655,822</u>	<u>1,592,869</u>
TOTAL EXPENSES		
INCREASE IN NET ASSETS	391	134,958
NET ASSETS - beginning of year	<u>982,744</u>	<u>847,786</u>
NET ASSETS - end of year	<u>\$ 983,135</u>	<u>\$ 982,744</u>

See Accompanying Notes to Financial Statements.

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Transportation</u>	<u>Recreation</u>	<u>Nutrition</u>	<u>Totals</u>
Salaries and wages	\$ 807,420	\$ 52,665	\$ 55,999	\$ 916,084
Payroll taxes and fringes	67,743	4,343	4,745	76,831
Advertising	2,339	76	90	2,505
Bad debts	-	-	-	-
Building maintenance	20,980	492	687	22,159
Conferences and travel	1,003	33	4	1,040
Depreciation	70,723	-	9,779	80,502
Dues and subscriptions	1,814	32	85	1,931
Equipment	7,333	507	406	8,246
Miscellaneous expenses	7,032	125	402	7,559
Insurance	150,657	1,251	2,567	154,475
Interest	6,426	102	358	6,886
Nutrition	-	-	23,877	23,877
Penalties	10	-	-	10
Professional fees	26,705	579	267	27,551
Recreation	-	15,440	-	15,440
Supplies and materials	14,418	310	906	15,634
Telephone	1,137	50	101	1,288
Unrelated business income tax	-	-	-	-
Utilities	20,358	3,059	3,962	27,379
Vehicle maintenance	258,824	-	-	258,824
Vehicle supplies	7,601	-	-	7,601
Total Expenses	<u>\$ 1,472,523</u>	<u>\$ 79,064</u>	<u>\$ 104,235</u>	<u>\$ 1,655,822</u>

See Accompanying Notes to Financial Statements.

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Restated			
	<u>Transportation</u>	<u>Recreation</u>	<u>Nutrition</u>	<u>Totals</u>
Salaries and wages	\$ 775,478	\$ 19,268	\$ 45,148	\$ 839,894
Payroll taxes and fringes	66,239	1,642	3,975	71,856
Advertising	1,590	8	27	1,625
Bad debts	14,348	-	-	14,348
Building maintenance	14,644	262	2,122	17,028
Conferences and travel	1,809	1,057	25	2,891
Depreciation	67,372	-	9,537	76,909
Dues and subscriptions	1,792	8	28	1,828
Equipment	2,329	845	239	3,413
Miscellaneous expenses	2,098	394	97	2,589
Insurance	162,664	1,234	2,507	166,405
Interest	8,396	190	651	9,237
Nutrition	125	77	26,087	26,289
Penalties	10,091	210	735	11,036
Professional fees	28,853	159	574	29,586
Recreation	515	14,711	192	15,418
Supplies and materials	12,200	320	674	13,194
Telephone	5,111	112	393	5,616
Unrelated business income tax	125	-	-	125
Utilities	19,194	2,995	3,858	26,047
Vehicle maintenance	246,745	-	-	246,745
Vehicle supplies	10,354	300	136	10,790
Total Expenses	<u>\$ 1,452,072</u>	<u>\$ 43,792</u>	<u>\$ 97,005</u>	<u>\$ 1,592,869</u>

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>Restated 2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash from contributions, grants, programs and miscellaneous	\$ 1,548,723	\$ 1,790,099
Cash paid to suppliers and employees	(1,568,171)	(1,473,846)
Interest paid	(6,886)	(9,237)
Interest income	28	15
Net Cash Provided (Used) by Operating Activities	<u>(26,306)</u>	<u>307,031</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of vehicles	33,280	1,500
Purchases of fixed assets	<u>(132,960)</u>	<u>(155,146)</u>
Net Cash Used by Investing Activities	<u>(99,680)</u>	<u>(153,646)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings (payments) on line of credit (net)	144,826	973
Proceeds from note payable	93,249	92,380
Principal payments on note payable	<u>(91,015)</u>	<u>(120,740)</u>
Net Cash Provided (Used) by Financing Activities	<u>147,060</u>	<u>(27,387)</u>
INCREASE IN CASH	21,074	125,998
CASH AT BEGINNING OF YEAR	<u>266,988</u>	<u>140,990</u>
CASH AT END OF YEAR	<u>\$ 288,062</u>	<u>\$ 266,988</u>
RECONCILIATION OF CHANGE IN NET ASSETS PROVIDED BY OPERATING ACTIVITIES:		
Increase in net assets	<u>\$ 391</u>	<u>\$ 134,958</u>
Adjustments to reconciled change in net cash provided (used) by operating activities:		
Depreciation	80,502	76,909
(Gain) loss on asset disposal	(9,365)	(742)
Bad debt from accounts receivable	-	(14,348)
(Increase) decrease in accounts receivable	(90,608)	83,262
(Increase) decrease prepaid expenses	22,084	5,797
Increase (decrease) in accounts payable	(10,791)	7,555
Increase (decrease) in accrued payroll and payroll taxes	<u>(18,519)</u>	<u>13,640</u>
Total adjustments	<u>(26,697)</u>	<u>172,073</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (26,306)</u>	<u>\$ 307,031</u>

See Accompanying Notes to Financial Statements.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization - Cass County Council on Aging, Inc. exists to assist, encourage, monitor, and develop comprehensive and coordinated services for older individuals, within Cass County. The Organization's programs are Transportation, Recreation, and Nutrition.

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

Basis of Accounting - The financial statements of Cass County Council on Aging, Inc. have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation - The Organization 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.

Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Accounts Receivable - Accounts receivable are reported at the amount management expects to collect on balances outstanding at year end. A provision for doubtful accounts has not been established, as management considers all accounts to be collectible based on a favorable history over a substantial period of time. The Organization periodically evaluates its receivables and then charges off uncollectible accounts receivable as contra-revenue bad debts when management determines the receivable will not be collected. The write-off for 2015 was none and \$14,348 for 2014.

In-kind Contributions - In-kind contributions are recorded at fair market value and recognized in the accounting period when they are received.

Donated Services - Donated audit fees of \$7,489 and \$5,885 have been reflected in the financial statements at December 31, 2015 and 2014, respectively. 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 volunteer's time does not meet the criteria for recognition.

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. At December 31, 2015 and 2014 there were no temporary or permanently restricted net assets.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 1 - ACCOUNTING POLICIES (CONTINUED):

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 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.

Income Taxes - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization complies with other Internal Revenue reporting requirements regarding contributions received, payroll, and payments to independent contractors. The Organization believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization's federal exempt organization income tax returns (Form 990) for 2012, 2013, and 2014 are subject to examination by the IRS, generally for three years after they were filed.

Advertising Costs - The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expense for the years ended December 31, 2015 and 2014 was \$2,505 and \$1,625, respectively.

NOTE 2 - OPERATING LEASE:

The Organization has a five-year non-cancellable operating lease for a copier that began September 1, 2013 with monthly lease cost of \$184. The Organization is required to pay all executory costs such as maintenance and insurance. Lease expense for the years 2015 and 2014, was \$2,208 and \$2,392, respectively.

Total lease payments required in the next five years are: \$2,208, 2016; \$1,656, 2017, and none for 2018, 2019, and 2020.

NOTE 3 - LINE OF CREDIT:

The Organization had a \$220,000 line of credit with a bank in Logansport at December 31, 2015 and 2014, respectively. The balance at December 31, 2015 and 2014 was \$145,799 and \$973, respectively. All business assets are pledged as collateral. The variable interest rate is 2% over the Wall Street Journal prime rate.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 4 – FINANCED INSURANCE PREMIUMS:

The Organization entered into a finance agreement to pay for a 2015-2016 insurance policy that runs from September 8, 2015 to September 7, 2016 and costs \$107,339. For the same period in 2014, the Organization entered into a finance agreement for a policy that cost \$142,757. The finance agreement required a down payment of \$ 21,628 in 2015 and \$36,534 in 2014 on the first day of the policy followed by nine monthly payments with an interest rate of 6.50% in 2015 and 7.25% in 2014. Monthly payments are \$9,783 for 2015-2016 policy and were \$12,162 for 2014-2015 policy, and include interest.

NOTE 5 - SUBSEQUENT EVENTS:

Subsequent events were evaluated through September 12, 2016, which is the date the financial statements were available to be issued.

NOTE 6 - CONCENTRATIONS OF SUPPORT AND REVENUE:

	<u>2015</u>		<u>2014</u>	
Federal - Section 5311	\$ 491,032	29.65%	\$ 443,616	25.67%
State - public mass transit	367,801	22.21%	420,216	24.32%
Title III-B	14,077	0.85%	13,953	0.81%
Federal - Section 5310 Capital Projects	-	0.00%	141,530	8.19%
Federal - Section 5311 Capital Projects	54,821	3.31%	-	0.00%
Medicaid	369,012	22.28%	346,336	20.04%
Cass County Commissioners	10,860	0.66%	10,860	0.63%
City of Logansport	10,000	0.60%	-	0.00%
United Way of Cass County	39,000	2.35%	39,000	2.26%
Transit Service fees	219,830	13.27%	226,157	13.09%
Special Events	5,587	0.34%	8,882	0.51%
Gaming (net of payouts)	16,660	1.01%	16,073	0.93%
Donations	13,719	0.83%	7,294	0.42%
Rent	-	0.00%	925	0.05%
Interest	28	0.00%	15	0.00%
Gain (loss) on asset disposal	9,365	0.57%	742	0.04%
Other income	2,597	0.16%	23,860	1.38%
Nutrition	31,824	1.92%	28,368	1.64%
TOTAL REVENUES AND OTHER SUPPORT	<u>1,656,213</u>	100%	<u>1,727,827</u>	100%

Transportation income is concentrated at ninety-three percent of the Organization's total revenue and other support in 2015 and 2014. Federal and state transit funding and other support from Medicaid, transit service fees and indirect income are sustaining the entire operation of the Organization, which includes its senior activities and nutrition programs.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 7 - CONCENTRATIONS OF CREDIT RISK:

The Organization maintains cash accounts at one financial institution in Logansport, Indiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. There were no uninsured balances at December 31, 2015 and 2014.

NOTE 8 – ACCOUNTS RECEIVABLE:

Accounts receivable consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Federal - Section 5311	\$ 75,969	\$ 11,874
State PMTF	125,734	111,123
Area V Title IIIB	1,511	2,008
United Way	3,250	-
Medicaid	15,307	8,254
Transit service fees	4,590	2,494
Total	<u>\$ 226,361</u>	<u>\$ 135,753</u>

NOTE 9 – UNRELATED BUSINESS INCOME TAX:

The Organization has received income in the past from selling advertising space in their monthly newsletter. This income does not meet the Organization exempt purpose and therefore is subject to Federal and Indiana Unrelated Business Income Tax. For 2015, no advertising income was received by the Organization. For 2014, gross advertising income was \$3,538 and the tax generated from this income net of allocated expenses was \$82 for the Federal 990-T and \$43 for the Indiana IT-20NP. In accordance with the Organization's accounting policies, these taxes have accrued and were reflected in its financial statements as of December 31, 2014.

NOTE 10 – VEHICLES PURCHASED WITH FEDERAL GRANTS:

A majority of the Organization's transit vehicles have been purchased with Federal grant funds. These vehicles are originally titled under the Fulton County Commissioners, which is responsible for administering the federal grant funds from the Indiana Department of Transportation (INDOT). According to the State Management Plan for these grants, INDOT has determined that a transit vehicle has a useful life of four years at which point title of the vehicle is transferred to the Organization who is then free to dispose of the vehicle at any time with no financial obligation to INDOT. The Organization is responsible for all expenses associated with maintaining and insuring these vehicles.

The terms of the grant agreements allow for the Organization to retain these vehicles as long as they are being used in accordance with the transit program stated in the grant agreements. Should the Organization violate the terms of the grant agreements or cease to continue its transit program, INDOT will take possession of the vehicles purchased with Federal funding.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS (CONT'D.)
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 11 – PRIOR PERIOD ADJUSTMENTS AND RECLASSIFICATIONS:

Subsequent to the issuance of the audited financial statements for the year ended December 31, 2014, it was determined that the organization had not recorded two transit vehicles it had received in that year.

The total cost of these vehicles was \$87,806, of which the Organization had already paid in its required twenty percent match of \$17,561 in 2013. The remaining balance, \$70,245 of the vehicles was paid for with Federal funds from a 5310 Capital Projects grant which were paid directly to the vendor by INDOT. The Organization should have recorded the in-kind revenue from the grant, recorded the vehicles at the total cost, and recorded depreciation for these vehicles. Accordingly, the Organization has restated its financial statements for the year ended December 31, 2014 to reflect these corrections.

The effects of the correction for the year ended December 31, 2014 are as follows:

- “Vehicles” increased by \$87,806, “Deposit on account – new vans” decreased by \$17,561, and “Less accumulated depression” increased by \$9,645. “Total Assets” increased by \$60,600.
- “Federal – Section 5310 Capital Projects” revenue increased by \$70,245 and “Depreciation” expense increased by \$9,645. “Increase in Net Assets” increased by \$60,600.
- Net assets at year end increased by \$60,600. All net assets remained unrestricted at year end.