



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B47325

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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


January 11, 2018

Board of Directors
Fulton County Council on Aging, Inc.
625 Pontiac Street
Rochester, IN 46975

We have reviewed the report prepared by Fulton County Council on Aging, Inc. and opined upon by Rea Logan & Co., LLC, Independent Public Accountants, for the period January 1, 2015 to December 31, 2015. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Fulton 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.

In our opinion, Rea Logan & Co., LLC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

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


Paul D. Joyce, CPA
State Examiner

**FULTON COUNTY COUNCIL ON AGING, INC.
ROCHESTER, INDIANA**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014**

**FULTON COUNTY COUNCIL ON AGING, INC.
ROCHESTER, INDIANA**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED
DECEMBER 31, 2015 AND 2014**

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Statements of Financial Position – Exhibit A	2
Statements of Activities – Exhibit B	3
Statements of Functional Expenses – Exhibit C	4
Statements of Cash Flows – Exhibit D	5
Notes to Financial Statements	6-12



Member of American Institute and Indiana CPA Society

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Fulton County Council on Aging, Inc.
Rochester, Indiana**

We have audited the accompanying financial statements of Fulton 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 Fulton 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
August 18, 2016

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

	<u>2015</u>	<u>2014</u>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash on hand	\$ 501	\$ 100
Cash in business accounts	50,468	74,350
Cash in savings	21,426	38,962
Accounts receivable	52,807	54,321
Prepaid expenses	3,315	3,800
Total Current Assets	128,517	171,533
FIXED ASSETS:		
Building	1,070,099	1,066,074
Equipment	28,316	28,316
Office equipment	27,781	30,374
Transportation vehicles	382,391	340,997
	1,508,587	1,465,761
Less: accumulated depreciation	378,363	310,575
Net Fixed Assets	1,130,224	1,155,186
OTHER ASSETS:		
Beneficial interest	4,824	5,000
Investment account	34,638	35,744
Total Other Assets	39,462	40,744
TOTAL ASSETS	\$ 1,298,203	\$ 1,367,463
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	1,372	4,477
Accrued payroll and payroll taxes	11,554	21,273
Current long-term debt	642	1,891
Total Current Liabilities	13,568	27,641
LONG-TERM LIABILITIES:		
Capital lease	642	2,371
Less: current maturity	642	1,891
Net Long-Term Liabilities	-	480
TOTAL LIABILITIES	13,568	28,121
NET ASSETS:		
Unrestricted - Exhibit B	1,262,553	1,309,713
Temporarily restricted - Exhibit B	17,258	24,629
Permanently restricted - Exhibit B	4,824	5,000
TOTAL NET ASSETS	1,284,635	1,339,342
TOTAL LIABILITIES AND NET ASSETS	\$ 1,298,203	\$ 1,367,463

See Accompanying Notes to Financial Statements.

FULTON COUNTY COUNCIL ON AGING, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:				
Local grants	\$ -	\$ -	\$ -	\$ -
Government grants and contracts	396,739	-	-	396,739
City of Rochester	10,000	-	-	10,000
Fulton County	17,000	-	-	17,000
Program income	76,378	-	-	76,378
Medicaid reimbursements	48,328	-	-	48,328
Donations	13,696	-	-	13,696
Rents	4,400	-	-	4,400
Advertising income	3,037	-	-	3,037
Special events and fundraising	20,065	-	-	20,065
United Way	10,177	-	-	10,177
Interest	130	-	161	291
Dividends	1,460	-	-	1,460
Realized gains (losses)	-	-	22	22
Unrealized gains (losses)	(2,566)	-	(260)	(2,826)
Gain (loss) on sale of fixed assets	(8,692)	-	-	(8,692)
Other income	15,127	-	-	15,127
Net assets release from restrictions	7,470	(7,371)	(99)	-
TOTAL REVENUES AND OTHER SUPPORT	<u>612,749</u>	<u>(7,371)</u>	<u>(176)</u>	<u>605,202</u>
EXPENSES:				
Transportation	570,440	-	-	570,440
Retired seniors volunteer program	44,830	-	-	44,830
Senior activities	44,639	-	-	44,639
TOTAL EXPENSES - Exhibit C	<u>659,909</u>	<u>-</u>	<u>-</u>	<u>659,909</u>
DECREASE IN NET ASSETS	(47,160)	(7,371)	(176)	(54,707)
NET ASSETS - beginning of year	<u>1,309,713</u>	<u>24,629</u>	<u>5,000</u>	<u>1,339,342</u>
NET ASSETS - end of year - Exhibit A	<u>\$ 1,262,553</u>	<u>\$ 17,258</u>	<u>\$ 4,824</u>	<u>\$1,284,635</u>

See Accompanying Notes to Financial Statements.

FULTON COUNTY COUNCIL ON AGING, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:				
Local grants	\$ -	\$ 25,000	\$ 5,000	\$ 30,000
Government grants and contracts	401,502	-	-	401,502
City of Rochester	10,000	-	-	10,000
Fulton County	17,000	-	-	17,000
Program income	67,566	-	-	67,566
Medicaid reimbursements	59,171	-	-	59,171
Donations	14,650	-	-	14,650
Rents	4,290	-	-	4,290
Advertising income	4,475	-	-	4,475
Special events and fundraising	108,295	-	-	108,295
United Way	9,074	-	-	9,074
Interest	174	-	-	174
Dividends	1,262	-	-	1,262
Realized gains (losses)	-	-	-	-
Unrealized gains (losses)	(1,320)	-	-	(1,320)
Gain (loss) on sale of fixed assets	2,200	-	-	2,200
Other income	1,145	-	-	1,145
Net assets release from restrictions	371	(371)	-	-
TOTAL REVENUES AND OTHER SUPPORT	<u>699,855</u>	<u>24,629</u>	<u>5,000</u>	<u>729,484</u>
EXPENSES:				
Transportation	553,416	-	-	553,416
Retired seniors volunteer program	143,366	-	-	143,366
Senior activities	56,869	-	-	56,869
TOTAL EXPENSES - Exhibit C	<u>753,651</u>	<u>-</u>	<u>-</u>	<u>753,651</u>
INCREASE (DECREASE) IN NET ASSETS	(53,796)	24,629	5,000	(24,167)
NET ASSETS - beginning of year	<u>1,363,509</u>	<u>-</u>	<u>-</u>	<u>1,363,509</u>
NET ASSETS - end of year - Exhibit A	<u>\$ 1,309,713</u>	<u>\$ 24,629</u>	<u>\$ 5,000</u>	<u>\$1,339,342</u>

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

	<u>TRANSPORTATION</u>	<u>RSVP</u>	<u>SENIOR ACTIVITY</u>	<u>TOTAL</u>
Advertising	\$ 3,016	\$ -	\$ -	\$ 3,016
Conference and trips	1,863	4,373	34	6,270
Contract services	13,055	-	120	13,175
Depreciation	90,232	-	877	91,109
Dues	694	-	-	694
Fees	1,031	-	-	1,031
Interest expense	39	-	-	39
Repairs and maintenance	6,479	-	1,508	7,987
Fundraising	1,251	7,042	-	8,293
Insurance	31,115	500	-	31,615
Janitorial	1,368	-	1,202	2,570
Miscellaneous	896	-	-	896
Payroll taxes and benefits	28,687	1,887	1,550	32,124
Postage	337	339	2,744	3,420
Printing	3,418	-	7,946	11,364
Recognition	1,880	1,016	-	2,896
Rent	8,600	-	-	8,600
Salaries and wages	298,779	24,661	14,093	337,533
Senior activities	-	-	3,110	3,110
Supplies	1,462	2,367	1,100	4,929
Telephone	1,607	1,132	2,792	5,531
Unrelated business income tax	415	-	-	415
Utilities	8,285	1,513	7,563	17,361
Vehicle operations	65,931	-	-	65,931
Total Expenses	\$ 570,440	\$ 44,830	\$ 44,639	\$ 659,909

See Accompanying Notes to Financial Statements.

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

	<u>TRANSPORTATION</u>	<u>RSVP</u>	<u>SENIOR ACTIVITY</u>	<u>TOTAL</u>
Advertising	\$ 2,721	\$ 841	\$ -	\$ 3,562
Conference and trips	1,507	1,109	-	2,616
Contract services	9,668	-	-	9,668
Depreciation	85,100	-	582	85,682
Dues	195	-	120	315
Fees	350	-	-	350
Interest expense	83	-	-	83
Repairs and maintenance	2,606	-	666	3,272
Fundraising	1,373	105,788	-	107,161
Insurance	24,559	462	92	25,113
Janitorial	1,019	-	805	1,824
Miscellaneous	983	-	52	1,035
Payroll taxes and benefits	26,742	2,044	2,465	31,251
Postage	334	273	2,386	2,993
Printing	2,387	-	7,211	9,598
Recognition	2,368	1,088	-	3,456
Rent	8,600	-	-	8,600
Salaries and wages	294,723	26,726	27,302	348,751
Senior activities	-	-	3,231	3,231
Supplies	2,104	2,232	2,185	6,521
Telephone	1,594	1,153	2,666	5,413
Unrelated business income tax	592	-	-	592
Utilities	10,338	1,650	7,106	19,094
Vehicle operations	73,470	-	-	73,470
Total Expenses	<u>\$ 553,416</u>	<u>\$ 143,366</u>	<u>\$ 56,869</u>	<u>\$ 753,651</u>

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

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash from contributions, grants, programs, and miscellaneous	\$ 606,520	\$ 739,416
Cash paid to suppliers and employees	(571,159)	(656,798)
Interest and dividends received	1,751	1,436
Interest expense paid	(39)	(83)
	<u>37,073</u>	<u>83,971</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(1,522)	(6,262)
Proceeds from sale of fixed assets	2,100	2,200
Purchase of fixed assets	(76,939)	(70,142)
	<u>(76,361)</u>	<u>(74,204)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on capital lease	(1,729)	(1,844)
	<u>(1,729)</u>	<u>(1,844)</u>
INCREASE (DECREASE) IN CASH	(41,017)	7,923
CASH AT BEGINNING OF YEAR	<u>113,412</u>	<u>105,489</u>
CASH AT END OF YEAR	<u>\$ 72,395</u>	<u>\$ 113,412</u>
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Decrease in net assets	\$ (54,707)	\$ (24,167)
Adjustments to reconcile change in net cash provided by operating activities:		
Depreciation	91,109	85,682
(Gain) loss on sale of fixed assets	8,692	(2,200)
Realized (gain) loss on investments	(22)	-
Unrealized (gain) loss on investments	2,826	1,320
Decrease (increase) in accounts receivable	1,514	21,680
Decrease (increase) in prepaid expenses	485	1,633
Increase (decrease) in accounts payable	(3,105)	(3,894)
Increase (decrease) in accrued payroll	(9,719)	3,917
Total Adjustments	<u>91,780</u>	<u>108,138</u>
Net Cash Provided by Operating Activities	<u>\$ 37,073</u>	<u>\$ 83,971</u>

See Accompanying Notes to Financial Statements.

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

NOTE 1 – Accounting Policies:

The Fulton County Council on Aging, Inc. provides services to senior citizens of Fulton County, Indiana. The Organization's programs are Transportation, Senior Activities, and Retired Senior Volunteer Program (RSVP).

The significant accounting policies followed by the Fulton County on Aging, Inc. are as follows:

- a) **Basis of Accounting** – The financial statements of Fulton County Council on Aging, Inc. have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.
- b) **Basis of Presentation** – 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.
- c) **Recognition of Donor Restrictions** – 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 restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.
- d) **Investments** – Investments in marketable securities with readily determinable fair values are reported at their fair values in the Statements of Financial Position. Unrealized gains and losses arising during the period are included in unrealized gains (losses) on investment transactions in the accompanying Statements of Activities.
- e) **Use of Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles 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.
- f) **Cash and Cash Equivalents** – The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.
- g) **Advertising** – The Organization's policy is to expense advertising costs as the costs are incurred. For the years ended December 31, 2015 and 2014 the Organization incurred advertising expenses of \$3,016 and \$3,562.

FULTON 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):

- h) **Expense Allocation** - The costs of providing various programs and other activities are categorized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited.
- h) **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 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. Repairs and maintenance charges that do not increase the useful lives of assets are charged to the change in net assets as incurred.
- i) **In-kind Contributions** - In-kind contributions are recorded at fair market value and recognized in the accounting period when they are received.
- j) **Donated Services** - Donated audit fees of \$1,341 and \$830 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.
- j) **Income Taxes** – The Organization is a not-for-profit organization exempt from federal income taxes under Code Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Management periodically reviews and evaluates the status of uncertain positions and makes estimates of amounts, including interest and penalties, ultimately due and owed. The Organization has no uncertain tax positions.

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.

- k) **Compensated Absences** - A liability has been recorded for accrued vacation in the Statements of Financial Position. The Organization's personnel policy permits vesting of unused vacation and payment of unused vacation upon termination of employment.

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

NOTE 2 – Fair Value of Investments:

In accordance with the “Fair Value Measurements” topic of the FASB ASC, the Organization uses a three level fair value hierarchy that categorizes assets and liabilities measured at fair value based on the observability of the inputs utilized in the valuation. This hierarchy prioritizes the inputs into three broad levels as follows: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset; and Level 3 inputs are unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own valuation assumptions. These inputs reflect management’s judgment about the assumptions that a market participant would use in pricing the asset and are based on the best available information, which has been internally developed.

The Organization’s Level 3 investment for its beneficial interest is valued based upon information obtained from the community foundation that manages the investments. Annually, Management: (1) determines if the current valuation techniques used in fair value measurements are still appropriate, and (2) evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and information provided by the community foundation.

The following are the major categories of assets measured at fair market value on a recurring basis:

	Cost	Fair Value
	Dec. 31, 2015	Measurements
	Dec. 31, 2015	Dec. 31, 2015
<u>Level 1:</u> Quoted Prices in Active Markets for Identical Assets:		
Mutual funds	38,094	34,638
<u>Level 3:</u> Significant unobservable inputs:		
Beneficial interest	5,000	4,824
	<u>\$ 43,094</u>	<u>\$ 39,462</u>
	Cost	Fair Value
	Dec. 31, 2014	Measurements
	Dec. 31, 2014	Dec. 31, 2014
<u>Level 1:</u> Quoted Prices in Active Markets for Identical Assets:		
Mutual funds	36,634	35,744
<u>Level 3:</u> Significant unobservable inputs:		
Beneficial interest	5,000	5,000
	<u>\$ 41,634</u>	<u>\$ 40,744</u>

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

NOTE 3 – Lease Agreement:

The Organization leases its facilities from the City of Rochester, Indiana. In 2010 the Organization entered a fifty-year lease term with the City for one dollar, for the entire term of the lease. The Organization is required to pay all utilities, insurance, and maintenance during the term of the lease. The fair market value of annual rents is estimated at \$8,600 per year, which was the annual rent before the fifty-year lease went into effect. This annual rent amount has been recognized as in-kind rent for both 2015 and 2014.

NOTE 4 – Related Parties:

The Organization maintains a volunteer board of directors. One such member of the board is related to the transportation program manager. The related board member abstains from all voting or issues relative to that particular employee of the Organization.

NOTE 5 – Beneficial Interest:

In 2014 the Fulton County Grant Committee awarded the Organization a \$5,000 grant to be used exclusively as the initial investment to establish an agency endowment fund with the Northern Indiana Community Foundation (NICF). On October 29, 2014, the Organization established its agency endowment fund in accordance with the grant terms.

The Organization has transferred assets, without variance power, to the agency endowment fund held by the NICF and has specified itself as the sole beneficiary of the income from those assets, therefore, establishing a beneficial interest. The purpose of the permanently restricted Fulton County Council on Aging Sustainability Fund is to support the Organization's charitable programs. The Organization will receive an annual disbursement from the fund, which the Organization's Board of Directors can reinvest in the fund or use to support the Organization's programs. No disbursements were received from the fund in 2015 or 2014.

	<u>2015</u>	<u>2014</u>
Beneficial interest - beginning of year	\$ 5,000	\$ -
Contributions	-	5,000
Investment activity:		
Interest/Dividend income	161	-
Unrealized Gain/(Loss)	(260)	-
Realized Gain/(Loss)	22	-
Fees	(99)	-
Grant	-	-
Total investment return	<u>(176)</u>	<u>-</u>
Fair market value at December 31	<u>\$ 4,824</u>	<u>\$ 5,000</u>

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

NOTE 6 – Capital Lease:

On April 19, 2011 the Organization entered into a 60-month capital lease for the purchase of a copier. The annual percentage rate is 2.46% and interest expense for the years ended December 31, 2015 and 2014 was \$39 and \$83. Principle payments on the lease over the next five years are as follows: 2016, \$642; and no payments for 2017, 2018, 2019, and 2020.

The following is an analysis of the leased copier included in Office Equipment:

	<u>2015</u>	<u>2014</u>
Office Equipment	\$ 9,076	\$ 9,076
Accumulated Depreciation	<u>8,471</u>	<u>6,656</u>
Net Book Value	<u>\$ 605</u>	<u>\$ 2,420</u>

Depreciation expense reported in the statement of activities for the copier was \$1,815 in 2015 and \$1,815 in 2014.

NOTE 7 - Concentrations of Credit Risk:

The Organization maintains cash accounts at two financial institutions in Fulton County, Indiana. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. There were no uninsured balances at December 31, 2015 or 2014.

NOTE 8 – Restricted Net Assets:

Restricted net assets are as follows:

	<u>2015</u>	<u>2014</u>
Temporary Restricted:		
NICF Impact Grant	\$ 17,258	\$ 24,629
Permanently Restricted:		
Beneficial interest	\$ 4,824	\$ 5,000

NOTE 9 – Federal and State Grants:

The Organization received federal and state funding from the following sources:

	<u>2015</u>	<u>2014</u>
Section 5311	\$ 177,253	\$ 174,949
State PMTF	118,137	117,052
Section 5310	57,467	26,984
Title III B	12,433	51,797
Retired seniors volunteer program	31,449	30,720
	<u>\$ 396,739</u>	<u>\$ 401,502</u>

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

NOTE 10 - Nonmonetary Lease Transaction:

The Organization signed a four-year vehicle lease contract with a local health care organization. Under the terms of the lease the Organization does not charge monthly or yearly rent. The lessee was responsible for paying for all cost associated in operating the leased vehicle and title was to be transferred to the lessee upon the completion of the four-year contract.

Also, the usage of the vehicle must follow the Federal Transit Administration Circular 9070.1F and, in addition to the terms of the lease, lessee will comply with all applicable provisions of Indiana's Section 5310 State Management Plan, rev. May 2009.

The contract concluded on September 15, 2015 and the title was transferred to the lessee.

NOTE 11 - Accounts Receivable:

Accounts receivable are comprised of the following accounts and all are due within one year:

	<u>2015</u>	<u>2014</u>
Federal Section 5311	\$ 19,623	\$ 26,062
State PMTF	16,045	12,383
Title III B	4,121	3,649
Medicaid	456	2,022
Programs	<u>12,562</u>	<u>10,205</u>
	<u>\$ 52,807</u>	<u>\$ 54,321</u>

Accounts receivable are stated at unpaid balances. The Organization provides for losses on accounts receivable by recognizing bad debt contra revenue when it writes off accounts that have been determined to be uncollectible. The Organization periodically evaluates its receivables and then charges off uncollectible accounts receivable when management determines the receivable will not be collected. The write-off for 2015 was none and \$18,379 for 2014.

NOTE 12 – Unrelated Business Income Tax:

The Organization receives income from selling advertising space in their monthly newsletter and through a marketing agreement, which utilizes the Organization's transit vehicles by placing ads on their exterior body. This income does not meet the Organization exempt purpose and therefore is subject to Federal and Indiana Unrelated Business Income Tax. For 2015, gross advertising income was \$3,037 and the tax generated from this income net of direct expenses was \$278 for the Federal 990-T and \$137 for the Indiana IT-20NP. For 2014, gross advertising income was \$3,538 and the tax generated from this income net of direct expenses was \$334 for the Federal 990-T and \$184 for the Indiana IT-20NP. In accordance with the Organization's accounting policies, these taxes were accrued and therefore are reflected in its financial statements.

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

NOTE 13 – Concentrations of Revenues:

	<u>2015</u>		<u>2014</u>	
Local grants	\$ -	0.00%	\$ 30,000	4.11%
Government grants and contracts	396,739	65.55%	401,502	55.04%
City of Rochester	10,000	1.65%	10,000	1.37%
Fulton County	17,000	2.81%	17,000	2.33%
Program income	76,378	12.62%	67,566	9.26%
Medicaid reimbursements	48,328	7.99%	59,171	8.11%
Donations	13,696	2.26%	14,650	2.01%
Rents	4,400	0.73%	4,290	0.59%
Advertising income	3,037	0.50%	4,475	0.61%
Special events and fundraising	20,065	3.32%	108,295	14.85%
United Way	10,177	1.68%	9,074	1.24%
Interest	291	0.05%	174	0.02%
Dividends	1,460	0.24%	1,262	0.17%
Realized gains (losses)	22	0.00%	-	0.00%
Unrealized gains (losses)	(2,826)	-0.47%	(1,320)	-0.18%
Gain (loss) on sale of fixed assets	(8,692)	-1.44%	2,200	0.30%
Other income	15,127	2.50%	1,145	0.16%
	<u>\$ 605,202</u>		<u>\$ 729,484</u>	
Total Revenues	100%		100%	

The Organization's market is concentrated in the Rochester, Indiana, geographical area. Government grants and contracts, program income, and Medicaid reimbursements, which are all attributable to the Organization's transit program, amounted to over 86% and over 72% of total revenues in 2015 and 2014. A loss or decrease of this funding for the transit program could diminish the Organization's ability to maintain its current operations.

NOTE 14 – Subsequent Events:

The Organization evaluates events and transactions that occur after year end for the potential recognition or disclosure in the financial statements. Subsequent events were evaluated through August 18, 2016, which is the date the financial statements were available to be issued.