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January 25, 2018

Board of Directors
Steuben County Council on Aging, Inc.
317 S. Wayne Street
Angola, IN 46703

We have reviewed the report prepared by Steuben County Council on Aging, Inc. and opined upon by David Culp & Co. LLP, Independent Public Accountants, for the period January 1, 2016 to December 31, 2016. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Steuben County Council on Aging, Inc. as of December 31, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, David Culp & Co. LLP 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

STEUBEN COUNTY COUNCIL ON AGING, INC.

AUDIT REPORT

DECEMBER 31, 2016

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Independent Auditor's Report

To the Board of Directors
Steuben County Council on Aging,
Angola, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Steuben County Council on Aging, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, functional expenses, and cash flows for the 18-month period 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 audit. We conducted our audit 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 of 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 Steuben County Council on Aging, Inc. as of December 31, 2016, and the changes in its net assets and its cash flows for the 18-month period then ended in accordance with accounting principles generally accepted in the United States of America.

David Culp & Co. LLP

David Culp & Co. LLP
Certified Public Accountants

Huntington, Indiana
May 16, 2017

STEUBEN COUNTY COUNCIL ON AGING, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2016

ASSETS

Current Assets:

Cash and cash equivalents - Notes 1 and 2	\$158,776
Temporary cash investments - Notes 1, 3 and 4	50,030
Prepaid expenses	<u>1,725</u>
Total current assets	<u>210,531</u>

Fixed Assets - Note 1:

Vehicles - Note 5	304,954
Office equipment	<u>88,849</u>
	393,803
<u>Less: Accumulated depreciation</u>	<u>248,044</u>
Total fixed assets	<u>145,759</u>

Total assets	<u>\$356,290</u>
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 4,475
Withheld and accrued payroll taxes	1,766
Accrued payroll	8,579
Accrued expenses	<u>1,368</u>
Total liabilities	<u>16,188</u>

Net Assets:

Unrestricted	217,933
Temporarily restricted - Note 5	<u>122,169</u>
Total net assets	<u>340,102</u>

Total liabilities and net assets	<u>\$356,290</u>
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The accompanying notes are an integral part of these financial statements.

STEBEN COUNTY COUNCIL ON AGING, INC.

STATEMENT OF ACTIVITIES

FOR THE 18-MONTH PERIOD ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenues, gains and other support -</u>			
Contributions -			
United Way	\$ 6,750	\$ -	\$ 6,750
Other - Notes 5 and 6	68,024	5,000	73,024
Grants -			
Government - Note 7	447,283	120,718	568,001
Medicaid income	137,443	-	137,443
Program service fees	70,224	-	70,224
Special events -			
Proceeds	17,843	-	17,843
Less: Direct benefits to donors	(8,340)	-	(8,340)
Interest	49	-	49
Miscellaneous income	8,089	-	8,089
Gain on sale of fixed assets	900	-	900
	<hr/>	<hr/>	<hr/>
Total revenues, gains and other support before net assets released from program restrictions	748,265	125,718	873,983
Net assets released from program restrictions	33,100	(33,100)	-
	<hr/>	<hr/>	<hr/>
Total revenues, gains and other support	781,365	92,618	873,983
	<hr/>	<hr/>	<hr/>
<u>Expenses -</u>			
Program	513,845	-	513,845
Management and general	233,056	-	233,056
Fundraising	1,000	-	1,000
	<hr/>	<hr/>	<hr/>
Total expenses	747,901	-	747,901
	<hr/>	<hr/>	<hr/>
Change in net assets	33,464	92,618	126,082
<u>Net assets, beginning of period</u>	<hr/> 184,469	<hr/> 29,551	<hr/> 214,020
<u>Net assets, end of period</u>	<hr/> <u>\$ 217,933</u>	<hr/> <u>\$ 122,169</u>	<hr/> <u>\$340,102</u>

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

STEBEN COUNTY COUNCIL ON AGING, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE 18-MONTH PERIOD ENDED DECEMBER 31, 2016

	<u>Program</u>	<u>Manage- ment And General</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries	\$259,378	\$146,422	\$ 929	\$406,729
Employee benefits	40,236	23,631	-	63,867
Payroll taxes	<u>21,750</u>	<u>12,275</u>	<u>71</u>	<u>34,096</u>
Total salaries and related expenses	321,364	182,328	1,000	504,692
Advertising - Note 1	5,170	-	-	5,170
Bank charges	-	24	-	24
Equipment	5,429	5,011	-	10,440
Insurance	341	315	-	656
Professional	9,045	8,350	-	17,395
Miscellaneous	-	2,002	-	2,002
Postage	1,094	1,009	-	2,103
Printing	166	154	-	320
Rent	11,345	10,473	-	21,818
Dues and subscriptions	690	-	-	690
Supplies	4,245	3,918	-	8,163
Telephone	3,831	3,536	-	7,367
Training	1,611	-	-	1,611
Travel	3,006	-	-	3,006
EXPO expenses	2,800	-	-	2,800
Van operations	106,524	-	-	106,524
Depreciation - Note 1	<u>37,184</u>	<u>15,936</u>	<u>-</u>	<u>53,120</u>
Total expenses	<u>\$513,845</u>	<u>\$233,056</u>	<u>\$ 1,000</u>	<u>\$747,901</u>

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

STEUBEN COUNTY COUNCIL ON AGING, INC.

STATEMENT OF CASH FLOWS

FOR THE 18-MONTH PERIOD ENDED DECEMBER 31, 2016

<u>Cash flows from operating activities:</u>	
Change in net assets	\$ 126,082
Adjustments to reconcile change in net assets to net cash provided by operating activities -	
Depreciation	53,120
Gain on sale of fixed assets	(900)
(Increase) decrease in -	
Temporary cash investments	(30)
Accounts receivable	55,331
Prepaid expenses	(1,725)
Increase (Decrease) in -	
Accounts payable	1,933
Withheld and accrued payroll taxes	(266)
Accrued payroll	3,069
Accrued expenses	<u>(1,482)</u>
 Net cash provided by operating activities	 <u>235,132</u>
 <u>Cash flows from investing activities:</u>	
Purchase of fixed assets	(150,155)
Proceeds from sale of fixed assets	<u>900</u>
 Net cash (used in) investing activities	 <u>(149,255)</u>
 <u>Net increase in cash and cash equivalents</u>	 85,877
 <u>Cash and cash equivalents at beginning of period</u>	 <u>72,899</u>
 <u>Cash and cash equivalents at end of period</u>	 <u>\$ 158,776</u>

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

STEBEN COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016

Note 1: Organization and summary of significant accounting policies -

Organization - Steuben County Council on Aging, Inc. was founded in 1975 as a 501(c)(3) nonprofit corporation in Steuben County, State of Indiana. The primary purpose is to be a community leader in advocacy and service, including transportation for older adults and others to empower independence and enhance well-being. Our mission is accomplished through a dedicated staff who are committed to assisting older adults and persons with disabilities to remain independent with dignity.

The Organization is supported through various state and local governmental agencies, Older American Act, local grants, endowments, civic and religious groups, fundraising, and donations.

Basis of accounting - The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded when liabilities are incurred. Also, equipment purchased through grant awards is charged to expense in the period during which it is approved by funding sources and purchased. The equipment acquired is owned by the Organization while used in current or other future authorized programs. The funding sources have a reversionary interest in the equipment purchased with grant funds; therefore, its disposition as well as the ownership of any sale proceeds, is subject to funding source regulations.

Basis of presentation - The financial statements have been prepared in accordance with FASC 958, which requires, among other things, that the financial statements report the changes in, and totals of each net asset class based on the existence of donor restrictions, as applicable. Net assets are classified as unrestricted, temporarily restricted or permanently restricted and are detailed as follows:

STEUBEN COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

Note 1: Organization and summary of significant accounting policies
(Continued) -

Basis of presentation (Continued) -

Unrestricted - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Donor-imposed stipulations are reported as unrestricted net assets if the stipulations expire in the reporting period in which the revenue is recognized.

Temporarily restricted - Net assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by passage of time.

Permanently restricted - Net assets whose use by the Organization is subject to donor-imposed restrictions requiring that the principal be invested in perpetuity and the income only be utilized for purposes specified by the donor. At December 31, 2016, there were no permanently restricted net assets.

Contributions - Under FASC 958, all contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Gifts of cash and other assets are reported as temporarily restricted or permanently restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions are recorded in the temporarily restricted class for restrictions expiring during the fiscal year, and then reclassified to the unrestricted class. By definition, permanently restricted support must be maintained in perpetuity. Restrictions on these net assets do not expire and no assets are reclassified in the statements of activities.

STEUBEN COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

Note 1: Organization and summary of significant accounting policies
(Continued) -

Pledges - Unconditional promises to give are recorded as receivables and revenues at fair value in the period the promise is made. Conditional promises to give are not recognized until they become unconditional; that is, when the conditions on which they depend are substantially met.

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

Investments - Investments are carried at fair value. Substantially all investments have readily determinable values. Additional disclosure is provided in Notes 3 and 4.

Fixed assets - Fixed assets are stated at cost. Depreciation is computed on the straight-line method based on the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Vehicles	4-5
Equipment	5

Depreciation expense totaled \$53,120 for the 18-month period ended December 31, 2016.

The carrying value of long-lived and intangible assets is reviewed annually to determine if facts and circumstances suggest that the assets may be impaired or that the useful life may need to be changed. The Organization considers internal and external factors relating to each asset in making this determination. If these factors and the projected undiscounted cash flows of the business over the remaining useful life indicate that the asset will not be recoverable, the carrying value will be adjusted to the estimated fair value.

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

STEUBEN COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

Note 1: Organization and summary of significant accounting policies
(Continued) -

Income tax status - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and state income taxes under corresponding provisions of Indiana tax law. Additionally, the Organization is not considered a private foundation under Section 509(a) of the Internal Revenue Code.

The Organization has adopted the accounting standard on accounting for uncertainty in income taxes. This standard addresses the determination of whether tax benefits claimed, or expected to be claimed, on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits that could be recognized in the financial statements from such positions would be measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses derecognition, classification, interest and penalties on income taxes, and accounting in interim periods. At December 31, 2016, there were no unrecognized tax benefits identified or recorded as liabilities. The Organization files Form 990 and the related state of Indiana return.

Donated services - A substantial number of volunteers donate significant amounts of time in providing the Organization's services. The financial statements do not reflect the value of those contributed services because they do not meet the criteria for recognition.

Donated equipment - The Organization reports gifts of equipment and other capital items as unrestricted unless explicit donor stipulations specify how the donated assets must be used. If such stipulations are made, the assets are recorded as restricted until the stipulation is met. Gifts are recorded at fair market value when received.

STEUBEN COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

Note 1: Organization and summary of significant accounting policies
(Continued) -

Accounts receivable - Any accounts receivable are due from government and other significant funding sources. Based on historical collection experience with these agencies, no allowance for doubtful accounts is deemed necessary. None at December 31, 2016.

Advertising - Advertising costs are charged to operations as incurred. Total advertising costs expensed during the 18-month period ended December 31, 2016 was \$5,170.

Note 2: Credit risk and concentrations - The Organization maintains its cash accounts at one local bank. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At December 31, 2016, all of the deposits were fully insured.

The Organization receives a significant amount of its funding from the federal government. A substantial reduction in the level of this support, if it were to occur, may have an effect on the Organization's programs and activities.

Note 3: Temporary cash investments - Temporary cash investments at December 31, 2016 represent investments in Certificates of Deposit. The market value of these investments approximates cost.

Note 4: Fair value measurements - FASC 820 establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to valuation methodology include:

- A. Quoted prices for similar assets or liabilities in active markets.
- B. Quoted prices for identical or similar assets or liabilities in inactive markets.

STEUBEN COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

Note 4: Fair value measurements (Continued) -

C. Inputs other than quoted prices that are observable for the asset or liability.

D. Inputs that are principally from or corroborated by observable market data by correlation or other means.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016.

Certificates of Deposit: The Organization values Certificates of Deposit at fair value based upon similar investments with the same terms (level 2 inputs).

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2016:

	<u>December 31, 2016</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of Deposit	<u>\$ -</u>	<u>\$ 50,030</u>	<u>\$ -</u>	<u>\$ 50,030</u>

STEUBEN COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

Note 5: Temporarily restricted net assets - Temporarily restricted net assets are restricted for the following:

Basis of vans received from	
INDOT grant	\$117,169
Capital campaign for relocation	<u>5,000</u>
 Total temporarily restricted net assets	 <u>\$122,169</u>

The Organization receives grants from INDOT to purchase vehicles at 80% of the purchase price. INDOT places a lien on the vehicles for a maximum of four years. As time passes, the restriction is released.

The Organization started a campaign for possible relocation.

Note 6: Contributions from Steuben County Community Foundation -

There are five designated funds held at the Steuben County Community Foundation for the benefit of the Steuben County Council on Aging. The balance of these funds has not been recorded as an asset of the Organization because the Foundation has maintained variance power over these funds. The Foundation determines the amount to be distributed to the Organization based on various factors including date of origin, contributions, spending policy, investment returns, previous distributions, percent of grant earnings, etc. Total money received by the Organization from these funds in the 18-month period ended December 31, 2016 was \$57,165.

Note 7: Funds received from government funding -

<u>Federal</u> -	
HHS - Passed through Aging and In-Home Services of Northeast Indiana	\$ 48,207
FTA - Public Mass Transportation Fund	<u>230,409</u>
	<u>278,616</u>
<u>State of Indiana</u> -	
FTA - Public Mass Transportation Fund	<u>208,920</u>
 <u>Local</u> -	
County, Cities and Townships	<u>80,465</u>
 Total government funding	 <u>\$568,001</u>

STEUBEN COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016

Note 8: Subsequent events - The Organization evaluated all events or transactions that occurred after December 31, 2016 up through May 16, 2017, which is the date the financial statements were available to be issued. During this period, management has determined that the Organization did not have any material recognizable or disclosable subsequent events.