



STATE OF INDIANA
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January 26, 2018

Board of Directors
Newton County Community Services, Inc.
117 E. State Street
Morocco, IN 47963

We have reviewed the report prepared by Newton County Community Services, Inc. and opined upon by Comer, Nowling and Associates, PC, 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 Newton County Community Services, 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, Comer, Nowling and Associates, PC 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

**Newton County
Community Services, Inc.**

**Financial Statements
For The Year Ended
December 31, 2015**

COMER  NOWLING

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

Certified Public Accountants

**NEWTON COUNTY COMMUNITY SERVICES, INC.
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INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Newton County Community Services, Inc.
Morocco, Indiana

We have audited the accompanying financial statements of Newton County Community Services, Inc. (the "Organization"), which comprise the statement of financial position as of December 31, 2015 and the related statements of activities, functional expenses, and cash flows for the year then ended, and related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentations of these financial statements in accordance with 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 amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of 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 statement 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Newton County Community Services, Inc. as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
August 28, 2017

**NEWTON COUNTY COMMUNITY SERVICES, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2015**

ASSETS

CURRENT ASSETS:

Cash	\$ 128,077
Accounts receivable	62,870
Prepaid expenses	3,987
	194,934
Total current assets	194,934

PROPERTY AND EQUIPMENT:

Land	8,400
Buildings and improvements	34,659
Furniture and equipment	16,249
Accumulated depreciation	(34,932)
	24,376
Total property and equipment	24,376
 Total assets	 \$ 219,310

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 5,381
Accrued payroll and payroll taxes	7,593
	12,974
Total current liabilities	12,974

NET ASSETS:

Unrestricted	206,336
	206,336
Total net assets	206,336
 Total liabilities and unrestricted net assets	 \$ 219,310

See accompanying notes to financial statements.

NEWTON COUNTY COMMUNITY SERVICES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015

REVENUE AND SUPPORT

Federal grant revenue	\$ 287,565
State and local revenue	206,500
Medicaid transportation	64,065
Program income	27,432
Rent income	21,840
Contributions	9,916
In-kind donations	21,000
Other income	8,755

Total revenue and support 647,073

EXPENSES

Program services	489,848
Management and general	107,551

Total expenses 597,399

CHANGE IN NET ASSETS 49,674

UNRESTRICTED NET ASSETS, BEGINNING OF YEAR 156,662

UNRESTRICTED NET ASSETS, END OF YEAR \$ 206,336

See accompanying notes to financial statements.

NEWTON COUNTY COMMUNITY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Program Services	Management and General	Total
OPERATING EXPENSES:			
Salaries and benefits	\$ 253,447	\$ 63,362	\$ 316,809
Professional services	17,578	4,394	21,972
Rent	17,425	4,356	21,781
Insurance	29,896	7,474	37,370
Building maintenance	115	-	115
Utilities	41,892	10,473	52,365
Fuel	25,376	6,344	31,720
Telephone	9,713	2,428	12,141
Office equipment and repair	6,630	1,658	8,288
Office supplies	2,194	549	2,743
Computer supplies	1,234	309	1,543
Travel	4,576	1,144	5,720
Postage	490	122	612
Dues and registrations	38	10	48
Advertising	1,418	355	1,773
Beneficiary expenses	34,362	-	34,362
Vehicle maintenance	22,306	-	22,306
In-kind expense	16,800	4,200	21,000
Depreciation	2,852	-	2,852
Bad debt expense	13	-	13
Miscellaneous	1,493	373	1,866
Total expenses reported by function	<u>\$ 489,848</u>	<u>\$ 107,551</u>	<u>\$ 597,399</u>

See accompanying notes to financial statements.

**NEWTON COUNTY COMMUNITY SERVICES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015**

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 49,674
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:	
Depreciation expense	2,852
Increase (decrease) in cash from changes in:	
Accounts receivable	(5,645)
Insurance receivable	34,916
Prepaid expenses	(3,037)
Accounts payable	(4,756)
Accrued expenses	(1,249)
Accrued payroll and payroll taxes	4,654
Net cash provided by (used in) operating activities	77,409

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of fixed assets	(3,658)
Net cash provided by (used in) investing activities	(3,658)

NET INCREASE (DECREASE) IN CASH	73,751
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CASH , BEGINNING OF YEAR	54,326
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CASH , END OF YEAR	\$ 128,077
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See accompanying notes to financial statements.

NEWTON COUNTY COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Newton County Community Services, Inc. (the Organization) is a community based non-profit corporation organized in 1974. The Organization's mission is to identify the problems of the aged citizens and other citizens in need in Newton County, Indiana and to propose solutions to the problems identified. This is accomplished by working in conjunction with the Indiana Commission on the Aging and Aged, and residents, agencies and organizations within Newton County. It is the goal to solve these problems by developing public awareness of the needs of the aging and other citizens in Newton County, and by assisting those who may be sick, disabled or destitute.

BASIS OF ACCOUNTING

The financial statements of Newton County Community Services, Inc. have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

TAX STATUS

The Organization has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the internal Revenue Code as a tax-exempt organization. Accordingly, no accounting for federal or state income taxes is required in the accompanying financial statements.

SUPPORT AND REVENUE

The Organization receives grants from pass through agencies that originated with the State of Indiana (State) and the federal government to carry out certain program activities. The grants are received under contracts which require the Organization to submit appropriate records of services provided to eligible individuals. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Additionally, the Organization receives Medicaid funding. The Medicaid revenue is recognized as earned as eligible services are provided.

ACCOUNTS RECEIVABLE

Accounts receivable primarily consist of amounts due from pass through agencies for services provided under contracts and amounts due from clients. The Organization considers all amounts to be fully collectable. The accounts receivable is reviewed periodically and delinquent accounts are written off based on individual circumstances.

NEWTON COUNTY COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

PROPERTY AND EQUIPMENT

The Organization follows the practice of capitalizing all expenditures in excess of \$500 for property and equipment. Property and equipment are carried at cost and contributed property and equipment is recorded at fair value at the date of donation. The following is a summary of the useful lives for each class of asset:

Buildings and improvements	39 years
Equipment	3-10 years
Vehicles	3-5 years

When property is sold, retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income. Expenditures for maintenance and repairs are expensed when incurred. Depreciation is recorded by the straight-line method over estimated useful lives of the assets. Depreciation expense during the year ended December 31, 2015 amounted to \$2,852.

Vehicles for transportation services are acquired through the Newton County Commissioners. Vehicles are acquired in accordance with the Federal Section 5311 Rural Public Transit Program (Sec 5311). Sec 5311 requires the Commissioners to pay 20% of the vehicle cost, as the grantee, and allow the titles to be held by Newton County Commissioners. The Newton County Commissioners retain the title to these vehicles for their useful life of 4 years or 100,000 miles. The vehicles are generally sold by the county at the auction. The buses used for the Head Start Program are titled to and owned by K-IRPC, then leased to Newton County Community Services for the school year program.

CONTRIBUTIONS

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

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 and disclosures 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.

NEWTON COUNTY COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

ACCOUNTING FOR IMPAIRMENT OR DISPOSAL OF LONG-LIVED ASSETS

Accounting for the Impairment or Disposal of Long-Lived Assets guidance requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This guidance has not materially affected the Organization's net change in unrestricted net assets, statement of financial position or statement of cash flows.

FINANCIAL STATEMENT 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. The Organization did not have temporarily restricted or permanently restricted net assets as of December 31, 2015. A description of the unrestricted, temporarily and permanently restricted net asset classes are as follows:

Unrestricted net assets represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for the support of the Organization.

Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Newton County Community Services, Inc. pursuant to those stipulations.

Temporarily restricted net assets also include, pursuant to Indiana law, cumulative appreciation and reinvested gains on permanently restricted net assets, which has not been appropriated by the Board of Directors.

Permanently restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

TAX BENEFITS

During the year ended December 31, 2009, the Organization adopted the accounting policy to recognize a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded. The Organization has examined this issue and has determined there are no material contingent tax liabilities.

NEWTON COUNTY COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

CONTRIBUTED SERVICES

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, solicitations, and various committee assignments.

IN-KIND CONTRIBUTIONS

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase revenue and other support by a like amount. For the year ended December 31, 2015, the Organization received in-kind donations for rent in the amount of \$21,000.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 28, 2017, which is the date the financial statements were available to be issued.

NOTE 2 – RELATED PARTY TRANSACTIONS

The Organization leased office space from a company owned by the spouse of a member of the board of directors. The Organization paid \$12,720 during the year ended December 31, 2015, to this related party and received \$15,000 of in-kind contributions of office space from this related party.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, consisted of:

Kankakee Iroquois Regional Planning Commission	\$ 26,978
Northwest Indiana Community Action Agency	27,921
Client fees	7,971
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	\$ 62,870
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NEWTON COUNTY COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

NOTE 4 – CONCENTRATION OF CREDIT RISK AND MAJOR SOURCES OF REVENUE

Approximately 76% of the Organization’s revenue was from federal and local grant revenue for the year ended December 31, 2015.

Newton County Community Services, Inc. maintains cash balances at one financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization did not have any amounts that were over the insured limit as of December 31, 2015.

NOTE 5 – OPERATING LEASES

The Organization leases a copier for use in the operation of its programs. The Organization entered into this 60-month lease agreement effective May 1, 2012. Monthly lease payments for the copier are \$274. In April 2010 the Organization entered into a 51-month lease agreement for a postage meter. Monthly lease payments are approximately \$41. In January 2015, the Organization entered into a building lease for its main office. The lease was through December 31, 2015, with a monthly cost to the Organization of \$1,000 plus \$60 for additional shared utilities. The Organization also occupies space for nutrition sites on a month-to-month basis. Total lease expense excluding payments for maintenance and supplies for the year ended December 31, 2015 was approximately \$25,481.

Future minimum lease payments on leases having non-cancelable terms beyond December 31, 2015 are as follows:

2016	\$	3,781
2017		<u>1,259</u>
	\$	<u><u>5,040</u></u>