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January 26, 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, 2016 to December 31, 2016. 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, 2016 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.

A handwritten signature in blue ink that reads "Paul D. Joyce".

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, 2016 AND 2015**

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

**REPORT ON AUDIT OF  
FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED  
DECEMBER 31, 2016 AND 2015**

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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, 2016 and 2015, and the related statements of activities 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, 2016 and 2015, 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 7, 2017

**FULTON COUNTY COUNCIL ON AGING, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2016 AND 2015**

	<u>ASSETS</u>	<u>2016</u>	<u>2015</u>
<b>CURRENT ASSETS:</b>			
Cash on hand		\$ 100	\$ 501
Cash in business accounts		45,342	50,468
Cash in savings		5,519	21,426
Accounts receivable		107,649	52,807
Prepaid expenses		3,872	3,315
Total Current Assets		162,482	128,517
<b>FIXED ASSETS:</b>			
Building		1,074,145	1,070,099
Equipment		28,316	28,316
Office equipment		29,733	27,781
Transportation vehicles		418,940	382,391
		1,551,134	1,508,587
Less: accumulated depreciation		464,172	378,363
Net Fixed Assets		1,086,962	1,130,224
<b>OTHER ASSETS:</b>			
Beneficial interest		5,134	4,824
Investment account		38,516	34,638
Total Other Assets		43,650	39,462
<b>TOTAL ASSETS</b>		\$ 1,293,094	\$ 1,298,203
	<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b>CURRENT LIABILITIES:</b>			
Accounts payable		1,808	1,372
Accrued payroll and payroll taxes		14,321	11,554
Current long-term debt		-	642
Total Current Liabilities		16,129	13,568
<b>LONG-TERM LIABILITIES:</b>			
Capital lease		-	642
Less: current maturity		-	642
Net Long-Term Liabilities		-	-
<b>TOTAL LIABILITIES</b>		16,129	13,568
<b>NET ASSETS:</b>			
Unrestricted - Exhibit B		1,263,746	1,262,553
Temporarily restricted - Exhibit B		8,085	17,258
Permanently restricted - Exhibit B		5,134	4,824
<b>TOTAL NET ASSETS</b>		1,276,965	1,284,635
<b>TOTAL LIABILITIES AND NET ASSETS</b>		\$ 1,293,094	\$ 1,298,203

See Accompanying Notes to Financial Statements.

**FULTON COUNTY COUNCIL ON AGING, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>REVENUES AND OTHER SUPPORT:</b>				
Local grants	\$ -	\$11,250	\$ -	\$ 11,250
Government grants and contracts	385,304	-	-	385,304
City of Rochester	10,000	-	-	10,000
Fulton County	17,000	-	-	17,000
Transit program income (net)	84,727	-	-	84,727
Medicaid reimbursements	37,516	-	-	37,516
Donations	18,057	-	-	18,057
Rents	3,850	-	-	3,850
Advertising income	5,912	-	-	5,912
Special events and fundraising	18,148	-	-	18,148
United Way	9,724	-	-	9,724
Interest	111	-	151	262
Dividends	1,517	-	-	1,517
Realized gains (losses)	-	-	45	45
Unrealized gains (losses)	2,361	-	217	2,578
Gain (loss) on sale of fixed assets	(233)	-	-	(233)
Other income	2,692	-	-	2,692
Net assets release from restrictions	20,526	(20,423)	(103)	-
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<u>617,212</u>	<u>(9,173)</u>	<u>310</u>	<u>608,349</u>
<b>EXPENSES:</b>				
Transportation	544,347	-	-	544,347
Retired seniors volunteer program	47,530	-	-	47,530
Senior activities	24,142	-	-	24,142
<b>TOTAL EXPENSES - Exhibit C</b>	<u>616,019</u>	<u>-</u>	<u>-</u>	<u>616,019</u>
<b>DECREASE IN NET ASSETS</b>	1,193	(9,173)	310	(7,670)
<b>NET ASSETS - beginning of year</b>	<u>1,262,553</u>	<u>17,258</u>	<u>4,824</u>	<u>1,284,635</u>
<b>NET ASSETS - end of year - Exhibit A</b>	<u>\$ 1,263,746</u>	<u>\$ 8,085</u>	<u>\$ 5,134</u>	<u>\$1,276,965</u>

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>
<b>REVENUES AND OTHER SUPPORT:</b>				
Local grants	\$ -	\$ -	\$ -	\$ -
Government grants and contracts	396,739	-	-	396,739
City of Rochester	10,000	-	-	10,000
Fulton County	17,000	-	-	17,000
Transit program income (net)	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)	-
<b>TOTAL REVENUES AND OTHER SUPPORT</b>	<u>612,749</u>	<u>(7,371)</u>	<u>(176)</u>	<u>605,202</u>
<b>EXPENSES:</b>				
Transportation	570,440	-	-	570,440
Retired seniors volunteer program	44,830	-	-	44,830
Senior activities	44,639	-	-	44,639
<b>TOTAL EXPENSES - Exhibit C</b>	<u>659,909</u>	<u>-</u>	<u>-</u>	<u>659,909</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	(47,160)	(7,371)	(176)	(54,707)
<b>NET ASSETS - beginning of year</b>	<u>1,309,713</u>	<u>24,629</u>	<u>5,000</u>	<u>1,339,342</u>
<b>NET ASSETS - end of year - Exhibit A</b>	<u>\$ 1,262,553</u>	<u>\$ 17,258</u>	<u>\$ 4,824</u>	<u>\$1,284,635</u>

**FULTON COUNTY COUNCIL ON AGING, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>TRANSPORTATION</u>	<u>RSVP</u>	<u>SENIOR ACTIVITY</u>	<u>TOTAL</u>
Advertising	\$ 1,824	\$ -	\$ -	\$ 1,824
Conference and trips	1,792	1,041	-	2,833
Contract services	19,724	-	-	19,724
Depreciation	87,500	-	591	88,091
Dues	355	-	-	355
Fees	383	-	-	383
Interest expense	6	-	-	6
Repairs and maintenance	9,920	-	-	9,920
Fundraising	1,270	10,468	-	11,738
Insurance	24,090	510	-	24,600
Janitorial	9,979	-	1,079	11,058
Miscellaneous	1,410	-	147	1,557
Payroll taxes and benefits	25,161	2,129	-	27,290
Postage	631	288	2,441	3,360
Printing	3,503	-	8,969	12,472
Recognition	-	1,965	-	1,965
Rent	8,600	-	-	8,600
Salaries and wages	290,345	26,726	-	317,071
Senior activities	-	-	3,908	3,908
Supplies	1,406	1,811	945	4,162
Telephone	3,713	804	2,026	6,543
Unrelated business income tax	557	-	-	557
Utilities	6,575	1,788	4,036	12,399
Transit operations	45,603	-	-	45,603
<b>Total Expenses</b>	<b>\$ 544,347</b>	<b>\$ 47,530</b>	<b>\$ 24,142</b>	<b>\$ 616,019</b>

See Accompanying Notes to Financial Statements.

**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
Transit operations	65,931	-	-	65,931
<b>Total Expenses</b>	<b>\$ 570,440</b>	<b>\$ 44,830</b>	<b>\$ 44,639</b>	<b>\$ 659,909</b>

**FULTON COUNTY COUNCIL ON AGING, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash from contributions, grants, programs, and miscellaneous	\$ 536,019	\$ 606,520
Cash paid to suppliers and employees	(511,957)	(571,159)
Interest and dividends received	1,779	1,751
Interest expense paid	(6)	(39)
Net cash Provided by Operating Activities	<u>25,835</u>	<u>37,073</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(1,565)	(1,522)
Proceeds from sale of fixed assets	-	2,100
Purchase of fixed assets	(45,062)	(76,939)
Net Cash Used by Investing Activities	<u>(46,627)</u>	<u>(76,361)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on capital lease	(642)	(1,729)
Net Cash Used by Financing Activities	<u>(642)</u>	<u>(1,729)</u>
<b>INCREASE (DECREASE) IN CASH</b>	(21,434)	(41,017)
<b>CASH AT BEGINNING OF YEAR</b>	<u>72,395</u>	<u>113,412</u>
<b>CASH AT END OF YEAR</b>	<u>\$ 50,961</u>	<u>\$ 72,395</u>
<b>RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Decrease in net assets	<u>\$ (7,670)</u>	<u>\$ (54,707)</u>
Adjustments to reconcile change in net cash provided by operating activities:		
Depreciation	88,091	91,109
(Gain) loss on sale of fixed assets	233	8,692
Realized (gain) loss on investments	(45)	(22)
Unrealized (gain) loss on investments	(2,578)	2,826
Decrease (increase) in accounts receivable	(54,842)	1,514
Decrease (increase) in prepaid expenses	(557)	485
Increase (decrease) in accounts payable	436	(3,105)
Increase (decrease) in accrued payroll	2,767	(9,719)
Total Adjustments	<u>33,505</u>	<u>91,780</u>
Net Cash Provided by Operating Activities	<u>\$ 25,835</u>	<u>\$ 37,073</u>

See Accompanying Notes to Financial Statements.

**FULTON COUNTY COUNCIL ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED December 31, 2016 AND 2015**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT 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:

**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.

**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.

**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.

**Cash and Cash Equivalents** – The Organization considers all highly liquid investments with an initial 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.

**Property, Plant, and Equipment** – Property, plant, and equipment are stated at cost, if purchased, or at fair value at the date of gift, if donated, less accumulated depreciation. Additions with a cost or fair value of less than \$1,000 are expensed.

Depreciation of property, plant, and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following items:

Buildings & Leasehold Improvements	15-39 years
Equipment	5-7 years
Office Equipment	5-7 years
Vehicles	5 years

**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.

**FULTON COUNTY COUNCIL ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**(CONT'D):**

**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.

**Donated Services** - Donated audit fees of \$4,719 and \$1,341 have been reflected in the financial statements at December 31, 2016 and 2015, 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.

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

**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.

**Advertising** – The Organization's policy is to expense advertising costs as the costs are incurred. For the years ended December 31, 2016 and 2015 the Organization incurred advertising expenses of \$1,824 and \$3,016.

**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.

**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 2013, 2014, and 2015 are subject to examination by the IRS, generally for three years after they were filed.

**FULTON COUNTY COUNCIL ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 2 - CONCENTRATIONS OF CREDIT RISK:**

The Organization maintains all cash balances at various financial institutions located in Fulton County, Indiana. The balances are covered by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 (per institution). There were no uninsured balances at December 31, 2016 or 2015.

**NOTE 3 - ACCOUNTS RECEIVABLE:**

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

	<u>2016</u>	<u>2015</u>
Federal Section 5311	\$ 61,046	\$ 19,623
State PMTF	24,745	16,045
Title III B	4,120	4,121
Medicaid	1,522	456
Programs	<u>16,217</u>	<u>12,562</u>
	<u>\$ 107,650</u>	<u>\$ 52,807</u>

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 write-off for 2016 was \$9,508 and none for 2015.

**NOTE 4 – 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.

**FULTON COUNTY COUNCIL ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 4 – FAIR VALUE OF INVESTMENTS (CONT'D):**

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

	<b>Cost</b> <b>Dec. 31, 2016</b>	<b>Fair Value</b> <b>Measurements</b> <b>Dec. 31, 2016</b>
<b><u>Level 1:</u></b> Quoted Prices in Active Markets for Identical Assets:		
Mutual funds	\$ 39,611	\$ 38,516
<b><u>Level 3:</u></b> Significant unobservable inputs:		
Beneficial interest	5,000	5,134
	<u>\$ 44,611</u>	<u>\$ 43,650</u>
	<b>Cost</b> <b>Dec. 31, 2015</b>	<b>Fair Value</b> <b>Measurements</b> <b>Dec. 31, 2015</b>
<b><u>Level 1:</u></b> Quoted Prices in Active Markets for Identical Assets:		
Mutual funds	\$ 38,094	\$ 34,638
<b><u>Level 3:</u></b> Significant unobservable inputs:		
Beneficial interest	5,000	4,824
	<u>\$ 43,094</u>	<u>\$ 39,462</u>

**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 distribution was received from the fund in 2016 and none in 2015.

**FULTON COUNTY COUNCIL ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 5 – BENEFICIAL INTEREST (CONT'D):**

	<u>2016</u>	<u>2015</u>
Beneficial interest - beginning of year	\$ 4,824	\$ 5,000
Contributions	-	-
Investment activity:		
Interest/Dividend income	151	161
Unrealized Gain/(Loss)	217	(260)
Realized Gain/(Loss)	45	22
Fees	(103)	(99)
Grant	-	-
Total investment return	<u>310</u>	<u>(176)</u>
Fair market value at December 31	<u>\$ 5,134</u>	<u>\$ 4,824</u>

**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, 2016 and 2015 was \$ 9 and \$39. The lease was paid off in 2016 and ownership was transferred to the Organization.

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

	<u>2016</u>	<u>2015</u>
Office Equipment	\$ 9,076	\$ 9,076
Accumulated Depreciation	<u>9,076</u>	<u>8,471</u>
Net Book Value	<u>\$ -</u>	<u>\$ 605</u>

Depreciation expense reported in the statement of activities for the copier was \$605 in 2016 and \$1,815 in 2015.

**NOTE 7 – RESTRICTED NET ASSETS:**

Restricted net assets are as follows:

	<u>2016</u>	<u>2015</u>
<b>Temporary Restricted:</b>		
NICF Impact Grant	\$ 8,085	\$ 17,258
<b>Permanently Restricted:</b>		
Beneficial interest	\$ 5,134	\$ 4,824

**FULTON COUNTY COUNCIL ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 8 – CONCENTRATIONS OF REVENUES:**

	<u>2016</u>		<u>2015</u>	
Local grants	\$ 11,250	1.85%	\$ -	0.00%
Government grants and contracts	385,304	63.34%	396,739	65.55%
City of Rochester	10,000	1.64%	10,000	1.65%
Fulton County	17,000	2.79%	17,000	2.81%
Transit program income	84,727	13.93%	76,378	12.62%
Medicaid reimbursements	37,516	6.17%	48,328	7.99%
Donations	18,057	2.97%	13,696	2.26%
Rents	3,850	0.63%	4,400	0.73%
Advertising income	5,912	0.97%	3,037	0.50%
Special events and fundraising	18,148	2.98%	20,065	3.32%
United Way	9,724	1.60%	10,177	1.68%
Interest	262	0.04%	291	0.05%
Dividends	1,517	0.25%	1,460	0.24%
Realized gains (losses)	45	0.01%	22	0.00%
Unrealized gains (losses)	2,578	0.42%	(2,826)	-0.47%
Gain (loss) on sale of fixed assets	(233)	-0.04%	(8,692)	-1.44%
Other income	2,692	0.44%	15,127	2.50%
	<u>          </u>		<u>          </u>	
Total Revenues	<u>\$ 608,349</u>	<u>100%</u>	<u>\$ 605,202</u>	<u>100%</u>

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 83% and over 86% of total revenues in 2016 and 2015. A loss or decrease of this funding for the transit program could diminish the Organization's ability to maintain its current operations.

**NOTE 9 – FEDERAL AND STATE GRANTS:**

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

	<u>2016</u>		<u>2015</u>	
Section 5311	\$ 181,280		\$ 177,253	
State PMTF	118,466		118,137	
Section 5310	29,239		57,467	
Title III B	24,481		12,433	
Retired seniors volunteer program	31,838		31,449	
	<u>          </u>		<u>          </u>	
	<u>\$ 385,304</u>		<u>\$ 396,739</u>	

**FULTON COUNTY COUNCIL ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

**NOTE 10 – 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 2016 and 2015.

**NOTE 11 – 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 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 2016, gross advertising income was \$5,912 and the tax generated from this income net of direct expenses was \$378 for the Federal 990-T and \$179 for the Indiana IT-20NP. 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. In accordance with the Organization's accounting policies, these taxes were accrued net of any prior year overpayment and are reflected in its financial statements.

**NOTE 13 – 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 7, 2017, which is the date the financial statements were available to be issued.