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January 29, 2018

Board of Directors
Franklin County Senior Citizens Services, Inc.
11146 County Park Road
Brookville, IN 47012

We have reviewed the report prepared by Franklin County Senior Citizens Services, Inc. and opined upon by RBSK Partners, PC, 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 Franklin County Senior Citizens Services, 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, RBSK Partners, 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



Franklin County Senior Citizens Services, Inc.

Financial Statements

For the Years Ended
December 31, 2016 and 2015

Franklin County Senior Citizens Services, Inc.
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December 31, 2016 and 2015

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Independent Auditor's Report

To the Board of Directors
Franklin County Senior Citizens Services, Inc.

We have audited the accompanying financial statements of Franklin County Senior Citizens Services, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, 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 audits 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 Franklin County Senior Citizens Services, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of grant awards on pages 17 and 18 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RBSK Partners PC

Greensburg, Indiana

July 6, 2017

Franklin County Senior Citizens Services, Inc.
Statements of Financial Position

December 31

| | 2016 | 2015 |
|---|--------------------------|--------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 6,676 | \$ 28,500 |
| Accounts receivable | 69,156 | 74,660 |
| Prepaid expenses | 9,590 | 2,044 |
| Unconditional promises to give | 2,298 | 2,347 |
| Property and equipment, net | <u>377,417</u> | <u>334,324</u> |
| Total Assets | <u>\$ 465,137</u> | <u>\$ 441,875</u> |
| Liabilities | | |
| Accounts payable | \$ 13,281 | \$ 18,888 |
| Bank line of credit | 20,500 | 34,000 |
| Payroll withholdings | 1,225 | 1,119 |
| Accrued expenses | <u>6,304</u> | <u>5,541</u> |
| Total liabilities | <u>41,310</u> | <u>59,548</u> |
| Net Assets | | |
| Unrestricted | 358,498 | 372,328 |
| Temporarily restricted | <u>65,329</u> | <u>9,999</u> |
| Total net assets | <u>423,827</u> | <u>382,327</u> |
| Total Liabilities and Net Assets | <u>\$ 465,137</u> | <u>\$ 441,875</u> |

Notes to financial statements are an integral part of these statements

Franklin County Senior Citizens Services, Inc.
Statement of Activities

For the Year Ended December 31, 2016

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|-------------------|
| Public Support and Revenue | | | |
| Public Support: | | | |
| Indiana Department of Transportation | \$ 304,244 | \$ 70,840 | \$ 375,084 |
| Medicaid | 46,549 | --- | 46,549 |
| County and Local Grants | 42,100 | --- | 42,100 |
| Indiana Family and Social Services Administration | 18,707 | --- | 18,707 |
| United Way | 1,000 | --- | 1,000 |
| Contributions | 8,260 | --- | 8,260 |
| Other | 5,321 | --- | 5,321 |
| Total public support | <u>426,181</u> | <u>70,840</u> | <u>497,021</u> |
| Revenue: | | | |
| Fares | 56,370 | --- | 56,370 |
| Building rent | 5,770 | --- | 5,770 |
| Interest | 21 | --- | 21 |
| Other | 19,775 | --- | 19,775 |
| Total revenue | <u>81,936</u> | <u>---</u> | <u>81,936</u> |
| Total support and revenue before net assets released from restrictions | 508,117 | 70,840 | 578,957 |
| Net assets released from restrictions | <u>15,510</u> | <u>(15,510)</u> | <u>---</u> |
| Total support and revenue | <u>523,627</u> | <u>55,330</u> | <u>578,957</u> |
| Functional Expenses | | | |
| Program Services: | | | |
| Transportation services | 449,813 | --- | 449,813 |
| Senior citizens center | 24,422 | --- | 24,422 |
| Total program services | <u>474,235</u> | <u>---</u> | <u>474,235</u> |
| Supporting Services: | | | |
| General administrative | 60,302 | --- | 60,302 |
| Fundraising | 2,920 | --- | 2,920 |
| Total expenses | <u>537,457</u> | <u>---</u> | <u>537,457</u> |
| Change in Net Assets | (13,830) | 55,330 | 41,500 |
| Net Assets, Beginning | <u>372,328</u> | <u>9,999</u> | <u>382,327</u> |
| Net Assets, Ending | <u>\$ 358,498</u> | <u>\$ 65,329</u> | <u>\$ 423,827</u> |

Notes to financial statements are an integral part of these statements

Franklin County Senior Citizens Services, Inc.
Statement of Activities

For the Year Ended December 31, 2015

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|---|---------------------|-----------------------------------|-------------------|
| Public Support and Revenue | | | |
| Public Support: | | | |
| Indiana Department of Transportation | \$ 298,223 | \$ --- | \$ 298,223 |
| Medicaid | 54,340 | --- | 54,340 |
| County and Local Grants | 42,100 | --- | 42,100 |
| Indiana Family and Social Services | | | |
| Administration | 18,707 | --- | 18,707 |
| United Way | 2,047 | --- | 2,047 |
| Contributions | 19,233 | 26,783 | 46,016 |
| Other | 4,751 | --- | 4,751 |
| Total public support | <u>439,401</u> | <u>26,783</u> | <u>466,184</u> |
| Revenue: | | | |
| Fares | 65,199 | --- | 65,199 |
| Building rent | 7,617 | --- | 7,617 |
| Interest | 25 | --- | 25 |
| Other | 2,154 | --- | 2,154 |
| Total revenue | <u>74,995</u> | <u>---</u> | <u>74,995</u> |
| Total support and revenue before net assets released from restrictions | 514,396 | 26,783 | 541,179 |
| Net assets released from restrictions | 19,178 | (19,178) | --- |
| Total support and revenue | <u>533,574</u> | <u>7,605</u> | <u>541,179</u> |
| Functional Expenses | | | |
| Program Services: | | | |
| Transportation services | 477,022 | --- | 477,022 |
| Senior citizens center | 23,333 | --- | 23,333 |
| Total program services | <u>500,355</u> | <u>---</u> | <u>500,355</u> |
| Supporting Services: | | | |
| General administrative | 62,337 | --- | 62,337 |
| Fundraising | 3,078 | --- | 3,078 |
| Total expenses | <u>565,770</u> | <u>---</u> | <u>565,770</u> |
| Change in Net Assets | (32,196) | 7,605 | (24,591) |
| Net Assets, Beginning | <u>404,524</u> | <u>2,394</u> | <u>406,918</u> |
| Net Assets, Ending | <u>\$ 372,328</u> | <u>\$ 9,999</u> | <u>\$ 382,327</u> |

Notes to financial statements are an integral part of these statements

Franklin County Senior Citizens Services, Inc.
Statement of Functional Expenses

For the Year Ended December 31, 2016

| | Program Services | | | Supporting Services | | Total Expenses |
|-------------------------------------|-------------------------|------------------------|------------------------|---------------------------------|-----------------|-------------------|
| | Transportation Services | Senior Citizens Center | Total Program Services | General Administrative Services | Fundraising | |
| Salaries and wages | \$ 242,851 | \$ 5,420 | \$ 248,271 | \$ 44,083 | \$ 2,710 | \$ 295,064 |
| Payroll taxes | 18,037 | 420 | 18,457 | 3,398 | 210 | 22,065 |
| Total salaries and related expenses | 260,888 | 5,840 | 266,728 | 47,481 | 2,920 | 317,129 |
| Accounting fees | --- | --- | --- | 11,509 | --- | 11,509 |
| Advertising | 3,011 | --- | 3,011 | --- | --- | 3,011 |
| Bank charges | 159 | --- | 159 | --- | --- | 159 |
| Insurance | 38,733 | 956 | 39,689 | --- | --- | 39,689 |
| Interest expense | --- | --- | --- | 1,312 | --- | 1,312 |
| Maintenance and repairs | 4,728 | 399 | 5,127 | --- | --- | 5,127 |
| Materials and supplies | 4,911 | 589 | 5,500 | --- | --- | 5,500 |
| Other | 2,566 | 3,769 | 6,335 | --- | --- | 6,335 |
| Postage and shipping | 92 | 825 | 917 | --- | --- | 917 |
| Rent | 113 | 113 | 226 | --- | --- | 226 |
| Uniforms | 1,726 | --- | 1,726 | --- | --- | 1,726 |
| Utilities | 10,164 | 4,656 | 14,820 | --- | --- | 14,820 |
| Vehicle expenses | 78,103 | --- | 78,103 | --- | --- | 78,103 |
| Total expenses before depreciation | 405,194 | 17,147 | 422,341 | 60,302 | 2,920 | 485,563 |
| Leasehold depreciation | 5,976 | 6,076 | 12,052 | --- | --- | 12,052 |
| Equipment depreciation | 1,721 | 1,199 | 2,920 | --- | --- | 2,920 |
| Vehicle depreciation | 36,922 | --- | 36,922 | --- | --- | 36,922 |
| Total depreciation | 44,619 | 7,275 | 51,894 | --- | --- | 51,894 |
| Total Expenses | \$ 449,813 | \$ 24,422 | \$ 474,235 | \$ 60,302 | \$ 2,920 | \$ 537,457 |

Notes to financial statements are an integral part of these statements

Franklin County Senior Citizens Services, Inc.
Statement of Functional Expenses

For the Year Ended December 31, 2015

| | Program Services | | | Supporting Services | | Total Expenses |
|-------------------------------------|-------------------------|------------------------|------------------------|---------------------------------|-----------------|-------------------|
| | Transportation Services | Senior Citizens Center | Total Program Services | General Administrative Services | Fundraising | |
| Salaries and wages | \$ 238,599 | \$ 5,329 | \$ 243,928 | \$ 43,015 | \$ 2,665 | \$ 289,608 |
| Payroll taxes | 21,002 | 413 | 21,415 | 3,128 | 413 | 24,956 |
| Total salaries and related expenses | 259,601 | 5,742 | 265,343 | 46,143 | 3,078 | 314,564 |
| Accounting fees | --- | --- | --- | 14,947 | --- | 14,947 |
| Advertising | 3,243 | --- | 3,243 | --- | --- | 3,243 |
| Bank charges | 6 | --- | 6 | --- | --- | 6 |
| Dues and subscriptions | --- | --- | --- | --- | --- | --- |
| Insurance | 40,179 | 259 | 40,438 | --- | --- | 40,438 |
| Interest expense | --- | --- | --- | 1,247 | --- | 1,247 |
| Maintenance and repairs | 8,105 | 1,202 | 9,307 | --- | --- | 9,307 |
| Materials and supplies | 288 | 426 | 714 | --- | --- | 714 |
| Other | 4,353 | 2,184 | 6,537 | --- | --- | 6,537 |
| Postage and shipping | 49 | 300 | 349 | --- | --- | 349 |
| Rent | 113 | 113 | 226 | --- | --- | 226 |
| Uniforms | 1,705 | --- | 1,705 | --- | --- | 1,705 |
| Utilities | 11,073 | 5,832 | 16,905 | --- | --- | 16,905 |
| Vehicle expenses | 102,058 | --- | 102,058 | --- | --- | 102,058 |
| Total expenses before depreciation | 430,773 | 16,058 | 446,831 | 62,337 | 3,078 | 512,246 |
| Leasehold depreciation | 5,976 | 6,076 | 12,052 | --- | --- | 12,052 |
| Equipment depreciation | 3,328 | 1,199 | 4,527 | --- | --- | 4,527 |
| Vehicle depreciation | 36,945 | --- | 36,945 | --- | --- | 36,945 |
| Total depreciation | 46,249 | 7,275 | 53,524 | --- | --- | 53,524 |
| Total Expenses | \$ 477,022 | \$ 23,333 | \$ 500,355 | \$ 62,337 | \$ 3,078 | \$ 565,770 |

Notes to financial statements are an integral part of these statements

Franklin County Senior Citizens Services, Inc.
Statements of Cash Flows

For the Years Ended December 31

| | 2016 | 2015 |
|--|-----------------|------------------|
| Cash Flows from Operating Activities | | |
| Change in net assets | \$ 41,500 | \$ (24,591) |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 51,894 | 53,523 |
| Gain on disposal of assets | (19,600) | (1,975) |
| Non-cash contribution of property and equipment | --- | (26,783) |
| Other changes that provided (used) cash: | | |
| Accounts receivable | 5,504 | 13,546 |
| Prepaid expenses | (7,545) | 197 |
| Unconditional promises to give | 50 | 46 |
| Accounts payable | (5,607) | 4,075 |
| Payroll withholdings | 105 | 22 |
| Accrued expenses | 762 | 1,159 |
| Contributions restricted for long-term purposes | (70,840) | --- |
| Net cash provided by (used in) operating activities | <u>(3,777)</u> | <u>19,219</u> |
| Cash Flows from Investing Activities | | |
| Proceeds from the sale of assets | 22,240 | 1,975 |
| Purchases of property and equipment | (97,627) | (6,194) |
| Net cash used in investing activities | <u>(75,387)</u> | <u>(4,219)</u> |
| Cash Flows from Financing Activities | | |
| Proceeds from bank line of credit | 200,818 | 201,100 |
| Repayments of bank line of credit | (214,318) | (200,000) |
| Proceeds from contributions restricted for acquisition of property and equipment | 70,840 | --- |
| Net cash provided by financing activities | <u>57,340</u> | <u>1,100</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (21,824) | 16,100 |
| Cash and Cash Equivalents at Beginning of Year | <u>28,500</u> | <u>12,400</u> |
| Cash and Cash Equivalents at End of Year | \$ 6,676 | \$ 28,500 |

Notes to financial statements are an integral part of these statements

Franklin County Senior Citizens Services, Inc.

Notes to Financial Statements

December 31, 2016 and 2015

1. Summary of Significant Accounting Policies

This summary of significant accounting policies of Franklin County Senior Citizens Services, Inc. (the Agency) is presented to assist in understanding the Agency's financial statements. The financial statements and notes are representations of the Agency's management, who is responsible for their integrity and objectivity. These accounting policies conform to U.S. generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

The Agency

The Agency began its operations in 1980 and was founded and organized, and is operated exclusively for the purpose to study and determine the needs of the aging and aged population of Franklin County, Indiana; to cooperate with appropriate governmental units and agencies, carry out, on a county level, its objectives and programs related to the needs, problems, and opportunities pertaining to older persons; and to coordinate and evaluate the existing programs or services for the elderly including obtaining, receiving, and distributing any funds. The Agency is incorporated under the Indiana General Not-for-Profit Corporation Act.

Basis of Presentation

The Agency reports 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.

Under these provisions, net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may be met or will be met either by actions of the Agency and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Agency. Generally, the donors of these assets permit the Agency to use all or part of the income earned on related investments for general or specific purposes.

Franklin County Senior Citizens Services, Inc.
Notes to Financial Statements *(Continued)*

December 31, 2016 and 2015

1. Summary of Significant Accounting Policies *(Continued)*

Functional Expenses

Functional expenses have been allocated between Program Services and Supporting Services based on an analysis of personnel time and space utilized for the related activities.

Promises To Give

Contributions are recognized when the donor makes a promise to give to the Agency that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Cash Equivalents

The Agency considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The agency did not hold any cash equivalents at December 31, 2016 and 2015.

Accounts Receivable

The allowance for doubtful accounts is based on prior years' experience and management's analysis of possible uncollectible accounts. This also includes contractual allowances that result when services are rendered and reimbursement funds are limited by contract. For the years ended December 31, 2016 and 2015, bad debt expense was \$ -0-. The allowance for uncollectible accounts as of December 31, 2016 and 2015 was \$ -0-.

Donated Assets and Services

Donated use of facilities is recorded as contributions at the net present value of their estimated fair rental values at the date of donation. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Franklin County Senior Citizens Services, Inc.
Notes to Financial Statements *(Continued)*

December 31, 2016 and 2015

1. Summary of Significant Accounting Policies *(Continued)*

Donated Assets and Services *(Continued)*

Donated services are recognized as contributions in accordance with generally accepted accounting principles, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Agency. Volunteers also donate their time and perform a variety of tasks throughout the year that assist the Agency with specific programs and various committee assignments that are not recognized as contributions in the financial statements since the criteria are not met.

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

Income taxes are not provided for in the financial statements since the Agency is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Agency is not classified as a private foundation.

Generally accepted accounting principles in the United States require the Agency to examine its tax positions for uncertain positions. Management is not aware of any tax positions that are more likely than not to change in the next twelve months, or that would not sustain an examination by applicable taxing authorities.

The Agency's policy is to recognize penalties and interest as incurred in its statement of activities as a component of operating expenses, and totaled \$ -0- for December 31, 2016 and 2015.

The Agency's federal and various state income tax returns for 2013 through 2016 are subject to examination by the applicable tax authorities, generally for three years after the later of the original or extended due date.

Leases

Leases that meet certain criteria are classified as capital leases. Assets and liabilities associated with capital leases are recorded at amounts equal to the lesser of the present value of minimum lease payments or the fair value of the leased property at the beginning of the lease term. Leased assets are depreciated using the straight-line method over the related lease term or their economic lives. Interest expense relating to lease liabilities is recorded to effect constant interest rates over the lease terms.

Leases not meeting such criteria are classified as operating leases with related rentals being charged against revenue as incurred.

Franklin County Senior Citizens Services, Inc.
Notes to Financial Statements *(Continued)*

December 31, 2016 and 2015

1. Summary of Significant Accounting Policies *(Continued)*

Depreciation

The Agency records purchased land, building and equipment at cost less accumulated depreciation. The estimated fair value of donated property is recorded. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

| Asset | Years |
|--------------------------|--------------|
| Leasehold improvements | 15-40 |
| Equipment | 3-7 |
| Transportation equipment | 3-7 |

The Agency reports expirations of donor restrictions by reclassifying temporarily restricted net assets to unrestricted net assets evenly each year over the term of the restriction.

All acquisitions of property and equipment in excess of \$500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized.

Public Support and Revenue

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 (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 Statement of Activities as net assets released from restrictions.

Going Concern Evaluation

Management evaluates whether there are conditions or events that raise substantial doubt about the Agency's ability to continue as a going concern for a period of one year from the date the financial statements are issued.

Subsequent Events

The Agency has evaluated subsequent events through July 6, 2017, the date these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

Franklin County Senior Citizens Services, Inc.
Notes to Financial Statements *(Continued)*

December 31, 2016 and 2015

2. Property and Equipment

Property and equipment consisted of the following at December 31, 2016:

| | Cost | Accumulated Depreciation | Book Value |
|--------------------------|-------------------|-------------------------------------|-----------------------|
| Leasehold Improvements | \$ 510,051 | \$ 251,529 | \$ 258,522 |
| Equipment | 43,634 | 35,704 | 7,930 |
| Transportation Equipment | 414,780 | 303,815 | 110,965 |
| | <hr/> | | |
| Totals | \$ 968,465 | \$ 591,048 | \$ 377,417 |

Property and equipment consisted of the following at December 31, 2015:

| | Cost | Accumulated Depreciation | Book Value |
|--------------------------|-------------------|-------------------------------------|-----------------------|
| Leasehold Improvements | \$ 510,051 | \$ 238,279 | \$ 271,772 |
| Equipment | 41,418 | 38,427 | 2,991 |
| Transportation Equipment | 368,168 | 308,607 | 59,561 |
| | <hr/> | | |
| Totals | \$ 919,637 | \$ 585,313 | \$ 334,324 |

Certain assets included in property and equipment are temporarily restricted as to use or disposition. Certain assets are held subject to conditional title and/or mortgage to ensure compliance with restrictions. Assets subject to donor or grantor restrictions, either wholly or in part, as of December 31 were as follows:

| Transportation Equipment | Restricted Cost | Expired Restrictions | Unexpired Restricted Cost |
|---------------------------------|----------------------------|---------------------------------|--------------------------------------|
| 2016 | \$ 97,623 | \$ 34,592 | \$ 63,031 |
| 2015 | 26,783 | 19,131 | 7,652 |

3. Commitments and Contingencies

Certain grants and contracts require the fulfillment of certain conditions as set forth in the instrument. Failure to fulfill the conditions could result in the return of the funds to grantors. Although that is a possibility, the Agency deems the contingency remote, since by accepting the funds and their terms, it has accommodated the objectives of the organization to the provisions of the grant or contract.

Franklin County Senior Citizens Services, Inc.
Notes to Financial Statements *(Continued)*

December 31, 2016 and 2015

4. Operating Leases

The Agency receives the use of land for its principal offices from the Franklin County (Indiana) Fair Board under the terms of a non-cancelable lease agreement assigned to the Agency through the Board of County Commissioners of Franklin County (Indiana), which is essentially free. The current lease term is for a period of 40 years, provides for rent of \$1, and expires August, 2035. The lease is renewable in successive 40 year terms indefinitely at the option of the lessee under the same or similar terms and conditions. The lease is accounted for as an operating lease.

After acquiring the land lease, the Agency constructed buildings on the property to house its principal offices. These buildings and improvements are reported as leasehold improvements on the statement of financial position. Upon termination of the lease for any reason, all improvements situated upon the property must be surrendered to the lessor without compensation and free and clear of all liens and encumbrances.

This lease represents an in-kind contribution and related expense which is recognized each year in the amount of \$225 through August, 2035. Rent expense for this lease was \$225 and \$225 for the years ended December 31, 2016 and 2015, respectively. See note 8 in conjunction.

5. Major Customers/Grantors and Concentration of Credit Risk

A material part of the Agency's support and revenue is dependent upon contracts with the Indiana Department of Transportation, the loss of which could have a materially adverse effect on the Agency. During the years ended December 31, 2016 and 2015, these funds accounted for \$375,084 (65%) and \$298,223 (55%) of total support and revenue, respectively.

6. Statements of Cash Flows

The financial statements include "Statement of Cash Flows" showing cash and cash equivalents provided by/(used in) operating, investing, and financing activities. Supplemental disclosures required by generally accepted accounting principles are presented below.

Cash paid during the years ended December 31, for:

| | 2016 | 2015 |
|--------------|-------------|-------------|
| Interest | \$ 1,312 | \$ 1,247 |
| Income taxes | --- | --- |

The Agency had noncash investing and financing activities as follows:

Noncash investing and financing activities in 2016 consisted of disposition of equipment with a cost of \$4,444, a book value of \$ ---, and a salvage value of \$ ---.

Transportation Equipment received with a fair market value of \$26,783 was included in temporarily restricted contribution revenue at December 31, 2015.

Franklin County Senior Citizens Services, Inc.
Notes to Financial Statements *(Continued)*

December 31, 2016 and 2015

7. Bank Line of Credit

The Agency has a \$60,000 line of credit with FCN Bank that matures in July 2018. Interest is payable monthly at a variable rate and was 5.0% at December 31, 2016. Borrowings against the credit line as of December 31, 2016 and 2015 were \$20,500 and \$34,000, respectively. The credit line is secured by essentially all assets of the Agency.

8. Unconditional Promises to Give

Unconditional promises to give consist of a 40 year lease for use of land from the Franklin County (Indiana) Fair Board for \$1. The lease was recorded at its estimated fair value. Promises to give receivable in more than one year are discounted at 8.25%. Uncollectible promises are expected to be insignificant. See note 4 in conjunction.

Unconditional promises to give at December 31, are as follows:

| | 2016 | 2015 |
|--|-----------------|-----------------|
| Receivable in less than one year | \$ 225 | \$ 225 |
| Receivable in one to five years | 1,125 | 1,125 |
| Receivable in more than five years | <u>2,925</u> | <u>3,150</u> |
| Total unconditional promises to give | 4,275 | 4,500 |
| Less discounts to net present value | 1,977 | 2,153 |
| Less allowance for uncollectible promises receivable | <u>(---)</u> | <u>(---)</u> |
| Net unconditional promises to give at December 31 | <u>\$ 2,298</u> | <u>\$ 2,347</u> |

9. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of transportation equipment of \$63,031 and \$7,652 and unconditional promises to give of \$2,298 and \$ 2,347 at December 31, 2016 and 2015, respectively. See notes 2 and 8 in conjunction.

Additional Information

Franklin County Senior Citizens Services, Inc. Schedule of Grant Awards

For the Year Ended December 31, 2016

| Federal Grantor/ Pass-Through Grantor/ Program Title | Pass-Through Grantor's Number | Beginning Balance | | | Program Awards | | | Adjustments | Revenue Recognized/Expended | | | Ending Balance | | |
|---|-------------------------------------|----------------------|------------------|-----------|-------------------|------------------|------------|-------------|--------------------------------|------------------|------------|-------------------|------------------|--------|
| | | Federal | State / Local | Total | Federal | State / Local | Total | | Federal | State / Local | Total | Federal | State / Local | Total |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | | | | | | | | | |
| Passed through Indiana Family and Social Services Administration and Area 9 In-Home & Community Services Agency Special Programs for the Aging - Title III, Part B (B) | | | | | | | | | | | | | | |
| | | --- | --- | --- | 18,707 | --- | 18,707 | --- | 18,707 | --- | 18,707 | --- | --- | --- |
| Total Department of Health and Human Services | | \$ --- | \$ --- | \$ --- | \$ 18,707 | \$ --- | \$ 18,707 | \$ --- | \$ 18,707 | \$ --- | \$ 18,707 | \$ --- | \$ --- | \$ --- |
| U.S. DEPARTMENT OF TRANSPORTATION | | | | | | | | | | | | | | |
| Passed through Indiana Department of Transportation and Franklin County, Indiana | | | | | | | | | | | | | | |
| Section 5311 Operating Grant [C] | 18034190 | \$ --- | \$ --- | \$ --- | \$ 179,443 | \$ 124,801 | \$ 304,244 | \$ --- | \$ 179,443 | \$ 124,801 | \$ 304,244 | \$ --- | \$ --- | \$ --- |
| Section 5339 Capital Grant | 1803419C | --- | --- | --- | 38,800 | --- | 38,800 | (2,009) | 36,791 | --- | 36,791 | --- | --- | --- |
| Section 5311 Capital Grant | ARRA 1800119S | 68,099 | --- | 68,099 | --- | --- | --- | (34,050) | 34,049 | --- | 34,049 | --- | --- | --- |
| Total U.S. Department of Transportation | | \$ 68,099 | \$ --- | \$ 68,099 | \$ 218,243 | \$ 124,801 | \$ 343,044 | \$ (36,059) | \$ 250,283 | \$ 124,801 | \$ 375,084 | \$ --- | \$ --- | \$ --- |
| INDIANA COUNTY AND LOCAL GRANTS | | | | | | | | | | | | | | |
| Franklin County, Indiana (A) Whitewater & Saltcreek Townships (Franklin County, Indiana) | | | | | | | | | | | | | | |
| | N/A | \$ --- | \$ --- | \$ --- | \$ --- | \$ 39,500 | \$ 39,500 | \$ --- | \$ --- | \$ 39,500 | \$ 39,500 | \$ --- | \$ --- | \$ --- |
| | N/A | --- | --- | --- | --- | 2,600 | 2,600 | --- | --- | 2,600 | 2,600 | --- | --- | --- |
| Total Indiana County and Local Grants | | \$ --- | \$ --- | \$ --- | \$ --- | \$ 42,100 | \$ 42,100 | \$ --- | \$ --- | \$ 42,100 | \$ 42,100 | \$ --- | \$ --- | \$ --- |
| Total All Awards | | \$ 68,099 | \$ --- | \$ 68,099 | \$ 236,950 | \$ 166,901 | \$ 403,851 | \$ (36,059) | \$ 268,990 | \$ 166,901 | \$ 435,891 | \$ --- | \$ --- | \$ --- |

Franklin County Senior Citizens Services, Inc. Schedule of Grant Awards

For the Year Ended December 31, 2015

| Federal Grantor/ Pass-Through Grantor/ Program Title | Pass-Through Grantor's Number | Beginning Balance | | | Program Awards | | | Adjustments | Revenue Recognized/Expended | | | Ending Balance | | |
|---|-------------------------------------|----------------------|------------------|--------|-------------------|------------------|------------|-------------|--------------------------------|------------------|------------|-------------------|------------------|-----------|
| | | Federal | State / Local | Total | Federal | State / Local | Total | | Federal | State / Local | Total | Federal | State / Local | Total |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | | | | | | | | | |
| Passed through Indiana Family and Social Services Administration and Area 9 In-Home & Community Services Agency Special Programs for the Aging - Title III, Part B (B) | | | | | | | | | | | | | | |
| | | --- | --- | --- | 18,707 | --- | 18,707 | --- | 18,707 | --- | 18,707 | --- | --- | --- |
| Total Department of Health and Human Services | | \$ --- | \$ --- | \$ --- | \$ 18,707 | \$ --- | \$ 18,707 | \$ --- | \$ 18,707 | \$ --- | \$ 18,707 | \$ --- | \$ --- | \$ --- |
| U.S. DEPARTMENT OF TRANSPORTATION | | | | | | | | | | | | | | |
| Passed through Indiana Department of Transportation and Franklin County, Indiana | | | | | | | | | | | | | | |
| Section 5311 Operating Grant [C] | 18029A190 | \$ --- | \$ --- | \$ --- | \$ 175,633 | \$ 122,590 | \$ 298,223 | \$ --- | \$ 175,633 | \$ 122,590 | \$ 298,223 | \$ --- | \$ --- | \$ --- |
| Section 5311 Capital Grant | ARRA 1800119S | --- | --- | --- | 68,099 | --- | 68,099 | --- | --- | --- | --- | 68,099 | --- | 68,099 |
| Total U.S. Department of Transportation | | \$ --- | \$ --- | \$ --- | \$ 243,732 | \$ 122,590 | \$ 366,322 | \$ --- | \$ 175,633 | \$ 122,590 | \$ 298,223 | \$ 68,099 | \$ --- | \$ 68,099 |
| INDIANA COUNTY AND LOCAL GRANTS | | | | | | | | | | | | | | |
| Franklin County, Indiana (A) | N/A | \$ --- | \$ --- | \$ --- | \$ --- | \$ 39,500 | \$ 39,500 | \$ --- | \$ --- | \$ 39,500 | \$ 39,500 | \$ --- | \$ --- | \$ --- |
| Whitewater & Saltcreek Townships (Franklin County, Indiana) | N/A | --- | --- | --- | --- | 2,600 | 2,600 | --- | --- | 2,600 | 2,600 | --- | --- | --- |
| Total Indiana County and Local Grants | | \$ --- | \$ --- | \$ --- | \$ --- | \$ 42,100 | \$ 42,100 | \$ --- | \$ --- | \$ 42,100 | \$ 42,100 | \$ --- | \$ --- | \$ --- |
| Total All Awards | | \$ --- | \$ --- | \$ --- | \$ 262,439 | \$ 164,690 | \$ 427,129 | \$ --- | \$ 194,340 | \$ 164,690 | \$ 359,030 | \$ 68,099 | \$ --- | \$ 68,099 |