



STATE OF INDIANA
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February 5, 2018

Board of Directors
Cass County Council on Aging, Inc.
115 South 6th St.
Logansport, IN 46947

We have reviewed the report prepared by Cass 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 Cass 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

**CASS COUNTY COUNCIL ON AGING, INC.
LOGANSPORT, INDIANA**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

**CASS COUNTY COUNCIL ON AGING, INC.
LOGANSPOUT, INDIANA**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

DECEMBER 31, 2016 AND 2015

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INDEPENDENT AUDITOR'S REPORT

**TO THE BOARD OF DIRECTORS
CASS COUNTY COUNCIL ON AGING, INC.
Logansport, Indiana**

We have audited the accompanying financial statements of Cass County Council on Aging, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 & 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 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 Cass 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
September 6, 2017

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

ASSETS

	2016	2015
CURRENT ASSETS:		
Cash	\$ 89,512	\$ 288,062
Accounts receivable	248,406	226,361
Prepaid expenses	33,931	86,103
Total Current Assets	371,849	600,526
FIXED ASSETS:		
Building	287,864	284,247
Land	150,000	150,000
Office equipment	64,491	59,441
Vehicles	807,190	626,131
	1,309,545	1,119,819
Less accumulated depreciation	536,855	456,606
Total Fixed Assets	772,690	663,213
OTHER ASSETS:		
Deposit on account	4,000	-
TOTAL ASSETS	\$ 1,148,539	\$ 1,263,739

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Line of credit	\$ -	\$ 145,799
Note payable - insurance	-	58,700
Accounts payable	30,640	18,280
Accrued interest	358	402
Accrued wages and vacation	38,774	29,462
Payroll taxes and other withholdings	14,698	23,501
Current portion of long term debt	1,182	953
Total Current Liabilities	85,652	277,097
LONG TERM LIABILITIES:		
Note payable - equipment	3,509	4,460
Less current portion of long term debt	1,182	953
Total Long Term Liabilities	2,327	3,507
NET ASSETS:		
Unrestricted	1,060,560	983,135
Total Net Assets	1,060,560	983,135
TOTAL LIABILITIES AND NET ASSETS	\$ 1,148,539	\$ 1,263,739

See Accompanying Notes to Financial Statements.

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
REVENUES AND OTHER SUPPORT:		
Federal - Section 5311	\$ 502,788	\$ 491,032
State - public mass transit	407,829	367,801
Title III-B	27,628	14,077
Federal - Section 5310 Capital Projects	57,698	-
Federal - Section 5311 Capital Projects	97,998	54,821
Medicaid	261,800	369,012
Cass County Commissioners	10,860	10,860
City of Logansport	40,000	10,000
United Way of Cass County	38,583	39,000
Transit service fees	259,587	219,830
Special events	3,456	5,587
Gaming (net of payouts)	1,935	16,660
Donations	3,974	13,719
Interest	14	28
Gain (loss) on asset disposal	(113)	9,365
Other income	2,012	2,597
Nutrition	37,680	31,824
	<u>1,753,729</u>	<u>1,656,213</u>
EXPENSES:		
Transportation	1,507,441	1,472,523
Recreation	64,500	79,064
Nutrition	104,363	104,235
	<u>1,676,304</u>	<u>1,655,822</u>
TOTAL EXPENSES		
	77,425	391
INCREASE IN NET ASSETS		
NET ASSETS - beginning of year	<u>983,135</u>	<u>982,744</u>
NET ASSETS - end of year	<u>\$ 1,060,560</u>	<u>\$ 983,135</u>

See Accompanying Notes to Financial Statements.

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

	<u>Transportation</u>	<u>Recreation</u>	<u>Nutrition</u>	<u>Totals</u>
Salaries and wages	\$ 846,561	\$ 47,324	\$ 54,891	\$ 948,776
Payroll taxes and fringes	68,520	3,905	4,482	76,907
Advertising	2,554	55	196	2,805
Building maintenance	18,179	507	1,103	19,789
Conferences and travel	1,996	-	-	1,996
Depreciation	105,732	-	9,848	115,580
Dues and subscriptions	1,183	37	69	1,289
Equipment	12,238	428	924	13,590
Miscellaneous expenses	3,829	189	446	4,464
Insurance	149,563	1,881	3,563	155,007
Interest	7,199	109	383	7,691
Nutrition	-	-	22,521	22,521
Penalties	679	15	52	746
Professional fees	26,591	241	846	27,678
Recreation	-	6,391	-	6,391
Supplies and materials	17,354	438	1,151	18,943
Telephone	933	41	18	992
Utilities	19,709	2,939	3,870	26,518
Vehicle operations	213,437	-	-	213,437
Vehicle supplies	11,184	-	-	11,184
	<u>11,184</u>	<u>-</u>	<u>-</u>	<u>11,184</u>
Total Expenses	<u>\$ 1,507,441</u>	<u>\$ 64,500</u>	<u>\$ 104,363</u>	<u>\$ 1,676,304</u>

See Accompanying Notes to Financial Statements.

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

	<u>Transportation</u>	<u>Recreation</u>	<u>Nutrition</u>	<u>Totals</u>
Salaries and wages	\$ 807,420	\$ 52,665	\$ 55,999	\$ 916,084
Payroll taxes and fringes	67,743	4,343	4,745	76,831
Advertising	2,339	76	90	2,505
Building maintenance	20,980	492	687	22,159
Conferences and travel	1,003	33	4	1,040
Depreciation	70,723	-	9,779	80,502
Dues and subscriptions	1,814	32	85	1,931
Equipment	7,333	507	406	8,246
Miscellaneous expenses	7,032	125	402	7,559
Insurance	150,657	1,251	2,567	154,475
Interest	6,426	102	358	6,886
Nutrition	-	-	23,877	23,877
Penalties	10	-	-	10
Professional fees	26,705	579	267	27,551
Recreation	-	15,440	-	15,440
Supplies and materials	14,418	310	906	15,634
Telephone	1,137	50	101	1,288
Utilities	20,358	3,059	3,962	27,379
Vehicle operations	258,824	-	-	258,824
Vehicle supplies	7,601	-	-	7,601
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	<u>\$ 1,472,523</u>	<u>\$ 79,064</u>	<u>\$ 104,235</u>	<u>\$ 1,655,822</u>

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

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash from contributions, grants, programs and miscellaneous	\$ 1,728,113	\$ 1,548,723
Cash paid to suppliers and employees	(1,484,322)	(1,568,171)
Interest paid	(7,735)	(6,886)
Interest income	14	28
Net Cash Provided (Used) by Operating Activities	<u>236,070</u>	<u>(26,306)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of vehicles	2,100	33,280
Downpayment on equipment	(4,000)	-
Purchases of fixed assets	(227,270)	(132,960)
Net Cash Provided (Used) by Investing Activities	<u>(229,170)</u>	<u>(99,680)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings (payments) on line of credit (net)	(145,799)	144,826
Proceeds from note payable	-	93,249
Principal payments on note payable	(59,651)	(91,015)
Net Cash Provided (Used) by Financing Activities	<u>(205,450)</u>	<u>147,060</u>
INCREASE (DECREASE) IN CASH	(198,550)	21,074
CASH AT BEGINNING OF YEAR	<u>288,062</u>	<u>266,988</u>
CASH AT END OF YEAR	<u>\$ 89,512</u>	<u>\$ 288,062</u>
RECONCILIATION OF CHANGE IN NET ASSETS PROVIDED BY OPERATING ACTIVITIES:		
Increase in net assets	<u>\$ 77,425</u>	<u>\$ 391</u>
Adjustments to reconciled change in net cash provided (used) by operating activities:		
Depreciation	115,580	80,502
(Gain) loss on asset disposal	113	(9,365)
(Increase) decrease in accounts receivable	(22,045)	(90,608)
(Increase) decrease prepaid expenses	52,172	22,084
Increase (decrease) in accounts payable	12,360	(11,041)
Increase (decrease) in accrued interest	(44)	-
Increase (decrease) in accrued payroll and payroll taxes	509	(18,269)
Total adjustments	<u>158,645</u>	<u>(26,697)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 236,070</u>	<u>\$ (26,306)</u>

See Accompanying Notes to Financial Statements.

CASS 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:

Organization - Cass County Council on Aging, Inc. exists to assist, encourage, monitor, and develop comprehensive and coordinated services for older individuals, within Cass County. The Organization's programs are Transportation, Recreation, and Nutrition.

The significant accounting policies followed by Cass County Council on Aging, Inc. are:

Basis of Accounting - The financial statements of Cass 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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts 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.

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Organization considers all highly liquid investments with a 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. The write-off for 2016 was none and none for 2015.

Fixed Assets - Property, plant, and equipment are stated at cost, if purchased, or at fair value at the date of gift, if donated, less accumulated depreciation. Repair and maintenance charges that do not increase the useful lives of the assets are charged to the change in net assets as incurred. 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	39 years
Office equipment	5 years
Vehicles	5 years

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

NOTE 1 - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED):

Restricted and Unrestricted Revenue and Support - 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 restrictions. At December 31, 2016 and 2015 there were no temporary or permanently restricted net assets.

Donated Services - Donated audit fees of \$3,670 and \$7,489 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 Costs - The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expense for the years ended December 31, 2016 and 2015 was \$2,805 and \$2,505, respectively.

Compensated Absences - Employees of the Organization are entitled to paid vacation days depending on job classification, length of service, and other factors. A liability has been recorded for accrued vacation days in the Statements of Financial Position. The Organization's personnel policy permits vesting of unused vacation days and payment of unused vacation days upon termination of employment.

Income Taxes - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization complies with other Internal Revenue reporting requirements regarding contributions received, payroll, and payments to independent contractors. The Organization believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

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.

CASS 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 one financial institution located in Cass County. The balances are covered by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 (per institution). As of December 31, 2015, the uninsured portion of the balances was \$36,493. As of December 31, 2016, there was no uninsured balances.

NOTE 3 – ACCOUNTS RECEIVABLE:

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

	<u>2016</u>	<u>2015</u>
Federal - Section 5311	\$ 66,898	\$ 75,969
State PMTF	137,182	125,734
Area V Title IIIB	4,531	1,511
United Way	2,833	3,250
Medicaid	22,430	15,307
Transit service fees	<u>14,532</u>	<u>4,590</u>
Total	<u>\$ 248,406</u>	<u>\$ 226,361</u>

NOTE 4 - LINE OF CREDIT:

The Organization had a \$220,000 line of credit with a bank in Logansport at December 31, 2016 and 2015, respectively. The balance at December 31, 2016 and 2015 was \$0 and \$145,799, respectively. All business assets are pledged as collateral. The variable interest rate is 2% over the Wall Street Journal prime rate.

NOTE 5 – FINANCED INSURANCE PREMIUMS:

The Organization entered into a finance agreement to pay for a 2015-2016 insurance policy that runs from September 8, 2015 to September 7, 2016 and costs \$107,339. The finance agreement required a down payment of \$ 21,628 in 2015 on the first day of the policy followed by nine monthly payments with an interest rate of 6.50% in 2015. Monthly payments are \$9,783 for the 2015-2016 policy and include interest. The Organization did not use any financing arrangements for its 2016-2017 policy.

NOTE 6 – NOTE PAYABLE FOR EQUIPMENT:

In 2015, the Organization entered into a 48 month finance agreement to purchase equipment for its transit program that cost \$5,050. The finance agreement began on August 15, 2015 and requires monthly payments of \$153 which includes interest computed at a rate of 21.6%. Maturities of the long term debt for the next five years are as follows: \$1,182, 2017; \$1,466, 2018; \$861, 2019; and none for 2020 and 2021.

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

NOTE 7 - OPERATING LEASE:

The Organization has a five-year non-cancellable operating lease for a copier that began September 1, 2013 with monthly lease cost of \$184. The Organization is required to pay all executory costs such as maintenance and insurance. Lease expense for the years 2016 and 2015, was \$2,208 and \$2,208, respectively.

Total lease payments required in the next five years are: \$1,656, 2017, and none for 2018, 2019, 2020, and 2021.

NOTE 8 - CONCENTRATIONS OF SUPPORT AND REVENUE:

	<u>2016</u>		<u>2015</u>	
Federal - Section 5311	\$ 502,788	28.67%	\$ 491,032	29.65%
State - public mass transit	407,829	23.25	367,801	22.21
Title III-B	27,628	1.58	14,077	0.85
Federal - Section 5310 Capital Projects	57,698	3.29	-	-
Federal - Section 5311 Capital Projects	97,998	5.59	54,821	3.31
Medicaid	261,800	14.93	369,012	22.28
Cass County Commissioners	10,860	0.62	10,860	0.66
City of Logansport	40,000	2.28	10,000	0.60
United Way of Cass County	38,583	2.20	39,000	2.35
Transit Service fees	259,587	14.80	219,830	13.27
Special Events	3,456	0.20	5,587	0.34
Gaming (net of payouts)	1,935	0.11	16,660	1.01
Donations	3,974	0.23	13,719	0.83
Interest	14	-	28	-
Gain (loss) on asset disposal	(113)	(0.01)	9,365	0.57
Other income	2,012	0.11	2,597	0.15
Nutrition	37,680	2.15	31,824	1.92
TOTAL REVENUES AND OTHER SUPPORT	<u>1,753,729</u>	100%	<u>1,656,213</u>	100%

Transportation income is concentrated at ninety-five and ninety-three percent of the Organization's total revenue and other support in 2016 and 2015. Federal and state transit funding and other support from Medicaid, transit service fees and indirect income are sustaining the entire operation of the Organization, which includes its senior activities and nutrition programs.

NOTE 9 - SUBSEQUENT EVENTS:

The Organization evaluates events and transactions that occur after year end for the potential recognition or disclosure in the financial statements. These subsequent events have been considered through the report date, which is the date the financial statements were available to be issued.