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February 6, 2018

Board of Directors
LifeTime Resources, Inc.
13091 Benedict Drive
Dillsboro, IN 47018

We have reviewed the report prepared by LifeTime Resources, Inc. and opined upon by Barnes, Dennig & Co., Ltd., Independent Public Accountants, for the period July 1, 2015 to June 30, 2016. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of LifeTime Resources, Inc. as of June 30, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Barnes, Dennig & Co., Ltd. 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

LIFETIME RESOURCES, INC.

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

JUNE 30, 2016

LIFETIME RESOURCES, INC.

TABLE OF CONTENTS

	<u>Page Number</u>
Independent Auditors' Report	1 - 2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 10



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Independent Auditors' Report

Board of Directors
LifeTime Resources, Inc.
Dillsboro, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Lifetime Resources, Inc., which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Lifetime Resources, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 17, 2017 on our consideration of Lifetime Resources, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lifetime Resources, Inc.'s internal control over financial reporting and compliance.

Burns, Dunning & Co., Ltd.

February 17, 2017
Indianapolis, Indiana

LIFETIME RESOURCES, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

ASSETS

Cash and cash equivalents	\$ 1,704,571
Cash held for others (Note 4)	262,580
Grants receivable (Note 6)	704,414
Accounts receivable	62,540
Accounts receivable - related party (Note 5)	86,893
Other assets	8,415
Property and equipment, net of accumulated depreciation of \$1,907,785 (Note 7)	<u>715,661</u>
Total Assets	<u>\$ 3,545,074</u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable	\$ 166,072
Accounts payable - related parties (Note 5)	4,575
Accrued payroll and related liabilities	141,737
Custodial funds held for others (Note 4)	<u>261,714</u>
Total Liabilities	<u>574,098</u>

Net Assets:

Unrestricted Funds (Note 8) Board designated	<u>2,970,976</u>
Total Liabilities and Net Assets	<u>\$ 3,545,074</u>

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

**LIFETIME RESOURCES, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>REVENUES AND OTHER SUPPORT</u>			
Donations	\$ 200,590	\$ -	\$ 200,590
Grants	-	3,042,455	3,042,455
Third party revenue (net of contractual allowances of \$4,024)	642,230	-	642,230
Local revenue	270,107	49,548	319,655
Other revenue	<u>44,028</u>	<u>-</u>	<u>44,028</u>
Revenues and other support	1,156,955	3,092,003	4,248,958
Revenues released from restriction	<u>3,092,003</u>	<u>(3,092,003)</u>	<u>-</u>
Total Revenues and Other Support	<u>4,248,958</u>	<u>-</u>	<u>4,248,958</u>
<u>EXPENSES</u>			
Program services	3,902,225	-	3,902,225
Support services	<u>222,302</u>	<u>-</u>	<u>222,302</u>
Total Expenses	<u>4,124,527</u>	<u>-</u>	<u>4,124,527</u>
Total increase (decrease) in net assets	124,431	-	124,431
Net assets - beginning of year	<u>2,846,545</u>	<u>-</u>	<u>2,846,545</u>
Net assets - end of year	<u>\$ 2,970,976</u>	<u>\$ -</u>	<u>\$ 2,970,976</u>

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

LIFETIME RESOURCES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	Service Contracts	Care Management	Information and Assistance	Congregate Meals	Catch A Ride	Other Program Services	Total Program Services	Administration	Total Program & Support Services
Salaries and wages	\$ -	\$ 736,641	\$ 83,680	\$ 117,803	\$ 890,924	\$ 72,134	\$ 1,901,182	\$ 111,454	\$ 2,012,636
Payroll taxes and benefits	-	281,876	24,890	24,719	184,468	19,287	535,040	35,580	570,620
Occupancy	-	4,402	723	715	5,883	2,904	14,627	2,058	16,685
Telephone	-	11,825	984	4,415	7,102	1,919	26,245	1,876	28,121
Postage	-	3,745	457	639	3,861	508	9,210	1,365	10,575
Supplies	-	11,967	745	21,772	12,337	1,886	48,707	2,752	51,459
Furniture and equipment	-	7,981	1,825	-	12,274	877	22,957	1,508	24,465
Insurance	-	3,706	200	168	51,637	2,613	58,324	5,668	63,992
Equipment maintenance	-	15,981	2,233	1,457	9,887	4,933	34,491	4,373	38,864
Building maintenance	-	4,349	706	696	4,817	2,961	13,529	21,520	35,049
Dues and subscriptions	-	1,738	52	216	985	201	3,192	4,492	7,684
Contracted services	-	10,085	833	91,436	293,320	3,714	399,388	5,471	404,859
Service providers	550,894	-	-	-	-	5,461	556,355	-	556,355
Travel and transportation	-	17,010	264	7,283	9,134	596	34,287	15,690	49,977
Other costs	6,912	3,552	901	1,310	9,216	1,420	23,311	3,868	27,179
Training	-	76	-	-	1,738	85	1,899	1,116	3,015
Depreciation	-	16,120	2,909	2,955	188,820	8,677	219,481	3,511	222,992
	<u>\$ 557,806</u>	<u>\$ 1,130,854</u>	<u>\$ 121,402</u>	<u>\$ 275,584</u>	<u>\$ 1,686,403</u>	<u>\$ 130,176</u>	<u>\$ 3,902,225</u>	<u>\$ 222,302</u>	<u>\$ 4,124,527</u>

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

**LIFETIME RESOURCES, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 124,431
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	222,992
(Increases) decreases in operating assets:	
Grants receivable	(108,106)
Accounts receivable	(384)
Accounts receivable - related party	(63,625)
Other assets	(603)
Cash held for others	6,463
Increases (decreases) in operating liabilities:	
Accounts payable	21,763
Accounts payable - related parties	4,404
Accrued payroll and related liabilities	39,625
Custodial funds held for others	<u>(6,852)</u>
Net Cash Provided by (Used in) Operating Activities	<u>240,108</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	<u>(290,200)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(290,200)</u>
Net increase (decrease) in cash	<u>(50,092)</u>
Cash - beginning of year	<u>1,754,663</u>
Cash - end of year	<u>\$ 1,704,571</u>

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

LIFETIME RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. NATURE OF THE ORGANIZATION

LifeTime Resources, Inc. (the Agency) was created to plan, coordinate, and provide services primarily for the elderly. The Agency also provides services to disabled and low-to moderate-income individuals of any age in southeastern Indiana.

The Agency's services include information and assistance, preadmission screening, guardianship, transportation, legal assistance, care management, options counseling, congregate meals, health and wellness, in-home services, and ombudsman services.

The Agency receives significant funding through the Indiana Family and Social Services Administration (IFSSA) and the Indiana Department of Transportation (INDOT). The Agency submits claims to IFSSA and INDOT for approval and payment. The Agency depends significantly on these funding sources to carry out its program activities.

The Agency also receives income from local government and local agencies whose citizens and beneficiaries often receive support from the Agency.

2. SIGNIFICANT ACCOUNTING POLICIES

The Agency maintains its accounts on the accrual basis and in accordance with the principles of fund accounting. Fund accounting is the procedure by which resources are classified for internal accounting purposes into funds that are associated with specific activities or objectives.

In accordance with accounting standards, unrestricted net assets include all assets over which the Agency has full discretion as to use. Temporarily restricted net assets include net assets whose use by the Agency is limited by donor-imposed restrictions that either expire by the passage of time or are fulfilled by the Agency. As the restrictions are met, the net assets are released from restrictions and included in unrestricted net assets. Contributions for which the restrictions are met in the same period in which the contribution is received are also recorded as temporarily restricted. Permanently restricted net assets include net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Agency.

Land, building, vehicles, and improvements are stated at cost or, for donations, at fair market value at the date of donation, and include expenditures for additions and betterments, which substantially increase the useful lives of existing fixed assets. Maintenance, repairs, and minor renewals are expensed as incurred. Items over \$10,000 are capitalized.

The agency reviews its fixed assets for impairment whenever events or changes in circumstances indicate the carrying value of such assets may not be recoverable. No impairment loss was recognized in 2016.

(Continued)

2. SIGNIFICANT ACCOUNTING POLICIES – Continued

Depreciation is computed using the straight-line method over estimated useful lives of 3 to 40 years.

The costs of providing the various programs and other activities have been summarized in the statement of functional expenses. Costs are charged directly to the programs they benefit whenever possible. Certain overhead costs that cannot be directly charged to an individual program are allocated to the various programs they benefit using relevant statistical allocation bases.

Receivables are charged to bad debt expense when they are determined to be uncollectable based upon periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require the allowance method to be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect 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 revenues and expenses during the reporting period. Actual amounts may differ from these estimates.

The Agency is exempt from income taxation under the Internal Revenue Code Section 501(c)(3). Management believes that the Agency has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities.

3. FINANCIAL INSTRUMENTS

The Agency maintains its cash in deposit accounts, the cumulative balance of which may exceed federally insured limits. As of June 30, 2016, the cumulative balance was approximately \$5,000 over the federally insured limit. The Agency has not experienced any losses in its accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents. All liquid investments purchased with a maturity of three months or less are considered to be cash equivalents.

4. CASH HELD FOR OTHERS

As part of the Agency's Sentry Services program, they serve as the agent for certain individuals' bank accounts. All transactions from these accounts require proper approval before the funds are distributed. The corresponding liability is included in custodial funds held from others and accounts payable.

5. RELATED PARTIES

Certain members of the Agency's Board of Directors also serve on the Board of Directors of LifeTime Housing Group (LTHG), but controlling interest is not present. As of June 30, 2016, the Agency is reporting \$86,893 in accounts receivable. In 2016, the Agency loaned LTHG \$50,000 to cover expenses while a LTHG certificate of deposit was being cashed in. The amount is interest free and is payable when LTHG has sufficient cash balance. Also included in accounts receivable are personnel costs and expenses paid by the Agency for LTHG staff and are reimbursable to the Agency.

As of June 30, 2016 the Agency is reporting \$4,575 in accounts payable to LTHG as shown in the statement of financial position. This represents various overhead costs due to LTHG.

During the year, LTHG paid \$63,515 to the Agency for various overhead expenses.

6. GRANT REVENUE AND RECEIVABLE

The Agency's grant revenue and related receivables at June 30, 2016, consists of the following:

	CFDA No.	Revenue 6/30/16	Collections 6/30/16	Receivable 6/30/16
U.S. Department of Health and Human Services:				
Title III - A	93.044	\$ 47,937	\$ 33,276	\$ 14,661
Title III - B	93.044	152,921	99,394	53,527
Title III - C-1	93.045	185,933	142,862	43,071
Title III - C-2	93.045	56,834	45,946	10,888
Title III - D	93.043	9,344	6,232	3,112
Title III - E	93.052	58,037	38,628	19,409
NSIP	93.053	19,237	12,676	6,561
Title VII Ombudsman	93.042	5,692	4,477	1,215
Social Services Block Grant	93.667	184,621	158,760	25,861
U.S. Department of Transportation				
Section 5311 Mass Transit	20.509	703,782	525,353	178,429
Section 5310 Capital	20.513	223,180	164,462	58,718
State Grants		1,361,666	1,072,704	288,962
Other		<u>33,271</u>	<u>33,271</u>	<u>-</u>
Total		<u>\$3,042,455</u>	<u>\$ 2,338,041</u>	<u>\$ 704,414</u>

7. PROPERTY AND EQUIPMENT

The Agency's property and equipment consists of the following at June 30, 2016:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 50,000	\$ -	\$ 50,000
Buildings	950,432	670,047	280,385
Building improvements	100,138	40,776	59,362
Vehicles	<u>1,522,876</u>	<u>1,196,962</u>	<u>325,914</u>
Total	<u>\$ 2,623,446</u>	<u>\$ 1,907,785</u>	<u>\$ 715,661</u>

Depreciation expense for the year totaled \$222,992.

8. UNRESTRICTED FUND BALANCES

During previous years, the Agency's Board of Directors designated a portion of its fund balance for future programs and costs. The designated fund balances as of June 30, 2016, are as follows:

General Fund Balance	\$ 42,929
Business Development	196,782
Unemployment	20,280
Catch A Ride	76,937
Vehicle Replacement	255,000
Building Fund	389,747
Building Reserve	131,000
Sentry Services	20,068
Cash Flow Reserve	1,390,177
PAS	21,644
Equipment Reserve	60,000
Vehicle Asset Fund	<u>366,412</u>
Total	<u>\$ 2,970,976</u>

9. SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 17, 2017, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.