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February 6, 2018

Board of Directors
Porter County Aging and Community Services, Inc.
1005 N. Campbell St.
Valparaiso, IN 46385

We have reviewed the report prepared by Porter County Aging and Community Services, Inc. and opined upon by Comer, Nowling & Associates, PC, Independent Public Accountants, for the period July 1, 2015 to June 30, 2016. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Porter County Aging and Community Services, 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, Comer, Nowling & Associates, PC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

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

Paul D. Joyce, CPA
State Examiner

**Porter County Aging And
Community Services, Inc.
and Subsidiary**

**Consolidated Financial
Statements
For The Years Ended
June 30, 2016 and 2015**

COMER  NOWLING

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

Certified Public Accountants

**PORTER COUNTY AGING AND COMMUNITY SERVICES, INC.
AND SUBSIDIARY**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Porter County Aging and Community Services, Inc. and Subsidiary
Valparaiso, Indiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Porter County Aging and Community Services, Inc. (a nonprofit organization) and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements are free of 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Porter County Aging and Community Services, Inc. and Subsidiary as of June 30, 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.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

Indianapolis, Indiana

August 25, 2016

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2016 AND 2015

ASSETS						
	2016			2015		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
CURRENT ASSETS:						
Cash	\$ 530,671	\$ 247,069	\$ 777,740	\$ 504,707	\$ 18,606	\$ 523,313
Grants receivable	101,794	-	101,794	103,229	-	103,229
Total current assets	<u>632,465</u>	<u>247,069</u>	<u>879,534</u>	<u>607,936</u>	<u>18,606</u>	<u>626,542</u>
PROPERTY AND EQUIPMENT:						
Building	344,118	-	344,118	344,118	-	344,118
Vehicles	31,585	-	31,585	58,772	-	58,772
Furniture and equipment	115,898	-	115,898	126,326	-	126,326
Leasehold improvements	165,436	-	165,436	55,797	-	55,797
Assets held for service - vehicles	17,769	-	17,769	8,196	-	8,196
	<u>674,806</u>	<u>-</u>	<u>674,806</u>	<u>593,209</u>	<u>-</u>	<u>593,209</u>
Accumulated depreciation	(342,832)	-	(342,832)	(363,394)	-	(363,394)
Total fixed assets, net	<u>331,974</u>	<u>-</u>	<u>331,974</u>	<u>229,815</u>	<u>-</u>	<u>229,815</u>
INVESTMENTS						
Mutual Funds	103,026	29,229	132,255	104,476	357,692	462,168
Total assets	<u>\$ 1,067,465</u>	<u>\$ 276,298</u>	<u>\$ 1,343,763</u>	<u>\$ 942,227</u>	<u>\$ 376,298</u>	<u>\$ 1,318,525</u>
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES:						
Accounts payable	\$ 17,676	\$ -	\$ 17,676	\$ 13,179	\$ -	\$ 13,179
Accrued payroll	14,243	-	14,243	21,981	-	21,981
Accrued annual leave	15,106	-	15,106	19,108	-	19,108
Other accruals	4,753	-	4,753	3,035	-	3,035
Total current liabilities	<u>51,778</u>	<u>-</u>	<u>51,778</u>	<u>57,303</u>	<u>-</u>	<u>57,303</u>
NET ASSETS:						
Unrestricted	1,015,687	-	1,015,687	884,924	-	884,924
Temporarily restricted	-	276,298	276,298	-	376,298	376,298
	<u>1,015,687</u>	<u>276,298</u>	<u>1,291,985</u>	<u>884,924</u>	<u>376,298</u>	<u>1,261,222</u>
Total liabilities and net assets	<u>\$ 1,067,465</u>	<u>\$ 276,298</u>	<u>\$ 1,343,763</u>	<u>\$ 942,227</u>	<u>\$ 376,298</u>	<u>\$ 1,318,525</u>

See accompanying notes to consolidated financial statements.

**PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2016 AND 2015**

	2016			2015		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUE AND OTHER SUPPORT						
Contributions and other local cash	\$ 604,269	\$ -	\$ 604,269	\$ 583,442	\$ -	\$ 583,442
Government grants, federal	219,454	-	219,454	272,242	-	272,242
Government grants, state	86,385	-	86,385	111,339	-	111,339
Project income	10,689	-	10,689	11,566	-	11,566
Rent income	23,100	-	23,100	23,150	-	23,150
Interest income	5,845	-	5,845	14,271	-	14,271
Realized loss on investments	(4,135)	-	(4,135)	-	-	-
Unrealized gain on investments	(2,968)	-	(2,968)	(22,528)	-	(22,528)
Loss on disposal of equipment	(2,194)	-	(2,194)	(2,400)	-	(2,400)
	940,445	-	940,445	991,082	-	991,082
Net assets released from restrictions	100,000	(100,000)	-	-	-	-
Total revenue, other support and net assets released from restrictions	1,040,445	(100,000)	940,445	991,082	-	991,082
OPERATING EXPENSES						
Program Services:						
Community services	149,781	-	149,781	143,190	-	143,190
Elderly services	46,009	-	46,009	46,171	-	46,171
RSVP	-	-	-	35,982	-	35,982
Transportation services	625,841	-	625,841	613,064	-	613,064
Total program services	821,631	-	821,631	838,407	-	838,407
Management and general	88,051	-	88,051	80,773	-	80,773
Total operating expenses	909,682	-	909,682	919,180	-	919,180
Increase (decrease) in net assets	130,763	(100,000)	30,763	71,902	-	71,902
NET ASSETS - BEGINNING OF YEAR	884,924	376,298	1,261,222	813,022	376,298	1,189,320
NET ASSETS - END OF YEAR	\$ 1,015,687	\$ 276,298	\$ 1,291,985	\$ 884,924	\$ 376,298	\$ 1,261,222

See accompanying notes to consolidated financial statements.

**PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Community Services</u>	<u>Elderly Services</u>	<u>Transportation Services</u>	<u>Management And General</u>	<u>2016 Totals</u>
OPERATING EXPENSES					
Salaries and wages	\$ 49,342	\$ 16,577	\$ 348,847	\$ 41,021	\$ 455,787
Payroll taxes and benefits	6,194	2,255	35,703	4,367	48,519
Professional services	9,874	11,533	13,392	3,303	38,102
Repairs and maintenance	3,548	4,217	106,075	4,561	118,401
Utilities	8,862	6,445	7,613	-	22,920
Telephone	4,903	1,314	6,116	-	12,333
Fuel	-	-	62,627	-	62,627
Beneficiary utilities	41,546	-	-	-	41,546
Insurance	4,857	1,681	14,819	3,970	25,327
Office	1,388	1,165	18,940	-	21,493
Supplies	8,136	507	6,504	1,308	16,455
Travel and meetings	4,186	37	1,607	-	5,830
Postage	3,152	278	544	-	3,974
Dues and subscriptions	3,793	-	3,036	-	6,829
Interest	-	-	-	60	60
Bad debt	-	-	18	-	18
Taxes	-	-	-	6,406	6,406
Depreciation	-	-	-	23,055	23,055
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total operating expenses	<u>\$ 149,781</u>	<u>\$ 46,009</u>	<u>\$ 625,841</u>	<u>\$ 88,051</u>	<u>\$ 909,682</u>

See accompanying notes to consolidated financial statements.

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>Community</u> <u>Services</u>	<u>Elderly</u> <u>Services</u>	<u>RSVP</u>	<u>Transportation</u> <u>Services</u>	<u>Management</u> <u>And General</u>	<u>2015</u> <u>Totals</u>
OPERATING EXPENSES						
Salaries and wages	\$ 42,059	\$ 14,995	\$ 27,778	\$ 315,068	\$ 39,551	\$ 439,451
Payroll taxes and benefits	5,682	2,203	3,333	51,273	6,170	68,661
Professional services	10,040	11,150	-	9,402	2,955	33,547
Repairs and maintenance	3,769	4,437	-	89,332	8,928	106,466
Utilities	10,555	7,677	-	6,931	-	25,163
Telephone	4,247	1,264	-	7,467	-	12,978
Fuel	-	-	-	84,934	-	84,934
Beneficiary utilities	44,600	-	-	-	-	44,600
RSVP	-	-	870	-	-	870
Insurance	2,965	1,437	1,731	14,220	3,465	23,818
Office	2,912	1,988	2,215	13,661	2,525	23,301
Supplies	3,877	676	55	5,051	950	10,609
Travel and meetings	6,513	-	-	2,546	-	9,059
Postage	2,574	344	-	476	-	3,394
Dues and subscriptions	1,399	-	-	1,559	-	2,958
Interest	25	-	-	-	60	85
Bad debt	-	-	-	488	-	488
Taxes	-	-	-	-	3,035	3,035
Depreciation	1,973	-	-	10,657	13,134	25,764
	<u>1,973</u>	<u>-</u>	<u>-</u>	<u>10,657</u>	<u>13,134</u>	<u>25,764</u>
Total operating expenses	<u>\$ 143,190</u>	<u>\$ 46,171</u>	<u>\$ 35,982</u>	<u>\$ 613,064</u>	<u>\$ 80,773</u>	<u>\$ 919,180</u>

See accompanying notes to consolidated financial statements.

**PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 30,763	\$ 71,902
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation expense	23,055	25,764
Unrealized (gain)/loss on investments	2,968	22,528
Realized (gain)/loss on investments	4,135	-
Loss on disposal of equipment	2,194	2,400
Increase (decrease) in cash from changes in:		
Grants receivable	1,435	(5,428)
Accounts payable	4,497	(1,123)
Accrued payroll	(7,738)	3,518
Accrued annual leave	(4,002)	(379)
Other accruals	1,718	3,035
Net cash provided by (used in) operating activities	63,160	122,217
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of investments	272,864	-
Purchases of investments	-	(25,530)
Proceeds from certificate of deposit	-	30,000
Additions to building improvements	(109,639)	-
Additions to assets held for service - vehicles	(9,573)	(8,196)
Additions to vehicles	(8,196)	-
Disposals of vehicles and equipment	45,811	-
Net cash provided by (used in) investing activities	191,267	(3,726)
NET INCREASE (DECREASE) IN CASH	254,427	118,491
CASH, BEGINNING OF YEAR	523,313	404,822
CASH, END OF YEAR	\$ 777,740	\$ 523,313
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for interest	\$ 60	\$ 85

See accompanying notes to consolidated financial statements.

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Porter County Aging and Community Services, Inc. (the “Organization”) is an Indiana not-for-profit corporation organized in 1973. The mission of the Organization is to identify the problems of the aging and aged as well as citizens in need; to propose solutions to the problems identified; to work in conjunction with the Indiana Commission on the Aging and Aged and residents, agencies, and organizations within Porter County to solve these problems; to enhance public awareness of the needs of the aging, aged, and underprivileged; and to assist those who may be sick, disabled, or destitute. The Organization also provides services through the Retired Senior Volunteer Program through March 2015 which includes the expansion of opportunities for older adults to perform volunteer service by developing a permanent corps of senior volunteers to serve Porter County.

Porter County Services Holding Company, Inc. (“Subsidiary”) was incorporated in the State of Indiana during 2003 to own real estate held for the benefit of the Organization.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Organization and its wholly-controlled subsidiary. All material intercompany transactions have been eliminated in consolidation.

BASIS OF ACCOUNTING

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

CASH AND CASH EQUIVALENTS

For purposes of the Consolidated Statements of Cash Flows, the Organization and the Subsidiary consider all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

REVENUE RECOGNITION

The Organization receives grants from the State of Indiana (State) and the federal government to carry out certain program activities. The grants are received under contracts which require the Organization to submit to the State appropriate records of services provided to eligible individuals. Revenues under the contracts are recognized as the services are provided.

CONTRIBUTIONS

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

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENTS

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Market risk could occur and is dependent on the future changes in market prices of the various investments held. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost and depreciated over estimated useful lives of three to thirty years using the straight-line method. Fair value of donated property and equipment at time of donation is similarly capitalized. The following is a summary of the lives for each class of asset:

Buildings	30 years
Leasehold improvements	15 years
Equipment	3-10 years
Vehicles	5 years

Expenditures for improvements and major renewals that are over \$5,000 are capitalized. When property is sold, retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income. Expenditures for maintenance and repairs are expensed when incurred. The depreciation expense incurred by the Organization for the years ended June 30, 2016 and 2015 totaled \$7,925 and \$12,630, respectively. The depreciation expense incurred by the Subsidiary for the years ended June 30, 2016 and 2015 totaled \$15,130 and \$13,134, respectively.

The Organization, on a bi-yearly basis, acquires vehicles and equipment through NIRPC lease program. Per the lease agreement, the lessee pays one dollar (\$1.00) per year for each vehicle and a flat fee of five dollars (\$5.00) per year for all other transit equipment (including computers, tools, radios, etc.) for the use of the equipment during the term of the lease agreement. The Organization provides 20% cash match for these vehicles and equipment. Only the cash match portion is capitalized and depreciated over the useful life of the vehicles and equipment.

INCOME TAX STATUS

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONTRIBUTED SERVICES

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

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

GOVERNMENT GRANTS

Support funded by grants is recognized as the Organization performs the contracted services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Amounts required prior to expenditures being incurred are reflected as refundable advances on the Statements of Financial Position.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts 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 results could differ from those estimates.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification. Per applicable standards, Porter County Aging and Community Services, Inc. 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.

**PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL STATEMENT PRESENTATION (Continued)

A description of the unrestricted, temporarily and permanently restricted net asset classes follows:

Unrestricted net assets represent the portion of net assets of Porter County Aging and Community Services, Inc. that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for the support of the Organization.

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

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

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

The Organization did not have permanently restricted net assets at June 30, 2016 and 2015. Temporarily restricted net assets are explained in Note 8.

EXPENSE ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and in the Consolidated Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

TAX BENEFITS

Effective July 1, 2009, the Organization adopted the accounting policy to recognize a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded.

Porter County Aging and Community Services, Inc. has examined this issue and has determined there are no material contingent tax liabilities. With few exceptions, the Organization is generally no longer subject to examination by taxing authorities for years before June 30, 2013.

**PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

SUBSEQUENT EVENTS

Subsequent events are evaluated through August 25, 2016, which is the date the financial statements were available to be issued.

NOTE 2 – GRANTS RECEIVABLE

Grants receivable consists of receivables from various funding sources for performance of services per contracts. All receivables are deemed collectible, and therefore no allowances for uncollectible accounts were recorded for the years ended June 30, 2016 and 2015. Adjustments to an accounts receivable from transactions other than payments and bad debts are recorded as they occur.

NOTE 3 – INVESTMENTS

Investments at June 30, 2016 and 2015 are summarized as follows:

	Cost or Original Donated <u>Value</u>	Market <u>Value</u>	Accumulated Appreciation (Depreciation)
As of June 30, 2016:			
Mutual Funds	\$ 125,915	\$ 132,239	\$ 6,324
Money Market Funds	<u>247,069</u>	<u>247,069</u>	<u>0</u>
	<u>\$ 372,984</u>	<u>\$ 379,308</u>	<u>\$ 6,324</u>
As of June 30, 2015:			
Mutual Funds	\$ 471,337	\$ 462,168	\$ (9,169)
Money Market Funds	<u>18,606</u>	<u>18,606</u>	<u>0</u>
	<u>\$ 489,943</u>	<u>\$ 480,774</u>	<u>\$ (9,169)</u>

Included in revenue and other support on the statement of activities are unrealized losses on investments of \$(2,968) and \$(22,528) for 2016 and 2015, respectively.

PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2016 AND 2015

NOTE 4 – EMPLOYEE BENEFITS

The Organization has a SIMPLE-IRA retirement plan. The Organization's matching contribution is 3% of each employee's compensation. Contributions to the plan are made for all full-time employees working twenty hours or more per week and with at least one year of service.

Employee benefit expense under this plan was approximately \$4,596 and \$4,619 for the years ended June 30, 2016 and 2015, respectively.

NOTE 5 – CONCENTRATION OF CREDIT RISK

The Organization and Subsidiary maintain cash balances at multiple financial institutions. As of June 30, 2016 and 2015, the accounts at each institution were insured by the Federal Deposit Insurance Corporation up to \$250,000. At times throughout the year, the balances of certain accounts may exceed these limits. The amount of cash in excess of the insured limits at June 30, 2016 and 2015 was \$184,322 and \$169,175, respectively.

Financial awards from federal, state and local governmental entities in the form of grants are subject to financial and compliance audits by funding agencies. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions.

No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

A significant amount of contributions are provided by a few major contributors. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term. The Organization's market is concentrated in the Valparaiso, Indiana, geographical area.

NOTE 6 – OPERATING LEASES

The Organization leases equipment and a facility for use in the operation of its programs. Lease expense for the years ended June 30, 2016 and 2015 were \$10,091 and \$9,621 respectively. All leases are either on a month-to-month basis or the lease agreement expired as of June 30, 2016. There were no minimum lease rental commitments as of June 30, 2016.

The Subsidiary leases space to unaffiliated third parties, and rental income under these leases were \$23,100 and \$23,150 for the years ended June 30, 2016 and 2015, respectively. These amounts do not reduce lease expense, and are recorded as rent income on the Statement of Activities.

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NOTE 7 –RELATED PARTY TRANSACTIONS

During the years ended June 30, 2016 and 2015, a sister of the Deputy Director was employed in the Retired and Senior Volunteer Program until March 31, 2015. The spouse of the Executive Director was employed to assist with the Energy Assistance Program for both years. In addition, for the year ended June 30, 2016, two sons of the Executive Director provided contracting work. For the years ended June 30, 2016 and 2015, amounts paid to these related parties were \$10,573 and \$37,071, respectively.

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

During 2008, the Organization opened an investment account with the funds partially received from the estate of Dorothy Risto. Of the initial investment in the amount of \$413,017, the restricted portion is \$397,130 and is subject to the conditions in the plan provided to the Executor of the Estate. There are no restrictions on the use of investment income. The Board of Directors of the Organization agrees to review the use of the funds on an annual basis to ensure that the overall plan is being followed. In 2008, the Organization expended \$20,832 for server upgrades, and in 2016 the Organization expended \$100,000 on roof replacement.

For the years ended June 30, 2016 and 2015, the temporarily restricted net assets amounted to \$276,928 and \$376,298, respectively.

NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS

Effective June 30, 2009, the Organization adopted applicable portions of FASB ASC 820, *Fair Value Measurements*. FASB ASC 820 defines fair value, provides enhanced guidance for using fair value to measure assets and liabilities under current U.S. GAAP standards and expands the disclosure of the methods used and the effect of fair value measurements on earnings.

Fair Value Measurements guidance defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The guidance establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

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NOTE 9 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement the entire fair value measurement in the hierarchy.

The Organization has investment accounts consisting of mutual funds, certificates of deposit and money market funds held at Pershing Advisor Solutions, LLC, a BNY Mellon company and High Tower Securities, LLC, private brokerage companies. These investments are considered level 1 and are traded in active exchange markets, such as the New York Stock Exchange. There have been no changes in valuation techniques and related inputs.