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April 2, 2018

Board of Directors
Area IV Agency on Aging and Community Action Programs, Inc.
660 N. 36th Street
Lafayette, IN 47903

We have reviewed the report prepared by Area IV Agency on Aging and Community Action Programs, Inc. and opined upon by Wipfli LLP, Independent Public Accountants, for the period January 1, 2015 to December 31, 2015. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Area IV Agency on Aging and Community Action Programs, Inc. as of December 31, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the finding in the report on pages 35 through 36. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding.

In our opinion, Wipfli LLP 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

**Area IV Agency on Aging and
Community Action Programs,
Inc.**

Lafayette, Indiana

Financial Statements and Supplementary Information
Year Ended December 31, 2015

Area IV Agency on Aging and Community Action Programs, Inc.

Financial Statements and Supplementary Information
Year Ended December 31, 2015

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Independent Auditor's Report

Board of Directors
Area IV Agency on Aging and Community Action Programs, Inc.
Lafayette, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Area IV Agency on Aging and Community Action Programs, Inc., which comprise the statement of financial position as of December 31, 2015, and the related statements of activities 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; 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 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 Area IV Agency on Aging and Community Action Programs, Inc. as of December 31, 2015, 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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of program activity and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis, and are not required parts 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. Such 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 9, 2016, on our consideration of Area IV Agency on Aging and Community Action Programs, 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 the 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 Area IV Agency on Aging and Community Action Programs, Inc.'s internal control over financial reporting and compliance.


Wipfli LLP

August 9, 2016
Madison, Wisconsin

Area IV Agency on Aging and Community Action Programs, Inc.

Statement of Financial Position

December 31, 2015

<i>Assets</i>	
Current assets:	
Cash and cash equivalents	\$ 485,733
Grants receivable	924,734
Loans receivable - current portion	8,912
Prepaid expenses	10,984
Total current assets	1,430,363
Long-term assets:	
Loans receivable - long-term portion	26,827
Beneficial interest in assets held by others	29,517
Total long-term assets	56,344
Property and equipment, net	55,391
TOTAL ASSETS	\$ 1,542,098
<i>Liabilities and Net Assets</i>	
Current liabilities:	
Accounts payable	\$ 439,691
Accrued payroll and related expenses	240,140
Grant funds received in advance	111,519
Total current liabilities	791,350
Net assets:	
Unrestricted	676,958
Temporarily restricted	50,735
Permanently restricted	23,055
Total net assets	750,748
TOTAL LIABILITIES AND NET ASSETS	\$ 1,542,098

See accompanying notes to financial statements.

Area IV Agency on Aging and Community Action Programs, Inc.

Statement of Activities

Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue:				
Grant revenue	\$ 8,119,450	\$ 0	\$ 0	\$ 8,119,450
Program income	567,223	44,273	0	611,496
Cash contributions	11,510	0	250	11,760
Special events	49,007	0	0	49,007
Change in beneficial interest in assets held by others	0	(1,582)	0	(1,582)
In-kind contributions	235,551	0	0	235,551
Net assets released from restrictions	115,000	(106,956)	(8,044)	0
Total revenue	9,097,741	(64,265)	(7,794)	9,025,682
Expenses:				
Program activities:				
Energy assistance	2,066,401	0	0	2,066,401
Weatherization	929,791	0	0	929,791
Housing	899,967	0	0	899,967
Case management	1,335,224	0	0	1,335,224
Transportation	41,322	0	0	41,322
Head Start	922,975	0	0	922,975
Community Services	299,464	0	0	299,464
Other programs	1,913,692	0	0	1,913,692
Total program expenses	8,408,836	0	0	8,408,836
Supportive services:				
Management and general	781,721	0	0	781,721
Total expenses	9,190,557	0	0	9,190,557
Change in net assets	(92,816)	(64,265)	(7,794)	(164,875)
Net assets - Beginning of year	769,774	115,000	30,849	915,623
Net assets - End of year	\$ 676,958	\$ 50,735	\$ 23,055	\$ 750,748

Area IV Agency on Aging and Community Action Programs, Inc.

Statement of Cash Flows

Year Ended December 31, 2015

Increase (decrease) in cash and cash equivalents:	
Cash flows from operating activities:	
Change in net assets	(\$ 164,875)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Change in value of beneficial interest in assets held by others	1,582
Depreciation	29,627
Loss on disposal of property and equipment	30,000
Changes in operating assets and liabilities:	
Grants receivable	105,952
Accounts receivable	1,019
Prepaid expenses	(3,565)
Accounts payable	11,561
Accrued payroll and related expenses	(20,387)
Grant funds received in advance	(147,716)
Net cash used in operating activities	(156,802)
Cash flows from investing activities:	
Purchase of property and equipment	(38,409)
Issuance of loans receivable	(10,000)
Collections on loans receivable	6,615
Transfers to Community Foundation	(250)
Net cash used in investing activities	(42,044)
Net change in cash and cash equivalents	(198,846)
Cash and cash equivalents - Beginning of year	684,579
Cash and cash equivalents - End of year	\$ 485,733

See accompanying notes to financial statements.

Area IV Agency on Aging and Community Action Programs, Inc.

Notes to Financial Statements

Note 1 **Summary of Significant Accounting Policies**

Nature of Operations

Area IV Agency on Aging and Community Action Programs, Inc. (the "Organization") is an Indiana nonprofit corporation administering programs that assist older adults and low-income persons in mid-northwest Indiana. Its operations are supported primarily by grants from, and contracts with, government agencies. Revenues from governmental sources were approximately 90% of total revenue for the year ended December 31, 2015. In addition, for the year ended December 31, 2015, approximately 47% of total revenues were received from Indiana Housing and Community Development Authority and approximately 32% of total revenue was received from Indiana Family and Social Services Administration.

In 2015, the Organization was notified that another entity had been awarded the Head Start grant as of July 1, 2015.

Basis of Presentation

All financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

Classification of Net Assets

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations and donor-imposed stipulations that are met in the year of the contribution.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

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

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Area IV Agency on Aging and Community Action Programs, Inc.

Notes to Financial Statements

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

Cash and Cash Equivalents

The Organization considers all time deposits, certificates of deposit, and all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents..

Loans Receivable

The Organization operates a loan fund that provides assistance to business owners in its service area. The assistance provided is in the form of low-interest deferred payment or installment loans and the loans are secured by property owned by the business owners. The assistance provided is recorded as a loan receivable with a corresponding increase in temporarily restricted net assets. Any loans subsequently repaid will reduce the loan receivable and provide funds for loans or other assistance to other eligible participants. Loan receivables are stated at the amount of unpaid principal.

Management has the intent and ability to hold all loans for the foreseeable future or until maturity or pay-off generally and has reported the loans at the outstanding unpaid principal balances adjusted for charge-offs and the allowance for expected loan losses. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are recognized as income or expense when received or incurred since capitalization of these fees or costs would not have a significant impact on the financial statements.

Allowance for Loan Losses

The allowance for loan losses is a valuation allowance for probable incurred credit losses based on an evaluation of the outstanding loans. Loans losses are charged against the allowance when management believes the collectability of the principal is unlikely. Subsequent recoveries, if any, are credited to the allowance.

Management regularly evaluates the allowance for loan losses taking into consideration such factors as historical loss experience, changes in the nature and volume of the loan portfolio, overall portfolio quality, and review of specific problem loans, and current economic conditions that may affect the borrower's ability to pay. The management of the Organization has determined an allowance for loan losses is not necessary as of December 31, 2015.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset. the Organization capitalizes property and equipment purchased with a cost greater than \$5,000 and a useful life of more than one year. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. If there are no donor restrictions, regarding how long a donated asset must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service.

Area IV Agency on Aging and Community Action Programs, Inc.

Notes to Financial Statements

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

Property and Equipment (Continued)

Property and equipment purchased with grant funds are owned by the Organization while used in the program for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the property and equipment purchased with grant funds. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The net book value of property and equipment purchased with grant funds is \$55,391. These assets are included in the property and equipment shown on the statement of financial position.

Beneficial Interest in Assets Held by Others

The Organization recognizes its beneficial rights in assets held by others unless the donor has granted the recipient organization variance power. However, if the Organization is both the donor and the beneficiary of the assets, those rights are recognized even if the recipient organization has been granted variance power.

The beneficial interest in assets held by others is stated at fair value, based on the value of the underlying assets, as provided by the Community Foundation that holds the assets, which approximates the present value of expected future distributions. Changes in the value of the beneficial interest are included in revenue in the statement of activities.

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of activities as released from restrictions. 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.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Program income represent amounts contributed by program beneficiaries, individuals, or organizations. The income is to help defray the cost of a specific program. The income is recognized as temporarily restricted revenue and the income is used in the specific program when there is a stipulation by the donor. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as released from restriction. If the restriction is satisfied in the period the income is received, the income is recorded as unrestricted revenue.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Area IV Agency on Aging and Community Action Programs, Inc.

Notes to Financial Statements

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

Revenue Recognition (Continued)

A. Grant Awards That Are Contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance.

B. Grant Awards That Are Exchange Transactions

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Energy Assistance Payments

Indiana Housing and Community Development Authority ("IHCDA) makes energy assistance payments for participants in the Low Income Home Energy Assistance Program directly to the energy providers on behalf of all entities administering the program. Because the Organization performs all intake functions and is liable for errors made in determining participant eligibility, such payments made by IHCDA to the providers are recorded as both grants revenue and energy assistance expense in the accompanying financial statements. The Organization recognized \$1,755,767 of revenue and expense during the year ended December 31, 2015, for such payments made by IHCDA.

Special Events Revenue

Special events revenue consists of amounts received related to a special event. The revenue is recognized in the period the special event takes place and any services have been substantially performed.

In-Kind Contributions

The Organization recognizes in-kind contributions for space, donated materials, and professional services in the statement of activities in accordance with a financial accounting standard related to accounting for contributions received and contributions made. The Organization recognized in-kind contributions for space, donated materials, and professional services of \$235,551 during 2015. This standard requires that only contributions of services received that create or enhance a nonfinancial asset or require specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by donation be recorded. The requirements of this standard are different than the in-kind requirements of several of the Organization's grant awards. The Organization has received contributions of nonprofessional volunteers in the amount of \$101,615 during 2015 predominantly in the Head Start and Aging programs, which are not recorded on the statement of activities.

Area IV Agency on Aging and Community Action Programs, Inc.

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (Continued)

Cost Allocation

The Organization utilizes various cost allocation formulas to distribute certain direct and shared costs to its programs. Costs, which are common to more than one program, have been identified and classified into cost pools. These cost pools have been allocated to the programs based on formulas developed by the Organization, which approximate the benefits each program derives from the costs.

Income Taxes

The Organization has been granted exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from Indiana state tax as well.

The Organization is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Subsequent Events

Subsequent events have been evaluated through August 9, 2016, which is the date the financial statements were available to be issued.

Note 2 Concentration of Credit Risk

The Organization maintains cash balances at three financial institutions. Balances in the bank accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times during the year, balances in these accounts may exceed the insurance limits. Management believes these financial institutions have strong credit ratings and the credit risk related to these deposits is minimal.

Note 3 Grants Receivable

The Organization had grants receivable from the following sources at December 31, 2015:

Indiana Family and Social Services Administration	\$	652,630
Indiana Housing and Community Development Authority		200,979
Other sources		71,125
<hr/>		
Total	\$	924,734

Area IV Agency on Aging and Community Action Programs, Inc.

Notes to Financial Statements

Note 4 Loans Receivable

The Organization operates a loan fund that provides assistance to business owners in the Organization's service area. The assistance is provided in the form of low-interest deferred payment or installment loans. As of December 31, 2015, the Organization had an outstanding loan balance of \$35,739, all of which were current on their loan payments.

The Organization regularly evaluates attributes of loans to determine the appropriateness of the allowance for loan losses. Business development loans are generally evaluated based on whether or not the loan is performing according to the contractual terms of the loan.

Information regarding the credit quality indicators as of December 31, 2015, is as follows:

	Performing	Non-performing	Totals
Business development loans credit exposure:			
<u>Business development loans</u>	\$ 35,739	\$ 0	\$ 35,739

Note 5 Property and Equipment

The following summarizes the Organization's property and equipment:

Vehicles	\$ 347,745
<u>Program equipment</u>	<u>75,785</u>
Subtotal	423,530
<u>Accumulated depreciation</u>	<u>(368,139)</u>
<u>Property and equipment, net</u>	<u>\$ 55,391</u>

Note 6 Beneficial Interest in Assets Held by Others

The Organization is the beneficiary of an endowment fund held by Greater Lafayette Community Foundation (the "Community Foundation"), to which members of the community contributed to the fund through the Organization or donated directly to the Community Foundation. The Organization and donors have granted the Community Foundation variance power in the determination of annual distributions and transfer of the accounts to other community organizations in certain circumstances. The contributions made through the Organization total \$23,055. The value of the portion of the fund attributable to contributions made through the Organization at December 31, 2015 is \$29,517, which is reported as beneficial interest in assets held by others in the accompanying statement of financial position. The change in the value of the fund was a decrease of \$1,582 for the year ended December 31, 2015, and is reported as such in the accompanying statement of activities. There were no distributions received from the fund in 2015.

The value of the portion of the fund attributable to direct contributions by others at December 31, 2015, was \$39, which is not reported as an asset in the accompanying financial statements.

Area IV Agency on Aging and Community Action Programs, Inc.

Notes to Financial Statements

Note 6 Beneficial Interest in Assets Held by Others (Continued)

There were no grants from the portion of the fund attributable to contributions by others during 2015.

Note 7 Line of Credit

The Organization has a \$250,000 line of credit from a bank that is collateralized by deposit accounts. At December 31, 2015, the interest rate was 3.50% and there was no outstanding balance on the line of credit.

Note 8 Grant Funds Received in Advance

The Organization had \$111,519 in grant funds received in advance at December 31, 2015, of which \$79,095 was for the Medicaid Waiver program and \$32,424 was for other programs.

Note 9 Temporarily Restricted Net Assets

Temporarily restricted net assets primarily consist of amounts loaned or available for lending as part of the revolving loan program in the amount of \$44,273 and investment earnings on the beneficial interest in assets held by others in the amount of \$6,462. Total temporarily restricted net assets as of December 31, 2015, were \$50,735.

Note 10 Related Party

The Organization is related through common management to Area IV Development, Inc. ("Area IV Development"), an Indiana nonprofit corporation exempt from income tax under Internal Revenue Code Section 501(c)(3). Under Area IV Development's bylaws, the Organization appoints both one-third of Area IV Development's Board of Directors and its President, who must also be the Organization's Executive Director. Area IV Development provides affordable housing projects that benefit low and moderate-income persons, older adults, disabled, and homeless persons.

For the year ended December 31, 2015, the Organization recorded revenue of \$17,543 for shared personnel and administrative services, and recognized expenses of \$28,711 for services subcontracted to Area IV Development. At December 31, 2015, the Organization had an amount receivable from Area IV Development of \$2,782 and an amount payable to Area IV Development of \$2,701.

Area IV Agency on Aging and Community Action Programs, Inc.

Notes to Financial Statements

Note 11 Fair Value Measurements

Generally accepted accounting principles require disclosure of the measurement of assets and liabilities at fair value. In general, the Organization determines fair values determined by Level 1 inputs utilizing quoted market prices in active markets. Fair values determined by Level 2 inputs utilize market information that is observable, such as quoted market prices for similar items, broker/dealer quotes, or models using market interest rates or yield curves. Fair values determined by Level 3 inputs are based on valuation models or methodologies that incorporate at least one significant assumption that cannot be corroborated by observable market data. Level 3 measurements reflect the Organization's estimates about assumptions market participants would use in measuring fair value of the asset or liability.

Some assets and liabilities are measured at fair value on a recurring basis under accounting principles generally accepted in the United States. Other assets and liabilities are measured at fair value on a nonrecurring basis. The Organization does not have any assets measured at fair value on a nonrecurring basis or liabilities that are measured at fair value.

Information regarding the fair value of assets measured at fair value on a recurring basis as of December 31, 2015, is as follows:

Assets Measured at Fair Value	Recurring Fair Value Measurements Using		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held by others	\$ 0	\$ 0	\$ 0
Totals	\$ 0	\$ 0	\$ 29,517

The following is a description of the valuation methodology used for the asset measured at fair value on a recurring basis:

- Beneficial interest in assets held by others is valued based on the market value of the underlying assets, consisting mainly of equity securities and fixed-income securities, which are valued based on quoted market prices, based on recent trading activity and other observable market data.

Area IV Agency on Aging and Community Action Programs, Inc.

Notes to Financial Statements

Note 11 Fair Value Measurements (Continued)

Information regarding the fair value of assets measured at fair value on a recurring basis using Level 3 inputs as of December 31, 2015, is as follows:

Balance at beginning of year	\$	30,849
Contributions		250
<u>Change in value</u>	(<u>1,582)</u>
<u>Balance at end of year</u>	\$	<u>29,517</u>

Note 12 Endowment

The Organization's endowment consist of a fund established for the furtherance of the purpose and work of the Organization. The Organization's endowment is a donor restricted endowment. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as adopted by the State of Indiana, as requiring the Organization to preserve the fair value of the donor's original gift, as of the date of the gift, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of the donor's gifts to the permanent endowment, (b) the original value of a donor's subsequent gifts to the permanent restricted endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The remaining portion of the donor-restricted endowment funds that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

The investment and spending policies for this fund are established by the Community Foundation's governing body and are not under the control of the Organization.

Interest, dividends, and net appreciation in fair value of the endowment fund or donor-restricted endowment funds are classified as temporarily restricted.

Area IV Agency on Aging and Community Action Programs, Inc.

Notes to Financial Statements

Note 12 Endowment (Continued)

The change in the endowment for the year ended December 31, 2015, is as follows:

	Temporarily Restricted	Permanently Restricted	Total
Balance at beginning	\$ 0	\$ 30,849	\$ 30,849
Contributions	0	250	250
Change in value	(1,582)	0	(1,582)
Released from restriction	8,044	(8,044)	0
Balance at end	\$ 6,462	\$ 23,055	\$ 29,517

Note 13 Operating Leases

The Organization leases various facilities for operation of its programs. Rent expense for the year ended December 31, 2015 was \$175,914. Future minimum lease payments beyond December 31, 2015, are as follows:

2016	\$ 104,201
2017	107,316
2018	107,316
2019	107,316
2020	107,316
Thereafter	71,661
Total	\$ 605,126

Note 14 Retirement Plan

The Organization has a defined contribution retirement plan covering substantially all employees who meet certain eligibility requirements. The Organization's contribution to the plan was \$49,140 for the year ended December 31, 2015.

Note 15 Grant Awards

As of December 31, 2015, the Organization had received commitments for future funding under various grant awards of approximately \$3,900,000. These commitments are not recognized in the accompanying financial statements as they are conditional awards.

Supplementary Information

Area IV Agency on Aging and Community Action Programs, Inc.

Schedule A-1
 Schedule of Program Activity
 Year Ended December 31, 2015

	FEDERAL PROGRAMS						
	Department of Agriculture						
	Total	10.558		10.559			
		Child & Adult Care Food (1)	Child & Adult Care Food (2)	10.558 Subtotal	Child Nutrition (3)	Child Nutrition (4)	10.559 Subtotal
REVENUE							
Grant revenue	\$ 8,119,450	\$ 43,916	\$ 2,426	\$ 46,342	\$ 6,459	\$ 7,558	\$ 14,017
Program income	611,496	0	0	0	0	0	0
Cash contributions	11,760	0	0	0	550	0	550
Special events	49,007	0	0	0	0	0	0
Change in beneficial interest	(1,582)	0	0	0	0	0	0
In-kind contributions	235,551	0	0	0	0	0	0
CSBG transfers	0	0	0	0	0	0	0
Older Hoosier transfers	0	0	0	0	0	0	0
Other transfers	0	0	0	0	2,703	5,022	7,725
Total Revenue	9,025,682	43,916	2,426	46,342	9,712	12,580	22,292
EXPENSES							
Salaries	2,812,196	20,151	0	20,151	7,363	8,920	16,283
Fringe	493,823	698	0	698	78	210	288
Contract services	99,552	0	0	0	0	18	18
Travel	102,337	0	0	0	133	311	444
Space	284,525	0	0	0	0	1,369	1,369
Consumable supplies	633,728	22,842	2,426	25,268	1,929	1,715	3,644
Equipment lease	17,573	0	0	0	0	6	6
Direct client assistance	4,350,787	0	0	0	86	0	86
Other operational	160,485	225	0	225	123	31	154
In-kind expense	235,551	0	0	0	0	0	0
Total Expenses	9,190,557	43,916	2,426	46,342	9,712	12,580	22,292
Change in Net Assets	(164,875)	0	0	0	0	0	0
Net assets - Beginning of year	915,623	0	0	0	0	0	0
NET ASSETS - End of year	\$ 750,748	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report.

Area IV Agency on Aging and Community Action Programs, Inc.

Schedule A-2

Schedule of Program Activity

Year Ended December 31, 2015

	FEDERAL PROGRAMS						
	HUD	DOT	Department of Energy		DHHS		
	14.871	20.507	81.042		93.042		
Section 8 Housing	Federal Transit Formula Grants	Weatherization	Weatherization	81.042 Subtotal	Title VII Long Term Care	Title VII Long Term Care	
(5)	(6)	(7)	(8)		(9)	(10)	
REVENUE							
Grant revenue	\$ 822,568	\$ 47,365	\$ 71,034	\$ 258,147	\$ 329,181	\$ 6,078	\$ 6,250
Program income	0	0	0	0	0	0	0
Cash contributions	0	0	0	0	0	0	0
Special events	0	0	0	0	0	0	0
Change in beneficial interest	0	0	0	0	0	0	0
In-kind contributions	0	33,397	0	0	0	0	0
CSBG transfers	23,276	10,641	0	2,501	2,501	0	0
Older Hoosier transfers	0	0	0	0	0	0	0
Other transfers	0	12,091	0	0	0	0	0
Total Revenue	845,844	103,494	71,034	260,648	331,682	6,078	6,250
EXPENSES							
Salaries	89,626	45,512	31,611	62,269	93,880	0	0
Fringe	20,374	11,507	4,607	12,715	17,322	0	0
Contract services	1,113	1,479	890	4,890	5,780	0	0
Travel	2,575	4,160	381	2,127	2,508	0	0
Space	2,528	3,220	2,392	10,621	13,013	0	0
Consumable supplies	4,698	1,368	1,059	3,707	4,766	0	0
Equipment lease	81	107	77	307	384	0	0
Direct client assistance	721,591	0	27,342	160,029	187,371	6,078	6,250
Other operational	3,258	7,362	2,675	3,983	6,658	0	0
In-kind expense	0	33,397	0	0	0	0	0
Total Expenses	845,844	108,112	71,034	260,648	331,682	6,078	6,250
Change in Net Assets	0	(4,618)	0	0	0	0	0
Net assets - Beginning of year	0	4,618	0	0	0	0	0
NET ASSETS - End of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report.

Area IV Agency on Aging and Community Action Programs, Inc.

Schedule A-3 Schedule of Program Activity Year Ended December 31, 2015

	FEDERAL PROGRAMS						
	Department of Health and Human Services						
	93.042	93.043			93.044		
	93.042 Subtotal	Title III Prevention (11)	Title III Prevention (12)	93.043 Subtotal	Title III Supportive Services (13)	Title III Supportive Services (14)	93.044 Subtotal
REVENUE							
Grant revenue	\$ 12,328	\$ 8,923	\$ 8,752	\$ 17,675	\$ 131,157	\$ 167,155	\$ 298,312
Program income	0	1,233	312	1,545	12,178	9,860	22,038
Cash contributions	0	0	0	0	0	0	0
Special events	0	0	0	0	0	0	0
Change in beneficial interest	0	0	0	0	0	0	0
In-kind contributions	0	0	0	0	28,952	4,753	33,705
CSBG transfers	0	5,710	12,677	18,387	23,025	0	23,025
Older Hoosier transfers	0	523	0	523	18,655	4,066	22,721
Other transfers	0	0	0	0	14,482	(1,557)	12,925
Total Revenue	12,328	16,389	21,741	38,130	228,449	184,277	412,726
EXPENSES							
Salaries	0	11,701	16,343	28,044	84,723	102,273	186,996
Fringe	0	439	636	1,075	16,051	22,192	38,243
Contract services	0	436	618	1,054	3,139	4,469	7,608
Travel	0	339	125	464	9,362	6,601	15,963
Space	0	428	432	860	8,274	7,809	16,083
Consumable supplies	0	801	941	1,742	5,368	4,880	10,248
Equipment lease	0	28	22	50	259	232	491
Direct client assistance	12,328	760	1,894	2,654	62,758	77,222	139,980
Other operational	0	1,457	730	2,187	9,563	6,054	15,617
In-kind expense	0	0	0	0	28,952	4,753	33,705
Total Expenses	12,328	16,389	21,741	38,130	228,449	236,485	464,934
Change in Net Assets	0	0	0	0	0	(52,208)	(52,208)
Net assets - Beginning of year	0	0	0	0	0	52,208	52,208
NET ASSETS - End of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report.

Area IV Agency on Aging and Community Action Programs, Inc.

Schedule A-4 Schedule of Program Activity Year Ended December 31, 2015

	FEDERAL PROGRAMS						
	Department of Health and Human Services						
	93.045		93.053		93.052		
	Title III Nutrition Services (15)	Title III Nutrition Services (16)	93.045 Subtotal	Incentive Program (17)	Incentive Program (18)	93.053 Subtotal	Family Caregiver Support (19)
REVENUE							
Grant revenue	\$ 197,245	\$ 213,034	\$ 410,279	\$ 53,953	\$ 34,561	\$ 88,514	\$ 59,068
Program income	0	0	0	0	0	0	2,418
Cash contributions	0	0	0	0	0	0	595
Special events	0	0	0	0	0	0	0
Change in beneficial interest	0	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	0	33,772
CSBG transfers	0	0	0	0	0	0	5,722
Older Hoosier transfers	20,180	8,810	28,990	0	20	20	897
Other transfers	0	0	0	0	0	0	0
Total Revenue	217,425	221,844	439,269	53,953	34,581	88,534	102,472
EXPENSES							
Salaries	11,941	3,764	15,705	0	0	0	49,396
Fringe	2,276	698	2,974	0	0	0	11,228
Contract services	986	958	1,944	0	0	0	967
Travel	6	12	18	0	0	0	90
Space	3,631	2,411	6,042	0	0	0	3,180
Consumable supplies	197,940	213,569	411,509	0	0	0	1,060
Equipment lease	112	77	189	0	0	0	75
Direct client assistance	0	0	0	53,953	34,581	88,534	957
Other operational	533	355	888	0	0	0	1,747
In-kind expense	0	0	0	0	0	0	33,772
Total Expenses	217,425	221,844	439,269	53,953	34,581	88,534	102,472
Change in Net Assets	0	0	0	0	0	0	0
Net assets - Beginning of year	0	0	0	0	0	0	0
NET ASSETS - End of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report.

Area IV Agency on Aging and Community Action Programs, Inc.

Schedule A-5
 Schedule of Program Activity
 Year Ended December 31, 2015

	FEDERAL PROGRAMS						
	Department of Health and Human Services						
	93.052		93.667			93.778	
	Family Caregiver Support (20)	93.052 Subtotal	Social Services Block Grant (21)	Social Services Block Grant (22)	93.667 Subtotal	Medical Assistance (23)	Medical Assistance (24)
REVENUE							
Grant revenue	\$ 22,733	\$ 81,801	\$ 174,166	\$ 156,514	\$ 330,680	\$ 145,674	\$ 141,144
Program income	5,882	8,300	0	0	0	0	0
Cash contributions	405	1,000	0	0	0	0	0
Special events	0	0	0	0	0	0	0
Change in beneficial interest	0	0	0	0	0	0	0
In-kind contributions	5,725	39,497	0	0	0	0	0
CSBG transfers	0	5,722	0	0	0	0	0
Older Hoosier transfers	0	897	0	0	0	0	0
Other transfers	0	0	0	0	0	0	0
Total Revenue	34,745	137,217	174,166	156,514	330,680	145,674	141,144
EXPENSES							
Salaries	43,661	93,057	89,871	80,456	170,327	100,593	102,467
Fringe	10,048	21,276	19,524	18,866	38,390	19,276	18,669
Contract services	1,228	2,195	2,537	3,213	5,750	2,114	2,522
Travel	138	228	2,660	2,209	4,869	3,102	2,917
Space	3,071	6,251	8,843	8,483	17,326	9,077	9,037
Consumable supplies	767	1,827	2,419	2,520	4,939	5,364	2,806
Equipment lease	65	140	200	176	376	192	177
Direct client assistance	10,016	10,973	42,924	40,051	82,975	0	0
Other operational	724	2,471	5,188	3,016	8,204	5,956	2,549
In-kind expense	5,725	39,497	0	0	0	0	0
Total Expenses	75,443	177,915	174,166	158,990	333,156	145,674	141,144
Change in Net Assets	(40,698)	(40,698)	0	(2,476)	(2,476)	0	0
Net assets - Beginning of year	40,698	40,698	0	2,476	2,476	0	0
NET ASSETS - End of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report.

Area IV Agency on Aging and Community Action Programs, Inc.

Schedule A-6
 Schedule of Program Activity
 Year Ended December 31, 2015

	FEDERAL PROGRAMS						
	Department of Health and Human Services						
	93.778	93.568				93.569	
93.778	EAP	EAP	Weatherization	Weatherization	93.568	CSBG	
Subtotal	LIHEAP	LIHEAP	HEAP	HEAP	Subtotal	(29)	
	(25)	(26)	(27)	(28)			
REVENUE							
Grant revenue	\$ 286,818	\$ 1,319,045	\$ 698,280	\$ 484,277	\$ 114,702	\$ 2,616,304	\$ 467,552
Program income	0	0	0	0	0	0	0
Cash contributions	0	40	25	0	0	65	0
Special events	0	0	0	0	0	0	0
Change in beneficial interest	0	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	0	0
CSBG transfers	0	13,292	29,773	0	0	43,065	(223,511)
Older Hoosier transfers	0	0	0	0	0	0	0
Other transfers	0	189	0	0	0	189	0
Total Revenue	286,818	1,332,566	728,078	484,277	114,702	2,659,623	244,041
EXPENSES							
Salaries	203,060	124,228	108,887	67,028	72,986	373,129	79,910
Fringe	37,945	18,877	17,453	13,342	11,464	61,136	16,494
Contract services	4,636	6,622	8,067	3,417	3,808	21,914	8,030
Travel	6,019	4,025	4,612	2,586	1,928	13,151	176
Space	18,114	12,344	10,807	10,749	8,598	42,498	18,524
Consumable supplies	8,170	13,868	14,149	2,168	3,558	33,743	6,186
Equipment lease	369	384	666	328	244	1,622	603
Direct client assistance	0	1,140,174	560,425	375,623	10,695	2,086,917	105,531
Other operational	8,505	12,044	3,012	9,036	1,421	25,513	8,587
In-kind expense	0	0	0	0	0	0	0
Total Expenses	286,818	1,332,566	728,078	484,277	114,702	2,659,623	244,041
Change in Net Assets	0	0	0	0	0	0	0
Net assets - Beginning of year	0	0	0	0	0	0	0
NET ASSETS - End of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report.

Area IV Agency on Aging and Community Action Programs, Inc.

Schedule A-7

Schedule of Program Activity

Year Ended December 31, 2015

	FEDERAL PROGRAMS				
	Department of Health and Human Services			DHS	
	93.600			97.024	
	Head Start & Early Head Start (30)	Head Start & Early Head Start (31)	93.600 Subtotal	Emergency Food & Shelter (32)	Total Federal Programs
REVENUE					
Grant revenue	\$ 681,182	\$ 43,331	\$ 724,513	\$ 16,785	\$ 6,611,034
Program income	8,813	0	8,813	0	40,696
Cash contributions	1,197	0	1,197	0	2,812
Special events	0	0	0	0	0
Change in beneficial interest	0	0	0	0	0
In-kind contributions	226,248	0	226,248	0	332,847
CSBG transfers	0	0	0	0	(96,894)
Older Hoosier transfers	0	0	0	0	53,151
Other transfers	3,546	0	3,546	0	36,476
Total Revenue	920,986	43,331	964,317	16,785	6,980,122
EXPENSES					
Salaries	460,181	21,335	481,516	0	1,897,196
Fringe	61,501	3,658	65,159	0	332,881
Contract services	9,975	0	9,975	60	71,556
Travel	17,010	0	17,010	0	67,585
Space	51,769	18,075	69,844	110	215,782
Consumable supplies	31,126	235	31,361	0	549,469
Equipment lease	306	0	306	0	4,724
Direct client assistance	48,332	0	48,332	16,615	3,503,887
Other operational	14,538	28	14,566	0	104,195
In-kind expense	226,248	0	226,248	0	332,847
Total Expenses	920,986	43,331	964,317	16,785	7,080,122
Change in Net Assets	0	0	0	0	(100,000)
Net assets - Beginning of year	0	0	0	0	100,000
NET ASSETS - End of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report.

Area IV Agency on Aging and Community Action Programs, Inc.

Schedule A-8

Schedule of Program Activity

Year Ended December 31, 2015

	STATE AND LOCAL PROGRAMS						
	Older Hoosier Act (33)	CHOICE (34)	Assisted Living Ombudsman (35)	Aging and Disability Resource Center (36)	Section 5311 Grant State Portion (37)	Medicaid Waiver A & D (38)	Tobacco Prevention and Cessation (39)
	REVENUE						
Grant revenue	\$ 53,151	\$ 1,281,961	\$ 12,870	\$ 14,806	\$ 9,143	\$ 0	\$ 17,772
Program income	0	3,882	0	0	0	337,510	0
Cash contributions	0	0	0	0	0	0	0
Special events	0	0	0	0	0	0	0
Change in beneficial interest	0	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	0	0
CSBG transfers	0	0	0	0	0	0	0
Older Hoosier transfers	(53,151)	0	0	0	0	0	0
Other transfers	0	528	(542)	0	(9,143)	0	0
Total Revenue	0	1,286,371	12,328	14,806	0	337,510	17,772
EXPENSES							
Salaries	0	434,342	0	11,932	0	232,877	12,861
Fringe	0	85,164	0	456	0	56,880	308
Contract services	0	12,273	0	278	0	4,644	98
Travel	0	6,663	0	0	0	11,242	293
Space	0	43,202	0	0	0	16,125	9
Consumable supplies	0	27,270	0	867	0	4,404	3,147
Equipment lease	0	850	0	0	0	330	0
Direct client assistance	0	659,067	12,328	562	0	3,302	815
Other operational	0	17,540	0	711	0	7,706	241
In-kind expense	0	0	0	0	0	0	0
Total Expenses	0	1,286,371	12,328	14,806	0	337,510	17,772
Change in Net Assets	0	0	0	0	0	0	0
Net assets - Beginning of year	0	0	0	0	0	0	0
NET ASSETS - End of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report.

Area IV Agency on Aging and Community Action Programs, Inc.

Schedule A-9

Schedule of Program Activity

Year Ended December 31, 2015

STATE AND LOCAL PROGRAMS							
	Learning Center (40)	Share the Warmth (41)	Vectren DSM (42)	State LIHEAP (43)	State Weatherization HEAP (44)	Organizational Payee (45)	IDA Program (46)
REVENUE							
Grant revenue	\$ 0	\$ 11,925	\$ 0	\$ 57,902	\$ 32,530	\$ 0	\$ 0
Program income	60,526	0	11,438	0	0	56,434	140
Cash contributions	0	0	0	0	0	100	0
Special events	0	0	0	0	0	0	0
Change in beneficial interest	0	0	0	0	0	0	0
In-kind contributions	0	0	0	0	0	0	0
CSBG transfers	35,443	0	0	0	0	44,098	9,197
Older Hoosier transfers	0	0	0	0	0	0	0
Other transfers	(69)	1,303	36,368	0	0	0	0
Total Revenue	95,900	13,228	47,806	57,902	32,530	100,632	9,337
EXPENSES							
Salaries	68,031	2,005	0	2,259	7,278	73,325	7,205
Fringe	11,885	371	0	446	1,022	10,521	1,887
Contract services	113	0	0	0	0	2,441	0
Travel	357	0	0	0	0	48	0
Space	3,519	0	0	0	0	4,790	0
Consumable supplies	215	1	0	1	18	6,120	43
Equipment lease	109	10,843	0	0	0	177	0
Direct client assistance	11,074	0	44,976	55,168	22,559	0	0
Other operational	597	8	2,830	28	1,653	3,210	202
In-kind expense	0	0	0	0	0	0	0
Total Expenses	95,900	13,228	47,806	57,902	32,530	100,632	9,337
Change in Net Assets	0	0	0	0	0	0	0
Net assets - Beginning of year	0	0	0	0	0	0	0
NET ASSETS - End of year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

See Independent Auditor's Report.

Area IV Agency on Aging and Community Action Programs, Inc.

Schedule A-10

Schedule of Program Activity

Year Ended December 31, 2015

	STATE AND LOCAL PROGRAMS				DISCRETIONARY		
	Care Transition (47)	Revolving Loans Receivable (48)	Beneficial Interest in Assets (49)	Total State & Local	Other Activities (50)	GAAP Adjustments (51)	TOTAL DISCRETIONARY
REVENUE							
Grant revenue	\$ 0	\$ 0	\$ 0	1,492,060	\$ 16,356	\$ 0	\$ 16,356
Program income	20,627	44,273	0	534,830	35,970	0	35,970
Cash contributions	0	0	250	350	8,598	0	8,598
Special events	0	0	0	0	49,007	0	49,007
Change in beneficial interest	0	0	(1,582)	(1,582)	0	0	0
In-kind contributions	0	0	0	0	4,319	(101,615)	(97,296)
CSBG transfers	8,156	0	0	96,894	0	0	0
Older Hoosier transfers	0	0	0	(53,151)	0	0	0
Other transfers	0	0	0	28,445	(35,005)	(29,916)	(64,921)
Total Revenue	28,783	44,273	(1,332)	2,097,846	79,245	(131,531)	(52,286)
EXPENSES							
Salaries	18,454	0	0	870,569	44,431	0	44,431
Fringe	5,056	0	0	173,996	8,452	(21,506)	(13,054)
Contract services	798	0	0	20,645	7,351	0	7,351
Travel	332	0	0	18,935	15,817	0	15,817
Space	1,847	0	0	69,492	7,661	(8,410)	(749)
Consumable supplies	807	0	0	42,893	41,366	0	41,366
Equipment lease	58	0	0	12,367	482	0	482
Direct client assistance	0	0	0	809,851	37,049	0	37,049
Other operational	1,431	0	0	36,157	20,133	0	20,133
In-kind expense	0	0	0	0	4,319	(101,615)	(97,296)
Total Expenses	28,783	0	0	2,054,905	187,061	(131,531)	55,530
Change in Net Assets	0	44,273	(1,332)	42,941	(107,816)	0	(107,816)
Net assets - Beginning of year	0	0	30,849	30,849	784,774	0	784,774
NET ASSETS - End of year	\$ 0	\$ 44,273	\$ 29,517	\$ 73,790	\$ 676,958	\$ 0	\$ 676,958

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Area IV Agency on Aging and Community Action Programs, Inc.

Schedule B-1

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2015

Federal Grantor/Pass-Through Entity/Program Title		CFDA Number	Contract or Agreement Number	Passed through to Subrecipients	Federal Expenditures
DEPARTMENT OF AGRICULTURE					
Passed-Through Indiana Department of Education					
(1)	Child and Adult Care Food Program	10.558	1790160	\$ 0	\$ 43,916
(2)	Child and Adult Care Food Program	10.558	1790160	0	2,426
Total Federal Expenditures CFDA 10.558				0	46,342
Child Nutrition Cluster:					
(3)	Summer Food Service Program for Children	10.559	1790160	0	6,459
(4)	Summer Food Service Program for Children	10.559	179060	0	7,558
Total Federal Expenditures CFDA 10.559 & Child Nutrition Cluster				0	14,017
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Passed-Through Indiana Housing and Community Development Authority					
(5)	Section 8 Housing Choice Vouchers	14.871	SH-006-015	0	822,568
DEPARTMENT OF TRANSPORTATION					
Passed-Through Indiana Department of Transportation					
Federal Transit Cluster:					
(6)	Federal Transit - Formula Grants	20.507	A249-15-320500	0	47,365
Total Federal Expenditures CFDA 20.507 & Federal Transit Cluster				0	47,365
DEPARTMENT OF ENERGY					
Passed-Through Indiana Housing and Community Development Authority					
(7)	Weatherization	81.042	WX-014-003	0	71,034
(8)	Weatherization	81.042	WX-015-003	0	258,147
Total Federal Expenditures CFDA 81.042				0	329,181
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed-Through Indiana Family and Social Services Administration					
(9)	Special Programs for the Aging -Title VII-Long Term Care Ombudsman Services for Older Individuals	93.042	79-14-2V-1541-04	6,078	6,078
(10)	Special Programs for the Aging -Title VII-Long Term Care Ombudsman Services for Older Individuals	93.042	79-16-2V-1541-03	6,250	6,250
Total Federal Expenditures CFDA 93.042				12,328	12,328
(11)	Special Programs for the Aging -Title III, Part D - Disease Prevention and Health Promotion Services	93.043	79-14-0V-1541-11	0	8,923
(12)	Special Programs for the Aging -Title III, Part D - Disease Prevention and Health Promotion Services	93.043	79-16-0V-1541-06	0	8,752
Total Federal Expenditures CFDA 93.043				0	17,675

Area IV Agency on Aging and Community Action Programs, Inc.

Schedule B-2
 Schedule of Expenditures of Federal Awards
 Year Ended December 31, 2015

Federal Grantor/Program Title	CFDA Number	Contract or Agreement Number	Passed through to Subrecipients	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)				
Passed-Through Indiana Family and Social Services Administration				
Aging Cluster				
(13)	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	79-14-0V-1541-07/ 79-14-0V-1541-08	0 131,157
(14)	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	93.044	79-16-0V-1541-01/ 79-16-0V-1541-02	0 167,155
Total Federal Expenditures CFDA 93.044			0	298,312
(15)	Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045	79-14-0V-1541-09/ 79-14-0V-1541-10	197,245 197,245
(16)	Special Programs for the Aging-Title III, Part C-Nutrition Services	93.045	79-16-0V-1541-05/ 79-16-0V-1541-07	213,034 213,034
Total Federal Expenditures CFDA 93.045			410,279	410,279
(17)	Nutritional Services Incentive Program	93.053	79-14-02-1541-02	53,953 53,953
(18)	Nutritional Services Incentive Program	93.053	79-16-02-1541-01	34,561 34,561
Total Federal Expenditures CFDA 93.053			88,514	88,514
Total Federal Expenditures Aging Cluster			498,793	797,105
(19)	National Family Caregiver Support, Title III, Part E	93.052	79-14-0V-1541-12	0 59,068
(20)	National Family Caregiver Support, Title III, Part E	93.052	79-16-0V-1541-11	0 22,733
Total Federal Expenditures CFDA 93.052			0	81,801
(21)	Social Services Block Grant	93.667	79-14-0G-1541-02	0 174,166
(22)	Social Services Block Grant	93.667	79-16-0G-1541-01	0 156,514
Total Federal Expenditures CFDA 93.667			0	330,680
Medicaid Cluster				
(23)	Medical Assistance Program	93.778	79-14-70-1541-02	0 145,674
(24)	Medical Assistance Program	93.778	79-16-70-1541-01	0 141,144
Total Federal Expenditures CFDA 93.778 & Medicaid Cluster			0	286,818
Passed-Through Indiana Housing and Community Development Authority				
(25)	Low-Income Home Energy Assistance	93.568	LI-015-003	0 1,319,045
(26)	Low-Income Home Energy Assistance	93.568	LI-016-003	0 698,280
(27)	Low-Income Home Energy Assistance-Weatherization	93.568	WL-015-003	0 484,277
(28)	Low-Income Home Energy Assistance-Weatherization	93.568	WL-016-003	0 114,702
Total Federal Expenditures CFDA 93.568			0	2,616,304
(29)	Community Services Block Grant	93.569	CS-015-003	64,761 467,552

See Independent Auditor's Report.

Area IV Agency on Aging and Community Action Programs, Inc.

Schedule B-3

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2015

Federal Grantor/Program Title		CFDA Number	Contract or Agreement Number	Passed through to Subrecipients	Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)					
Direct Funding					
(30)	Head Start and Early Head Start	93.600	05CH4045/23	0	681,182
(31)	Head Start and Early Head Start	93.600	05CH4045/23	0	43,331
Total Federal Expenditures CFDA 93.600				0	724,513
DEPARTMENT OF HOMELAND SECURITY					
Passed-Through Emergency Food and Shelter National Board					
(32)	Emergency Food and Shelter	97.024	N/A	0	16,785
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 575,882	\$ 6,611,034

Notes to Schedule of Expenditures of Federal Awards

Note 1 - Basis of Presentation

The Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Area IV Agency on Aging and Community Action Programs, Inc. under programs of the federal government for the year ended December 31, 2015. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Area IV Agency on Aging and Community Action Programs, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Area IV Agency on Aging and Community Action Programs, Inc.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Area IV Agency on Aging and Community Action Programs, Inc. has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Board of Directors
Area IV Agency on Aging and Community Action Programs, Inc.
Lafayette, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Area IV Agency on Aging and Community Action Programs, Inc., which comprise the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated August 9, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Area IV Agency on Aging and Community Action Programs, Inc.'s internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Area IV Agency on Aging and Community Action Programs, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Area IV Agency on Aging and Community Action Programs, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Area IV Agency on Aging and Community Action Programs, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of Area IV Agency on Aging and Community Action Programs, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Area IV Agency on Aging and Community Action Programs, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Wipfli LLP

August 9, 2016
Madison, Wisconsin



Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance

Board of Directors
Area IV Agency on Aging and Community Action Programs, Inc.
Lafayette, Indiana

Report on Compliance for Each Major Federal Program

We have audited Area IV Agency on Aging and Community Action Programs, Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015. Area IV Agency on Aging and Community Action Programs, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility for Compliance

Management is responsible for compliance with statutes, regulations, and the terms and conditions of its grant awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Area IV Agency on Aging and Community Action Programs, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Area IV Agency on Aging and Community Action Programs, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide legal determination on Area IV Agency on Aging and Community Action Programs, Inc.'s compliance.

Opinion

In our opinion, Area IV Agency on Aging and Community Action Programs, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.

Other Matter

The results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2015-001. Our opinion on each major federal program is not modified with respect to this matter.

Report on Internal Control Over Compliance

The management of Area IV Agency on Aging and Community Action Programs, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Area IV Agency on Aging and Community Action Programs, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Area IV Agency on Aging and Community Action Programs, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2015-001.

Area IV Agency on Aging and Community Action Programs, Inc.'s response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Area IV Agency on Aging and Community Action Programs, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wipfli LLP
Wipfli LLP

August 9, 2016
Madison, Wisconsin

Area IV Agency on Aging and Community Action Programs, Inc.

Schedule of Findings and Questioned Costs

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	Yes
Type of auditor's report issued on compliance for major program	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)]?	Yes

Identification of major federal programs:

<u>Name of Federal Major Program or Cluster</u>	<u>CFDA No.</u>
Section 8 Housing Choice Vouchers	14.871
Aging Cluster	93.044, 93.045, & 93.053

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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Section II - Financial Statement Findings

None

Area IV Agency on Aging and Community Action Programs, Inc.

Schedule of Findings and Questioned Costs

Section III - Federal Award Findings and Questioned Costs

Cost Allocation (2015-001)

Department of Housing and Urban Development (HUD)
Passed through Indiana Housing and Community Development Authority
CFDA #14.871, Section 8 Housing Choice Vouchers

Department of Health and Human Services (DHHS)
Passed through Indiana Family and Social Services Administration
CFDA #9.044, #93.045, and #93.053 Aging Cluster

Questioned Costs: None

Condition

In accordance with the Organization's cost allocation plan, payroll costs for administration employees is to be allocated to programs based on a time study of hours directly charged to the Organization's grants. During testing of the Organization's adherence to its plan, Wipfli LLP obtained results of the time studies performed. The percentages used on a regular basis to allocate actual administration payroll costs did not agree with the percentages that resulted from the time studies completed by the Organization. After comparing the time study percentages versus the actual percentages used to allocate administration payroll costs, Wipfli LLP determined that the amounts over and under charged to the various programs did not materially misstate the overall expenses for each program.

Criteria

2 CFR Part 200, Subpart E, Section 200.405 (d) states *if a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit.*

Effect

As a result of the condition above, the Organization was not in compliance with cost allocation regulations and a significant deficiency in internal controls over the allocation of administration payroll costs exists.

Recommendation

We recommend the Organization ensures the allocation of administration employee's payroll costs are allocated in accordance with federal regulations and the amounts used are updated based on the completed time studies.

Area IV Agency on Aging and Community Action Programs, Inc.

Schedule of Findings and Questioned Costs

Section III - Federal Award Findings and Questioned Costs (Continued)

Cost Allocation (2015-001) (Continued)

Management Response

The Senior Accountant and the Deputy Director will review the prior year time study and ensure payroll administration is cost allocated in accordance with the percentages from the previous year.

Contact Person: Julie Hackerd, Deputy Director, Resources & Operations
Corrective Action Period: Year ended December 31, 2016

Section IV - Summary Schedule of Prior Year Findings

Significant Deficiency (2014-001)

Condition

The Accountant recorded accrued grant revenues and deferred revenues for cost-reimbursement grants on a grant year basis rather than on the Organization's fiscal year. The Deputy Director reviewed the financial reports and recognized the error, but did not direct the Accountant to change it.

Criteria

Internal controls should be in place to provide reasonable assurance that grant revenues are recorded in the correct period and materially correct.

Effect

Grant revenue was overstated by approximately \$17,000 prior to the audit adjustment.

Recommendation

We recommend the Accountant and Deputy Director review year-end closing entries with each other to verify they are recorded properly.

Current Year Status

No similar findings were noted during the December 31, 2015 audit.

Area IV Agency on Aging and Community Action Programs, Inc.

Schedule of Findings and Questioned Costs

Section IV - Summary Schedule of Prior Year Findings (Continued)

Noncompliance and Significant Deficiency (2014-002)

**Department of Health and Human Services (DHHS)
Passed through Indiana Housing and Community Development Authority
CFDA #93.568, Low-Income Home Energy Assistance**

Questioned Costs: \$565

Condition

For one client, the Organization used a rent application instead of a lease or Landlord Affidavit to determine eligibility.

Criteria

Section 2015 of the *Energy Assistance Program Operations Manual* states: "All rental applications to provide a lease agreement or Landlord Affidavit."

Effect

The program benefit paid was unallowable due to incorrect documentation.

Recommendation

We recommend that management review program requirements with the intake worker and the error correction process with program quality control.

Current Year Status

This issue was resolved during the fiscal year.