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April 4, 2018

Board of Directors
Lifestream Services, Inc.
1701 S. Pilgrim Blvd.
Yorktown, IN 47396

We have reviewed the report prepared by Lifestream Services, Inc. and opined upon by Whiting & Company LLC, Independent Public Accountants, for the period July 1, 2014 to June 30, 2015. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Lifestream Services, Inc. as of June 30, 2015 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Whiting & Company LLC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

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


Paul D. Joyce, CPA
State Examiner

**LIFESTREAM SERVICES, INC.
AND SUBSIDIARY
YORKTOWN, INDIANA**

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
JUNE 30, 2015 AND 2014

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WHITINGER & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
LifeStream Services, Inc. and Subsidiary
Yorktown, Indiana

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of LifeStream Services, Inc. and Subsidiary (a non-profit organization), which comprise the consolidated statement of financial position as of June 30, 2015 and 2014, and the related consolidated statements of activities, cash flows, and functional expenses 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 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 consolidated 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 LifeStream Services, Inc. and Subsidiary as of June 30, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental consolidating statements on pages 19 to 26 are presented for the purposes of additional analysis and are not a required part of the basic consolidated financial statements. Additionally, the accompanying schedule of expenditures of federal awards on pages 27 and 28, is presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated 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 October 16, 2015, on our consideration of LifeStream Services, 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 LifeStream Services, Inc.'s internal control over financial reporting and compliance.



Certified Public Accountants
Muncie, Indiana

October 16, 2015

FINANCIAL STATEMENTS

1.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 126,767	\$ 78,671
Grant reimbursements receivable (Note 4)	1,157,659	1,923,156
Accounts receivable	24,439	105,852
Medicaid waiver receivable	54,300	54,062
Related party receivable (Note 5)	200	3,052
Prepaid expense	74,347	75,867
	<u>1,437,712</u>	<u>2,240,660</u>
Total Current Assets	\$ 1,437,712	\$ 2,240,660
PROPERTY AND EQUIPMENT		
Land	\$ 150,000	\$ 150,000
Building and improvements	1,038,659	1,038,659
Furniture and fixtures	135,685	133,337
Equipment	581,489	575,318
Transportation equipment	593,291	627,864
	<u>2,499,124</u>	<u>2,525,178</u>
Less accumulated depreciation	<u>(1,610,197)</u>	<u>(1,437,897)</u>
Total Property and Equipment	\$ 888,927	\$ 1,087,281
OTHER ASSETS		
Investment in limited partnership		\$ 7,040
Investment in Indiana Aging Alliance	\$ 1,500	
457(b) plan investment (Note 10)	87,924	85,884
Deposits	1,228	1,228
	<u>90,652</u>	<u>94,152</u>
Total Other Assets	\$ 90,652	\$ 94,152
Total Assets	<u>\$ 2,417,291</u>	<u>\$ 3,422,093</u>

See accompanying Notes to Consolidated Financial Statements.

	<u>2015</u>	<u>2014</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term liabilities (Note 7)	\$ 37,271	\$ 133,892
Accounts payable	506,343	1,170,747
Line of credit (Note 6)		740,590
Accrued salaries and wages	131,509	121,337
Accrued vacation pay	105,014	107,988
Deferred revenue	<u>147,884</u>	<u>42,205</u>
Total Current Liabilities	<u>\$ 928,021</u>	<u>\$ 2,316,759</u>
LONG-TERM LIABILITIES		
Debt obligations (Note 7)	\$ 262,490	\$ 395,643
457(b) plan payable (Note 10)	<u>87,924</u>	<u>85,884</u>
	\$ 350,414	\$ 481,527
Less current portion above	<u>(37,271)</u>	<u>(133,892)</u>
Total Long-Term Liabilities	<u>\$ 313,143</u>	<u>\$ 347,635</u>
Total Liabilities	<u>\$ 1,241,164</u>	<u>\$ 2,664,394</u>
NET ASSETS		
Unrestricted	\$ 1,084,427	\$ 573,220
Unrestricted - board designated	<u>25,000</u>	
Total Unrestricted Net Assets	\$ 1,109,427	\$ 573,220
Temporarily restricted	<u>66,700</u>	<u>184,479</u>
Total Net Assets	<u>\$ 1,176,127</u>	<u>\$ 757,699</u>
Total Liabilities and Net Assets	<u><u>\$ 2,417,291</u></u>	<u><u>\$ 3,422,093</u></u>

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015		
	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Federal assistance	\$ 2,984,400		\$ 2,984,400
State assistance	2,276,538		2,276,538
Other government grants	152,621		152,621
Project income and service fee	136,681		136,681
Medicaid waiver	1,608,087		1,608,087
Medicare			
Contributions and special events	87,195	\$ 1,750	88,945
Interest income	304		304
Gain on disposal of property and equipment	9,820		9,820
Gain on sale of investment in limited partnership	542,960		542,960
Other income	76,767		76,767
Total Revenue and Support	<u>\$ 7,875,373</u>	<u>\$ 1,750</u>	<u>\$ 7,877,123</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of program and donor restrictions	119,529	(119,529)	
	<u>\$ 7,994,902</u>	<u>\$ (117,779)</u>	<u>\$ 7,877,123</u>
EXPENSES			
Program Services			
In-home services	\$ 1,473,520		\$ 1,473,520
Nutrition	989,945		989,945
Care management	1,507,982		1,507,982
Transportation	1,035,602		1,035,602
Aging and Disability Resource Center	629,640		629,640
Other programs	469,533		469,533
Total Program Services	<u>\$ 6,106,222</u>		<u>\$ 6,106,222</u>
Administration	1,246,683		1,246,683
Property management	59,640		59,640
Fundraising	46,150		46,150
Total Expenses	<u>\$ 7,458,695</u>		<u>\$ 7,458,695</u>
CHANGE IN NET ASSETS	\$ 536,207	\$ (117,779)	\$ 418,428
NET ASSETS, BEGINNING OF YEAR	<u>573,220</u>	<u>184,479</u>	<u>757,699</u>
NET ASSETS, END OF YEAR	<u><u>\$ 1,109,427</u></u>	<u><u>\$ 66,700</u></u>	<u><u>\$ 1,176,127</u></u>

2014			
Unrestricted	Temporarily Restricted	Total	Change
\$ 2,977,924		\$ 2,977,924	\$ 6,476
2,402,229		2,402,229	(125,691)
320,077		320,077	(167,456)
247,021		247,021	(110,340)
1,324,162		1,324,162	283,925
123,165		123,165	(123,165)
95,883	\$ 9,000	104,883	(15,938)
113		113	191
40,985		40,985	(31,165)
			542,960
429,812		429,812	(353,045)
<u>\$ 7,961,371</u>	<u>\$ 9,000</u>	<u>\$ 7,970,371</u>	<u>\$ (93,248)</u>
183,222	(183,222)		
<u>\$ 8,144,593</u>	<u>\$ (174,222)</u>	<u>\$ 7,970,371</u>	<u>\$ (93,248)</u>
\$ 1,642,567		\$ 1,642,567	\$ (169,047)
970,678		970,678	19,267
1,630,879		1,630,879	(122,897)
1,206,397		1,206,397	(170,795)
588,906		588,906	40,734
519,027		519,027	(49,494)
<u>\$ 6,558,454</u>		<u>\$ 6,558,454</u>	<u>\$ (452,232)</u>
1,361,511		1,361,511	(114,828)
79,416		79,416	(19,776)
41,403		41,403	4,747
<u>\$ 8,040,784</u>		<u>\$ 8,040,784</u>	<u>\$ (582,089)</u>
\$ 103,809	\$ (174,222)	\$ (70,413)	<u>\$ 488,841</u>
469,411	358,701	828,112	
<u>\$ 573,220</u>	<u>\$ 184,479</u>	<u>\$ 757,699</u>	

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from services provided	\$ 1,371,150	\$ 2,661,439
Cash received from grants and contributions	6,373,681	4,961,488
Cash paid to suppliers and employees	(7,431,588)	(8,002,868)
Interest received	304	113
Interest paid	(18,276)	(39,464)
Miscellaneous income	76,766	429,812
Net Cash Provided By Operating Activities	\$ 372,037	\$ 10,520
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	\$ (8,518)	\$ (198,486)
Building improvements		(21,162)
Proceeds from sale of property and equipment	9,820	156,699
Proceeds from sale of investment in limited partnership	550,000	
Purchase of investment	(1,500)	
Net Cash Provided By (Used For) Investing Activities	\$ 549,802	\$ (62,949)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds on line of credit	\$ 3,303,156	\$ 6,498,542
Payments on line of credit	(4,043,746)	(6,283,396)
Proceeds from loan	1,800	
Payments on debt obligations	(134,953)	(134,956)
Net Cash Provided By (Used For) Financing Activities	\$ (873,743)	\$ 80,190
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 48,096	\$ 27,761
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	78,671	50,910
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 126,767	\$ 78,671

RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES

	<u>2015</u>	<u>2014</u>
CHANGE IN NET ASSETS	\$ 418,428	\$ (70,413)
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation expense	\$ 206,873	\$ 248,464
Gain on disposal of property and equipment	(9,820)	(40,985)
Gain on sale of investment in limited partnership	(542,960)	
 Cash flows provided by (used for) asset changes		
Grant reimbursements receivable	765,497	(847,042)
Accounts receivable	84,026	4,209
Prepaid expense	1,520	15,505
 Cash flows provided by (used for) liability changes		
Accounts payable	(664,404)	713,537
Deferred revenue	105,679	3,417
Accrued salaries and wages	10,172	1,716
Accrued vacation pay	(2,974)	(17,888)
 Total Adjustments	<u>\$ (46,391)</u>	<u>\$ 80,933</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 <u>\$ 372,037</u>	 <u>\$ 10,520</u>

7.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	<u>In-Home Service</u>	<u>Nutrition</u>	<u>Care Management</u>	<u>Transportation</u>	<u>Aging and Disability Resource Center</u>
Salaries		\$ 30,709	\$ 1,001,350	\$ 436,036	\$ 364,467
Payroll taxes and employee benefits		<u>15,481</u>	<u>328,622</u>	<u>166,963</u>	<u>93,751</u>
Total Salaries and Related Expenses		\$ 46,190	\$ 1,329,972	\$ 602,999	\$ 458,218
Contract services	\$ 1,473,520	918,215	10,655	20,142	4,008
Occupancy		3,833	54,010		936
Telephone		22	26,525	12,342	2,474
Postage		465	5,034	615	1,547
Supplies		5,452	21,470	2,741	3,921
Printing and copying		997	10,698		9,720
Insurance		10,317	532	26,704	
Equipment			375	3,500	2
Fuel expense				138,983	
Travel		426	35,697	2,616	11,770
Equipment maintenance		75		95,790	
Conferences and training		37	2,655	2,700	857
Dues and memberships		1	3	377	901
Marketing and advertising		295	4,604	3,374	135,126
Interest expense					
Depreciation		3,620		118,002	
Miscellaneous			<u>5,752</u>	<u>4,717</u>	<u>160</u>
Total Expenses	<u>\$ 1,473,520</u>	<u>\$ 989,945</u>	<u>\$ 1,507,982</u>	<u>\$ 1,035,602</u>	<u>\$ 629,640</u>

See accompanying Notes to Consolidated Financial Statements.

<u>Other Programs (Note 8)</u>	<u>Total Program Services</u>	<u>Administration</u>	<u>Property Management</u>	<u>Fundraising</u>	<u>Total Expenses</u>
\$ 337,893	\$ 2,170,455	\$ 663,916		\$ 15,947	\$ 2,850,318
<u>89,748</u>	<u>694,565</u>	<u>169,502</u>		<u>3,204</u>	<u>867,271</u>
\$ 427,641	\$ 2,865,020	\$ 833,418		\$ 19,151	\$ 3,717,589
16,430	2,442,970	89,221	\$ 2,706	12,491	2,547,388
1,993	60,772	52,502	7,800		121,074
1,864	43,227	66,296		112	109,635
1,311	8,972	5,276		1,602	15,850
6,702	40,286	13,779		38	54,103
2,104	23,519	23,492		3,335	50,346
	37,553	34,863	226		72,642
	3,877	2,026			5,903
	138,983	1,907			140,890
8,791	59,300	4,644		68	64,012
	95,865	3,462			99,327
1,533	7,782	7,107		40	14,929
416	1,698	25,138		1,466	28,302
213	143,612	14,416		699	158,727
		7,716	10,560		18,276
	121,622	47,641	37,610		206,873
<u>535</u>	<u>11,164</u>	<u>13,779</u>	<u>738</u>	<u>7,148</u>	<u>32,829</u>
<u>\$ 469,533</u>	<u>\$ 6,106,222</u>	<u>\$ 1,246,683</u>	<u>\$ 59,640</u>	<u>\$ 46,150</u>	<u>\$ 7,458,695</u>

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>In-Home Service</u>	<u>Nutrition</u>	<u>Care Management</u>	<u>Transportation</u>	<u>Aging and Disability Resource Center</u>
Salaries		\$ 51,166	\$ 1,087,220	\$ 466,314	\$ 342,660
Payroll taxes and employee benefits		<u>17,538</u>	<u>377,687</u>	<u>141,690</u>	<u>96,425</u>
Total Salaries and Related Expenses		\$ 68,704	\$ 1,464,907	\$ 608,004	\$ 439,085
Contract services	\$ 1,642,567	785,439	1,723	22,886	1,575
Occupancy		5,205	37,936	24,970	514
Telephone		801	36,550	14,146	1,897
Postage		199	5,000	378	1,455
Supplies		47,038	26,144	17,140	10,315
Printing and copying		1,453	9,119	2,388	1,372
Insurance		8,320		30,109	
Equipment		13	353	200	168
Fuel expense				205,328	
Travel		1,717	38,150	1,549	9,907
Equipment maintenance		75		102,787	9,263
Conferences and training		211	4,133	2,055	914
Dues and memberships			14	425	1,360
Marketing and advertising		21,901	5,511	23,529	110,989
Interest expense					
Depreciation		29,602		149,421	
Miscellaneous			<u>1,339</u>	<u>1,082</u>	<u>92</u>
Total Expenses	<u>\$ 1,642,567</u>	<u>\$ 970,678</u>	<u>\$ 1,630,879</u>	<u>\$ 1,206,397</u>	<u>\$ 588,906</u>

<u>Other Programs (Note 8)</u>	<u>Total Program Services</u>	<u>Administration</u>	<u>Property Management</u>	<u>Fundraising</u>	<u>Total Expenses</u>
\$ 362,623	\$ 2,309,983	\$ 700,748		\$ 21,080	\$ 3,031,811
<u>103,444</u>	<u>736,784</u>	<u>180,971</u>		<u>3,609</u>	<u>921,364</u>
\$ 466,067	\$ 3,046,767	\$ 881,719		\$ 24,689	\$ 3,953,175
10,938	2,465,128	106,463	\$ 3,159	4,661	2,579,411
2,381	71,006	54,222	8,931		134,159
3,299	56,693	79,257	104	116	136,170
1,480	8,512	6,704		1,230	16,446
18,178	118,815	13,888		32	132,735
2,488	16,820	29,151		1,854	47,825
	38,429	45,741	12,335		96,505
246	980	1,007		2	1,989
	205,328	2,669			207,997
9,378	60,701	4,726		188	65,615
506	112,631	4,936			117,567
3,081	10,394	5,740			16,134
645	2,444	46,049		1,601	50,094
135	162,065	15,156		677	177,898
		26,140	13,324		39,464
	179,023	28,518	40,923		248,464
<u>205</u>	<u>2,718</u>	<u>9,425</u>	<u>640</u>	<u>6,353</u>	<u>19,136</u>
<u>\$ 519,027</u>	<u>\$ 6,558,454</u>	<u>\$ 1,361,511</u>	<u>\$ 79,416</u>	<u>\$ 41,403</u>	<u>\$ 8,040,784</u>

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES

LifeStream Services, Inc. is a designated Area Agency on Aging for Blackford, Delaware, Grant, Henry, Jay, Madison, and Randolph counties in the State of Indiana. The Agency's primary purpose is to plan, develop, coordinate, and provide services, which enable persons age 60 or over and disabled of any age to remain independent. Other services are provided to low or moderate income persons as appropriate.

LifeStream Services, Inc.'s primary program services are in-home services, nutrition, care management, transportation, and aging/disability resources. Additional program services provided by LifeStream Services, Inc. are included in Note 8.

Yorktown Properties, Inc. (Subsidiary) was formed in April 1997 to own and hold title to the office building located at 1701 Pilgrim Boulevard in Yorktown, Indiana. LifeStream Services, Inc. leased the office building from its Subsidiary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The financial statements include the consolidated accounts of LifeStream Services, Inc. and its affiliated subsidiary, Yorktown Properties, Inc. For 2015 and 2014, all significant intercompany transactions and accounts have been eliminated.

Basis of Accounting

The accounting records of LifeStream Services, Inc. and Yorktown Properties, Inc. are maintained on the accrual basis of accounting. Under this method, the Organizations record revenue at the time it obtains the right to receive them and expenses at the time incurred.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Under *FASB ASC 958, Not-for-Profit Entities*, the Organizations are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The unrestricted net asset class can include general and board designated assets and liabilities. The unrestricted net assets may be used at the discretion of management to support the Organizations' purposes and operations.

The temporarily restricted net asset class includes assets related to gifts or grants with explicit donor or grantor-imposed restrictions that have not been met as to specific purpose, or to later periods of time or after specified dates. At June 30, 2015 and 2014, the Organizations had balances in temporarily restricted net assets of \$66,700 and \$184,479, respectively. Temporary restricted net assets consist of assets purchased with grant monies under a reversionary interest and restricted donor contributions.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The permanently restricted net asset class includes assets for which the donor has stipulated that the contribution be maintained in perpetuity. Donor-imposed restrictions limiting the use of the assets or their economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose. At June 30, 2015 and 2014, the Organizations did not have permanently restricted net assets.

Income Taxes

LifeStream Services, Inc. is a qualified not-for-profit organization under *Section 501(c)(3)* of the *Internal Revenue Code*. Yorktown Properties, Inc. is a qualified not-for-profit organization under *Section 501(c)(2)* of the *Internal Revenue Code*. As such, they are not liable for federal and state income taxes and no liability for such taxes appears in these statements. The Organizations are not considered to be private foundations within the meaning of *Internal Revenue Code Section 509(a)(3)*.

The Organizations' federal and state income tax returns are subject to examination by taxing authorities, generally for three years after they were filed.

Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, management considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

The Organizations' accounts receivable balances consist of amounts billed or billable for services provided, net of an allowance for doubtful accounts, as applicable. Interest is not charged on outstanding receivables.

Allowance for Doubtful Accounts

An allowance for doubtful accounts is considered by management based upon historical losses, specific circumstances, and general economic conditions. Periodically, management reviews receivables and records an allowance based on current circumstances, and charges off the receivable against the allowance when attempts to collect the receivable have failed in accordance with the Organizations' collection policy. At June 30, 2015 and 2014, management estimated that no allowance was needed for outstanding receivables.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***Property and Equipment*

Property, buildings, improvements, furniture, and equipment are recorded at cost for items purchased and at fair-market value at the date of gift, for items donated. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Real property is depreciated over a range of 15 to 30 years and personal property is depreciated over a range of 5 to 7 years.

It is the Organizations' policy to capitalize fixed assets with a cost of \$1,000 or greater. Building improvements, property, and equipment acquired with grant funds below this threshold are expensed as purchased, due to the reversionary interest maintained by the grantor. If applicable, upon expiration of the grantor's reversionary interest period, property and equipment are recorded at fair value as of the expiration date and depreciated. Accordingly, the Organizations would be required to obtain grantor approval prior to disposing of any of the grant-funded assets.

Depreciation expense for the years ended June 30, 2015 and 2014, was \$206,873 and \$248,464, respectively.

Revenue and Support

In accordance with *FASB ASC 958, Not-for-Profit Entities*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

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

In-Kind Contributions

Contributions of services are recognized if the services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have donated significant amounts of their time in relation to the Organizations' program services. Management tracks this volunteer time, as it may be allowable for matching purposes for grants. However, during the fiscal years ended June 30, 2015 and 2014, the value of contributed services meeting the requirement for recognition in the financial statements was not material and has not been recorded.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***Government Grants*

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.

Advertising Costs

Advertising costs are expensed as incurred and included in operating expenses. Advertising expenses totaled \$158,727 and \$177,898 for the years ended June 30, 2015 and 2014, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and administrative functions of the Organizations have been summarized on a functional basis in the statement of activities. Accordingly, certain expenses have been allocated to the respective programs and the administrative function to which the expenses relate.

Reclassification

Certain prior year amounts have been reclassified to conform with the current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date on which the financial statements were made available to be issued. The date is the same as the independent auditor's report date.

3. GOVERNMENT GRANT ACTIVITIES

LifeStream Services, Inc. receives a majority of its funds from the Indiana Family and Social Services Administration (FSSA), by submitting claims to the third party for approval and payment. LifeStream Services, Inc. depends significantly on this third party for funding to carry out its program activities.

The grant amounts are appropriated each year by federal and state agencies. If significant budget cuts are made at the federal and state level, the amount of funds that is received could be reduced significantly and have an adverse impact on its operations.

LifeStream Services, Inc. uses certain grant funds to issue its own contracts to area agency subgrantees and service providers. Although the expenditures made and units of service performed by these subgrantees and service providers are certified as bona fide, documentation of the purpose of such expenditures and units of service performed are subject to audit and review by funding sources. The Organization may become liable for return of the funds to the agency issuing the contract if a subgrantee or service provider is unable to adequately document expenditures, substantiate its local cost sharing requirement, or document the units of services performed.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. GRANT REIMBURSEMENTS RECEIVABLE

The Organizations' grant reimbursements receivable, which is primarily due from FSSA, consist of the following at June 30:

	2015	2014
CHOICE	\$ 296,755	\$ 725,422
Title III	398,093	673,244
Title VII		1,505
Medicaid PAS	82,204	64,468
USDA	12,465	18,797
Social Services Block Grant	152,301	214,018
Older Hoosier	21,431	32,121
INDOT	156,749	143,466
Adult Guardianship	8,758	5,164
Ombudsman		1,505
SHIP		640
ADRC	23,070	42,806
JRDS	5,833	
	\$ 1,157,659	\$ 1,923,156

5. RELATED PARTY RECEIVABLE

A related party receivable is due from Quality Housing Development, Inc., for the provision of management and accounting services. The related party reimburses LifeStream Services, Inc. for their actual cost of services used. As of June 30, 2015 and 2014, Quality Housing Development, Inc. owed \$200 and \$3,052, respectively, to LifeStream Services, Inc. for these costs.

6. LINE OF CREDIT

LifeStream Services, Inc. maintains a revolving line of credit with MutualBank, Muncie, Indiana. The credit line is secured by accounts receivable and equipment. The line has a limit of \$600,000 with an interest rate of 3.25% and a maturity date of March 27, 2016.

The Organization entered into a sweep agreement with MutualBank to automatically transfer funds in excess of \$5,000 from their operating checking account to the line of credit. Funds are also transferred from the line of credit to the operating checking to cover cleared disbursements.

At June 30, 2015 and 2014, the balance on the line of credit was \$-0- and \$740,590, respectively.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. LONG-TERM LIABILITIES

Long-term liabilities consisted of the following:

	2015	2014
A note payable was owing to the Indiana Family and Social Services Administration as a settlement agreement for discrepancies noted in the review of the Division of Aging contract. The note required monthly payments of \$3,698 with no interest over 36 months, maturing August 2014.		\$ 7,396
A note payable is owing to MutualBank, Muncie, Indiana. The note requires monthly payments of \$3,916 with a variable interest rate of 3.63% at June 30, 2014. The loan has a maturity date of July 15, 2022, and is secured by property at 1701 Pilgrim Boulevard, Yorktown, Indiana.	\$ 262,490	298,247
A loan was owing to Quality Housing Development, Muncie, Indiana (a related party). The loan carried no interest and was payable upon demand.		90,000
	\$ 262,490	\$ 395,643
Less current portion	(37,271)	(133,892)
	\$ 225,219	\$ 261,751

The minimum annual principal payments are as follows:

Year Ending June 30,	Amounts
2016	\$ 37,271
2017	38,782
2018	40,213
2019	41,698
2020	43,237
2021 and thereafter	61,289
	\$ 262,490

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. OTHER PROGRAM EXPENSES

Other program service expenses relate to the following activities:

	2015	2014
Volunteer Services	\$ 43,478	\$ 32,034
Home and community based services	369,598	399,350
Wellness and Nutrition	42,762	43,793
Housing	13,695	43,850
	\$ 469,533	\$ 519,027

9. FUNDRAISING EXPENSE

For the years ended June 30, 2015 and 2014, the Organizations incurred costs related to fundraising in the amount of \$46,150 and \$41,403, respectively.

10. EMPLOYEE BENEFITS

LifeStream Services, Inc. maintains a defined contribution plan for the benefit of substantially all of its employees. Contributions are made by the Organization to the plan. LifeStream Services, Inc.'s contributions to the plan were \$116,605 and \$125,827 for the years ended June 30, 2015 and 2014, respectively.

The Organization also maintains a 457(b) plan for key members of management. Plan contributions are considered owned by the Organization until the assets are paid to the beneficiary of the plan. The Organization made no contributions to the plan for the years ended June 30, 2015 and 2014.

LifeStream Services, Inc. has also established a Section 125 Cafeteria Plan for health insurance in which employees who are full-time participate. The employees' share of the health insurance premium, which is 30% of the total premium, is included in the plan.

11. OPERATING LEASES

LifeStream Services, Inc. leases office space in other communities in order to further its charitable purposes. Rent expense for the years ended June 30, 2015 and 2014, was \$45,444 and \$35,936, respectively.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. **OPERATING LEASES** (continued)

The Organization's lease expense obligations are as follows:

Year Ending June 30,	Amounts
2016	\$ 45,691
2017	35,500
2018	24,499
2019	10,208
	\$ 115,898

12. **CONCENTRATION RISKS**

The Organizations maintain their cash balances in two financial institutions located in Muncie, Indiana. At June 30, 2015, the balances were insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2015, the Organizations had cash balances on deposit in excess of the FDIC insurance threshold in the amount of \$205,941.

SUPPLEMENTAL INFORMATION

LIFESTREAM SERVICES, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

	LifeStream Services, Inc.	Yorktown Properties, Inc.	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 103,789	\$ 22,978	\$ 126,767
Grant reimbursements receivable	1,157,659		1,157,659
Accounts receivable	24,439	117,000	141,439
Medicaid waiver receivable	54,300		54,300
Related party receivable	200		200
Prepaid expense	74,347		74,347
	<u>\$ 1,414,734</u>	<u>\$ 139,978</u>	<u>\$ 1,554,712</u>
Total Current Assets			
PROPERTY AND EQUIPMENT			
Land		\$ 150,000	\$ 150,000
Building and improvements		1,038,659	1,038,659
Furniture and fixtures	\$ 135,685		135,685
Equipment	558,600	22,889	581,489
Transportation equipment	593,291		593,291
	<u>\$ 1,287,576</u>	<u>\$ 1,211,548</u>	<u>\$ 2,499,124</u>
Less accumulated depreciation	(1,058,766)	(551,431)	(1,610,197)
	<u>\$ 228,810</u>	<u>\$ 660,117</u>	<u>\$ 888,927</u>
Total Property and Equipment			
OTHER ASSETS			
Investment in Indiana Aging Alliance	\$ 1,500		\$ 1,500
457(b) plan investment	87,924		87,924
Deposits		\$ 1,228	1,228
	<u>\$ 89,424</u>	<u>\$ 1,228</u>	<u>\$ 90,652</u>
Total Other Assets			
Total Assets	<u>\$ 1,732,968</u>	<u>\$ 801,323</u>	<u>\$ 2,534,291</u>

<u>Eliminations</u>	<u>Combined Total</u>
	\$ 126,767
	1,157,659
\$ (117,000)	24,439
	54,300
	200
	<u>74,347</u>
<u>\$ (117,000)</u>	<u>\$ 1,437,712</u>
	\$ 150,000
	1,038,659
	135,685
	581,489
	<u>593,291</u>
	\$ 2,499,124
	<u>(1,610,197)</u>
	<u>\$ 888,927</u>
	\$ 1,500
	87,924
	<u>1,228</u>
	<u>\$ 90,652</u>
<u>\$ (117,000)</u>	<u>\$ 2,417,291</u>

LIFESTREAM SERVICES, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

	LifeStream Services, Inc.	Yorktown Properties, Inc.	Total
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Current portion of long-term liabilities		\$ 37,271	\$ 37,271
Accounts payable	\$ 623,343		623,343
Accrued salaries and wages	131,509		131,509
Accrued vacation pay	105,014		105,014
Deferred revenue	147,884		147,884
Total Current Liabilities	\$ 1,007,750	\$ 37,271	\$ 1,045,021
LONG-TERM LIABILITIES			
Debt obligations		\$ 262,490	\$ 262,490
457(b) plan payable	\$ 87,924		87,924
Security deposit		7,800	7,800
	\$ 87,924	\$ 270,290	\$ 358,214
Less current portion above		(37,271)	(37,271)
Total Long-Term Liabilities	\$ 87,924	\$ 233,019	\$ 320,943
Total Liabilities	\$ 1,095,674	\$ 270,290	\$ 1,365,964
NET ASSETS			
Unrestricted	\$ 570,594	\$ 506,033	\$ 1,076,627
Unrestricted - board designated		25,000	25,000
Total Unrestricted Net Assets	\$ 570,594	\$ 531,033	\$ 1,101,627
Temporarily restricted	66,700		66,700
Total Net Assets	\$ 637,294	\$ 531,033	\$ 1,168,327
Total Liabilities and Net Assets	\$ 1,732,968	\$ 801,323	\$ 2,534,291

<u>Eliminations</u>	<u>Combined Total</u>
	\$ 37,271
\$ (117,000)	506,343
	131,509
	105,014
	<u>147,884</u>
<u>\$ (117,000)</u>	<u>\$ 928,021</u>
	\$ 262,490
	87,924
<u>\$ (7,800)</u>	<u>\$ 350,414</u>
<u>\$ (7,800)</u>	<u>(37,271)</u>
<u>\$ (7,800)</u>	<u>\$ 313,143</u>
<u>\$ (124,800)</u>	<u>\$ 1,241,164</u>
\$ 7,800	\$ 1,084,427
	25,000
<u>\$ 7,800</u>	<u>\$ 1,109,427</u>
	<u>66,700</u>
<u>\$ 7,800</u>	<u>\$ 1,176,127</u>
<u>\$ (117,000)</u>	<u>\$ 2,417,291</u>

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

	LifeStream Services, Inc.	Yorktown Properties, Inc.	Total
REVENUE AND SUPPORT			
Federal assistance	\$ 2,984,400		\$ 2,984,400
State assistance	2,276,538		2,276,538
Other government grants	152,621		152,621
Project income and service fee	136,681		136,681
Medicaid waiver	1,608,087		1,608,087
Contributions and special events	88,945		88,945
Interest income	304		304
Rent income		\$ 78,000	78,000
Gain on disposal of property and equipment	9,820		9,820
Gain on sale of investment in limited partnership	542,960		542,960
Other income	76,767		76,767
Total Revenue and Support	\$ 7,877,123	\$ 78,000	\$ 7,955,123
EXPENSES			
Program Services			
In-home services	\$ 1,473,520		\$ 1,473,520
Nutrition	989,945		989,945
Care management	1,507,982		1,507,982
Transportation	1,035,602		1,035,602
Aging and Disability Resource Center	629,640		629,640
Other programs	469,533		469,533
Total Program Services	\$ 6,106,222		\$ 6,106,222
Administration	1,324,683		1,324,683
Property management		\$ 59,640	59,640
Fundraising	46,150		46,150
Total Expenses	\$ 7,477,055	\$ 59,640	\$ 7,536,695
CHANGE IN NET ASSETS	\$ 400,068	\$ 18,360	\$ 418,428

<u>Eliminations</u>	<u>Combined Total</u>
	\$ 2,984,400
	2,276,538
	152,621
	136,681
	1,608,087
	88,945
	304
\$ (78,000)	9,820
	542,960
	76,767
<u>\$ (78,000)</u>	<u>\$ 7,877,123</u>
	\$ 1,473,520
	989,945
	1,507,982
	1,035,602
	629,640
	469,533
	<u>\$ 6,106,222</u>
\$ (78,000)	1,246,683
	59,640
	46,150
<u>\$ (78,000)</u>	<u>\$ 7,458,695</u>
<u>\$ -0-</u>	<u>\$ 418,428</u>

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF EXPENSES
FOR THE YEAR ENDED JUNE 30, 2015

	LifeStream Services, Inc.	Yorktown Properties, Inc.	Total
Salaries	\$ 2,850,318		\$ 2,850,318
Payroll taxes and employee benefits	867,271		867,271
Total Salaries and Related Expenses	\$ 3,717,589		\$ 3,717,589
Contract services	2,544,682	\$ 2,706	2,547,388
Occupancy	191,274	7,800	199,074
Telephone	109,635		109,635
Postage	15,850		15,850
Supplies	54,103		54,103
Printing and copying	50,346		50,346
Insurance	72,416	226	72,642
Equipment	5,903		5,903
Fuel expense	140,890		140,890
Travel	64,012		64,012
Equipment maintenance	99,327		99,327
Conferences and training	14,929		14,929
Dues and memberships	28,302		28,302
Marketing and advertising	158,727		158,727
Interest expense	7,716	10,560	18,276
Depreciation	169,263	37,610	206,873
Miscellaneous	32,091	738	32,829
Total Expenses	\$ 7,477,055	\$ 59,640	\$ 7,536,695

<u>Eliminations</u>	<u>Combined Total</u>
	\$ 2,850,318
	<u>867,271</u>
	\$ 3,717,589
	2,547,388
\$ (78,000)	121,074
	109,635
	15,850
	54,103
	50,346
	72,642
	5,903
	140,890
	64,012
	99,327
	14,929
	28,302
	158,727
	18,276
	206,873
	<u>32,829</u>
<u>\$ (78,000)</u>	<u>\$ 7,458,695</u>

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

<u>Federal Grantor / Pass-through Grantor / Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Amounts Awarded to Subrecipients</u>
U. S. Department of Transportation				
Pass-through Programs From:				
INDOT - Jay County Commissioners				
Formula Grants for Rural Areas	20.509	A249-14-320414	\$ 258,727	
	20.509	A249-15-320476	<u>215,251</u>	
			<u>\$ 473,978</u>	
U. S. Department of Health and Human Services				
Pass-through Programs From:				
Indiana Family and Social Services Administration:				
Aging Cluster				
Title III Administration	93.044	18-14-0V-1561-07	\$ 122,934	
Title III-B Supportive Services	93.044	18-14-0V-1561-08	475,801	\$ 41,917
Title III-C1 Nutrition Services	93.045	18-14-0V-1561-09	282,502	16,951
Title III-C2 Nutrition Services	93.045	18-14-0V-1561-10	293,977	
Nutrition Services Incentive Program	93.053	18-14-02-1561-02	<u>74,785</u>	
Total Aging Cluster			<u>\$ 1,249,999</u>	<u>\$ 58,868</u>
Title VII Ombudsman Services	93.042	18-14-2V-1561-04	17,985	17,820
Title III-D Preventive Health Special Programs for the Aging Title IV and Title II Discretionary Projects	93.043	18-14-0V-1561-11	22,698	
Title III-E Family Caregiver	93.048	18-15-ST-1561-01	1,203	
Social Service Block Grant	93.052	18-14-0V-1561-12	142,337	3,379
Medical Assistance Program	93.667	18-14-0G-1561-02	681,714	385
	93.778	18-14-70-1561-02	<u>183,706</u>	
			<u>\$ 2,299,642</u>	<u>\$ 80,452</u>
Total Expenditures of Federal Awards			<u><u>\$ 2,773,620</u></u>	<u><u>\$ 80,452</u></u>

LIFESTREAM SERVICES, INC. AND SUBSIDIARY**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of LifeStream Services, Inc. and Subsidiary and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SPECIAL REPORTS



WHITINGER & COMPANY_{LLC}
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
LifeStream Services, Inc.
Yorktown, Indiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of LifeStream Services, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 16, 2015.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered LifeStream Services, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in 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 LifeStream Services, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 a 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 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.


Board of Directors
LifeStream Services, Inc.
Page Two

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether LifeStream Services, Inc.'s financial statements are free of 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 the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Certified Public Accountants
Muncie, Indiana

October 16, 2015



WHITINGER & COMPANY^{LLC}
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY *OMB CIRCULAR A-133***

Board of Directors
LifeStream Services, Inc.
Yorktown, Indiana

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited LifeStream Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of LifeStream Services, Inc.'s major federal programs for the year ended June 30, 2015. LifeStream Services, 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

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of LifeStream Services, 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 of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* 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 LifeStream Services, 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 a legal determination of LifeStream Services, Inc.'s compliance.

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, LifeStream Services, 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 June 30, 2015.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of LifeStream Services, 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 LifeStream Services, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each 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 *OMB Circular A-133*, 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 LifeStream Services, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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 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 of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 *OMB Circular A-133*. Accordingly, this report is not suitable for any other purpose.



Certified Public Accountants
Muncie, Indiana

October 16, 2015

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued.	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	_____ <u>X</u> none reported
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	_____ <u>X</u> none reported
Type of auditor's report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with <i>Section 510(a) of Circular A-133</i> ?	_____ yes	_____ <u>X</u> no

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

Section 1 - Summary of Auditor's Results (continued)

Identification of major programs:

CFDA Number	State Grant Number	Name of Federal Program or Cluster
20.509	A249-14-320414	Formula Grants for Rural Areas
20.509	A249-15-320476	Formula Grants for Rural Areas
93.044	18-14-0V-1561-07	Aging Cluster
93.044	18-14-0V-1561-08	Aging Cluster
93.045	18-14-0V-1561-09	Aging Cluster
93.045	18-14-0V-1561-10	Aging Cluster
93.053	18-14-02-1561-02	Aging Cluster
93.667	18-14-0G-1561-02	Social Services Block Grant

Dollar threshold used to distinguish
between type A and type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 X yes no

Section 2 - Financial Statement Findings

No matters were reported.

Section 3 - Federal Awards Findings and Questioned Costs

No matters were reported.