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April 4, 2018

Board of Directors
Area Five Agency on Aging & Community Services, Inc.
1801 Smith Street
Logansport, IN 46947

We have reviewed the report prepared by Area Five Agency on Aging & Community Services, Inc. and opined upon by Crowe Horwath LLP, Independent Public Accountants, for the period January 1, 2016 to December 31, 2016. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Area Five Agency on Aging & Community Services, Inc. as of December 31, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Crowe Horwath 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.


Paul D. Joyce, CPA
State Examiner

**AREA FIVE AGENCY ON AGING
AND COMMUNITY SERVICES, INC.**

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016 and 2015

AREA FIVE AGENCY ON AGING AND COMMUNITY SERVICES, INC.
Logansport, Indiana

FINANCIAL STATEMENTS
December 31, 2016 and 2015

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Area Five Agency on Aging and Community Services, Inc.
Logansport, Indiana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Area Five Agency on Aging and Community Services, Inc. and subsidiaries (Area Five), which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the 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 consolidated 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 from 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 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Area Five Agency on Aging and Community Services, Inc. and subsidiaries as of December 31, 2016 and 2015, 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 Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *Schedule of Expenditures of State and Local Awards* are presented for purposes of additional analysis and are not a required part of the consolidated 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 other 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 <> on our consideration of Area Five's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Area Five's internal control over financial reporting and compliance.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
August 7, 2017

AREA FIVE AGENCY ON AGING AND COMMUNITY SERVICES, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current assets		
Cash	\$ 441,708	\$ 307,820
Grants receivable	772,511	1,223,681
Accounts receivable	<u>38,165</u>	<u>18,945</u>
Total current assets	<u>1,252,384</u>	<u>1,550,446</u>
Non-current assets		
Investments (Note 4)	750	750
Development fees receivable, net (Note 3)	-	-
Loans receivable, net (Note 3)	1,785,561	1,796,538
Property and equipment, net (Note 5)	<u>3,381,774</u>	<u>3,549,231</u>
Total non-current assets	<u>5,168,085</u>	<u>5,346,519</u>
Total assets	<u>\$ 6,420,469</u>	<u>\$ 6,896,965</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 263,765	\$ 441,666
Accrued payroll, vacation and withholdings	388,940	319,442
Deferred revenue	43,222	95,348
Other liabilities	54,020	55,940
Due to funding sources – current portion (Note 2)	20,256	32,256
Bonds payable – current portion (Note 6)	77,386	72,802
Notes payable and lines of credit – current portion (Note 7)	<u>117,338</u>	<u>110,611</u>
Total current liabilities	<u>964,927</u>	<u>1,128,065</u>
Non-current liabilities		
Due to funding sources (Note 2)	187,307	207,557
Bonds payable (Note 6)	27,398	105,160
Notes payable (Note 7)	<u>2,898,171</u>	<u>3,015,918</u>
Total non-current liabilities	<u>3,112,876</u>	<u>3,328,635</u>
Total liabilities	4,077,803	4,456,700
Net assets		
Unrestricted net assets	<u>2,342,666</u>	<u>2,440,265</u>
Total liabilities and net assets	<u>\$ 6,420,469</u>	<u>\$ 6,896,965</u>

See accompanying notes to consolidated financial statements.

AREA FIVE AGENCY ON AGING AND COMMUNITY SERVICES, INC.
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
REVENUE		
Grant assistance	\$ 6,407,626	\$ 6,886,205
Program income	52,079	61,461
Local grant assistance and program support	306,124	185,130
Service fee income	1,200	6,846
Investment income	88,739	89,359
Rental income	407,118	392,579
Donated property	-	5,000
Other income	<u>44,452</u>	<u>38,144</u>
 Total revenue	 <u>7,307,338</u>	 <u>7,664,724</u>
EXPENSES		
Program services:		
In-home services	2,877,747	2,961,554
Community services	1,731,948	1,704,489
Energy assistance	301,846	351,592
Head Start	1,569,754	1,563,162
Weatherization	72,378	395,121
Housing	<u>301,513</u>	<u>273,834</u>
 Total program service expenses	 6,855,186	 7,249,752
Management and general	<u>461,211</u>	<u>547,856</u>
 Total expenses	 <u>7,316,397</u>	 <u>7,797,608</u>
 Change in net assets before loss on impairment and loss on sale of property and equipment	 (9,059)	 (132,884)
 Loss on impairment of loans and development fees receivable (Note 3)	 (88,540)	 (88,540)
 Loss on sale of property and equipment	 <u>-</u>	 <u>(37,799)</u>
 Change in net assets	 (97,599)	 (259,223)
 Net assets at beginning of year	 <u>2,440,265</u>	 <u>2,699,488</u>
 Net assets at end of year	 <u>\$ 2,342,666</u>	 <u>\$ 2,440,265</u>

See accompanying notes to consolidated financial statements.

AREA FIVE AGENCY ON AGING AND COMMUNITY SERVICES, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2016

	Program Services						Total Program Services	Management & General	Total Expenses
	In-Home Services	Community Services	Energy Assistance	Head Start	Weatheri- zation	Housing			
Salaries and benefits	\$ 1,316,721	\$ 1,369,420	\$ 234,930	\$ 1,201,967	\$ 31,632	\$ 88,741	\$ 4,243,411	\$ 111,460	\$ 4,354,871
Occupancy	35,681	37,331	11,321	32,733	207	45,101	162,374	21,784	184,158
Depreciation	21,434	13,528	2,767	28,203	317	41,860	108,109	89,274	197,383
Interest expense	8,756	5,006	504	9,705	15	36,059	60,045	113,898	173,943
Telephone/postage	11,794	16,551	6,380	7,205	668	559	43,157	3,279	46,436
Contracted services	1,209,051	94,960	3,468	9,535	28,715	10,707	1,356,436	9,417	1,365,853
Food costs	129,443	-	-	96,405	-	-	225,848	25,371	251,219
Materials/supplies	46,148	83,551	18,087	56,503	3,572	19,637	227,498	16,604	244,102
Equipment	-	78	-	-	-	-	78	-	78
Travel	35,792	41,719	1,573	28,743	1,895	946	110,668	-	110,668
Miscellaneous	43,457	60,975	16,336	64,298	1,356	9,088	195,510	31,732	227,242
Legal	69	43	13	12	-	420	557	2,614	3,171
Maintenance	8,445	5,517	1,971	22,145	67	44,088	82,233	24,836	107,069
Insurance	10,956	3,269	1,817	12,300	3,934	4,307	36,583	10,942	47,525
Specific assistance	-	-	2,679	-	-	-	2,679	-	2,679
	<u>\$ 2,877,747</u>	<u>\$ 1,731,948</u>	<u>\$ 301,846</u>	<u>\$ 1,569,754</u>	<u>\$ 72,378</u>	<u>\$ 301,513</u>	<u>\$ 6,855,186</u>	<u>\$ 461,211</u>	<u>\$ 7,316,397</u>

See accompanying notes to consolidated financial statements.

AREA FIVE AGENCY ON AGING AND COMMUNITY SERVICES, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2015

	Program Services						Total Program Services	Management & General	Total Expenses
	In-Home Services	Community Services	Energy Assistance	Head Start	Weatheri- zation	Housing			
Salaries and benefits	\$ 1,350,031	\$ 1,293,144	\$ 249,580	\$ 1,144,940	\$ 158,469	\$ 89,671	\$ 4,285,835	\$ 95,538	\$ 4,381,373
Occupancy	36,684	34,741	9,662	33,414	1,576	46,223	162,300	25,212	187,512
Depreciation	12,965	6,633	1,575	17,983	1,848	36,876	77,880	124,640	202,520
Interest expense	10,305	5,361	587	15,148	127	37,103	68,631	114,189	182,820
Telephone/postage	11,374	12,170	7,432	6,370	3,493	867	41,706	3,795	45,501
Contracted services	1,272,083	80,296	3,240	11,662	176,756	10,527	1,554,564	16,449	1,571,013
Food costs	100,000	-	-	92,789	-	-	192,789	23,331	216,120
Materials/supplies	60,674	191,450	62,872	64,702	32,116	8,511	420,325	25,248	445,573
Travel	45,231	51,134	1,878	55,556	5,941	695	160,435	-	160,435
Miscellaneous	44,072	22,455	9,192	68,113	5,452	-	149,284	82,946	232,230
Legal	915	305	203	167	176	302	2,068	2,588	4,656
Maintenance	8,042	4,025	1,102	39,705	2,815	26,957	82,646	22,402	105,048
Insurance	9,178	2,775	1,524	12,613	6,352	16,102	48,544	11,518	60,062
Specific assistance	-	-	2,745	-	-	-	2,745	-	2,745
	<u>\$ 2,961,554</u>	<u>\$ 1,704,489</u>	<u>\$ 351,592</u>	<u>\$ 1,563,162</u>	<u>\$ 395,121</u>	<u>\$ 273,834</u>	<u>\$ 7,249,752</u>	<u>\$ 547,856</u>	<u>\$ 7,797,608</u>

See accompanying notes to consolidated financial statements.

AREA FIVE AGENCY ON AGING AND COMMUNITY SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities		
Change in net assets	\$ (97,599)	\$ (259,223)
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	197,383	202,520
Bad debt expense	-	2,693
Donated property	-	(5,000)
Loss on impairment of loans receivable	88,540	88,540
Loss on sale of property and equipment	-	37,799
Changes in assets and liabilities:		
Grants receivable	451,170	(249,453)
Accounts receivable	(19,220)	50,284
Accrued interest receivable	(88,540)	(88,540)
Accounts payable	(177,901)	149,717
Accrued payroll, vacation and withholdings	69,498	55,442
Deferred revenue	(52,126)	(57,382)
Due to funding sources	(32,250)	(54,187)
Other liabilities	(1,920)	(7,694)
Net cash from operating activities	<u>337,035</u>	<u>(134,484)</u>
Cash flows from investing activities		
Purchase of property and equipment	(29,926)	(9,865)
Proceeds from sale of property and equipment	-	40,000
Principal payments received on loans receivable	<u>10,977</u>	<u>25,659</u>
Net cash from investing activities	<u>(18,949)</u>	<u>55,794</u>
Cash flows from financing activities		
Net proceeds from draws on line of credit and notes payable	-	5,000
Principal payments on notes payable and line of credit	(111,020)	(138,589)
Principal payments on bonds payable	<u>(73,178)</u>	<u>(68,899)</u>
Net cash from financing activities	<u>(184,198)</u>	<u>(202,488)</u>
Net change in cash	133,888	(281,178)
Cash, beginning of year	<u>307,820</u>	<u>588,998</u>
Cash, end of year	<u>\$ 441,708</u>	<u>\$ 307,820</u>
Supplemental disclosures of cash flow information		
Interest paid	\$ 173,943	\$ 182,630
Non-cash operating and investing transactions:		
Donated property	\$ -	\$ 5,000

See accompanying notes to consolidated financial statements.

AREA FIVE AGENCY ON AGING AND COMMUNITY SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The consolidated financial statements include the accounts of Area Five Agency on Aging and Community Services, Inc. (Area Five) and its wholly owned subsidiaries, Dependable Dental Solutions, LLC (DDS) and Construction Management Associates, LLC (CMA). The mission of Area Five is to meet the needs of the elderly, disabled, and disadvantaged members of the communities served. Area Five provides services to eligible residents of Cass, Fulton, Howard, Miami, Tipton, and Wabash counties in the State of Indiana. Area Five administers various programs funded by the Federal government and the State of Indiana that are used to provide for planning and development of programs that intervene at critical points in poverty and the aging process and that will enable families and individuals to become more self-sufficient. CMA is a construction management company, and DDS is a dental practice that was formed to serve Area Five clients.

Area Five, DDS, and CMA have been consolidated for this financial statement presentation. The consolidated financial statements have been prepared on the accrual basis of accounting wherein revenues and expenses are recognized in the period earned and incurred, respectively. In 2006, DDS ceased operations and in 2007, DDS liquidated its remaining assets and paid off its capital lease liability. In 2008, CMA ceased operations and had liquidated most of its assets as of December 31, 2009. Both entities legally exist with minimal assets and liabilities at both December 31, 2016 and 2015.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Areas where significant estimates are used in the accompanying financial statements include the allowance for uncollectible loans and development fees receivable, allocation of expenses, and the self-insurance reserve liability. Actual results could differ from those estimates.

Income Taxes: Area Five is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and is not considered to be a private foundation. However, Area Five may be subject to income taxes on certain types of unrelated business income. CMA and DDS, Area Five's wholly-owned subsidiaries, are single member limited liability companies that have elected to be taxed as corporations. The amount of taxes paid by Area Five, CMA and DDS is not material to the financial statements.

Current accounting standards require Area Five to disclose the amount of potential benefit or obligation to be realized as a result of an examination performed by a taxing authority. For the years ended December 31, 2016 and 2015, management has determined that Area Five does not have any tax positions that result in any uncertainties regarding the possible impact on Area Five's financial statements. Area Five does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months.

Area Five recognizes interest and/or penalties related to income tax matters in income tax expense. Area Five did not have any amounts accrued for interest and penalties at December 31, 2016 and 2015.

Cash: Cash consists of bank deposits in accounts that are federally insured up to \$250,000 per financial institution. At times throughout the year, Area Five held cash in excess of the federally insured limit.

Grants, Accounts and Development Fees Receivable: Area Five's grants receivable, accounts receivable and development fees receivable balances consist of amounts billed or billable for services provided, net of an allowance for doubtful accounts. Interest is not charged on accounts receivable, grants receivable or development fees receivable.

(Continued)

AREA FIVE AGENCY ON AGING AND COMMUNITY SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Allowance for Doubtful Accounts: The allowance for uncollectible accounts is determined by management based upon each entity's historical losses, specific circumstances and general economic conditions. Periodically, management reviews accounts, grants and development fees receivable and records an allowance based on current circumstances, and charges off the receivable against the allowance when all attempts to collect the receivable are deemed to have failed in accordance with their collection policy.

Management estimated the allowance as \$339,360 in relation to the development fees receivable at December 31, 2016 and 2015.

Investments: Investments include shares of partnership interests in various limited partnerships. Area Five wholly owns the corporations that are the general partners of the limited partnerships, but do not have a controlling interest in the partnership. Area Five reports these investments at cost.

Loans Receivable: Loans receivable include loan agreements on qualifying tax credit projects, which are owned by a partnership, with Area Five as the general partner. The tax credit projects support the development of low-income and elderly housing. Terms and interest rates of the loans vary, but the principal and accrued interest is due at the end of the tax credit project with planned payment in the form of a property transfer.

An allowance for loan impairment is considered by management by examining the underlying tax credit project fair value using property appraisals. Management's policy is that all loans, including impaired loans, shall accrue interest. Each year management will estimate whether that interest is collectible.

Property and Equipment: Property and equipment purchased at \$5,000 and greater are capitalized at cost, except for donated items, which are recorded at fair value at its donation date. Depreciation is computed using the straight-line method over the estimated useful lives, which may range from three to thirty years. Buildings and equipment acquired with government grants have been expensed as purchased, due to the reversionary interest that is 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 then depreciated over the remaining useful life.

Impairment of Long-Lived Assets: In accordance with GAAP, Area Five reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. No impairment loss has been recognized during the years ended December 31, 2016 and 2015.

Accounts Payable: Area Five's accounts payable balance includes amounts due to various vendors for the provision of grant funded services to clients. The payables may exist due to time lags between the dates of service and reimbursement of grant funds to Area Five by the grantor. Amounts due for non-grant funded goods and services purchased by Area Five are also included in accounts payable.

Net Asset Classifications: The consolidated financial statements have been prepared in accordance with GAAP, which requires, among other things, that the consolidated financial statements report the changes in and total of each of the net asset classes based upon the donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted, and permanently restricted.

(Continued)

AREA FIVE AGENCY ON AGING AND COMMUNITY SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

The following classes of net assets are maintained:

Unrestricted Net Assets - The unrestricted net asset class includes general assets and liabilities of Area Five. The unrestricted net assets may be used at the discretion of management to support Area Five's purposes and operations.

Temporarily Restricted Net Assets - The temporarily restricted net asset class includes assets of Area Five related to gifts with explicit donor-imposed restrictions that have not been met as to specified purpose, or to later periods of time or after specified dates. There were no temporarily restricted net assets at December 31, 2016 and 2015.

Permanently Restricted Net Assets - The permanently restricted net asset class includes assets of Area Five 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. There were no permanently restricted net assets at December 31, 2016 and 2015.

Functional Expenses: Expenses are allocated directly or indirectly to various program and supporting services in the consolidated statement of functional expenses. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural classification. All remaining costs are allocated using both statistical and non-statistical allocation methodologies.

Government Grants: Support funded by grants is recognized as Area Five performs the contracted services under grant agreements. Grant revenue is typically recognized as earned as the eligible expenses are incurred. Some of Area Five's grant agreements are fee-for-service in nature, and support is recognized when earned. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Contributions: Contributions are recorded when an unconditional promise to give is made. Contributions are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence and nature of donors' restrictions. Temporarily restricted contributions whose restriction is fulfilled in the same year as the contribution are reported as unrestricted. There were no outstanding unconditional promises reported by management as of December 31, 2016 and 2015.

Donated Services and In-Kind Contributions: Contributions of services are recognized if the services received (a) create or enhance non-financial assets or (b) 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 Area Five's program services; however, these services did not meet the above criteria for reporting in the accompanying financial statements. For purposes of applicable grant matching requirements, Area Five has valued these contributed services at \$808,630 and \$716,950 for the years ended December 31, 2016 and 2015, respectively.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2016, to determine the need for any adjustments or disclosures to the financial statements for the year ended December 31, 2016. Management has performed their analysis through August 7, 2017, the date the financial statements were available to be issued.

(Continued)

AREA FIVE AGENCY ON AGING AND COMMUNITY SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 2 - GOVERNMENT GRANT ACTIVITIES

Area Five receives a majority of its federal and state grant funds through three third parties, the Indiana Family and Social Services Administration (FSSA), the Indiana Housing and Community Development Authority (IHCDA) and the United States Department of Health and Human Services, by submitting claims to the third parties for approval and payment. Area Five depends significantly on these third parties 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 Area Five receives could be reduced significantly and have an impact on its operations.

In 2016 and 2015, Area Five used certain FSSA funds received under Title III-B to issue its own contracts to sub-grantees and service providers. Although the expenditures made and units of service performed by these sub-grantees 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. Some of the contracts include a local cost sharing provision similar to those which apply to contracts awarded to Area Five.

Area Five could become liable for any funds required to be returned to the federal or state agency issuing the contract if a sub-grantee or service provider is unable to adequately document expenditures, substantiate its local cost sharing requirement, document the units of services performed, or if they are unable to refund any unearned federal funds. As of December 31, 2016 and 2015, the amounts payable to state agencies was \$0 and \$12,000, respectively.

Additionally, Area Five has been notified by the IHCDA that Area Five has not met the requirements set forth in their grant agreement, and that Area Five is responsible for repaying \$270,000. Area Five entered into a repayment agreement with the IHCDA which included a down payment of \$27,000 and the remaining balance to be paid as a monthly payment of \$1,688 from April 1, 2015 to March 1, 2027. The amount owed as of December 31, 2016 and 2015 is \$207,563 and \$227,813, respectively.

The future payments due to funding sources are as follows:

2017	\$ 20,256
2018	20,256
2019	20,256
2020	20,256
2021	20,256
Thereafter	<u>106,283</u>
	<u>\$ 207,563</u>

(Continued)

AREA FIVE AGENCY ON AGING AND COMMUNITY SERVICES, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2016 and 2015

NOTE 3 - LOANS AND DEVELOPMENT FEES RECEIVABLE

Area Five has received grant funds for the following loan programs:

- Home Investment Partnerships Program
- Affordable Housing Program (AHP)
- Small Business Incubator (SBI)

The loan programs support the development of low-income and elderly housing, as well as the development of small businesses in the community. Loans receivable, including accrued interest at December 31, 2016 and 2015, are due from the following:

	<u>2016</u>	<u>2015</u>
Chase Crossing LP	\$ 1,859,718	1,805,478
Hilltop Farms LP (Phase 2)	1,166,580	1,132,280
Various SBI and other loans	<u>540</u>	<u>11,517</u>
	3,026,839	2,949,275
Allowance for impaired loans	<u>(1,241,278)</u>	<u>(1,152,737)</u>
	<u>\$ 1,785,561</u>	<u>\$ 1,796,538</u>

The loans earn interest at annual rates that range between 4.0% and 6.8% and all loans are accruing interest for the years ended December 31, 2016 and 2015. As of December 31, 2016, two of these loans receivables are related to tax credit housing projects, and the amounts are payable to Area Five at the end of the tax credit project periods, with original terms up to 15 years and various maturity dates through 2032. Payments may be in the form of cash payments or a transfer of assets at the end of the tax credit project.

Area Five also has development fees receivable from the limited partnerships. As of December 31, 2016 and 2015, Area Five had net development fee receivables of \$0. The allowance for the estimated uncollectible portion of these receivables was \$339,360 as of December 31, 2016 and 2015. Development fees do not earn interest.

Information on impaired loans and development fees is summarized below:

	<u>2016</u>	<u>2015</u>
Impaired loans and development fees with an allowance	<u>\$ 3,365,659</u>	<u>\$ 3,277,119</u>
Allowance for impaired loans and development fees	<u>\$ 1,580,638</u>	<u>\$ 1,492,098</u>
Average impaired loans	\$ 1,682,830	\$ 1,638,560
Interest income on impaired loans, fully reserved as part of allowance for impaired loans	88,540	88,540

(Continued)

AREA FIVE AGENCY ON AGING AND COMMUNITY SERVICES, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2016 and 2015

NOTE 4 - INVESTMENTS

Investments consist of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Area Five owns 75 \$10 par value shares (75%) of Community Investments, Inc., which is a 1% general partner in Chase Crossing Limited Partnership.	\$ <u>750</u>	\$ <u>750</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment of Area Five consists of the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Land	\$ 291,929	\$ 291,929
Building	5,345,596	5,345,596
Building improvements	626,595	596,668
Rental buildings	324,272	324,272
Modular classroom	44,647	44,647
Equipment	<u>185,668</u>	<u>185,668</u>
	6,818,707	6,788,780
Accumulated depreciation	<u>(3,436,933)</u>	<u>(3,239,549)</u>
	<u>\$ 3,381,774</u>	<u>\$ 3,549,231</u>

Area Five owns facilities and equipment that were purchased or built using federal grant funds. For financial statement purposes, the grant-funded portion of the facility's or equipment's cost is not capitalized until any reversionary interest of the grantor has expired. Facilities and equipment with reversionary interest remaining at December 31, 2016 and 2015 include:

	2016		2015	
	<u>Cost</u>	<u>Grant-funded Portion</u>	<u>Cost</u>	<u>Grant-funded Portion</u>
Headstart School (indefinite)	\$ 184,077	\$ 100,000	\$ 184,077	\$ 100,000
Vehicles (indefinite)	311,656	311,656	311,656	311,656
Equipment	<u>66,841</u>	<u>66,841</u>	<u>66,841</u>	<u>66,841</u>
Total	<u>\$ 562,574</u>	<u>\$ 478,497</u>	<u>\$ 562,574</u>	<u>\$ 478,497</u>

NOTE 6 - BONDS PAYABLE

Area Five constructed their own Human Services Building in 1993. Area Five issued two series of bonds totaling \$1,100,000 (Series 1993 A and 1993 B) to pay for the majority of the construction costs. The Series 1993 B bonds were retired in 2002. Series 1993 A bonds are described below:

- \$850,000 of Series 1993 A City of Logansport, Indiana Economic Development Revenue Bonds with a maturity date of May 1, 2018 and an annual interest rate equal to 80% of the one-year Treasury Bill plus a margin of 250 basis points rounded to the nearest .0125%. For 2016 and 2015, the interest expense paid on Series 1993 A Bonds was \$4,841 and \$6,715, respectively.

(Continued)

AREA FIVE AGENCY ON AGING AND COMMUNITY SERVICES, INC.
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 December 31, 2016 and 2015

NOTE 6 - BONDS PAYABLE (Continued)

The balance of the Series 1993 A bonds payable as of December 31, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Original bonds issued	\$ 850,000	\$ 850,000
Principal payments	<u>(745,216)</u>	<u>(672,038)</u>
	104,784	177,962
Less: Current portion	<u>(77,386)</u>	<u>(72,802)</u>
	<u>\$ 27,398</u>	<u>\$ 105,160</u>

The future maturities of bonds payable are as follows:

2017	\$ 77,386
2018	<u>27,398</u>
	<u>\$ 104,784</u>

NOTE 7 - NOTES PAYABLE AND LINES OF CREDIT

Area Five has the following notes payable as of December 31:

	<u>2016</u>	<u>2015</u>
<p>Fifteen-year note with First National Bank of Monterey in the amount of \$520,000. The note is due March 2029 with an interest rate floor of 4.0%. Scheduled rate changes will occur every 60 months based on the weekly average yield of U.S. treasury securities adjusted to a constant maturity of one year. The interest rate is 5.5% until the first scheduled rate change in March 2019. Monthly principal and interest payments are \$4,251. The note is secured by property in Peru, Indiana.</p>	\$ 453,825	\$ 479,042
<p>A series of ten, 20-year notes with Security Federal Savings Bank with varying principal amounts ranging from \$34,000 to \$850,000. The notes are due April 2034, with an interest rate floor of 5.5%. Scheduled rate changes will occur every 84 months based on the weekly average yield of U.S. Treasury securities adjusted to a constant maturity of 7 years. The interest rate is 5.5% until the first scheduled rate change in April 2021. Monthly principal and interest payments range from \$234 to \$5,850. The notes are secured by various property in Wabash, Kokomo and Logansport.</p>	<u>2,561,684</u> 3,015,509	<u>2,647,487</u> 3,126,529
Less: Current portion	<u>(117,338)</u>	<u>(110,611)</u>
	<u>\$ 2,898,171</u>	<u>\$ 3,015,918</u>

(Continued)

AREA FIVE AGENCY ON AGING AND COMMUNITY SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 7 - NOTES PAYABLE AND LINES OF CREDIT (Continued)

The total interest expense paid on all notes payable for the years 2016 and 2015 was \$173,943 and \$182,630, respectively. The future maturities of notes payable as of December 31, 2016 are as follows:

2017	\$ 117,338
2018	123,957
2019	130,949
2020	137,947
2021	144,345
Thereafter	<u>2,360,973</u>
	<u>\$ 3,015,509</u>

NOTE 8 - OPERATING LEASES

Area Five is the lessee in operating lease agreements for office space in North Manchester, Akron, Wabash, and Rochester, Indiana. The leases expire at various dates through June of 2017. Area Five also leases various office equipment. These leases expire at various dates through 2021. Lease expense for the years ended December 31, 2016 and 2015 was \$55,397 and \$54,978, respectively. As of December 31, 2016, future minimum rental payments required under the operating leases are as follows:

2017	\$ 37,510
2018	19,338
2019	15,938
2020	3,438
2021	<u>3,438</u>
	<u>\$ 79,662</u>

Area Five is the lessor in operating lease agreements for office space located in Kokomo, Logansport, Rochester, Akron, and Peru and of housing duplexes located in Logansport. The carrying value of these properties at December 31, 2016 and 2015 was \$3,535,807 and \$3,520,980, respectively, with related accumulated depreciation of \$2,320,679 and \$2,226,098, respectively. The leases expire at various dates through 2019. The future minimum rental receipts required under the leases are as follows:

2017	\$ 199,830
2018	146,700
2019	<u>140,100</u>
	<u>\$ 486,630</u>

NOTE 9 - RETIREMENT PLAN

Area Five has a defined contribution plan where all employees are eligible once they have at least one year of service. The plan includes a 1% employer match of employee contributions and allows for a discretionary contribution to the plan at Area Five's election. For the year ended December 31, 2016 and 2015, Area Five contributed \$156,783 and \$128,180 to the plan, respectively.

(Continued)

AREA FIVE AGENCY ON AGING AND COMMUNITY SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2016 and 2015

NOTE 10 - RELATED PARTY TRANSACTIONS

All related party transactions between Area Five, CMA and DDS have been eliminated in consolidation. Related party transactions include CMA and DDS liabilities payable to Area Five.

In addition, Area Five has gross development fees receivable and loans receivable from the following related parties at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Chase Crossing LP	\$ 1,859,718	\$ 1,805,479
Hilltop Farms LP (Phase 2)	<u>1,166,580</u>	<u>1,132,280</u>
	<u>\$ 3,026,299</u>	<u>\$ 2,937,759</u>

Interest earned on these related party receivables totaled \$88,540 for the years ended December 31, 2016 and 2015. However, management has estimated that these receivables are not fully collectible, and allowances have been recorded as disclosed in Note 3.

NOTE 11 - GUARANTEES

Area Five was the operating deficit guarantor in one housing partnership agreement for the years ended December 31, 2016 and 2015. To provide assurance to the limited partners in this housing partnership, Area Five agreed to guarantee the operating obligations of the housing entity up to a certain threshold specified in the partnership agreement. In total, the guarantee amounts to \$52,000 at December 31, 2016 and 2015.

SUPPLEMENTARY INFORMATION

AREA FIVE AGENCY ON AGING AND COMMUNITY SERVICES, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended December 31, 2016

<u>Federal Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Pass-through program: Indiana State Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	None	\$ 359,121
Pass-through program: Indiana Department of Education Child and Adult Care Food Program	10.558	None	<u>106,999</u>
Total U.S. Department of Agriculture			466,120
<u>U.S. Department of Energy</u>			
Pass-through program: Indiana Housing and Community Development Authority Weatherization Assistance for Low-Income Persons	81.042	None	(642)
<u>U.S. Department of Health and Human Services</u>			
Head Start	93.600	None	1,467,914
Pass-through program: Indiana Family and Social Services Administration			
Aging Cluster:			
Title III-A Administration	93.044	09-16-0V-1551	98,267
Title III-B Supportive Services	93.044	09-16-0V-1551	240,398
Title III-C Nutrition Services	93.045	09-16-0V-1551	426,775
Nutrition Services Incentive Program	93.053	09-16-0V-1551	<u>90,297</u>
Total Aging Cluster			855,737
Title VII Ombudsman	93.042	09-16-0V-1551	10,651
Title III-D Preventative Health	93.043	09-16-0V-1551	19,871
Title III-E National Family Caregiver Support	93.052	09-16-0V-1551	99,204
Social Services Block Grant	93.667	09-16-0V-1551	321,846
Medical Assistance Program	93.778	09-16-0V-1551	113,081
Options Counseling	93.778	None	33,315
Money Follows the Person	93.791	None	82
Pass-through program: Indiana Department of Child Services Temporary Assistance for Needy Families (Healthy Families)	93.558	13-HF-M0-1052	809,589
Pass-through program: Indiana Housing and Community Development Authority			
Energy Assistance Program:			
Low-Income Home Energy Assistance Program	93.568	None	2,040
Energy Assistance	93.568	None	<u>296,766</u>
Total Low-Income Home Energy Assistance Program			298,806
Community Service Block Grant	93.569	None	316,926
Assets for Independence Demonstration Program (IDA)	93.602	None	<u>1,419</u>
Total U.S. Department of Health and Human Services			<u>4,348,441</u>
Grand Total			<u>\$ 4,813,919</u>

Subrecipient expenditures for the year ending December 31, 2016 are as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount</u>
Title III-B Supportive Services	93.044	<u>\$ 146,656</u>

See accompanying notes to the schedule of expenditures of federal awards.

AREA FIVE AGENCY ON AGING AND COMMUNITY SERVICES, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2016

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Area Five Agency on Aging and Community Services, Inc., under programs of the federal government for the year ended December 31, 2016. 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 Five Agency and Community Services, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Area Five.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Area Five Agency on Aging and Community Services, Inc. has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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
Area Five Agency on Aging and Community Services, Inc.
Logansport, 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 Area Five Agency on Aging and Community Services, Inc. and subsidiaries (Area Five), which comprise the consolidated statement of financial position as of December 31, 2016, and the related consolidated 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 7, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Area Five'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 Five's internal control. Accordingly, we do not express an opinion on the effectiveness of Area Five'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.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Area Five'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 over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
August 7, 2017

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Board of Directors
Area Five Agency on Aging and Community Services, Inc.
Logansport, Indiana

Report on Compliance for Each Major Federal Program

We have audited Area Five Agency on Aging and Community Services, Inc.'s (Area Five) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Area Five's major federal programs for the year ended December 31, 2016. Area Five'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Area Five'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 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 Five'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 Area Five's compliance.

Opinion on Each Major Federal Program

In our opinion, Area Five 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, 2016.

(Continued)

Report on Internal Control Over Compliance

Management of Area Five 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 Five'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 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 Area Five'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 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 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowe Horwath LLP

Crowe Horwath LLP

Indianapolis, Indiana
August 7, 2017

AREA FIVE AGENCY ON AGING AND COMMUNITY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2016

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the audit issued on whether the
Financial statements audited were prepared
In accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified not
considered to be material weaknesses?

_____ Yes X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified

_____ Yes X 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 2 CFR 200.516(a)?

_____ Yes X No

Identification of major programs:

CFDA Number(s)
93.600

Name of Federal Program or Cluster
Head Start

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

SECTION 2 - FINDINGS RELATED TO THE FINANCIAL STATEMENTS THAT ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS.

None

SECTION 3 - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS INCLUDING AUDIT FINDINGS AS DEFINED IN UNIFORM GUIDANCE SECTION 510(a).

None

AREA FIVE AGENCY ON AGING AND COMMUNITY SERVICES, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended December 31, 2016

There were no audit findings or questioned costs in the prior year.

AREA FIVE AGENCY ON AGING AND COMMUNITY SERVICES, INC.
 SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS
 Year ended December 31, 2016

<u>Grantor/ Program Title</u>	<u>Amount</u>
Pass-Through the Indiana Family and Social Services Administration:	
CHOICE	\$ 1,141,535
Older Hoosier	74,532
Ombudsman Services	10,338
Pass-Through the Indiana Department of Child Services:	
Healthy Families	29,515
EDS-Medicaid Case Management	166,701
LIHEAP	49,928
Aging Administration	18,569
Energy Assistance Program	<u>3,768</u>
Total state expenditures	<u>\$ 1,494,886</u>
Pass-Through the Indiana Housing and Community Development Authority:	
The City of Logansport	\$ 42,538
Covering Kids and Families of Indiana	86,378
Indiana Minority Health Coalition	46,967
Reading Railroad Begindergarten	38,726
Department of Education	15,450
Healthy Families	6,484
LIHEAP	6,020
Energy Assistance	<u>1,313</u>
Total local expenditures	<u>\$ 243,876</u>

**See schedule of expenditures of federal awards on page 17 for federal grant activity.