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April 13, 2018

Board of Directors  
DeKalb County Council on Aging, Inc.  
1800 E. 7<sup>th</sup> Street  
Auburn, IN 46706

We have reviewed the report prepared by DeKalb County Council on Aging, Inc. and opined upon by David Culp & Co. 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 DeKalb County Council on Aging, 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, David Culp & Co. 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

DEKALB COUNTY COUNCIL ON AGING, INC.

AUDIT REPORT

DECEMBER 31, 2016

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Independent Auditor's Report

To the Board of Directors  
DeKalb County Council on Aging, Inc.  
Auburn, Indiana

We have audited the accompanying financial statements of DeKalb County Council on Aging, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2016 and 2015, and the related 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DeKalb County Council on Aging, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of program expenses on page 19 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*David Culp & Co. LLP*

David Culp & Co. LLP  
Certified Public Accountants

Huntington, Indiana  
May 23, 2017

DEKALB COUNTY COUNCIL ON AGING, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2016 AND 2015

ASSETS

	<u>2016</u>	<u>2015</u>
<u>Current Assets:</u>		
Cash and cash equivalents - Notes 1 and 2	\$ 334,806	\$ 174,819
Investments - Notes 1, 3, 5, 6, 7 and 8	509,276	282,882
Accounts receivable - Note 1	3,122	14,050
Grants receivable - Note 1	<u>57,700</u>	<u>73,691</u>
Total current assets	<u>904,904</u>	<u>545,442</u>
 <u>Fixed Assets - Notes 1 and 7:</u>		
Building and improvements	449,542	408,357
Furniture and fixtures	198,124	198,124
Vehicles	<u>431,725</u>	<u>430,114</u>
	1,079,391	1,036,595
<u>Less: Accumulated depreciation</u>	<u>682,196</u>	<u>635,223</u>
Total fixed assets	<u>397,195</u>	<u>401,372</u>
 <u>Other Assets:</u>		
Foundation investment - Notes 4, 5 and 8	<u>107,228</u>	<u>102,053</u>
Total assets	<u>\$1,409,327</u>	<u>\$1,048,867</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u>		
Accounts payable	\$ 1,069	\$ 1,449
Accrued payroll and payroll taxes	<u>11,117</u>	<u>8,392</u>
Total current liabilities	<u>12,186</u>	<u>9,841</u>
 <u>Net Assets:</u>		
Unrestricted	871,704	579,236
Temporarily restricted - Note 7	408,209	347,737
Permanently restricted - Note 8	<u>117,228</u>	<u>112,053</u>
Total net assets	<u>1,397,141</u>	<u>1,039,026</u>
 Total liabilities and net assets	<u>\$1,409,327</u>	<u>\$1,048,867</u>

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

DEKALB COUNTY COUNCIL ON AGING, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Revenues, gains and other support -</u>				
Contributions - Note 7	\$ 279,205	\$ 111,337	\$ -	\$ 390,542
United Way	40,000	-	-	40,000
Government grants -				
Notes 7 and 9	412,003	53,092	-	465,095
Medicaid income	65,306	-	-	65,306
Program service fees	70,168	-	-	70,168
Fundraising	16,593	-	-	16,593
Interest and dividends	6,864	3,562	2,385	12,811
Realized and unrealized net investment gain	7,188	5,510	2,790	15,488
Miscellaneous income	8,010	-	-	8,010
Rental income	9,540	-	-	9,540
Gain on sale of fixed assets	11,600	-	-	11,600
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues, gains and other support before net assets released from program restrictions	926,477	173,501	5,175	1,105,153
Net assets released from program restrictions	113,029	(113,029)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues, gains and other support	1,039,506	60,472	5,175	1,105,153
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Expenses -</u>				
Program	665,293	-	-	665,293
Management and general	78,727	-	-	78,727
Fundraising	3,018	-	-	3,018
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	747,038	-	-	747,038
Change in net assets	292,468	60,472	5,175	358,115
<u>Net assets, beginning of year</u>	579,236	347,737	112,053	1,039,026
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Net assets, end of year</u>	\$ 871,704	\$ 408,209	\$ 117,228	\$1,397,141

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

DEKALB COUNTY COUNCIL ON AGING, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Revenues, gains and other support -</u>				
Contributions - Note 7	\$ 40,732	\$ 27,522	\$ -	\$ 68,254
United Way	38,750	-	-	38,750
Government grants -				
Notes 7 and 9	405,278	126,773	-	532,051
Medicaid income	92,798	-	-	92,798
Program service fees	77,358	-	-	77,358
Fundraising	26,937	-	-	26,937
Interest and dividends	7,727	6,823	2,773	17,323
Realized and unrealized net investment (loss)	(8,093)	( 7,291)	(7,081)	(22,465)
Miscellaneous income	12,460	-	-	12,460
Rental income	9,240	-	-	9,240
Gain on sale of fixed assets	13,500	-	-	13,500
Total revenues, gains (losses) and other support before net assets released from program restrictions	716,687	153,827	(4,308)	866,206
Net assets released from program restrictions	36,606	(36,606)	-	-
Total revenues, gains (losses) and other support	753,293	117,221	(4,308)	866,206
<u>Expenses -</u>				
Program	663,142	-	-	663,142
Management and general	86,279	-	-	86,279
Fundraising	5,990	-	-	5,990
Total expenses	755,411	-	-	755,411
Change in net assets	(2,118)	117,221	(4,308)	110,795
<u>Net assets, beginning of year</u>	581,354	230,516	116,361	928,231
<u>Net assets, end of year</u>	\$ 579,236	\$ 347,737	\$ 112,053	\$1,039,026

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

DEKALB COUNTY COUNCIL ON AGING, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Program Services</u>	<u>Manage- ment And General</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries	\$326,735	\$ 59,322	\$ 1,626	\$387,683
Payroll taxes	27,154	4,538	124	31,816
Employee benefits	<u>8,595</u>	<u>1,375</u>	<u>-</u>	<u>9,970</u>
Total salaries and related expenses	362,484	65,235	1,750	429,469
Education and training	4,490	-	-	4,490
Equipment	6,139	-	-	6,139
Insurance	28,940	1,019	-	29,959
Legal and professional	13,668	-	-	13,668
Miscellaneous	849	2,829	-	3,678
Postage	744	-	-	744
Advertising - Note 1	5,766	1,075	734	7,575
Utilities	8,519	-	-	8,519
Repairs and maintenance	12,513	-	-	12,513
Supplies	12,432	3,117	534	16,083
Telephone	3,360	-	-	3,360
Travel	4,732	350	-	5,082
Program operations	94,032	-	-	94,032
Depreciation - Note 1	<u>106,625</u>	<u>5,102</u>	<u>-</u>	<u>111,727</u>
Total expenses	<u>\$665,293</u>	<u>\$ 78,727</u>	<u>\$ 3,018</u>	<u>\$747,038</u>

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

DEKALB COUNTY COUNCIL ON AGING, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Program Services</u>	<u>Manage- ment And General</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries	\$313,954	\$ 64,496	\$ 5,195	\$383,645
Payroll taxes	27,172	4,676	377	32,225
Employee benefits	<u>8,585</u>	<u>1,008</u>	<u>-</u>	<u>9,593</u>
Total salaries and related expenses	349,711	70,180	5,572	425,463
Dues and subscriptions	50	-	-	50
Education and training	5,005	-	-	5,005
Equipment	3,326	-	-	3,326
Insurance	31,367	970	-	32,337
Legal and professional	10,697	2,674	-	13,371
Miscellaneous	4,179	940	418	5,537
Postage	1,165	-	-	1,165
Advertising - Note 1	2,190	-	-	2,190
Utilities	6,652	1,663	-	8,315
Repairs and maintenance	15,310	-	-	15,310
Supplies	13,755	3,385	-	17,140
Telephone	2,574	419	-	2,993
Travel	4,201	300	-	4,501
Program operations	103,758	-	-	103,758
Depreciation - Note 1	<u>109,202</u>	<u>5,748</u>	<u>-</u>	<u>114,950</u>
Total expenses	<u>\$663,142</u>	<u>\$ 86,279</u>	<u>\$ 5,990</u>	<u>\$755,411</u>

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

DEKALB COUNTY COUNCIL ON AGING, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ 358,115	\$ 110,795
Adjustments to reconcile change in net assets to net cash provided by operating activities -		
(Gain) on sale of fixed assets	(11,600)	(13,500)
Depreciation	111,727	114,950
Net realized and unrealized investments (gain) loss	(15,488)	22,465
(Increase) Decrease in -		
Accounts receivable	10,928	(666)
Grants receivable	15,991	(5,594)
Increase (Decrease) in -		
Accounts payable	(380)	(1,038)
Accrued expenses	<u>2,725</u>	<u>6,874</u>
 Net cash provided by operating activities	 <u>472,018</u>	 <u>234,286</u>
 <u>Cash flows from investing activities:</u>		
Purchase of property and equipment	(107,550)	(180,183)
Purchase of investments	(216,081)	(17,183)
Proceeds from sale of property and equipment	<u>11,600</u>	<u>13,500</u>
 Net cash (used in) investing activities	 <u>(312,031)</u>	 <u>(183,866)</u>
 <u>Net increase in cash and cash equivalents</u>	 159,987	 50,420
 <u>Cash and cash equivalents at beginning of year</u>	 <u>174,819</u>	 <u>124,399</u>
 <u>Cash and cash equivalents at end of year</u>	 <u>\$ 334,806</u>	 <u>\$ 174,819</u>

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

DEKALB COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND 2015

Note 1: Organization and summary of significant accounting policies -

Organization - DeKalb County Council on Aging, Inc. (the Organization) is an Indiana non-profit organization organized on January 20, 1978. Its mission is to assist seniors, disabled persons and others in DeKalb County in maintaining their independence and being able to live in their own homes as long as possible. The Organization also provides services and programs that meet the physical, mental, emotional, intellectual and mobile needs of seniors, disabled persons and others of DeKalb County.

The Organization received funding from various federal, state, and local governmental agencies. The Organization requests reimbursement of qualified expenses and receives grants for programs as detailed on the Statement of Program Expenses. The Organization also receives support from donations.

Basis of accounting - The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded when liabilities are incurred. Also, equipment purchased through grant awards is charged to expense in the period during which it is approved by funding sources and purchased. The equipment acquired is owned by the Organization while used in current or other future authorized programs. The funding sources have a reversionary interest in the equipment purchased with grant funds; therefore, its disposition as well as the ownership of any sale proceeds, is subject to funding source regulations.

Basis of presentation - The financial statements have been prepared in accordance with FASC 958, which requires, among other things, that the financial statements report the changes in, and totals of each net asset class based on the existence of donor restrictions, as applicable. Net assets are classified as unrestricted, temporarily restricted or permanently restricted and are detailed as follows:

DEKALB COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016 AND 2015

Note 1: Organization and summary of significant accounting policies  
(Continued) -

Basis of presentation (Continued) -

Unrestricted - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Donor-imposed stipulations are reported as unrestricted net assets if the stipulations expire in the reporting period in which the revenue is recognized.

Temporarily restricted - Net assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by passage of time.

Permanently restricted - Net assets whose use by the Organization is subject to donor-imposed restrictions requiring that the principal be invested in perpetuity and the income only be utilized for purposes specified by the donor.

Contributions - Under FASC 958, all contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Gifts of cash and other assets are reported as temporarily restricted or permanently restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Donor-restricted contributions are recorded in the temporarily restricted class for restrictions expiring during the fiscal year, and then reclassified to the unrestricted class. By definition, permanently restricted support must be maintained in perpetuity. Restrictions on these net assets do not expire and no assets are reclassified in the statements of activities.

DEKALB COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016 AND 2015

Note 1: Organization and summary of significant accounting policies  
(Continued) -

Cash and cash equivalents - For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Investments - Investments are stated at fair market value in the statement of financial position. Realized and unrealized gains and losses are reflected in the statement of activities. The Organization invests in a variety of mutual funds and bonds. These investments are exposed to interest rate, market, credit and other risks depending on the nature of the specific investment. Accordingly, it is at least reasonably possible that these factors will result in changes in the value of the Organization's investments, which could materially affect amounts reported in the financial statements. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis.

Fixed assets - Fixed assets are stated at cost at date of acquisition or fair value at date of donation in the case of gifts.

Maintenance and repairs are charged against income as incurred. Improvements which increase the useful life or productive capacity of the assets are capitalized.

The Organization recognizes gain or loss on fixed assets at the time of retirement or sale prior to the end of the estimated useful life of the asset. Cost and accumulated depreciation are removed from the asset and reserve accounts at retirement or sale.

Depreciation - Depreciation charged against income for the years ended December 31, 2016 and 2015 was \$111,727 and \$114,950, respectively.

The Organization depreciates fixed assets over their estimated useful lives using the straight-line method. Estimated useful lives for computing depreciation were as follows:

<u>Assets</u>	<u>Years</u>
Building and improvements	20-39
Vehicles	4
Equipment	3- 7

DEKALB COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016 AND 2015

Note 1: Organization and summary of significant accounting policies  
(Continued) -

Use of estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Income tax status - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and state income taxes under corresponding provisions of Indiana tax law. Additionally, the Organization is not considered a private foundation under Section 509(a) of the Internal Revenue Code.

The Organization has adopted the accounting standard on accounting for uncertainty in income taxes. This standard addresses the determination of whether tax benefits claimed, or expected to be claimed, on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits that could be recognized in the financial statements from such positions would be measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses derecognition, classification, interest and penalties on income taxes, and accounting in interim periods. At December 31, 2016 and 2015, there were no unrecognized tax benefits identified or recorded as liabilities. The Organization files Form 990 and the related state of Indiana return.

Donated services - A substantial number of volunteers donate significant amounts of time in providing the Organization's services. The financial statements do not reflect the value of these contributed services because they do not meet the criteria for recognition.

DEKALB COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016 AND 2015

Note 1: Organization and summary of significant accounting policies  
(Continued) -

Accounts receivable - Accounts receivable are due from government and other significant funding sources. Based on historical collection experience with these agencies, no allowance for doubtful accounts is deemed necessary.

Advertising - Advertising costs are charged to operations as incurred. Total advertising costs expensed during the years ended December 31, 2016 and 2015 was \$7,575 and \$2,190, respectively.

Note 2: Concentration of credit risk - The Organization maintains its cash accounts and temporary cash investments in a few local commercial banks. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. A summary of the total insured and uninsured cash balances follows:

Total cash held in local banks	\$337,019
Portion insured by FDIC	<u>251,352</u>
Uninsured cash balances	<u>\$ 85,667</u>

Note 3: Investments - Investments include the following at December 31, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Money market	\$ 1,016	\$ 2,662
Debt securities	25,291	24,826
Mutual funds - Equities	<u>482,969</u>	<u>255,394</u>
Total	<u>\$509,276</u>	<u>\$282,882</u>

Income earned on these investments consists of \$10,257 and \$14,410 of interest and dividends and \$12,698 and \$(15,382) of unrealized gains (losses) included in revenue on the statement of activities at December 31, 2016 and 2015, respectively.

Note 4: Foundation investment - The Organization has invested funds with the Community Foundation of DeKalb County (Foundation), which are reported at fair value of \$107,228 and \$102,053 for the years ended December 31, 2016 and 2015, respectively. The funds were established to support programs and projects for the Organization. Under the agreement with the Foundation, the Foundation has retained variance authority of these funds and therefore, the beneficial interest is recorded as a permanently restricted net asset. The Organization is specified as the beneficiary of allocations based on a twelve quarter average of the net asset value at the end

DEKALB COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016 AND 2015

Note 4: Foundation investment (Continued) -

of each year. At December 31, 2016 and 2015, this amount was \$33,224 and \$28,605, respectively. The Organization's Board of Directors has the ability to accept allocations or leave them in the investment account. Any change in the fair value of the beneficial interest in the fund is reported as an increase or decrease in permanently restricted net assets.

Note 5: Fair value measurements - FASC 820 defines fair value as the price that would be received by the Organization for an asset or paid by the Organization to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date in the Organization's principal or most advantageous market for the asset or liability. The effect of a change in valuation technique or its application on a fair value estimate is accounted for prospectively as a change in accounting estimate. When evaluating indications of fair value resulting from the use of multiple valuation techniques, the Organization is to select the point within the resulting range of reasonable estimates of fair value that is most representative of fair value under current market conditions. FASC 820 establishes a fair value hierarchy which requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy places the highest priority on unadjusted quoted market prices in active market for identical assets or liabilities (level 1 measurements) and gives the lowest priority to unobservable inputs (level 3 measurements). The three levels of inputs within the fair value hierarchy are defined as follows:

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

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

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

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

DEKALB COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016 AND 2015

Note 5: Fair value measurements (Continued) -

The following descriptions of the valuation methods and assumptions used by the Organization to estimate the fair values of investments apply to investments held directly by the Organization. There have been no changes in methodologies used at December 31, 2016 and 2015.

Cash and Cash Equivalents and Mutual Funds Equities: The fair values of investments are determined by obtaining quoted prices on nationally recognized securities exchanges (level 1 inputs).

Debt Securities: The Organization values U.S. Treasury Notes and Mortgage Backed Securities at fair value based upon similar investments with the same terms (level 2 inputs).

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organization holds investments at the Community Foundation of DeKalb County. These investments are part of an investment pool. The investment pool contains level 1, 2, and 3 investments. The Organization does not hold specific investments in the pool, only a share of the total pool. As such, all of the Organization's investments at the Foundation are classified as level 3. Pooled investment valuations are provided by the Foundation and its fund managers. DeKalb County Council on Aging, Inc.'s management reviews the valuations and returns provided by the Foundation. The Organization does not have a specific redemption policy with the Foundation and there are no unfunded commitments.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2016 and 2015:

DEKALB COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016 AND 2015

Note 5: Fair value measurements (Continued) -

	<u>2016</u>		
	<u>Fair Value Measurements Using</u>		
	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observ- able Inputs (Level 2)</u>	<u>Significant Unobserv- able Inputs (Level 3)</u>
Investments - Cash and cash equivalents	\$ 1,016	\$ -	\$ -
Investments - Debt securities	-	25,291	-
Investments - Mutual funds - Equities	482,969	-	-
Other assets - Foundation investment	-	-	107,228
	<u>\$ 483,985</u>	<u>\$ 25,291</u>	<u>\$ 107,228</u>
	<u>2015</u>		
	<u>Fair Value Measurements Using</u>		
	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observ- able Inputs (Level 2)</u>	<u>Significant Unobserv- able Inputs (Level 3)</u>
Investments - Cash and cash equivalents	\$ 2,662	\$ -	\$ -
Investments - Debt securities	-	24,826	-
Investments - Mutual funds - Equities	255,394	-	-
Other assets - Foundation investment	-	-	102,053
	<u>\$ 258,056</u>	<u>\$ 24,826</u>	<u>\$ 102,053</u>

The following table presents a reconciliation and income statement classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (level 3) for the year ended December 31, 2016 and 2015:

DEKALB COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016 AND 2015

Note 5: Fair value measurements (Continued) -

	<u>Foundation Investment</u>
<u>December 31, 2016 -</u>	
Beginning balance, January 1, 2016	\$ 102,053
Net investment income	4,343
Interest and dividend income	2,385
Fees	<u>(1,553)</u>
Ending balance, December 31, 2016	<u>\$ 107,228</u>
<u>December 31, 2015 -</u>	
Beginning balance, January 1, 2015	\$ 106,361
Net investment (loss)	(5,445)
Interest and dividend income	2,773
Fees	<u>(1,636)</u>
Ending balance, December 31, 2015	<u>\$ 102,053</u>

Note 6: Line of credit - During 2016 and 2015, the Organization had access to borrow money, secured by the investments, through two investment brokerage accounts. The available line of credit is based on the daily fair value of the investment account balances. At December 31, 2016 and 2015, the available lines of credit totaled \$99,394 and \$112,346, respectively at an interest rate of 4.75%. At December 31, 2016 and 2015, there were no borrowings on the lines of credit.

Note 7: Temporarily restricted net assets - Temporarily restricted net assets are restricted for the following:

	<u>2016</u>	<u>2015</u>
Basis of vans received from INDOT grant	\$178,197	\$196,311
Investments - Restricted by the Board for special projects - See Note 3	92,240	124,230
Capital Campaign - DART garage	<u>137,772</u>	<u>27,196</u>
Total temporarily restricted	<u>\$408,209</u>	<u>\$347,737</u>

The Organization receives grants from INDOT to purchase vehicles at 80% of the purchase price. INDOT places a lien on the vehicles for a maximum of four years. As time passes, the restriction is released.

DEKALB COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2016 AND 2015

Note 8: Permanently restricted net assets - Permanently restricted net assets are restricted for the following:

	<u>2016</u>	<u>2015</u>
Endowment - See Note 3	\$ 10,000	\$ 10,000
Foundation investment - See Note 5	<u>107,228</u>	<u>102,053</u>
Total permanently restricted	<u>\$117,228</u>	<u>\$112,053</u>

Note 9: Funds received from government funding -

	<u>2016</u>	<u>2015</u>
<u>Federal</u> -		
FTA - Public Mass Transportation Fund	\$203,311	\$325,572
HHS - Passed through Aging and In-Home Services of Northeast Indiana	<u>35,120</u>	<u>33,980</u>
Total federal assistance	238,431	359,552
<u>State of Indiana</u> -		
Indiana Department of Transportation	146,149	95,234
<u>Local</u> -		
County, Cities and Townships	<u>80,515</u>	<u>77,265</u>
Total government funding	<u>\$465,095</u>	<u>\$532,051</u>

Note 10: Credit risk and concentrations - The Organization receives substantial support from federal, state and local governments. A significant reduction in the level of this support, if it were to occur, may have an effect on the Organization's programs and activities.

Note 11: Subsequent events - The Organization evaluated all events or transactions that occurred after December 31, 2016 up through May 23, 2017, which is the date the financial statements were available to be issued. During this period, management has determined that the Organization did not have any material recognizable or disclosable subsequent events.

DEKALB COUNTY COUNCIL ON AGING, INC.

SCHEDULE OF PROGRAM EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Transpor-</u> <u>tation</u>	<u>Home-</u> <u>maker</u>	<u>Center</u>	<u>Total</u>	
				<u>2016</u>	<u>2015</u>
Salaries	\$ 274,619	\$13,836	\$ 38,280	\$326,735	\$313,954
Payroll taxes	23,225	1,058	2,871	27,154	27,172
Employee benefits	<u>6,302</u>	<u>698</u>	<u>1,595</u>	<u>8,595</u>	<u>8,585</u>
Total salaries and related expenses	304,146	15,592	42,746	362,484	349,711
Dues and subscriptions	-	-	-	-	50
Education and training	4,490	-	-	4,490	5,005
Equipment	-	-	6,139	6,139	3,326
Insurance	20,537	326	8,077	28,940	31,367
Legal and professional	7,401	2,622	3,645	13,668	10,697
Miscellaneous	-	-	849	849	4,179
Postage	327	16	401	744	1,165
Advertising	4,916	147	703	5,766	2,190
Utilities	1,266	224	7,029	8,519	6,652
Repairs and maintenance	3,592	246	8,675	12,513	15,310
Supplies	4,869	865	6,698	12,432	13,755
Telephone	2,409	164	787	3,360	2,574
Travel	1,727	2,803	202	4,732	4,201
Program operations	63,989	-	30,043	94,032	103,758
Depreciation	<u>89,396</u>	<u>7,821</u>	<u>9,408</u>	<u>106,625</u>	<u>109,202</u>
Total expenses	<u>\$ 509,065</u>	<u>\$30,826</u>	<u>\$125,402</u>	<u>\$665,293</u>	<u>\$663,142</u>