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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

May 24, 2018

Board of Directors
Whitley County Council on Aging and Aged, Inc.
710 Opportunity Drive
Columbia City, IN 46725

We have reviewed the report prepared by Whitley County Council on Aging and Aged, Inc. and opined upon by David Culp & Co. LLP, Independent Public Accountants, for the period July 1, 2015 to June 30, 2016. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Whitley County Council on Aging and Aged, Inc. as of June 30, 2016 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, 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

Paul D. Joyce, CPA
State Examiner

WHITLEY COUNTY COUNCIL ON AGING AND AGED, INC.

AUDIT REPORT

JUNE 30, 2016

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Independent Auditor's Report

To the Board of Directors
Whitley County Council on Aging and Aged, Inc.
Columbia City, Indiana

We have audited the accompanying financial statements of Whitley County Council on Aging and Aged, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements -

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States 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 audit. We conducted our audit 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 Whitley County Council on Aging and Aged, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

David Culp & Co. LLP

David Culp & Co. LLP
Certified Public Accountants

Huntington, Indiana
February 15, 2017

WHITLEY COUNTY COUNCIL ON AGING AND AGED, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2016

ASSETS

Current Assets:	
Cash and cash equivalents - Notes 1 and 2	$ 108,712
Investments - Notes 1, 3, and 5	65,258
Accounts receivable - Note 1	6,249
Grants receivable - Note 1	61,528
Total current assets	241,747
Fixed Assets - Notes 1, 6 and 7:	
Building and improvements	1,313,597
Equipment	135,113
Vehicles	536,386
	1,985,096
Less: Accumulated depreciation	726,793
	1,258,303
Land	244,113
Total fixed assets	1,502,416
Other Assets:	
Foundation investment - Notes 4, 5 and 8	39,846
Total assets	$1,784,009

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts payable	$ 7,157
Accrued payroll and payroll taxes	3,643
Total current liabilities	10,800
Net Assets:	
Unrestricted - Note 11	1,600,662
Temporarily restricted - Note 7	132,701
Permanently restricted - Note 8	39,846
Total net assets	1,773,209
Total liabilities and net assets	$1,784,009

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

WHITLEY COUNTY COUNCIL ON AGING AND AGED, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support -				
Contributions	$ 11,861	$ -	$ -	$ 11,861
Government grants - Notes 7 and 9	349,557	68,100	-	417,657
Medicaid income	53,476	-	-	53,476
Program service fees	158,774	-	-	158,774
Fundraising	8,736	-	-	8,736
Interest and dividends	4,557	-	-	4,557
Unrealized net investment gain (loss)	(2,071)	-	18,844	16,773
Miscellaneous income	3,469	-	-	3,469
In kind services - Note 1	15,400	-	-	15,400
Gain on sale of fixed assets	2,500	-	-	2,500
Total revenues, gains and other support before net assets released from program restrictions	606,259	68,100	18,844	693,203
Net assets released from program restrictions	32,777	(32,777)	-	-
Total revenues, gains and other support	639,036	35,323	18,844	693,203
Expenses -				
Program	564,454	-	-	564,454
Management and general	52,679	-	-	52,679
Fundraising	2,569	-	-	2,569
Total expenses	619,702	-	-	619,702
Change in net assets	19,334	35,323	18,844	73,501
Net assets, beginning of year - Note 11	1,581,328	97,378	21,002	1,699,708
Net assets, end of year	$ 1,600,662	$ 132,701	$ 39,846	$1,773,209

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

WHITLEY COUNTY COUNCIL ON AGING AND AGED, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2016

	Program Services	Management and General	Fund-raising	Total
Salaries - Note 1	$256,275	$ 28,475	$ -	$284,750
Payroll taxes	20,183	2,242	-	22,425
Employee benefits	14,297	1,589	-	15,886
Total salaries and related expenses	290,755	32,306	-	323,061
Dues and subscriptions	1,121	125	-	1,246
Outside services	14,992	1,666	-	16,658
Insurance	18,748	2,083	-	20,831
Legal and professional	2,673	297	-	2,970
Miscellaneous	395	44	-	439
Postage	1,974	219	-	2,193
Advertising - Note 1	2,365	263	-	2,628
Utilities	16,796	1,866	-	18,662
Repairs and maintenance	31,517	3,502	-	35,019
Supplies	7,457	828	-	8,285
Telephone	4,446	494	-	4,940
Travel	3,346	372	-	3,718
Program operations	90,336	-	-	90,336
Fundraising	-	-	2,569	2,569
Interest expense	347	38	-	385
Depreciation - Note 1	77,186	8,576	-	85,762
Total expenses	$564,454	$ 52,679	$ 2,569	$619,702

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

WHITLEY COUNTY COUNCIL ON AGING AND AGED, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2016

Cash flows from operating activities:	
Change in net assets	$ 73,501
Adjustments to reconcile change in net assets to net cash provided by operating activities -	
(Gain) on sale of fixed assets	(2,500)
Depreciation	85,762
Net unrealized investments loss	9,107
(Increase) Decrease in -	
Accounts receivable	3,673
Grants receivable	75,529
Increase (Decrease) in -	
Accounts payable	(1,785)
Accrued expenses	(8,105)
Net cash provided by operating activities	235,182
Cash flows from investing activities:	
Purchase of property and equipment	(88,356)
Proceeds from sale of property and equipment	2,500
Net cash (used in) investing activities	(85,856)
Cash flows from financing activities:	
Net borrowings (payments) on line of credit	(60,000)
Net cash (used in) financing activities	(60,000)
Net increase in cash and cash equivalents	89,326
Cash and cash equivalents at beginning of year	19,386
Cash and cash equivalents at end of year	$108,712
Supplemental disclosures of cash flow information:	
Cash paid during the year for -	
Interest	$ 385

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

WHITLEY COUNTY COUNCIL ON AGING AND AGED, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note 1: Organization and summary of significant accounting policies -

Organization - Whitley County Council on Aging and Aged, Inc. (the Organization) is an Indiana non-profit organization organized on October 15, 1974. Its vision is that every senior citizen throughout Whitley County will have the opportunity to receive services to assist in maintaining an independent and dignified lifestyle. Its mission is to enable the senior citizens of Whitley County to live confident, independent and productive lives by providing educational programs and services.

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 from private, public and commercial agencies, fundraiser organizations, individuals, and clients. The Organization provides services regardless of age, ethnicity, religion, gender, disability, or ancestry.

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:

WHITLEY COUNTY COUNCIL ON AGING AND AGED, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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.

WHITLEY COUNTY COUNCIL ON AGING AND AGED, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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. 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 year ended June 30, 2016 was $85,762.

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

Assets	Years
Building and improvements	20-39
Vehicles	4- 5
Equipment	3- 7

WHITLEY COUNTY COUNCIL ON AGING AND AGED, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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 June 30, 2016, 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 portion of the Organization's functions is conducted by an unpaid board member/officer providing assistance with program and administrative activities. The value of these services is reflected in the Statement of Activities and the Statement of Functional Expenses.

WHITLEY COUNTY COUNCIL ON AGING AND AGED, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

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

Donated services (Continued)-

In addition, a 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.

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 year ended June 30, 2016 was $2,628.

Note 2: Concentration of credit risk - The Organization maintains its cash account in a local commercial bank. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At June 30, 2016, all accounts were guaranteed.

Note 3: Investments - Investments include the following at June 30, 2016:

Mutual funds	$65,258

Income earned on these investments consists of $4,522 of interest and dividends and $(2,071) of unrealized losses included in revenue on the Statement of Activities at June 30, 2016.

Note 4: Foundation investment - The Organization has invested funds with the Whitley County Community Foundation, Inc. (Foundation), which are reported at fair value of $39,846 for the year ended June 30, 2016. 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 of each year. At June 30, 2016, this amount was $2,170. 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.

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 June 30, 2016.

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

WHITLEY COUNTY COUNCIL ON AGING AND AGED, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

Note 5: Fair value measurements (Continued) -

The preceding method 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 Whitley County Community Foundation, Inc. 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. Whitley County Council on Aging and Aged, 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 June 30, 2016:

	Fair Value Measurements Using		
	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments - Mutual funds	$ 65,258	$ -	$ -
Other assets - Foundation investment	-	-	39,846
	$ 65,258	$ -	$ 39,846

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 June 30, 2016:

WHITLEY COUNTY COUNCIL ON AGING AND AGED, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

Note 5: Fair value measurements (Continued) -

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
	Foundation Investment
June 30, 2016 -	
Beginning balance, July 1, 2015	$ 21,002
Contributions received	18,752
Net investment (loss)	(58)
Interest and dividend income	521
Fees	(371)
Ending balance, June 30, 2016	$ 39,846

Note 6: Line of credit - During 2016, the Organization had access to borrow money, secured by real estate, through Crossroads Bank. At June 30, 2016, the available line of credit was $100,000 at an interest rate of 4.5%. At June 30, 2016, there were no borrowings on the line of credit.

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

Basis of vans received from INDOT grant	$132,701

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.

Note 8: Permanently restricted net assets - Permanently restricted net assets are restricted for the following at June 30, 2016:

Foundation investment - See Note 4	$ 39,846

WHITLEY COUNTY COUNCIL ON AGING AND AGED, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016

Note 9: Funds received from government funding -

Federal -	
FTA - Public Mass Transportation Fund	$248,506
HHS - Passed through Aging and In-Home Services of Northeast Indiana	31,234
Total federal assistance	279,740
State of Indiana -	
Indiana Department of Transportation	92,772
Local -	
County	45,145
Total government funding	$417,657

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: Prior period adjustment - The Organization adjusted net assets at the beginning of the year. Unrestricted net assets were increased by $68,814 to record an additional prior year grant receivable.

In addition, the net assets were reclassed at the beginning of the year. The Organization reclassed $97,378 to record the basis of vans received from INDOT to temporarily restricted net assets. Also, $21,002 to record a permanently restricted endowment fund at June 30, 2015.

Note 12: Subsequent events - The Organization evaluated all events or transactions that occurred after June 30, 2016 up through February 15, 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.