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July 10, 2018

Board of Directors
Paul Phillippe Resource Center, Inc.
401 West Walnut St.
Frankfort, IN 46041

We have reviewed the report prepared by Paul Phillippe Resource Center, Inc. and opined upon by Cullar & Associates, PC, Independent Public Accountants, for the period January 1, 2017 to December 31, 2017. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Paul Phillippe Resource Center, Inc. as of December 31, 2017 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Cullar & Associates, PC 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

FINANCIAL REPORT

PAUL PHILLIPPE RESOURCE CENTER, INC.

December 31, 2017 and 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Paul Phillippe Resource Center, Inc.
Frankfort, Indiana

We have audited the accompanying financial statements of Paul Phillippe Resource Center, Inc., which comprise the statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2017 and 2016, and the related statements of revenues, expenses, and changes in net assets – modified cash basis, and functional expenses – modified cash basis for the years then ended, and the related notes to 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 the modified cash basis of accounting as described in Note 1 to financial statements; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Paul Phillippe Resource Center, Inc. as of December 31, 2017 and 2016, and its revenues, expenses, and changes in net assets for the years then ended in accordance with the modified cash basis of accounting as described in Note 1 to financial statements.

Basis of Accounting

We draw attention to Note 1 to financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of federal, state, and local awards, as required by *Uniform Compliance Guidelines for Examination of Entities Receiving Financial Assistance from Governmental Sources*, issued by the Indiana State Board of Accounts, 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.

Cullen & Associates, P.C.

South Bend, Indiana
June 19, 2018

PAUL PHILLIPPE RESOURCE CENTER, INC.
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS
December 31, 2017 and 2016

| | <u>2017</u> | <u>2016</u> |
|--|-------------------|-------------------|
| Assets: | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 60,637 | \$ 36,958 |
| Payroll tax refund claim receivable | <u>4,128</u> | <u>-</u> |
| <i>Total current assets</i> | <u>64,765</u> | <u>36,958</u> |
| Long-Term Assets: | | |
| Beneficial interest in assets held by others | 384,945 | 377,753 |
| Property and equipment | <u>426,711</u> | <u>340,009</u> |
| | <u>811,656</u> | <u>717,762</u> |
| <i>Total assets</i> | <u>\$ 876,421</u> | <u>\$ 754,720</u> |
| Liabilities and Net Assets: | | |
| Current Liabilities: | | |
| Payroll withholdings | \$ 747 | \$ 3,235 |
| Deposits held | <u>400</u> | <u>800</u> |
| <i>Total current liabilities</i> | <u>1,147</u> | <u>4,035</u> |
| Net Assets: | | |
| Unrestricted | 490,329 | 372,932 |
| Temporarily restricted | <u>384,945</u> | <u>377,753</u> |
| <i>Total net assets</i> | <u>875,274</u> | <u>750,685</u> |
| <i>Total liabilities and net assets</i> | <u>\$ 876,421</u> | <u>\$ 754,720</u> |

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

PAUL PHILLIPPE RESOURCE CENTER, INC.
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS -
MODIFIED CASH BASIS
Years Ended December 31, 2017 and 2016

| | 2017 | | | 2016 | | |
|---|-------------------|---------------------------|-------------------|-------------------|---------------------------|-------------------|
| | Unrestricted | Temporarily Restricted | Totals | Unrestricted | Temporarily Restricted | Totals |
| Revenues, Gains, and Other Support: | | | | | | |
| Transportation grants | \$ 333,684 | \$ 146,868 | \$ 480,552 | \$ 325,011 | \$ - | \$ 325,011 |
| Other grants and contributions | 17,156 | 6,953 | 24,109 | 12,240 | 10,141 | 22,381 |
| United Way of Clinton County | 20,525 | - | 20,525 | 38,985 | - | 38,985 |
| Service fees | 124,974 | - | 124,974 | 119,896 | - | 119,896 |
| Special events | 8,073 | - | 8,073 | 7,717 | - | 7,717 |
| Trip income | 18,981 | - | 18,981 | 17,425 | - | 17,425 |
| Advertising | 1,550 | - | 1,550 | - | - | - |
| Rental income | 5,395 | - | 5,395 | 4,990 | - | 4,990 |
| Change in value of beneficial interest in assets held by others | - | 7,192 | 7,192 | - | 23,013 | 23,013 |
| Investment income | 42,196 | - | 42,196 | 36 | - | 36 |
| Other | 3,748 | - | 3,748 | 578 | - | 578 |
| Net assets released from restrictions | <u>153,821</u> | <u>(153,821)</u> | <u>-</u> | <u>10,141</u> | <u>(10,141)</u> | <u>-</u> |
| <i>Total revenues, gains, and other support</i> | <u>730,103</u> | <u>7,192</u> | <u>737,295</u> | <u>537,019</u> | <u>23,013</u> | <u>560,032</u> |
| Expenses: | | | | | | |
| Transportation | 437,605 | - | 437,605 | 443,221 | - | 443,221 |
| Senior Resource Center | <u>65,088</u> | <u>-</u> | <u>65,088</u> | <u>64,471</u> | <u>-</u> | <u>64,471</u> |
| <i>Total program service expenses</i> | 502,693 | - | 502,693 | 507,692 | - | 507,692 |
| Management and general | 71,885 | - | 71,885 | 76,335 | - | 76,335 |
| Fund raising | <u>38,128</u> | <u>-</u> | <u>38,128</u> | <u>40,012</u> | <u>-</u> | <u>40,012</u> |
| <i>Total expenses</i> | <u>612,706</u> | <u>-</u> | <u>612,706</u> | <u>624,039</u> | <u>-</u> | <u>624,039</u> |
| Change in net assets | 117,397 | 7,192 | 124,589 | (87,020) | 23,013 | (64,007) |
| Net assets, beginning of year | <u>372,932</u> | <u>377,753</u> | <u>750,685</u> | <u>459,952</u> | <u>354,740</u> | <u>814,692</u> |
| <i>Net assets, end of year</i> | <u>\$ 490,329</u> | <u>\$ 384,945</u> | <u>\$ 875,274</u> | <u>\$ 372,932</u> | <u>\$ 377,753</u> | <u>\$ 750,685</u> |

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

PAUL PHILLIPPE RESOURCE CENTER, INC.
STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS
Years Ended December 31, 2017 and 2016

| | 2017 | | | | | 2016 | | | | |
|----------------------------|-----------------------|-------------------------------|-------------------------------|---------------------|-------------------|-----------------------|-------------------------------|-------------------------------|---------------------|-------------------|
| | <u>Transportation</u> | <u>Senior Resource Center</u> | <u>Management and General</u> | <u>Fund Raising</u> | <u>Totals</u> | <u>Transportation</u> | <u>Senior Resource Center</u> | <u>Management and General</u> | <u>Fund Raising</u> | <u>Totals</u> |
| Personnel | \$ 243,913 | \$ 34,149 | \$ 54,431 | \$ 29,294 | \$ 361,787 | \$ 243,099 | \$ 37,984 | \$ 55,084 | \$ 30,057 | \$ 366,224 |
| Vehicle operating expenses | 60,087 | 3,038 | - | - | 63,125 | 60,051 | 2,563 | - | - | 62,614 |
| Insurance | 32,090 | 329 | 524 | 281 | 33,224 | 26,482 | 1,582 | 2,294 | 1,253 | 31,611 |
| Occupancy | 21,822 | 3,055 | 4,870 | 2,621 | 32,368 | 22,176 | 3,465 | 5,025 | 2,742 | 33,408 |
| Supplies and activities | 4,081 | 3,032 | 287 | 3,546 | 10,946 | 271 | 753 | 2,513 | 4,295 | 7,832 |
| Postage | 233 | 33 | 52 | 28 | 346 | 129 | 20 | 29 | 17 | 195 |
| Communications | 9,105 | 720 | 588 | 81 | 10,494 | 9,880 | 452 | 655 | 357 | 11,344 |
| Professional fees | - | - | 7,200 | - | 7,200 | - | - | 7,340 | - | 7,340 |
| Advertising | 611 | 74 | - | - | 685 | 91 | - | 820 | - | 911 |
| Dues and subscriptions | 565 | 170 | - | - | 735 | 175 | 340 | 180 | - | 695 |
| Conferences and training | 5,468 | - | - | - | 5,468 | 7,450 | - | - | - | 7,450 |
| Travel | 3,371 | 182 | - | - | 3,553 | 1,806 | 27 | - | - | 1,833 |
| Trip expenses | - | 17,476 | - | - | 17,476 | - | 15,270 | - | - | 15,270 |
| Depreciation | 53,683 | 2,448 | 3,903 | 2,101 | 62,135 | 69,035 | 1,633 | 2,368 | 1,291 | 74,327 |
| Other | 2,576 | 382 | 30 | 176 | 3,164 | 2,576 | 382 | 27 | - | 2,985 |
| <i>Totals</i> | <u>\$ 437,605</u> | <u>\$ 65,088</u> | <u>\$ 71,885</u> | <u>\$ 38,128</u> | <u>\$ 612,706</u> | <u>\$ 443,221</u> | <u>\$ 64,471</u> | <u>\$ 76,335</u> | <u>\$ 40,012</u> | <u>\$ 624,039</u> |

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

PAUL PHILLIPPE RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Paul Phillippe Resource Center, Inc. (the "Organization") is an Indiana nonprofit corporation organized to fulfill the needs of Clinton County, Indiana residents over age 55. The Organization provides public transportation services and maintains a resource center that serves older adults. The Organization's operations are supported primarily by grants from governmental agencies and other nonprofit organizations and contributions from the public.

Significant Accounting Policies:

Basis of accounting:

The Organization's accounts are maintained, and these statements are prepared, on a modified cash basis of accounting, under which only revenues collected, costs and expenses paid, assets and net assets arising from cash transactions, and a provision for depreciation are recognized. Consequently, accounts receivable, prepaid expenses, deferred revenues, accounts payable, and accrued liabilities, which may be material, are not reflected, and the financial statements are not intended to present financial position and activities in conformity with accounting principles generally accepted in the United States of America.

Use of estimates:

The process of preparing financial statements in conformity with the modified cash basis of accounting requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts. Significant estimates used in the accompanying financial statements include:

- Revenue earned from cost-reimbursement awards. The majority of the Organization's revenue is earned on such awards from governmental agencies that are governed by federal and state cost principles and other administrative and programmatic regulations and are subject to audit by regulatory authorities. It is at least reasonably possible that revenue earned under such awards will be adjusted upon audit.
- The valuation of the beneficial interest in assets held by others, which is based on the value of the underlying assets in the trust, as provided by the trustee, and which approximates the present value of expected future distributions.
- The allocations of costs among programs and supporting services, which are based on time and facility usage studies and other methods of cost allocation.

Net asset classes:

The Organization reports its activities and financial position by the following classes of net assets:

- *Unrestricted net assets* are those currently available for use by the Organization.
- *Temporarily restricted net assets* are those received with donor stipulations that limit the use of the donated assets. When stipulated time restrictions expire or purpose

PAUL PHILLIPPE RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

restrictions are accomplished, these net assets are reclassified to unrestricted net assets and reported in the statements of revenues, expenses, and changes in net assets – modified cash basis as net assets released from restrictions.

- *Permanently restricted net assets* are those received with permanent donor stipulations. Investment income from permanently restricted net assets that is available for distribution is recorded as an increase in temporarily restricted net assets. Historically, the Organization has not received permanently restricted net assets.

Cash and cash equivalents:

The Organization considers all highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

Property and equipment:

Property and equipment is stated at cost, if acquired, or at fair value at the date of receipt, if donated, less accumulated depreciation. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, which are generally as follows:

| | |
|---------------------------------|-------------|
| Building and improvements | 10-40 years |
| Vehicles..... | 5-7 years |
| Office equipment..... | 5-7 years |
| Furniture and fixtures | 5-12 years |

All of the Organization’s transportation program vehicles have been purchased with governmental grant funds. Title to these vehicles is held in the funding source’s name for the first five years after acquisition, during which the vehicles must be used in the program for which they were purchased or in other future authorized programs. Disposition of these vehicles, as well as the ownership of any sale proceeds, during this time is subject to funding source and other regulatory directives. Because management expects such vehicles to be used in accordance with the funding source’s directives, the cost of the vehicles is recorded as an asset when they are acquired.

Beneficial interest in assets held by others:

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

The beneficial interest in assets held in trust discussed in Note 2 is stated at fair value, based on the fair value of the assets in the trust, as provided by the trustee, and which approximates the present value of expected future distributions. Changes in the value of the beneficial interest are included in revenues in the statements of revenues, expenses, and changes in net assets – modified cash basis.

PAUL PHILLIPPE RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

Gifts and grants:

The Organization reports gifts and grants of cash and other assets as revenue when received, and considers such gifts to be available for unrestricted use unless specifically restricted by donor. When a donor restriction expires (that is, when a purpose restriction is accomplished or a time restriction expires), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of revenues, expenses, and changes in net assets – modified cash basis as net assets released from restrictions.

Contributions of property and equipment are recorded at fair value at the date of contribution, and are reported as increases in unrestricted net assets unless the donor has restricted the contributed asset to a specific purpose. Assets contributed with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted contributions. Absent donor stipulations regarding how long such donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Fees for services:

Fees for services are recognized as revenue when collected.

Income taxes:

The Organization is generally exempt from income tax under Internal Revenue Code Section 501(c)(3) and a similar section of the Indiana Code. Consequently, the accompanying financial statements generally contain no provision for income taxes. The Organization is classified by the Internal Revenue Service as other than a private foundation under Internal Revenue Code Section 509(a)(1).

The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. Examples of tax positions include the tax-exempt status of the Organization and positions related to the potential sources of unrelated business taxable income. Management has not identified any uncertain tax positions taken or expected to be taken in a tax return, and there are no unrecognized tax benefits recorded as liabilities in the accompanying financial statements. The Organization classifies interest and penalties, if any, associated with uncertain tax positions as a component of income tax expense. There was no accrued interest or any penalties related to unrecognized tax benefits at either December 31, 2017 or 2016, or any interest or penalties expense related to unrecognized tax benefits for the years then ended. The Organization is no longer subject to examination by the Internal Revenue Service or the State of Indiana for years prior to 2014.

PAUL PHILLIPPE RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

Subsequent events:

The date through which events occurring subsequent to December 31, 2017 have been evaluated for possible adjustment to the financial statements or disclosure is June 19, 2018, the date on which the financial statements were available to be issued.

NOTE 2. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The beneficial interest in assets held by others with a value of \$384,945 and \$377,753 at December 31, 2017 and 2016, respectively, consists of an interest in a trust of which the Organization is the sole beneficiary. There are no restrictions on the use of income from the trust. Principal may be distributed to the Organization upon showing of good cause and approval of the court of jurisdiction.

Distributions of \$42,160 and none were received from the trust in 2017 and 2016, respectively, which are included in investment income in the accompanying statements of revenues, expenses, and changes in net assets – modified cash basis. The change in the value of the trust of \$7,192 and \$23,013 for the years ended December 31, 2017 and 2016, respectively, is also reported in revenues in the accompanying statements of revenues, expenses and changes in net assets – modified cash basis.

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at December 31, 2017 and 2016, respectively:

| | <u>2017</u> | <u>2016</u> |
|-----------------------------------|-------------------|-------------------|
| Building and improvements | \$ 304,593 | \$ 297,221 |
| Land | 30,410 | 30,410 |
| Vehicles | 601,949 | 460,484 |
| Office equipment | 127,253 | 127,253 |
| Furniture and fixtures | <u>25,137</u> | <u>25,137</u> |
| | 1,089,342 | 940,505 |
| Less accumulated depreciation | <u>(662,631)</u> | <u>(600,496)</u> |
| <i>Net property and equipment</i> | <u>\$ 426,711</u> | <u>\$ 340,009</u> |

NOTE 4. NET ASSETS INFORMATION

Temporarily restricted net assets at both December 31, 2017 and 2016 are the beneficial interest in assets held in trust discussed in Note 2, which are time restricted. Net assets were released from restrictions for the years ended December 31, 2017 and 2016, respectively, by satisfying purpose restrictions as follows:

| | <u>2017</u> | <u>2016</u> |
|--|-------------------|------------------|
| Transportation operating expenses | \$ 6,953 | \$ 10,141 |
| Vehicle purchases | <u>146,868</u> | <u>-</u> |
| <i>Total net assets released from restrictions</i> | <u>\$ 153,821</u> | <u>\$ 10,141</u> |

PAUL PHILIPPE RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

NOTE 5. INVESTMENT INCOME INFORMATION

Investment income consists of the following for the years ended December 31, 2017 and 2016, respectively:

| | <u>2017</u> | <u>2016</u> |
|--|------------------|--------------|
| Interest on bank accounts | \$ 36 | \$ 36 |
| Distributions from beneficial interest in trust | <u>42,160</u> | <u>-</u> |
| <i>Total net assets released from restrictions</i> | <u>\$ 42,196</u> | <u>\$ 36</u> |

NOTE 6. COMMUNITY FOUNDATION ENDOWMENT

The Organization is the beneficiary of an endowment fund held by Community Foundation of Howard County, Inc. ("Community Foundation") to which others have contributed. The amount of income distributed is based upon Community Foundation's current spending policy and the amount of funds designated for the Organization. Because the donations were from third-party donors who granted Community Foundation granted variance power over the assets, such assets are not reported in the accompanying statements of assets, liabilities, and net assets – modified cash basis. The value of the fund at December 31, 2017 and 2016 is \$8,126 and \$7,268, respectively. The Organization received distributions from the fund of \$232 and \$248 for the years ended December 31, 2017 and 2016, respectively, which are included in contributions revenue in accompanying statements of revenues, expenses, and changes in net assets – modified cash basis.

NOTE 7. FAIR VALUE MEASUREMENTS

U.S. generally accepted accounting principles defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in an entity's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Such principles establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. There are three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.
- Level 2: 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: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

PAUL PHILLIPPE RESOURCE CENTER, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2017 and 2016

The fair value of assets measured on a recurring basis at December 31, 2017 and 2016, respectively is as follows:

| | <u>Fair Value</u> | <u>Level 1</u> | <u>Level 2</u> | <u>Level 3</u> |
|---|-------------------|----------------|----------------|-------------------|
| Beneficial interest in assets held by others: | | | | |
| At December 31, 2017 | \$ <u>384,945</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>384,945</u> |
| At December 31, 2016 | \$ <u>377,753</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>377,753</u> |

Fair value for the beneficial interest in assets held by others (the trust discussed in Note 2) is based on the fair value of the assets held by the trust, as provided by the trustee and which approximates the present value of expected future distributions.

The following is a reconciliation of beginning and ending balance of the fair value of assets measured by Level 3 inputs for the years ended December 31, 2017 and 2016, respectively:

| | <u>2017</u> | <u>2016</u> |
|---|-------------------|-------------------|
| Beneficial interest in assets held by others: | | |
| Beginning fair value | \$ 377,753 | \$ 354,740 |
| Change in value | 49,352 | 23,013 |
| Distributions | <u>(42,160)</u> | <u>-</u> |
| Ending fair value | <u>\$ 384,945</u> | <u>\$ 377,753</u> |

NOTE 8. CONCENTRATIONS

The Organization's activities and contributors are concentrated in Clinton County, Indiana. Accordingly, its gifts, grants, and other sources of support and revenue may be affected by conditions in that area.

For the years ended December 31, 2017 and 2016, approximately 58% and 53%, respectively, of total revenues were from Clinton County for programs funded by the Indiana Department of Transportation.

NOTE 9. CONTINGENCIES

The Organization is involved in disputes or legal actions arising in the ordinary course of business. Management does not believe the outcome of such legal actions will have a material adverse effect on the Organization's financial position or results of operations.

PAUL PHILLIPPE RESOURCE CENTER, INC.
SCHEDULE OF FEDERAL, STATE, AND LOCAL AWARDS
Year Ended December 31, 2017

| <u>Grantor/Pass-Through Grantor/Program/Title</u> | <u>Identifying Number</u> | <u>Beginning Balance</u> | <u>Award Received</u> | <u>Award Expended</u> | <u>Ending Balance</u> |
|---|---------------------------|--------------------------|-----------------------|-----------------------|-----------------------|
| FEDERAL AWARDS | | | | | |
| <i>United States Department of Transportation:</i> | | | | | |
| Passed Through State of Indiana Department of Transportation: | | | | | |
| Passed through Clinton County Commissioners: | | | | | |
| Formula Grants for Other Than Urbanized Areas | 18035530 | \$ 47,945 | \$ - | \$ 47,945 | \$ - |
| Formula Grants for Other Than Urbanized Areas | 1803553C | - | 113,593 | 113,593 | - |
| Formula Grants for Other Than Urbanized Areas | 18035530 | - | 197,719 | 144,997 | 52,722 |
| <i>Total grant project</i> | | <u>47,945</u> | <u>311,312</u> | <u>306,535</u> | <u>52,722</u> |
| <i>United States Department of Health and Human Services:</i> | | | | | |
| Passed Through State of Indiana Family and Social Services Administration: | | | | | |
| Passed through Area IV Agency on Aging and Community Action Programs, Inc.: | | | | | |
| Special Programs for the Aging - Title IIIB - | | | | | |
| Grants for Supportive Services and Senior Centers | AAA-4-125:17 | 12,871 | - | 12,871 | - |
| Grants for Supportive Services and Senior Centers | AAA-4-125:18 | - | 15,445 | 3,861 | 11,584 |
| <i>Total grant project</i> | | <u>12,871</u> | <u>15,445</u> | <u>16,732</u> | <u>11,584</u> |
| <i>Total federal awards</i> | | <u>60,816</u> | <u>326,757</u> | <u>323,267</u> | <u>64,306</u> |
| STATE AWARDS | | | | | |
| <i>Indiana State Department of Transportation:</i> | | | | | |
| Section 5311 PMTF Allocation | 18035530 | 22,381 | - | 22,381 | - |
| Section 5311 PMTF Allocation | 18035530 | - | 89,361 | 83,361 | 6,000 |
| <i>Total state awards</i> | | <u>22,381</u> | <u>89,361</u> | <u>105,742</u> | <u>6,000</u> |
| LOCAL AWARDS | | | | | |
| Clinton County Commissioners | N/A | - | 15,000 | 15,000 | - |
| City of Frankfort | N/A | - | 20,000 | 20,000 | - |
| <i>Total local awards</i> | | <u>-</u> | <u>35,000</u> | <u>35,000</u> | <u>-</u> |
| <i>Total federal, state, and local awards</i> | | <u>\$ 83,197</u> | <u>\$ 451,118</u> | <u>\$ 464,009</u> | <u>\$ 70,306</u> |