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September 20, 2018

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

We have reviewed the report prepared by Whitley County Council on Aging, Inc. and opined upon by Culp CPA Group, Independent Public Accountants, for the period July 1, 2016 to December 31, 2017. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Whitley County Council on Aging, 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, Culp CPA Group 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, INC.

AUDIT REPORT

DECEMBER 31, 2017

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Independent Auditor's Report

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

We have audited the accompanying financial statements of Whitley County Council on Aging, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the 18-month period 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, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the 18-month period then ended in accordance with accounting principles generally accepted in the United States of America.

*Culp CPA Group*

Culp CPA Group  
Certified Public Accountants

Huntington, Indiana  
August 22, 2018

WHITLEY COUNTY COUNCIL ON AGING, INC.

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2017

ASSETS

Current Assets:

Cash and cash equivalents - Notes 1 and 2	\$ 103,943
Investments - Notes 1, 3, and 5	105,729
Accounts receivable - Note 1	9,400
Grants receivable - Note 1	<u>39,289</u>
Total current assets	<u>258,361</u>

Fixed Assets - Notes 1, 6 and 7:

Building and improvements	1,343,097
Equipment	135,113
Vehicles	<u>637,559</u>

2,115,769

Less: Accumulated depreciation 868,700

Land 1,247,069  
244,113

Total fixed assets 1,491,182

Other Assets:

Foundation investment - Notes 4, 5 and 8 48,009

Total assets \$1,797,552

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable \$ 7,763  
Accrued payroll and payroll taxes 5,062

Total current liabilities 12,825

Net Assets:

Unrestricted - Note 11 1,605,756  
Temporarily restricted - Note 7 130,962  
Permanently restricted - Note 8 48,009

Total net assets 1,784,727

Total liabilities and net assets \$1,797,552

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

WHITLEY COUNTY COUNCIL ON AGING, INC.

STATEMENT OF ACTIVITIES

FOR THE 18-MONTH PERIOD ENDED DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<u>Revenues, gains and other support -</u>				
Contributions	\$ 34,823	\$ -	\$ -	\$ 34,823
Government grants -				
Notes 7 and 9	519,251	80,719	-	599,970
Medicaid income	78,650	-	-	78,650
Program service fees	238,275	-	-	238,275
Fundraising	16,477	-	-	16,477
Interest and dividends	6,375	-	-	6,375
Net investment gain	4,215	-	8,163	12,378
Miscellaneous income	10,785	-	-	10,785
In kind services - Note 1	<u>43,310</u>	<u>-</u>	<u>-</u>	<u>43,310</u>
Total revenues, gains and other support before net assets released from program restrictions	952,161	80,719	8,163	1,041,043
Net assets released from program restrictions	<u>82,458</u>	<u>(82,458)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>1,034,619</u>	<u>(1,739)</u>	<u>8,163</u>	<u>1,041,043</u>
<u>Expenses -</u>				
Program	928,174	-	-	928,174
Management and general	97,665	-	-	97,665
Fundraising	<u>3,686</u>	<u>-</u>	<u>-</u>	<u>3,686</u>
Total expenses	<u>1,029,525</u>	<u>-</u>	<u>-</u>	<u>1,029,525</u>
Change in net assets	5,094	(1,739)	8,163	11,518
<u>Net assets, beginning of period</u>	<u>1,600,662</u>	<u>132,701</u>	<u>39,846</u>	<u>1,773,209</u>
<u>Net assets, end of period</u>	<u>\$ 1,605,756</u>	<u>\$ 130,962</u>	<u>\$ 48,009</u>	<u>\$1,784,727</u>

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

WHITLEY COUNTY COUNCIL ON AGING, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE 18-MONTH PERIOD ENDED DECEMBER 31, 2017

	<u>Program Services</u>	<u>Manage- ment and General</u>	<u>Fund- raising</u>	<u>Total</u>
Salaries - Note 1	\$440,289	\$ 48,921	\$ -	\$ 489,210
Payroll taxes	32,352	3,595	-	35,947
Employee benefits	<u>23,903</u>	<u>2,656</u>	-	<u>26,559</u>
 Total salaries and related expenses	 496,544	 55,172	 -	 551,716
 Dues and subscriptions	 1,669	 185	 -	 1,854
Outside services	31,984	3,554	-	35,538
Insurance	33,821	3,758	-	37,579
Legal and professional	18,295	2,033	-	20,328
Miscellaneous	266	-	-	266
Postage	1,930	214	-	2,144
Advertising - Note 1	1,440	-	-	1,440
Utilities	29,827	3,314	-	33,141
Repairs and maintenance	40,064	4,451	-	44,515
Supplies	8,226	9,277	-	17,503
Telephone	7,108	790	-	7,898
Travel	6,535	726	-	7,261
Program operations	122,749	-	-	122,749
Fundraising	-	-	3,686	3,686
Depreciation - Note 1	<u>127,716</u>	<u>14,191</u>	<u>-</u>	<u>141,907</u>
 Total expenses	 <u>\$928,174</u>	 <u>\$ 97,665</u>	 <u>\$ 3,686</u>	 <u>\$1,029,525</u>

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

WHITLEY COUNTY COUNCIL ON AGING, INC.

STATEMENT OF CASH FLOWS

FOR THE 18-MONTH PERIOD ENDED DECEMBER 31, 2017

<u>Cash flows from operating activities:</u>	
Change in net assets	\$ 11,518
Adjustments to reconcile change in net assets to net cash provided by operating activities -	
Depreciation	141,907
Investment (gain)	(12,378)
(Increase) Decrease in -	
Accounts receivable	(3,151)
Grants receivable	22,239
Increase (Decrease) in -	
Accounts payable	606
Accrued expenses	<u>1,419</u>
Net cash provided by operating activities	<u>162,160</u>
<u>Cash flows from investing activities:</u>	
Purchase of property and equipment	(130,673)
Purchase of investments	(130,647)
Proceeds from sale of investments	<u>94,391</u>
Net cash (used in) investing activities	<u>(166,929)</u>
<u>Net (decrease) in cash and cash equivalents</u>	(4,769)
<u>Cash and cash equivalents at beginning of period</u>	<u>108,712</u>
<u>Cash and cash equivalents at end of period</u>	<u>\$ 103,943</u>

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

WHITLEY COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2017

Note 1: Organization and summary of significant accounting policies -

Organization - Whitley County Council on Aging, 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, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

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, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

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 18-month period ended December 31, 2017 was \$141,907.

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- 5
Equipment	3- 7

WHITLEY COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

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, 2017, 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 and 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, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

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 18-month period ended December 31, 2017 was \$1,440.

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 December 31, 2017, all accounts were guaranteed.

Note 3: Investments - Investments include the following at December 31, 2017:

Mutual funds	<u>\$105,729</u>
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Income earned on these investments consists of \$6,375 of interest and dividends and \$4,215 of unrealized/realized gains included in revenue on the Statement of Activities at December 31, 2017.

Note 4: Foundation investment - The Organization has invested funds with the Whitley County Community Foundation, Inc. (Foundation), which are reported at fair value of \$48,009 for the 18-month period ended December 31, 2017. 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 December 31, 2017, this amount was \$3,209. 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.

WHITLEY COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

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 December 31, 2017.

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, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

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, 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, 2017:

	<u>Fair Value Measurements Using</u>		
	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments - Mutual Funds	\$ 105,729	\$ -	\$ -
Other assets - Founda- tion investment	<u>-</u>	<u>-</u>	<u>48,009</u>
	<u>\$ 105,729</u>	<u>\$ -</u>	<u>\$ 48,009</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 18-month period ended December 31, 2017:

WHITLEY COUNTY COUNCIL ON AGING, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2017

Note 5: Fair value measurements (Continued) -

		Fair Value Measure- ments Using Significant Unob- servable Inputs (Level 3)
		<u>Foundation Investment</u>
<u>December 31, 2017 -</u>		
Beginning balance, June 30, 2016	\$	39,846
Contributions received		350
Net investment gain		7,475
Interest and dividend income		1,254
Fees		(916)
		<u>48,009</u>
Ending balance, December 31, 2017	\$	<u>48,009</u>

Note 6: Line of credit - During the 18-month period ended December 31, 2017, the Organization had access to borrow money, secured by real estate, through Crossroads Bank. At December 31, 2017, the available line of credit was \$100,000 at an interest rate of 4.5%. At December 31, 2017, there were no borrowings on the line of credit. The line of credit matures April 18, 2020.

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

Basis of vans received from INDOT grant	<u>\$130,962</u>
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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 December 31, 2017:

Foundation investment - See Note 4	<u>\$ 48,009</u>
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WHITLEY COUNTY COUNCIL ON AGING, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
DECEMBER 31, 2017

Note 9: Funds received from government funding -

<u>Federal -</u>	
FTA - Public Mass Transportation Fund	\$371,932
HHS - Passed through Aging and In-Home Services of Northeast Indiana	<u>48,503</u>
Total federal assistance	420,435
<u>State of Indiana -</u>	
Indiana Department of Transportation	100,586
<u>Local -</u>	
County	<u>78,949</u>
Total government funding	<u>\$599,970</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, 2017 up through August 22, 2018, 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.