



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B52693

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 20, 2019

Board of Directors
Newton County Community Services, Inc.
108 E. State Street
Morocco, IN 47963

We have reviewed the audit report of Newton County Community Services, Inc. which was opined upon by Comer, Nowling & 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 Newton County Community Services, 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, Comer, Nowling & Associates, PC prepared the audit report in accordance with 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

**Newton County
Community Services, Inc.**

**Financial Statements
For The Years Ended
December 31, 2017 and 2016**

COMER  NOWLING
INDUSTRY ESTABLISHED | FOCUSED ON QUALITY
Certified Public Accountants

**NEWTON COUNTY COMMUNITY SERVICES, INC.
TABLE OF CONTENTS**

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION.....	3
STATEMENTS OF ACTIVITIES	4
STATEMENTS OF FUNCTIONAL EXPENSES	6
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS.....	9



INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Newton County Community Services, Inc.
Morocco, Indiana

We have audited the accompanying financial statements of Newton County Community Services, Inc. (the "Organization"), which comprise the statements of financial position as of December 31, 2017 and 2016 and the related statements of activities, functional expenses, and cash flows for the years then ended, and related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentations of these financial statements in accordance with 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 audits 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 amount and disclosures in the financial statements. The procedures selected depend on the auditor's judgment including the assessment of 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 statement 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Newton County Community Services, Inc. as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
October 19, 2018

NEWTON COUNTY COMMUNITY SERVICES, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

	ASSETS	
	<u>2017</u>	<u>2016</u>
CURRENT ASSETS:		
Cash	\$ 38,838	\$ 96,358
Accounts receivable	73,749	70,102
Prepaid expenses	<u>3,872</u>	<u>3,872</u>
Total current assets	<u>116,459</u>	<u>170,332</u>
PROPERTY AND EQUIPMENT:		
Land	8,400	8,400
Buildings and improvements	80,358	68,358
Furniture and equipment	17,392	17,392
Accumulated depreciation	<u>(43,220)</u>	<u>(38,661)</u>
Total property and equipment	<u>62,930</u>	<u>55,489</u>
OTHER ASSETS:		
Newton County Community Foundation	<u>96,477</u>	<u>-</u>
Total assets	<u>\$ 275,866</u>	<u>\$ 225,821</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES:		
Accounts payable	\$ 20,682	\$ 2,320
Accrued payroll and payroll taxes	<u>9,190</u>	<u>8,809</u>
Total current liabilities	<u>29,872</u>	<u>11,129</u>
NET ASSETS:		
Unrestricted	149,003	214,692
Temporarily restricted	<u>96,991</u>	<u>-</u>
Total net assets	<u>245,994</u>	<u>214,692</u>
Total liabilities and unrestricted net assets	<u>\$ 275,866</u>	<u>\$ 225,821</u>

See accompanying notes to financial statements.

NEWTON COUNTY COMMUNITY SERVICES, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Federal grant revenue	\$ 249,227	\$ -	\$ 249,227
State and local revenue	180,840	-	180,840
Medicaid transportation	55,796	-	55,796
Program income	38,341	-	38,341
Rent income	21,840	-	21,840
Contributions	6,615	96,991	103,606
In-kind donations	22,800	-	22,800
Fundraising income	4,550	-	4,550
Other income	7,289	-	7,289
	<u>587,298</u>	<u>96,991</u>	<u>684,289</u>
EXPENSES			
Program services	529,351	-	529,351
Management and general	119,271	-	119,271
Fundraising	4,365	-	4,365
	<u>652,987</u>	<u>-</u>	<u>652,987</u>
CHANGE IN NET ASSETS	(65,689)	96,991	31,302
NET ASSETS, BEGINNING OF YEAR	<u>214,692</u>	<u>-</u>	<u>214,692</u>
NET ASSETS, END OF YEAR	<u>\$ 149,003</u>	<u>\$ 96,991</u>	<u>\$ 245,994</u>

See accompanying notes to financial statements.

2016		
<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>2016</u>
\$ 279,303	\$ -	\$ 279,303
205,000	-	205,000
58,972	-	58,972
32,060	-	32,060
21,840	-	21,840
16,552	-	16,552
18,300	-	18,300
810	-	810
4,268	-	4,268
<u>637,105</u>	<u>-</u>	<u>637,105</u>
523,718	-	523,718
104,524	-	104,524
507	-	507
<u>628,749</u>	<u>-</u>	<u>628,749</u>
8,356	-	8,356
<u>206,336</u>	<u>-</u>	<u>206,336</u>
<u>\$ 214,692</u>	<u>\$ -</u>	<u>\$ 214,692</u>

NEWTON COUNTY COMMUNITY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services	Management and General	Fundraising	2017 Total
OPERATING EXPENSES:				
Salaries and benefits	\$ 274,267	\$ 68,567	\$ -	\$ 342,834
Professional services	38,419	9,605	1,443	49,467
Rent	7,120	1,780	-	8,900
Insurance	28,541	7,135	-	35,676
Building maintenance	1,213	303	-	1,516
Utilities	41,058	10,265	-	51,323
Fuel	22,017	5,504	-	27,521
Telephone	8,109	2,027	-	10,136
Office equipment and repair	6,588	1,647	-	8,235
Office supplies	5,438	1,359	-	6,797
Travel	5,614	1,403	-	7,017
Postage	964	241	-	1,205
Dues and registrations	118	30	-	148
Advertising	1,869	467	-	2,336
Beneficiary expenses	34,799	-	-	34,799
Vehicle maintenance	17,469	-	-	17,469
In-kind expense	18,240	4,560	-	22,800
Depreciation	3,648	912	-	4,560
Contribution to Newton Community Foundation	2,400	600	-	3,000
Bad debt expense	5,815	1,454	-	7,269
Miscellaneous	5,645	1,412	2,922	9,979
Total expenses reported by function	\$ 529,351	\$ 119,271	\$ 4,365	\$ 652,987

**NEWTON COUNTY COMMUNITY SERVICES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Program Services	Management and General	Fundraising	2016 Total
OPERATING EXPENSES:				
Salaries and benefits	\$ 279,417	\$ 69,854	\$ -	\$ 349,271
Professional services	17,394	3,865	484	21,743
Rent	12,528	3,132	-	15,660
Insurance	37,873	4,208	-	42,081
Building maintenance	987	110	-	1,097
Utilities	33,651	8,413	-	42,064
Fuel	18,633	4,658	-	23,291
Telephone	9,903	2,476	-	12,379
Office equipment and repair	8,190	2,048	-	10,238
Office supplies	5,935	1,484	-	7,419
Travel	5,202	1,301	-	6,503
Postage	382	96	-	478
Dues and registrations	79	20	-	99
Advertising	1,436	359	-	1,795
Beneficiary expenses	52,427	-	-	52,427
Vehicle maintenance	15,988	-	-	15,988
In-kind expense	16,800	1,500	-	18,300
Depreciation	3,543	186	-	3,729
Bad debt expense	-	-	-	-
Miscellaneous	3,350	814	23	4,187
Total expenses reported by function	\$ 523,718	\$ 104,524	\$ 507	\$ 628,749

NEWTON COUNTY COMMUNITY SERVICES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 31,302	\$ 8,356
Adjustments to reconcile increase in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	4,559	3,729
Increase (decrease) in cash from changes in:		
Accounts receivable	(3,647)	(7,232)
Prepaid expenses	-	115
Accounts payable	18,362	(3,061)
Accrued payroll and payroll taxes	381	1,216
Other assets	(96,477)	-
Net cash provided by (used in) operating activities	<u>(45,520)</u>	<u>3,123</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets	<u>(12,000)</u>	<u>(34,842)</u>
Net cash provided by (used in) investing activities	<u>(12,000)</u>	<u>(34,842)</u>
NET INCREASE (DECREASE) IN CASH	<u>(57,520)</u>	<u>(31,719)</u>
CASH , BEGINNING OF YEAR	<u>96,358</u>	<u>128,077</u>
CASH , END OF YEAR	<u>\$ 38,838</u>	<u>\$ 96,358</u>

NEWTON COUNTY COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Newton County Community Services, Inc. (the Organization) is a community based non-profit corporation organized in 1974. The Organization's mission is to identify the problems of the aged citizens and other citizens in need in Newton County, Indiana and to propose solutions to the problems identified. This is accomplished by working in conjunction with the Older Americans Act, and residents, agencies and organizations within Newton County. It is the goal to solve these problems by developing public awareness of the needs of the aging and other citizens in Newton County, and by assisting those who may be sick, disabled or destitute.

BASIS OF ACCOUNTING

The financial statements of Newton County Community Services, Inc. have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

TAX STATUS

The Organization has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the internal Revenue Code as a tax-exempt organization. Accordingly, no accounting for federal or state income taxes is required in the accompanying financial statements.

SUPPORT AND REVENUE

The Organization receives grants from pass through agencies that originated with the State of Indiana (State) and the federal government to carry out certain program activities. The grants are received under contracts which require the Organization to submit appropriate records of services provided to eligible individuals. Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Additionally, the Organization receives Medicaid funding. The Medicaid revenue is recognized as earned as eligible services are provided.

ACCOUNTS RECEIVABLE

Accounts receivable primarily consist of amounts due from pass through agencies for services provided under contracts and amounts due from clients. The Organization considers all amounts to be fully collectable. The accounts receivable is reviewed periodically, and delinquent accounts are written off based on individual circumstances.

PROPERTY AND EQUIPMENT

The Organization follows the practice of capitalizing all expenditures in excess of \$500 for property and equipment. Property and equipment are carried at cost and contributed property and equipment is recorded at fair value at the date of donation. The following is a summary of the useful lives for each class of asset:

NEWTON COUNTY COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

PROPERTY AND EQUIPMENT – (continued)

Buildings and improvements	39 years
Equipment	3-10 years
Vehicles	3-5 years

When property is sold, retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income. Expenditures for maintenance and repairs are expensed when incurred. Depreciation is recorded by the straight-line method over estimated useful lives of the assets. Depreciation expense during the years ended December 31, 2017 and 2016 amounted to \$4,560 and \$3,728, respectively.

Vehicles for transportation services are acquired through the Kankakee-Iroquois Regional Planning Commission (K-IRPC). Vehicles are acquired in accordance with the Federal Section 5311 Rural Public Transit Program (Sec 5311). Sec 5311 requires the Organization to pay 20% of the vehicle cost, as the grantee. K-IRPC retains the title to these vehicles for their useful life of 4 years or 100,000 miles. The buses used for the Head Start Program are titled to and owned by K-IRPC, then leased to Newton County Community Services for the school year program.

CONTRIBUTIONS

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

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 and disclosures of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NEWTON COUNTY COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

ACCOUNTING FOR IMPAIRMENT OR DISPOSAL OF LONG-LIVED ASSETS

Accounting for the Impairment or Disposal of Long-Lived Assets guidance requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This guidance has not materially affected the Organization's net change in unrestricted net assets, statement of financial position or statement of cash flows.

FINANCIAL STATEMENT PRESENTATION

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization had \$96,991 in temporarily restricted net assets for the year ended December 31, 2017. The Organization did not have temporarily restricted net assets for the year ended December 31, 2016. The Organization did not have permanently restricted net assets as of December 31, 2017 and 2016, respectively. A description of the unrestricted, temporarily and permanently restricted net asset classes are as follows:

Unrestricted net assets represent the portion of net assets of the Organization that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for the support of the Organization.

Temporarily restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Newton County Community Services, Inc. pursuant to those stipulations.

Temporarily restricted net assets also include, pursuant to Indiana law, cumulative appreciation and reinvested gains on permanently restricted net assets, which has not been appropriated by the Board of Directors.

Permanently restricted net assets represent contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

TAX BENEFITS

During the year ended December 31, 2009, the Organization adopted the accounting policy to recognize a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will

**NEWTON COUNTY COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

TAX BENEFITS – (continued)

be recorded. The Organization has examined this issue and has determined there are no material contingent tax liabilities.

CONTRIBUTED SERVICES

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, solicitations, and various committee assignments.

IN-KIND CONTRIBUTIONS

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair market value of certain in-kind donations as an expense in its financial statements, and similarly increase revenue and other support by a like amount. For the years ended December 31, 2017 and 2016, the Organization received in-kind donations for rent in the amount of \$22,800 and \$18,300, respectively.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 19, 2018, which is the date the financial statements were available to be issued.

NOTE 2 – ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, consisted of:

	<u>2017</u>	<u>2016</u>
Kankakee Iroquois Regional Planning Commission	\$ 49,215	\$ 40,344
Northwest Indiana Community Action Agency	21,085	20,865
Client fees	1,629	8,893
KIRPC HS Rent Receivable	1,820	-
	<u>\$ 73,749</u>	<u>\$ 70,102</u>

NEWTON COUNTY COMMUNITY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 AND 2016

NOTE 3 – RELATED PARTY TRANSACTIONS

The Organization leased office space from a company owned by the spouse of a member of the board of directors. The Organization paid \$4,500 and \$6,360 during the years ended December 31, 2017 and 2016, respectively, and received \$12,000 and \$7,500 of in-kind contribution of office space, respectively, from this related party.

NOTE 4 – CONCENTRATION OF CREDIT RISK AND MAJOR SOURCES OF REVENUE

Approximately 63% and 76% of the Organization's revenue was from federal and local grant revenue for both of the years ended December 31, 2017 and 2016, respectively.

Newton County Community Services, Inc. maintains cash balances at one financial institution. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization did not have any amounts that were over the insured limit as of December 31, 2017 and 2016.

NOTE 5 – DESIGNATED PASS-THROUGH FUND WITH NEWTON COUNTY COMMUNITY FOUNDATION

In July 2017, the Organization established a designated pass-through fund known as NCCS Building Fund through the Newton County Community Foundation, Inc. A Pass-Through Fund may be established by an organization or a group of citizens for a specific fundraising project that meets a charitable purpose or a civic need. The fund is short-term until fully expended. The purpose of the fund is to provide support to the building project of Newton County Community Services, Inc. All gifts, bequests and devises to this Fund shall be irrevocable once accepted by the Community Foundation.

The balance as of December 31, 2017 is \$96,477 and is shown under Other Assets on the Statements of Financial Position.