



STATE OF INDIANA
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May 23, 2019

Board of Directors
Cass County Council on Aging, Inc.
115 South 6th St.
Logansport, IN 46947

We have reviewed the audit report of Cass County Council on Aging, Inc. which was opined upon by Rea Logan & Co., LLC, 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 Cass 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, Rea Logan & Co., LLC 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

**CASS COUNTY COUNCIL ON AGING, INC.
LOGANSPOUT, INDIANA**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

DECEMBER 31, 2017

**CASS COUNTY COUNCIL ON AGING, INC.
LOGANSPOUR, INDIANA**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

DECEMBER 31, 2017

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INDEPENDENT AUDITOR'S REPORT

**TO THE BOARD OF DIRECTORS
CASS COUNTY COUNCIL ON AGING, INC.
Logansport, Indiana**

We have audited the accompanying financial statements of Cass 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 years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 financial position of Cass County Council on Aging, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 of the financial statements, as of and for the year ended December 31, 2017, the Cass County Council on Aging, Inc. adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-14, Presentation of Financial Statements of Not for Profit Entities. Our opinion is not modified with respect to this matter.

Rea Logan & Co., LLC

Peru, Indiana
September 11, 2018

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2017

ASSETS

CURRENT ASSETS:

Cash	\$ 75,999
Accounts receivable	252,798
Prepaid expenses	34,954
Total Current Assets	363,751

FIXED ASSETS:

Building	311,906
Land	150,000
Office equipment	80,650
Vehicles	945,104
	<u>1,487,660</u>
Less accumulated depreciation	637,551
Total Fixed Assets	850,109

OTHER ASSETS:

Deposit on account	54,388
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TOTAL ASSETS

\$ 1,268,248

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 54,335
Accrued interest	102
Accrued wages and vacation	40,031
Payroll taxes and other withholdings	16,554
Current portion of long term debt	8,591
Total Current Liabilities	119,613

LONG TERM LIABILITIES:

Note payable - equipment	44,408
Less current portion of long term debt	8,591
Total Long Term Liabilities	35,817

NET ASSETS:

Without donor restrictions	1,111,284
With donor restrictions	1,534
Total Net Assets	1,112,818

TOTAL LIABILITIES AND NET ASSETS

\$ 1,268,248

See Accompanying Notes to Financial Statements.

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:			
Federal - Section 5311	\$ 519,946	\$ -	\$ 519,946
State - public mass transit	407,389	-	407,389
Title III-B	18,122	-	18,122
Federal - Section 5311 Capital Projects	153,344	-	153,344
Medicaid	297,571	-	297,571
Cass County Commissioners	10,400	-	10,400
City of Logansport	40,000	-	40,000
United Way of Cass County	31,167	-	31,167
Community Foundation Grant		25,504	25,504
Transit service fees	227,346	-	227,346
Donations	1,996	-	1,996
Interest	9	-	9
Gain (loss) on asset disposal	23,255	-	23,255
Other income	23,124	-	23,124
Nutrition	30,873	-	30,873
Net assets released from restrictions	23,970	(23,970)	-
TOTAL REVENUES AND OTHER SUPPORT	<u>1,808,512</u>	<u>1,534</u>	<u>1,810,046</u>
EXPENSES:			
Transportation	1,615,568	-	1,615,568
Recreation	55,679	-	55,679
Nutrition	86,541	-	86,541
TOTAL EXPENSES	<u>1,757,788</u>	<u>-</u>	<u>1,757,788</u>
INCREASE IN NET ASSETS	50,724	1,534	52,258
NET ASSETS - beginning of year	<u>1,060,560</u>	<u>-</u>	<u>1,060,560</u>
NET ASSETS - end of year	<u>\$ 1,111,284</u>	<u>\$ 1,534</u>	<u>\$ 1,112,818</u>

See Accompanying Notes to Financial Statements.

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Transportation</u>	<u>Recreation</u>	<u>Nutrition</u>	<u>Totals</u>
Salaries and wages	\$ 880,937	\$ 31,252	\$ 40,637	\$ 952,826
Payroll taxes	74,952	2,790	3,537	81,279
Advertising	5,921	1,157	424	7,502
Building maintenance	36,708	5,038	5,591	47,337
Conferences and travel	3,083	-	-	3,083
Depreciation	142,812	2,169	6,213	151,194
Dues and subscriptions	1,381	26	90	1,497
Equipment	14,652	650	802	16,104
Miscellaneous expenses	6,028	101	251	6,380
Insurance	110,323	2,917	5,123	118,363
Interest	1,449	32	111	1,592
Nutrition	-	-	16,974	16,974
Professional fees	38,913	462	1,617	40,992
Recreation	-	5,419	-	5,419
Supplies and materials	12,412	302	900	13,614
Telephone	2,202	20	68	2,290
Utilities	19,428	3,344	4,203	26,975
Vehicle operations	236,833	-	-	236,833
Vehicle supplies	27,534	-	-	27,534
Total Expenses	<u>\$ 1,615,568</u>	<u>\$ 55,679</u>	<u>\$ 86,541</u>	<u>\$ 1,757,788</u>

See Accompanying Notes to Financial Statements.

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash from contributions, grants, programs and miscellaneous	\$ 1,782,391
Cash paid to suppliers and employees	(1,579,218)
Interest paid	(1,848)
Interest income	9
	<hr/>
Net Cash Provided (Used) by Operating Activities	201,334
	<hr/>

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale of vehicles and equipment	40,557
Downpayment on equipment	(50,388)
Purchases of fixed assets	(245,915)
	<hr/>
Net Cash Provided (Used) by Investing Activities	(255,746)
	<hr/>

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds from note payable	45,800
Principal payments on notes payable	(4,901)
	<hr/>
Net Cash Provided (Used) by Financing Activities	40,899
	<hr/>

INCREASE (DECREASE) IN CASH

(13,513)

CASH AT BEGINNING OF YEAR

89,512

CASH AT END OF YEAR\$ 75,999**RECONCILIATION OF CHANGE IN NET ASSETS
PROVIDED BY OPERATING ACTIVITIES:**

Increase in net assets	<u>\$ 52,258</u>
Adjustments to reconciled change in net cash provided (used) by operating activities:	
Depreciation	151,194
(Gain) loss on asset disposal	(23,255)
(Increase) decrease in accounts receivable	(4,392)
(Increase) decrease prepaid expenses	(1,023)
Increase (decrease) in accounts payable	23,695
Increase (decrease) in accrued interest	(256)
Increase (decrease) in accrued payroll and payroll taxes	3,113
	<hr/>
Total adjustments	149,076
	<hr/>
Net Cash Provided (Used) by Operating Activities	<u>\$ 201,334</u>

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization - Cass County Council on Aging, Inc. exists to assist, encourage, monitor, and develop comprehensive and coordinated services for older individuals, within Cass County. The Organization's programs are Transportation, Recreation, and Nutrition.

The significant accounting policies followed by Cass County Council on Aging, Inc. are:

Basis of Accounting - The financial statements of Cass County Council on Aging, Inc. have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation – The Organization reports information regarding its financial position and activities according to two classes of net assets which are classified and reported as follows:

Net assets without donor restrictions—Net assets available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net assets with donor restrictions—Net assets subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulate that resources be maintained in perpetuity.

Accounting Pronouncements Adopted – In August 2016, the FASB issued (ASU) 2016-14, Not-for-Profit Entities: Topic 958. The amendments in this update affect not-for-profit entities and the users of their general-purpose financial statements. In addition to changes in terminology used to describe categories of net assets throughout the financial statements, new disclosures were added regarding liquidity and availability of resources. The Cass County Council on Aging, Inc. early implemented this ASU effective for the year ended December 31, 2017.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts 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.

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

Accounts Receivable - Accounts receivable are reported at the amount management expects to collect on balances outstanding at year end. A provision for doubtful accounts has not been established, as management considers all accounts to be collectible based on a favorable history over a substantial period of time. The Organization periodically evaluates its receivables and then charges off uncollectible accounts receivable as contra-revenue bad debts when management determines the receivable will not be collected. There were no write-offs for 2017.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED):

Fixed Assets – Property, plant, and equipment are stated at cost, if purchased, or at fair value at the date of gift, if donated, less accumulated depreciation. Repair and maintenance charges that do not increase the useful lives of the assets are charged to the change in net assets as incurred. Additions with a cost or fair value of less than \$1,000 are expensed.

Depreciation of property, plant, and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following items:

Buildings	39 years
Office equipment	5 years
Vehicles	5 years

Restricted and Unrestricted Revenue and Support - Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions.

Donated Services - Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The value of this contributed time is not reflected in the accompanying financial statements since the volunteer's time does not meet the criteria for recognition.

In-kind Contributions - In-kind contributions are recorded at fair market value and recognized in the accounting period when they are received.

Expense Allocation – The costs of providing various programs and other activities are categorized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited, which are allocated on the basis of estimates of time and effort.

Advertising Costs - The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expense for the year ended December 31, 2017 was \$7,502.

Compensated Absences – Employees of the Organization are entitled to paid vacation days depending on job classification, length of service, and other factors. A liability has been recorded for accrued vacation days in the Statements of Financial Position. The Organization's personnel policy permits vesting of unused vacation days and payment of unused vacation days upon termination of employment.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 1 - ORGANIZATION AND SUMMARY OF ACCOUNTING POLICIES (CONTINUED):

Income Taxes - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization’s tax-exempt purpose is subject to taxation as unrelated business income. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization complies with other Internal Revenue reporting requirements regarding contributions received, payroll, and payments to independent contractors. The Organization believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

NOTE 2 - CONCENTRATIONS OF CREDIT RISK:

The Organization maintains all cash balances at one financial institution located in Cass County. The balances are covered by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 (per institution). As of December 31, 2017, there was no uninsured balances.

NOTE 3 – ACCOUNTS RECEIVABLE:

Accounts receivable is comprised of the following accounts and all are due within one year:

Federal - Section 5311	\$	61,160
State PMTF		129,048
Area V Title IIIB		7,531
Medicaid		39,416
Transit service fees		15,643
Total	\$	252,798

NOTE 4 – LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use within one year of the balance sheet date, comprise the following:

Cash	\$	74,465
Accounts receivable		252,798
	\$	327,263

Additionally, as discussed in more detail in Note 5, the Organization maintains a \$220,000 line of credit, of which \$220,000 remained available on December 31, 2017.

NOTE 5 - LINE OF CREDIT:

The Organization had an available \$220,000 line of credit with a bank in Logansport at December 31, 2017. The line of credit had no balance at December 31, 2017. All business assets are pledged as collateral. The variable interest rate is 2% over the Wall Street Journal prime rate.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions as of December 31, 2017, comprise the following:

Subject to expenditure for specific purpose:		
Community foundation grant	\$	1,534

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows for the year ended December 31, 2017:

Subject to expenditure for specific purpose:		
Community foundation grant	\$	23,970

NOTE 7 – NOTE PAYABLE FOR EQUIPMENT:

In 2015, the Organization entered into a 48 month finance agreement to purchase equipment for its transit program that cost \$5,050. The finance agreement began on August 15, 2015 and requires monthly payments of \$153 which includes interest computed at a rate of 21.6%. The Organization paid off the remaining balance of the debt in 2017.

In 2017, the Organization entered into a 60 month finance agreement for \$45,800 to purchase equipment for its transit program. The finance agreement began on October 5, 2017 and requires monthly payments of \$833 which includes interest computed at a rate of 3.5%.

Loan maturities for each of the five years following December 31, 2017, are as follows:

2019	\$	8,581
2020		8,886
2021		9,202
2022		9,530
2023		8,209
		<hr/>
	\$	<u>44,408</u>

NOTE 8 - OPERATING LEASE:

The Organization has a five-year non-cancellable operating lease for a copier that began September 1, 2013 with monthly lease cost of \$184. The Organization is required to pay all executory costs such as maintenance and insurance. Lease expense for 2017 was \$2,208.

Total lease payments required in the next five years are: \$1,656, 2018, and none for 2019, 2020, 2021, and 2022.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

NOTE 9 - CONCENTRATIONS OF REVENUES AND SUPPORT:

Federal - Section 5311	\$ 519,946	28.73%
State - public mass transit	407,389	22.51
Title III-B	18,122	1.00
Federal - Section 5311 Capital Projects	153,344	8.47
Medicaid	297,571	16.44
Cass County Commissioners	10,400	0.57
City of Logansport	40,000	2.21
United Way of Cass County	31,167	1.72
Community Foundation grant	25,504	1.41
Transit Service fees	227,346	12.56
Donations	1,996	0.11
Interest	9	-
Gain (loss) on asset disposal	23,255	1.28
Other income	23,124	1.28
Nutrition	<u>30,873</u>	1.71
TOTAL REVENUES AND OTHER SUPPORT	<u>1,810,046</u>	100%

Transportation income is concentrated at ninety-four percent of the Organization's total revenue and other support in 2017. Federal and state transit funding and other support from Medicaid, transit service fees and indirect income are sustaining the entire operation of the Organization, which includes its senior activities and nutrition programs.

NOTE 10 - SUBSEQUENT EVENTS:

The Organization evaluates events and transactions that occur after year end for the potential recognition or disclosure in the financial statements. These subsequent events have been considered through the report date, which is the date the financial statements were available to be issued.