



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B52862

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


June 13, 2019

Board of Directors
Fulton County Council on Aging, Inc.
625 Pontiac Street
Rochester, IN 46975

We have reviewed the audit report of Fulton 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 Auditors' Report* the financial statements included in the report present fairly the financial condition of Fulton 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 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

**FULTON COUNTY COUNCIL ON AGING, INC.
ROCHESTER, INDIANA**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
DECEMBER 31, 2017**

**FULTON COUNTY COUNCIL ON AGING, INC.
ROCHESTER, INDIANA**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
DECEMBER 31, 2017**

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Statement of Financial Position – Exhibit A	2
Statement of Activities – Exhibit B	3
Statement of Functional Expenses – Exhibit C	4
Statement of Cash Flows – Exhibit D	5
Notes to Financial Statements	6-12



Member of American Institute and Indiana CPA Society

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Fulton County Council on Aging, Inc.
Rochester, Indiana**

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 Fulton County Council on Aging, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 of the financial statements, as of and for the year ended December 31, 2017, the Fulton 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
August 7, 2018

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

ASSETS

	<u>2017</u>
CURRENT ASSETS:	
Cash on hand	\$ 1,177
Cash in business accounts	162,229
Cash in savings	5,539
Accounts receivable	67,644
Prepaid expenses	2,591
Total Current Assets	239,180
FIXED ASSETS:	
Building	1,074,145
Equipment	28,316
Office equipment	29,733
Transportation vehicles	412,326
	1,544,520
Less: accumulated depreciation	495,006
Net Fixed Assets	1,049,514
OTHER ASSETS:	
Beneficial interest	5,717
Investment account	39,804
Total Other Assets	45,521
TOTAL ASSETS	\$ 1,334,215

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	
Accounts payable	\$ 404
Accrued payroll and payroll taxes	14,786
Total Current Liabilities	15,190
TOTAL LIABILITIES	15,190
NET ASSETS:	
Without donor restrictions - Exhibit B	1,290,169
With donor restrictions - Exhibit B	28,856
TOTAL NET ASSETS	1,319,025
TOTAL LIABILITIES AND NET ASSETS	\$ 1,334,215

See Accompanying Notes to Financial Statements.

FULTON 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:			
Local grants	\$ -	\$ 17,600	\$ 17,600
Government grants and contracts	377,611	-	377,611
City of Rochester	10,000	-	10,000
Fulton County	17,000	-	17,000
Transit program income	89,243	-	89,243
Medicaid reimbursements	48,348	-	48,348
Donations	10,848	-	10,848
Rents	3,250	-	3,250
Advertising income	762	-	762
Special events and fundraising	20,972	-	20,972
United Way	8,500	-	8,500
Investment income, net	1,328	583	1,911
Gain (loss) on sale of fixed assets	4,386	-	4,386
Other income	2,082	-	2,082
Net assets released from restrictions	2,546	(2,546)	-
TOTAL REVENUES AND OTHER SUPPORT	<u>596,876</u>	<u>15,637</u>	<u>612,513</u>
EXPENSES:			
Transportation	506,380	-	506,380
Retired seniors volunteer program	44,466	-	44,466
Senior activities	19,605	-	19,605
TOTAL EXPENSES - Exhibit C	<u>570,451</u>	<u>-</u>	<u>570,451</u>
INCREASE IN NET ASSETS	26,425	15,637	42,062
NET ASSETS - beginning of year	<u>1,263,744</u>	<u>13,219</u>	<u>1,276,963</u>
NET ASSETS - end of year - Exhibit A	<u>\$ 1,290,169</u>	<u>\$ 28,856</u>	<u>\$ 1,319,025</u>

See Accompanying Notes to Financial Statements.

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

	<u>TRANSPORTATION</u>	<u>RSVP</u>	<u>SENIOR ACTIVITY</u>	<u>TOTAL</u>
Advertising	\$ 2,019	\$ -	\$ -	\$ 2,019
Conference and trips	808	2,391	-	3,199
Contract services	14,751	-	-	14,751
Depreciation	71,469	-	965	72,434
Dues	285	-	-	285
Repairs and maintenance	3,553	-	549	4,102
Fundraising	2,609	6,882	-	9,491
Insurance	23,817	475	-	24,292
Janitorial	9,781	-	1,621	11,402
Miscellaneous	752	-	285	1,037
Payroll taxes and benefits	22,807	2,034	-	24,841
Postage	178	266	3	447
Printing	1,911	-	2,651	4,562
Recognition	-	1,892	-	1,892
Rent	8,600	-	-	8,600
Salaries and wages	280,696	26,834	-	307,530
Senior activities	-	-	2,351	2,351
Supplies	2,381	1,601	405	4,387
Telephone	785	778	3,208	4,771
Utilities	6,436	1,313	7,567	15,316
Transit operations	52,742	-	-	52,742
Total Expenses	\$ 506,380	\$ 44,466	\$ 19,605	\$ 570,451

See Accompanying Notes to Financial Statements.

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

	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash from contributions, grants, programs, and miscellaneous	\$ 637,621
Cash paid to suppliers and employees	(489,078)
Interest and dividends received	<u>1,398</u>
Net Cash Provided by Operating Activities	<u>149,941</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of investments	(1,358)
Proceeds from sale of fixed assets	4,386
Purchase of fixed assets	<u>(34,986)</u>
Net Cash Used by Investing Activities	<u>(31,958)</u>
INCREASE IN CASH	117,983
CASH AT BEGINNING OF YEAR	<u>50,962</u>
CASH AT END OF YEAR	<u><u>\$ 168,945</u></u>
RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Increase in net assets	<u>\$ 42,062</u>
Adjustments to reconcile change in net cash provided by operating activities:	
Depreciation	72,434
(Gain) loss on sale of fixed assets	(4,386)
(Increase) decrease in value of beneficial interest	(513)
Decrease (increase) in accounts receivable	40,005
Decrease (increase) in prepaid expenses	1,281
Increase (decrease) in accounts payable	(1,407)
Increase (decrease) in accrued payroll	465
Total Adjustments	<u>107,879</u>
Net Cash Provided by Operating Activities	<u><u>\$ 149,941</u></u>

FULTON 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:

The Fulton County Council on Aging, Inc. provides services to senior citizens of Fulton County, Indiana. The Organization's programs are Transportation, Senior Activities, and Retired Senior Volunteer Program (RSVP).

The significant accounting policies followed by the Fulton County on Aging, Inc. are as follows:

Basis of Accounting – The financial statements of Fulton 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.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents – The Organization considers all highly liquid investments with an initial 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.

Investments – Investments in marketable securities with readily determinable fair values are reported at their fair values in the Statement of Financial Position. Unrealized gains and losses arising during the period are included as investment income net of direct expenses in the accompanying Statement of Activities.

FULTON 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
(CONT'D):

Property, Plant, and Equipment – Property, plant, and equipment are stated at cost, if purchased, or at fair value at the date of gift, if donated, less accumulated depreciation. 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 & Leasehold Improvements	15-39 years
Equipment	5-7 years
Office Equipment	5-7 years
Vehicles	5 years

Recognition of Donor Restrictions – Support that is restricted by the donor is reported as an increase in net assets without 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 restriction. When a restriction expires, net assets with donor restrictions are reclassified to net assets without 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 volunteers' 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, effort, and square footage.

Advertising – The Organization's policy is to expense advertising costs as the costs are incurred. For the year ended December 31, 2017, the Organization incurred advertising expenses of \$2,019.

Compensated Absences - A liability has been recorded for accrued vacation in the Statement of Financial Position. The Organization's personnel policy permits vesting of unused vacation and payment of unused vacation upon termination of employment.

FULTON 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 (CONT'D):

Income Taxes – The Organization is a not-for-profit organization exempt from federal income taxes under Code Section 501(c)(3) of the Internal Revenue Code. The Organization qualifies for the charitable deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). Management periodically reviews and evaluates the status of uncertain positions and makes estimates of amounts, including interest and penalties, ultimately due and owed. The Organization has no uncertain tax positions.

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 Fulton County Council on Aging, Inc. early implemented this ASU effective for the year ended December 31, 2017.

NOTE 2 - CONCENTRATION OF CREDIT RISK:

The Organization maintains all cash balances at various financial institutions located in Fulton County, Indiana. The balances are covered by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 (per institution). There were no uninsured balances at December 31, 2017.

NOTE 3 - ACCOUNTS RECEIVABLE:

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

	<u>2017</u>
Federal Section 5311	\$ 42,903
State PMTF	15,073
Title III B	4,120
Medicaid	514
Programs	5,034
	<hr/>
	\$ 67,644
	<hr/>

The Organization provides for losses on accounts receivable by recognizing bad debt contra-revenue when it writes off accounts that have been determined to be uncollectible. No write-offs occurred in 2017.

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

NOTE 4 – INVESTMENTS AND FAIR VALUE MEASUREMENTS:

In accordance with the “Fair Value Measurements” topic of the FASB ASC 820, the Organization uses a three-level fair value hierarchy that categorizes assets and liabilities measured at fair value based on the observability of the inputs utilized in the valuation. This hierarchy prioritizes the inputs into three broad levels as follows: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset; and Level 3 inputs are unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own valuation assumptions. These inputs reflect management’s judgment about the assumptions that a market participant would use in pricing the asset and are based on the best available information, which has been internally developed.

The Organization’s Level 3 investment for its beneficial interest is valued based upon information obtained from the community foundation that manages the investments. Annually, Management: (1) determines if the current valuation techniques used in fair value measurements are still appropriate, and (2) evaluates and adjusts the unobservable inputs used in the fair value measurements based on current market conditions and information provided by the community foundation.

The following are the major categories of investments measured at fair market value on a recurring basis:

	Cost	Fair Value
	Dec. 31, 2017	Measurements
	Dec. 31, 2017	Dec. 31, 2017
<u>Level 1:</u> Quoted Prices in Active Markets for Identical Assets:		
Mutual funds	\$ 40,969	\$ 39,804
<u>Level 3:</u> Significant unobservable inputs:		
Beneficial interest	5,000	5,717
	<u>\$ 45,969</u>	<u>\$ 45,521</u>

Investment returns for the year ended December 31, 2017, consisted of the following:

Interest/Dividend income	\$ 1,567
Unrealized gain/(loss)	288
Realized gain/(loss)	167
	<u> </u>
Total investment return	2,022
Investment expenses	(111)
	<u> </u>
Net investment return	<u>\$ 1,911</u>

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

NOTE 5 – BENEFICIAL INTEREST:

In 2014 the Fulton County Grant Committee awarded the Organization a \$5,000 grant to be used exclusively as the initial investment to establish an agency endowment fund with the Northern Indiana Community Foundation (NICF). On October 29, 2014, the Organization established its agency endowment fund in accordance with the grant terms.

The Organization has transferred assets, without variance power, to the agency endowment fund held by the NICF and has specified itself as the sole beneficiary of the income from those assets, therefore, establishing a beneficial interest. The purpose of the permanently restricted Fulton County Council on Aging Sustainability Fund is to support the Organization's charitable programs. The Organization will receive an annual disbursement from the fund, which the Organization's Board of Directors can reinvest in the fund or use to support the Organization's programs. No distribution was received from the fund in 2017.

	<u>2017</u>
Beneficial interest - beginning of year	\$ 5,134
Contributions	-
Investment activity:	
Interest/Dividend income	168
Unrealized Gain/(Loss)	359
Realized Gain/(Loss)	167
Fees	(111)
Grant	-
Total investment return	<u>583</u>
Fair market value at December 31	<u>\$ 5,717</u>

NOTE 6 – 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 and cash equivalents	\$ 145,806
Accounts receivable	67,644
Investment account	<u>39,804</u>
	<u>\$ 253,254</u>

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

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS:

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

Subject to time or expenditure for a specific purpose:	
NICF Impact Grant	\$ 5,539
NICF Grant for Vehicles	17,600
	<u>23,139</u>
Restricted in perpetuity:	
Beneficial Interest	5,717
Total net assets with donor restrictions	<u>\$ 28,856</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by donors as follows:

Subject to expenditure for a specific purpose:	
NICF Impact Grant expenditures	\$ 2,546

NOTE 8 – CONCENTRATION OF REVENUES:

	<u>2017</u>	
Local grants	\$ 17,600	2.87%
Government grants and contracts	377,611	61.65%
City of Rochester	10,000	1.63%
Fulton County	17,000	2.78%
Transit program income	89,243	14.57%
Medicaid reimbursements	48,348	7.89%
Donations	10,848	1.77%
Rents	3,250	0.53%
Advertising income	762	0.12%
Special events and fundraising	20,972	3.42%
United Way	8,500	1.39%
Investment income, net	1,911	0.31%
Gain (loss) on sale of fixed assets	4,386	0.72%
Other income	2,082	0.34%
Total Revenues	<u>\$ 612,513</u>	100%

The Organization's market is concentrated in the Rochester, Indiana, geographical area. Government grants and contracts, program income, and Medicaid reimbursements, which are all attributable to the Organization's transit program, amounted to over 88% of total revenues in 2017.

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

NOTE 9 – FEDERAL AND STATE GRANTS:

The Organization received federal and state funding from the following sources:

Section 5311	\$	184,217
State PMTF		118,293
Section 5310		27,989
Title III B		16,480
Retired seniors volunteer program		30,632
	\$	<u>377,611</u>

NOTE 10 – LEASE AGREEMENT:

The Organization leases its facilities from the City of Rochester, Indiana. In 2010 the Organization entered a fifty-year lease term with the City for one dollar, for the entire term of the lease. The Organization is required to pay all utilities, insurance, and maintenance during the term of the lease. The fair market value of annual rents is estimated at \$8,600 per year, which was the annual rent before the fifty-year lease went into effect. This annual rent amount has been recognized as in-kind rent for 2017.

NOTE 11 – RELATED PARTIES:

The Organization currently maintains several insurance policies through a local insurance broker who is also a member of the Organization's Board of Directors. The Organization's Board of Directors have instituted several policies to prevent a conflict of interest due to the existence of this related party relationship. These policies include, but are not limited to obtaining multiple quotes from other insurance providers and requiring the board member to abstain from voting on any insurance policy decisions being presented at board meetings. Choosing an insurance provider to conduct business with is a competitive process and, in the opinion of management and the board of directors, their current insurance provider presented the most favorable rates and benefits to the Organization.

NOTE 12 – UNRELATED BUSINESS INCOME TAX:

The Organization receives income from selling advertising space in their monthly newsletter and through a marketing agreement, which utilizes the Organization's transit vehicles by placing ads on their exterior body. This income does not meet the Organization exempt purpose and therefore is subject to Federal and Indiana Unrelated Business Income Tax. For 2017, gross advertising income was \$762 and the tax generated from this income net of direct expenses was none for the Federal 990-T and none for the Indiana IT-20NP.

NOTE 13 – SUBSEQUENT EVENTS:

The Organization evaluates events and transactions that occur after year end for the potential recognition or disclosure in the financial statements. Subsequent events were evaluated through the date of this report, which is the date the financial statements were available to be issued.