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September 17, 2019

Board of Directors
Aging & Community Services of South Central Indiana, Inc.
1531 13th Street, Suite G900
Columbus, IN 47201

We have reviewed the audit report of Aging & Community Services of South Central Indiana, Inc. which was opined upon by Barnes, Dennig & Co., Ltd., Independent Public Accountants, for the period July 1, 2017 to June 30, 2018. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Aging & Community Services of South Central Indiana, Inc., as of June 30, 2018, and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the finding in the report on page 22. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding.

In our opinion, Barnes, Dennig, & Co., Ltd., prepared the audit report in accordance with guidelines established by the State Board of Accounts.

This report is filed with this letter in our office as a matter of public record.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

**Aging & Community Services of
South Central Indiana, Inc.
(A Member of Thrive Alliance)**

**Financial Statements with Supplementary Information
June 30, 2018 and 2017, and
Independent Auditors' Report**

**AGING & COMMUNITY SERVICES OF
SOUTH CENTRAL INDIANA, INC
(A MEMBER OF THRIVE ALLIANCE)
June 30, 2018 and 2017**

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Independent Auditors' Report

Board of Directors
Aging & Community Services of
South Central Indiana, Inc.
Columbus, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Aging & Community Services of South Central Indiana, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2018 and 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 the Organization as of June 30, 2018 and 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.

BARNES DENNIG

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applies in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly states, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2019 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Barnes, Dennig & Co., Ltd.

January 30, 2019
Indianapolis, Indiana

**AGING & COMMUNITY SERVICES OF
SOUTH CENTRAL INDIANA, INC
(A MEMBER OF THRIVE ALLILANCE)**

**Statement of Financial Position
Years Ended June 30, 2018 and 2017**

	2018	2017
Assets		
Cash	\$ 1,088,935	\$ 603,059
Grants receivable	919,855	1,161,807
Accounts receivable	40,181	36,502
Accounts receivable - related party	33,794	33,227
Notes receivable - related party	100,000	100,000
Prepaid expenses	9,143	7,648
Board designated cash	68,237	65,478
Total assets	\$ 2,260,145	\$ 2,007,721
 Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 352,196	\$ 277,092
Accounts payable - related parties	-	6,939
Other payables	28,775	-
Accrued payroll and related liabilities	410,094	303,061
Total liabilities	791,065	587,092
 Net assets		
Unrestricted	1,375,694	1,306,441
Unrestricted board designated	68,237	65,478
Total unrestricted net assets	1,443,931	1,371,919
Temporarily restricted	25,149	48,710
Total net assets	1,469,080	1,420,629
Total liabilities and net assets	\$ 2,260,145	\$ 2,007,721

See accompanying notes to financial statements

**AGING & COMMUNITY SERVICES OF
SOUTH CENTRAL INDIANA, INC
(A MEMBER OF THRIVE ALLIANCE)**

**Statement of Activities
Year Ended June 30, 2018**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support			
Grants	\$ 4,742,663	\$ -	\$ 4,742,663
Medicaid revenue	840,629	-	840,629
First Step supporting services	767,826	-	767,826
In-kind	243,314	-	243,314
Other	135,309	-	135,309
Service income	86,282	-	86,282
Donations	-	39,606	39,606
Net assets released from restriction	<u>63,167</u>	<u>(63,167)</u>	<u>-</u>
Total revenues and other support	<u>6,879,190</u>	<u>(23,561)</u>	<u>6,855,629</u>
 Expenses			
Program services	6,056,896	-	6,056,896
Support services	<u>750,282</u>	<u>-</u>	<u>750,282</u>
Total expenses	<u>6,807,178</u>	<u>-</u>	<u>6,807,178</u>
 Change in net assets	 72,012	 (23,561)	 48,451
Net assets - beginning of year	<u>1,371,919</u>	<u>48,710</u>	<u>1,420,629</u>
Net assets - end of year	<u>\$ 1,443,931</u>	<u>\$ 25,149</u>	<u>\$ 1,469,080</u>

See accompanying notes to financial statements

**AGING & COMMUNITY SERVICES OF
SOUTH CENTRAL INDIANA, INC
(A MEMBER OF THRIVE ALLIANCE)**

**Statement of Activities
Year Ended June 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support			
Grants	\$ 4,633,530	\$ -	\$ 4,633,530
Medicaid revenue	814,955	-	814,955
First Step supporting services	763,306	-	763,306
In-kind	219,648	-	219,648
Other	107,015	-	107,015
Service income	138,416	-	138,416
Donations	-	47,656	47,656
Net assets released from restriction	<u>104,915</u>	<u>(104,915)</u>	<u>-</u>
Total revenues and other support	<u>6,781,785</u>	<u>(57,259)</u>	<u>6,724,526</u>
 Expenses			
Program services	6,027,023	-	6,027,023
Support services	<u>621,111</u>	<u>-</u>	<u>621,111</u>
Total expenses	<u>6,648,134</u>	<u>-</u>	<u>6,648,134</u>
 Change in net assets	133,651	(57,259)	76,392
Net assets - beginning of year	<u>1,238,268</u>	<u>105,969</u>	<u>1,344,237</u>
Net assets - end of year	<u><u>\$ 1,371,919</u></u>	<u><u>\$ 48,710</u></u>	<u><u>\$ 1,420,629</u></u>

See accompanying notes to financial statements

**AGING & COMMUNITY SERVICES OF
SOUTH CENTRAL INDIANA, INC
(A MEMBER OF THRIVE ALLIANCE)**

**Statement of Functional Expenses
Year Ended June 30, 2018**

	In-home Services	Community Services	Nutrition	Total Program Services	Support Services	Total
Salaries and wages	\$ 833,803	\$ 1,673,803	\$ 94,529	\$ 2,602,135	\$ 462,103	\$ 3,064,238
Payroll taxes and benefits	129,725	277,665	17,120	424,510	98,282	522,792
Contracted services	4,900	753,101	-	758,001	49,588	807,589
Other direct services	607,448	53,577	88,813	749,838	815	750,653
Subgrantee contracts	-	400,699	-	400,699	-	400,699
In-kind expenses	12,271	153,336	74,603	240,210	3,103	243,313
Occupancy	41,388	79,999	18,582	139,969	49,035	189,004
Other expenditures	43,629	69,784	3,617	117,030	64,563	181,593
Direct food services	-	587	151,325	151,912	-	151,912
Travel	24,474	120,062	2,848	147,384	2,995	150,379
Foster grandparent stipend	-	127,733	-	127,733	-	127,733
Supplies	37,184	50,508	12,117	99,809	12,799	112,608
Telephone and postage	15,961	50,601	2,850	69,412	6,999	76,411
Direct emergency response services	27,808	446	-	28,254	-	28,254
	<u>\$ 1,778,591</u>	<u>\$ 3,811,901</u>	<u>\$ 466,404</u>	<u>\$ 6,056,896</u>	<u>\$ 750,282</u>	<u>\$ 6,807,178</u>

See accompanying notes to financial statements

**AGING & COMMUNITY SERVICES OF
SOUTH CENTRAL INDIANA, INC
(A MEMBER OF THRIVE ALLIANCE)**

**Statement of Functional Expenses
Year Ended June 30, 2017**

	In-home Services	Community Services	Nutrition	Total Program Services	Support Services	Total
Salaries and wages	\$ 802,654	\$ 1,617,921	\$ 113,568	\$ 2,534,143	\$ 399,206	\$ 2,933,349
Payroll taxes and benefits	124,458	265,884	18,392	408,734	77,785	486,519
Contracted services	2,986	742,428	278	745,692	43,274	788,966
Other direct services	662,962	30,647	103,002	796,611	674	797,285
Subgrantee contracts	-	414,448	-	414,448	-	414,448
In-kind expenses	7,356	158,829	49,504	215,689	3,959	219,648
Occupancy	36,149	83,843	18,917	138,909	50,763	189,672
Travel	28,190	127,810	3,793	159,793	5,944	165,737
Direct food services	-	1,885	162,000	163,885	39	163,924
Foster grandparent stipend	-	158,065	-	158,065	-	158,065
Supplies	11,766	85,080	4,580	101,426	13,991	115,417
Other expenditures	33,274	53,456	3,385	90,115	17,975	108,090
Telephone and postage	16,254	48,720	3,221	68,195	7,501	75,696
Direct emergency response services	31,318	-	-	31,318	-	31,318
	<u>\$ 1,757,367</u>	<u>\$ 3,789,016</u>	<u>\$ 480,640</u>	<u>\$ 6,027,023</u>	<u>\$ 621,111</u>	<u>\$ 6,648,134</u>

See accompanying notes to financial statements

**AGING & COMMUNITY SERVICES OF
SOUTH CENTRAL INDIANA, INC
(A MEMBER OF THRIVE ALLIANCE)**

**Statement of Cash Flows
Years Ended June 30, 2018 and 2017**

	2018	2017
Cash flows from operating activities		
Change in net assets	\$ 48,451	\$ 76,392
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in:		
Grants receivable	241,952	(125,844)
Accounts receivable	(3,679)	(13,958)
Accounts receivable - related parties	(567)	(13,990)
Prepaid expenses	(1,495)	(1,937)
Accounts payable	75,104	(162,948)
Accounts payable - related parties	(6,939)	(5,881)
Other payables	28,775	(22,402)
Accrued payroll and related liabilities	107,033	(86,835)
Net cash provided by (used in) operating activities	488,635	(357,403)
Net change in cash	488,635	(357,403)
Cash - beginning of year	668,537	1,025,940
Cash - end of year	\$ 1,157,172	\$ 668,537
Reconciliation of cash to statement of financial position		
Cash and cash equivalents	\$ 1,088,935	\$ 603,059
Board designated cash	68,237	65,478
Total cash	\$ 1,157,172	\$ 668,537

See accompanying notes to financial statements

**AGING & COMMUNITY SERVICES OF
SOUTH CENTRAL INDIANA, INC
(A MEMBER OF THRIVE ALLIANCE)**

Notes to Financial Statements

NOTE 1 NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Aging & Community Services of South Central Indiana, Inc. (the Organization) is a not-for-profit corporation. The Organization was founded in 1981 to provide services to elderly and disabled persons in the Bartholomew, Brown, Decatur, Jackson and Jennings County areas in the state of Indiana. The Organization is primarily supported through federal and state government grants. In 2013, the Organization created a supporting organization called Thrive Alliance.

The Organization's direct services include: information and referral, care management, congregate meals, home delivered meals, homemaker, handy chore, outreach, advocacy, Foster Grandparents Program, nursing home preadmission screening, Medicaid Waiver, Caring Connections (volunteers), Guardianship, wellness classes and First Steps. The Organization provides grants through Older Americans Act funds for: senior center operations, transportation, legal services, nursing home ombudsman, adult day care and medication assistance. Through the use of state funds, the Organization purchases on behalf of consumers: attendant care, homemaker services, home health aide, respite care, owner occupied rehabilitation and emergency response systems.

Financial Statement Presentation

The Organization maintains its accounts on the accrual basis and in accordance with the principles of fund accounting. Fund accounting is the procedure by which resources are classified for internal accounting purposes into funds that are associated with specific activities or objectives.

Cash and Cash Equivalents

Cash includes all cash in checking and savings accounts. The Organization maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash.

Accounts Receivable

Receivables are charged to bad debt expense when they are determined to be uncollectable based upon periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require the allowance method to be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Net Assets

Unrestricted net assets include all assets over which the Organization has full discretion as to use. Temporarily restricted net assets include net assets whose use by the Organization is limited by donor-imposed restrictions that either expire by the passage of time or are fulfilled by the Organization. As the restrictions are met, the net assets are released from restrictions and included in unrestricted net assets. Contributions for which the restrictions are met in the same period in which the contribution is received are also recorded as temporarily restricted then released from restrictions. Permanently restricted net assets include net assets subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Organization. There were no permanently restricted net assets at June 30, 2018 and 2017.

**AGING & COMMUNITY SERVICES OF
SOUTH CENTRAL INDIANA, INC
(A MEMBER OF THRIVE ALLIANCE)**

**Notes to Financial Statements
(Continued)**

NOTE 1 NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions

The Organization has recorded in-kind contributions for space and professional services in the statement of activities in accordance with generally accepted accounting standards (GAAP) for a total of \$243,314 and \$219,648 for 2018 and 2017, respectively. GAAP requires that only contributions of service received that create or enhance a nonfinancial asset or require a specialized skill by the individual possessing those skills and would typically need to be purchased if not provided by the donation be recorded.

Functional Expenses

The costs of providing the various programs and other activities have been summarized in the statement of functional expenses. Costs are charged directly to the programs they benefit whenever possible. Certain overhead costs that cannot be directly charged to an individual program are allocated to the various programs they benefit using relevant statistical allocation bases.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect 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 revenues and expenses during the reporting period. Actual amounts may differ from these estimates.

Income Taxes

The Organization is exempt from income taxation under the Internal Revenue Code Section 501(c)(3). Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities.

Accounting Standard Update

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the calendar year ending June 30, 2021. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

**AGING & COMMUNITY SERVICES OF
SOUTH CENTRAL INDIANA, INC
(A MEMBER OF THRIVE ALLIANCE)**

**Notes to Financial Statements
(Continued)**

NOTE 1 NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Standard Update – continued

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The standard aims to improve nonprofit financial statements in an effort to provide more useful information to donors, grantors, creditors, and other users. Major components of this standard include: net asset classifications, liquidity and availability of cash and consistency in reporting expenses. Net asset classifications will be reduced from three classes (unrestricted, temporarily restricted, and permanently restricted) to two: net assets with donor restrictions and net assets without donor restrictions. Updated disclosure requirements will be presented regarding risk exposure and availability of cash for short term use. Expenses will be reported by both their natural and functional classification to aid in the usefulness of financial statements. This standard will be effective for the Organization's year ending June 30, 2019.

Subsequent Event Evaluation

Management has evaluated subsequent events through January 30, 2019, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

NOTE 2 BOARD DESIGNATED CASH

The Organization utilizes a third party to handle unemployment claims. Quarterly deposits are made into the account based on the projected unemployment claims as established by the third party. In 2014, the third party stated that excess funds held in the account could be returned to the Organization if not needed. The Board is currently leaving the cash in the account with the third party for use on future unemployment claims.

NOTE 3 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2018 and 2017:

	2018	2017
Program contributions	\$ 19,446	\$ 43,007
Carolyn Ayers fund	5,456	5,456
Orville Pitts scholarship fund	247	247
	\$ 25,149	\$ 48,710

**AGING & COMMUNITY SERVICES OF
SOUTH CENTRAL INDIANA, INC
(A MEMBER OF THRIVE ALLIANCE)**

**Notes to Financial Statements
(Continued)**

NOTE 4 GRANT REVENUE AND RECEIVABLE

The Organization's grant revenue and related receivables at June 30, 2018 and 2017 consisted of the following:

	CFDA No.	Revenue 6/30/18	Collections 6/30/18	Receivable 6/30/18
U.S. Department of Health and Human Services:				
Title III - A	93.044	\$ 67,708	\$ 49,050	\$ 18,658
Title III - B	93.044	180,144	151,470	28,674
Title III - C-1	93.045	224,577	177,259	47,318
Title III - C-2	93.045	104,276	79,519	24,757
Title III - D	93.043	11,016	6,878	4,138
Title III - E	93.052	71,247	53,628	17,619
Nutrition Service Incentive Program	93.053	39,089	32,574	6,515
Title VII Ombudsman	93.042	7,045	5,871	1,174
Waiver Intake	93.778	210,514	179,839	30,675
Social Services Block Grant	93.667	271,375	230,739	40,636
U.S. Department of Education				
First Step	84.181	1,981,360	1,558,659	422,701
Corporation for National and Community Service				
FGP	94.011	287,840	220,970	66,870
Federal Grants		3,456,191	2,746,456	709,735
State Grants		925,355	715,235	210,120
Local Grants		361,117	361,117	-
		<u>\$ 4,742,663</u>	<u>\$ 3,822,808</u>	<u>\$ 919,855</u>

**AGING & COMMUNITY SERVICES OF
SOUTH CENTRAL INDIANA, INC
(A MEMBER OF THRIVE ALLIANCE)**

**Notes to Financial Statements
(Continued)**

NOTE 4 GRANT REVENUE AND RECEIVABLE (Continued)

	CFDA No.	Revenue 6/30/17	Collections 6/30/17	Receivable 6/30/17
U.S. Department of Health and Human Services:				
Title III - A	93.044	\$ 65,578	\$ 49,985	\$ 15,593
Title III - B	93.044	173,551	139,505	34,046
Title III - C-1	93.045	235,140	198,468	36,672
Title III - C-2	93.045	95,904	82,054	13,850
Title III - D	93.043	12,215	4,518	7,697
Title III - E	93.052	73,396	53,984	19,412
Nutrition Service Incentive Program				
	93.053	42,564	31,923	10,641
Title VII Ombudsman	93.042	7,185	5,388	1,797
Waiver Intake	93.778	139,508	102,896	36,612
Social Services Block Grant	93.667	242,309	198,361	43,948
U.S. Department of Education				
First Step	84.181	1,931,360	1,317,541	613,819
Corporation for National and Community Service				
FGP	94.011	293,559	205,537	88,022
Federal Grants		3,312,269	2,390,160	922,109
State Grants		936,977	697,279	239,698
Local Grants		384,284	384,284	-
		<u>\$ 4,633,530</u>	<u>\$ 3,471,723</u>	<u>\$ 1,161,807</u>

NOTE 5 PENSION PLAN

The Organization provides pension benefits for all of its full-time employees through a 403(b) Plan. The Organization matches 1% of the participating employee's annual pay. The Organization's contributions to the plan for the years ended June 30, 2018 and 2017, were \$20,916 and \$17,168, respectively.

**AGING & COMMUNITY SERVICES OF
SOUTH CENTRAL INDIANA, INC
(A MEMBER OF THRIVE ALLIANCE)**

**Notes to Financial Statements
(Continued)**

NOTE 6 OPERATING LEASES

The Organization holds various operating leases for their administrative office and outreach offices. The terms of the lease agreements require monthly payments for the duration of the lease. Total rental expense for the years ended June 30, 2018 and 2017 was \$186,463 and \$185,675, respectively. The Organization's obligation for future operating leases is as follows:

2019	\$	182,867
2020		171,481
2021		90,227
2022		15,065
2023		15,517

NOTE 7 RELATED PARTIES

In 2013, the Organization and Housing Partnerships, Inc. (HPI) formed a supporting organization called Thrive Alliance. The Organization and HPI remain separate entities. The executive director of the Organization is contracted to be HPI's executive director with a portion of the executive director's time to be billed back to HPI.

Amounts owed to HPI totaled \$0 and \$6,939 as of June 30, 2018 and 2017 respectively. This represents the total amount of transactions due to HPI for the respective years. Amounts due from HPI totaled \$33,794 and \$33,227 as of June 30, 2018 and 2017 respectively. Total transactions for 2018 and 2017 were \$117,575 and \$109,381, respectively.

On July 1, 2015, \$100,000 was loaned to HPI as a line of credit. Interest is earned at 1.22% each year with quarterly interest only payments required. The note matured June 30, 2017, but was renewed by the Organization and HPI through June 30, 2019. Amount outstanding as of June 30, 2018 and 2017 was \$100,000.

SUPPLEMENTARY INFORMATION

**AGING & COMMUNITY SERVICES OF
SOUTH CENTRAL INDIANA, INC
(A MEMBER OF THRIVE ALLIANCE)**

**Schedule of Expenditures Federal Awards
Year Ended June 30, 2018**

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Dept. of Education:			
Indiana Family and Social Services Administration			
Special Education Grants for Infants and Family	84.181	#21527	\$ 1,981,360
Total U.S. Department of Education			<u>1,981,360</u>
U.S. Dept. of Health & Human Services:			
Indiana Family and Social Services Administration			
Aging Cluster			
Title III-B Admin	93.044	15AAINT3SS	67,708
Title III-B Social Services	93.044	15AAINT3SS	<u>180,144</u>
Total Title III-B			<u>247,852</u>
Title III- Congregate Meals	93.045	15AAINT3CM	224,577
Title III-C Home Delivered Meals	93.045	15AAINT3HD	<u>104,276</u>
Total Title III-C			<u>328,853</u>
Nutrition Services Incentive Program	93.053	15AAINNSIP	<u>39,089</u>
Total Aging Cluster			615,794
Title III - D	93.043	15AAINT3PH	11,016
Title III - E	93.052	15AAINT3FC	71,247
Title VII - Ombudsman	93.042	15AAINT7OM	7,045
Social Services Block Grant	93.667	1002INSOSR	271,375
Waiver Intake	93.778	#22140WI	198,368
Pre-Pas Assessment	93.778	#22140PPA	<u>12,146</u>
Total U.S. Department of Health & Human Services			<u>1,186,991</u>
Corporation for National and Community Service			
FGP	94.011	N/A	<u>287,840</u>
Total Corporation for National and Community Service			<u>287,840</u>
Total Expenditure of Federal Awards			<u>\$ 3,456,191</u>

**AGING & COMMUNITY SERVICES OF
SOUTH CENTRAL INDIANA, INC
(A MEMBER OF THRIVE ALLIANCE)**

**Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018**

The following describes the significant accounting policies used in the preparation of the schedule of expenditures of federal awards:

Basis of Presentation – The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Organization under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of the *Uniform Guidance*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

Summary of Significant Accounting Policies – Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, whereby certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. No election has been made regarding the 10% de minimis indirect cost rate.

Subrecipients - The Organization provided no federal awards to subrecipients.



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**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

Board of Directors
Aging & Community Services of
South Central Indiana, Inc.
Columbus, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Aging & Community Services of South Central Indiana, Inc. (the Organization), which comprise the statement of financial position as June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 30, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*
(Continued)**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Organization's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable of any other purpose.

Barnes, Dennig & Co., Ltd.

January 30, 2019
Indianapolis, Indiana



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**Independent Auditors' Report on Compliance for Each Major Federal Program
and on Internal Control over Compliance Required by Uniform Guidance**

Board of Directors
Aging & Community Services of
South Central Indiana, Inc.
Columbus, Indiana

Report on Compliance for Each Major Federal Program

We have audited Aging & Community Services of South Central Indiana, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2018. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2018-01. Our opinion on each major federal program is not modified with respect to these matters.

The Organization's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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**Independent Auditors' Report on Compliance for Each Major Federal Program
and on Internal Control over Compliance Required by Uniform Guidance
(Continued)**

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in the accompanying schedule of findings and questioned costs as items 2018-01 that we consider to be a significant deficiency.

The Organization's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable of any other purpose.

Barnes, Dennig & Co., Ltd.

January 30, 2019
Indianapolis, Indiana

**Aging & Community Services of
South Central Indiana, Inc.
(A Member of Thrive Alliance)**

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2018**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None noted
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? X Yes _____ None noted

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR Section 200.516(a)? X Yes _____ No

Identification of major programs

<u>CFDA #</u>	<u>Name of Federal Programs or Clusters</u>
93.044, 93.045 93.053	Aging Cluster
94.011	Foster Grandparent Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

No matters are reportable.

**Aging & Community Services of
South Central Indiana, Inc.
(A Member of Thrive Alliance)**

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2018
(Continued)**

Section III - Federal Award Findings and Questioned Costs

FINDING NO. 2018-01

Corporation for National and Community Service (CNCS)
CFDA # 94.011 - Foster Grant Parent Program

Criteria:	No money earmarked for stipends can be spent for other expenses without prior approval from CNCS.
Condition:	Client spent funds earmarked for stipends for other program expenses without prior approval from CNCS.
Context:	During examination of grant funds spent it was noted that client spent funds earmarked for stipends for other program uses.
Questioned Cost:	\$31,849
Effect:	Client overspent grant funds on non-earmarked uses and were not in compliance with the grant award until such funds were returned.
Cause:	Client did not adequately control/monitor grant expenditures and was notified they did not meet earmarked amounts.
Recommendation:	Client should track grant expenditures in a manner to make sure that grant expenditures are properly meeting earmarked uses.
Management Response:	Management agrees with finding and in October 2018 repaid overspent funds to grantor to be in compliance with grant usage.

**Aging & Community Services of
South Central Indiana, Inc.
(A Member of Thrive Alliance)**

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2018**

Reference Number	Summary of Finding	Status
	No matters are reportable.	