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September 19, 2019

Board of Directors
LifeTime Resources, Inc.
13091 Benedict Drive
Dillsboro, IN 47018

We have reviewed the audit report of LifeTime Resources, 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 LifeTime Resources, 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.

In our opinion, Barnes, Dennig & Co., Ltd. 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

LifeTime Resources, Inc.

**Financial Statements
June 30, 2018 and
Independent Auditors' Report**

LIFETIME RESOURCES, INC.
June 30, 2018

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Independent Auditors' Report

Board of Directors
LifeTime Resources, Inc.
Dillsboro, Indiana

Report on the Financial Statements

We have audited the accompanying financial statements of Lifetime Resources, Inc., which comprise the statement of financial position as of 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.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Lifetime Resources, Inc. as of June 30, 2018, 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.

BARNES DENNIG

**Independent Auditors' Report
(Continued)**

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 29, 2019 on our consideration of Lifetime Resources, Inc.'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 Lifetime Resources, Inc.'s internal control over financial reporting and compliance.

Barnes, Dennig & Co., Ltd.

January 29, 2019
Indianapolis, Indiana

LIFETIME RESOURCES, INC.

**Statement of Financial Position
June 30, 2018**

Assets

Cash and cash equivalents	\$ 1,593,200
Cash held for others	289,930
Grants receivable	1,153,058
Accounts receivable	66,509
Accounts receivable - related party	20,094
Other assets	7,081
Property and equipment, net	<u>952,945</u>
Total assets	<u>\$ 4,082,817</u>

Liabilities and Net Assets

Liabilities

Accounts payable	\$ 148,552
Accounts payable - related parties	2,173
Accrued payroll and related liabilities	157,380
Custodial funds held for others	<u>287,404</u>
Total liabilities	595,509

Unrestricted net assets - Board designated

3,487,308

Total liabilities and net assets

\$ 4,082,817

See accompanying notes to financial statements

LIFETIME RESOURCES, INC.

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support			
Grants	\$ 3,417,050	\$ -	\$ 3,417,050
Third party revenue (net of contractual allowances of \$30,191)	689,620	-	689,620
Local revenue	298,208	141,890	440,098
Program revenue	187,470	-	187,470
Other revenue	35,938	-	35,938
 Net assets released from restriction	 <u>141,890</u>	 <u>(141,890)</u>	 <u>-</u>
 Total revenues and other support	 <u>4,770,176</u>	 <u>-</u>	 <u>4,770,176</u>
 Expenses			
Program services	4,114,604	-	4,114,604
Administration	277,194	-	277,194
 Total expenses	 <u>4,391,798</u>	 <u>-</u>	 <u>4,391,798</u>
 Change in net assets	 378,378	 -	 378,378
 Net assets - beginning of year	 <u>3,108,930</u>	 <u>-</u>	 <u>3,108,930</u>
 Net assets - end of year	 <u>\$ 3,487,308</u>	 <u>\$ -</u>	 <u>\$ 3,487,308</u>

See accompanying notes to financial statements

LIFETIME RESOURCES, INC.

Statement of Functional Expenses
Year Ended June 30, 2018

	Service Contracts	Care Management	Information and Assistance	Congregate Meals	Catch A Ride	Other Program Services	Total Program Services	Administration	Total
Salaries and wages	\$ -	\$ 743,072	\$ 74,859	\$ 117,212	\$ 1,035,659	\$ 41,793	\$ 2,012,595	\$ 132,422	\$ 2,145,017
Payroll taxes and benefits	-	230,350	19,829	27,899	226,374	13,505	517,957	49,804	567,761
Service providers	513,979	8,960	-	-	-	-	522,939	98	523,037
Contracted services	-	3,608	471	99,435	321,702	1,159	426,375	5,878	432,253
Depreciation	-	14,561	2,504	2,059	235,145	3,383	257,652	8,433	266,085
Insurance	-	8,166	589	523	65,504	2,655	77,437	12,808	90,245
Other costs	9,610	10,097	2,953	1,154	34,856	6,373	65,043	16,202	81,245
Travel and transportation	-	8,457	737	6,852	23,376	304	39,726	11,510	51,236
Furniture and equipment	-	17,702	2,331	1,942	10,531	1,772	34,278	12,361	46,639
Telephone	-	22,127	857	4,592	12,678	743	40,997	2,516	43,513
Equipment maintenance	-	13,553	1,626	1,402	13,368	1,775	31,724	6,115	37,839
Supplies	-	7,557	1,649	9,256	14,941	723	34,126	3,314	37,440
Building maintenance	-	10,828	1,739	1,289	10,998	1,847	26,701	5,445	32,146
Occupancy	-	4,269	681	560	5,090	920	11,520	2,296	13,816
Postage	-	2,773	318	554	3,989	261	7,895	1,668	9,563
Dues and subscriptions	-	518	30	227	712	87	1,574	5,508	7,082
Training	-	2,940	117	14	2,325	669	6,065	816	6,881
	<u>\$ 523,589</u>	<u>\$ 1,109,538</u>	<u>\$ 111,290</u>	<u>\$ 274,970</u>	<u>\$ 2,017,248</u>	<u>\$ 77,969</u>	<u>\$ 4,114,604</u>	<u>\$ 277,194</u>	<u>\$ 4,391,798</u>

See accompanying notes to financial statements

LIFETIME RESOURCES, INC.

**Statement of Cash Flows
Year Ended June 30, 2018**

Cash flows from operating activities	
Change in net assets	\$ 378,378
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	266,085
Changes in:	
Grants receivable	(440,921)
Accounts receivable	6,514
Accounts receivable - related party	(3,303)
Other assets	(1,361)
Cash held for others	(32,240)
Accounts payable	61,124
Accounts payable - related parties	(2,405)
Accrued payroll and related liabilities	22,505
Custodial funds held for others	31,430
	<u>285,806</u>
Net cash provided by operating activities	
Cash flows from investing activities	
Disposal of property and equipment	6,019
Purchase of property and equipment	<u>(620,145)</u>
Net cash used by investing activities	<u>(614,126)</u>
Net change in cash and cash equivalents	(328,320)
Cash and cash equivalents, beginning of year	<u>1,921,520</u>
Cash and cash equivalents, end of year	<u>\$ 1,593,200</u>

See accompanying notes to financial statements

LIFETIME RESOURCES, INC.

Notes to Financial Statements

NOTE 1 NATURE OF THE ORGANIZATION

LifeTime Resources, Inc. (the Agency) was created to plan, coordinate, and provide services primarily for the elderly. The Agency also provides services to disabled and low-to moderate-income individuals of any age in southeastern Indiana.

The Agency's services include information and assistance, preadmission screening, guardianship, transportation, legal assistance, care management, options counseling, congregate meals, health and wellness, in-home services, and ombudsman services.

The Agency receives significant funding through the Indiana Family and Social Services Administration (IFSSA) and the Indiana Department of Transportation (INDOT). The Agency depends significantly on these funding sources to carry out its program activities.

The Agency also receives income from local government and local agencies whose citizens and beneficiaries often receive support from the Agency.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

Cash and Cash Equivalents - The Agency maintains its cash in deposit accounts, the cumulative balance of which may exceed federally insured limits. The Agency has not experienced any losses in its accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents. All liquid investments purchased with a maturity of three months or less are considered to be cash equivalents.

Receivables - 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.

Property and Equipment - Land, building, vehicles, and improvements are stated at cost or, for donations, at fair market value at the date of donation, and include expenditures for additions and betterments, which substantially increase the useful lives of existing fixed assets. Maintenance, repairs, and minor renewals are expensed as incurred. Items over \$10,000 are capitalized. Depreciation is computed using the straight-line method over estimated useful lives of 3 to 40 years.

Impairment - The agency reviews its fixed assets for impairment whenever events or changes in circumstances indicate the carrying value of such assets may not be recoverable. No impairment loss was recognized in 2018.

Net Assets - The Agency is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets which have donor-imposed restriction; temporarily restricted net assets which have donor-imposed restrictions that will expire in the future; and permanently restricted net assets which have donor-imposed restriction which do not expire. There were no permanently restricted net assets at June 30, 2018.

LIFETIME RESOURCES, INC.

Notes to Financial Statements (Continued)

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions - The Agency records gifts of cash and other assets at their fair value as of the date of contribution. Such donations are recorded as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts received with a donor stipulation that limits their use are reported as temporarily restricted revenue and net assets. When a donor stipulated restriction ends or purpose restriction is accomplished, temporarily restricted net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are recorded as temporarily restricted and then released from restriction.

Promises to Give - Unconditional promises to give expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized and reported as contribution revenue. Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met.

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

Subsequent Events - Management has evaluated subsequent events through January 29, 2019, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated

NOTE 3 CASH HELD FOR OTHERS

As part of the Agency's Sentry Services program, they serve as the agent for certain individuals' bank accounts. All transactions from these accounts require proper approval before the funds are distributed. The corresponding liability is included in custodial funds held from others and accounts payable.

LIFETIME RESOURCES, INC.

**Notes to Financial Statements
(Continued)**

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2018:

	Cost	Accumulated Depreciation	Net Book Value
Land	\$ 50,000	\$ -	\$ 50,000
Buildings	950,432	765,090	185,342
Building improvements	100,138	47,285	52,853
Vehicles	2,098,166	1,433,416	664,750
	<u>\$ 3,198,736</u>	<u>\$ 2,245,791</u>	<u>\$ 952,945</u>

NOTE 5 GRANT REVENUE AND RECEIVABLE

Grant revenue and related receivables at June 30, 2018, consisted of the following:

	CFDA No.	Revenue 6/30/18	Collections 6/30/18	Receivable 6/30/18
U.S Department of HHS				
Title III - A	93.044	\$ 57,205	\$ 29,435	\$ 27,770
Title III - B	93.044	189,199	106,475	82,724
Title III - C-1	93.045	171,740	132,770	38,970
Title III - C-2	93.045	46,825	35,993	10,832
Title III - D	93.043	6,261	4,500	1,761
Title III - E	93.052	64,778	37,945	26,833
NSIP	93.053	17,666	15,298	2,368
Title VII Ombudsman	93.042	5,815	4,381	1,434
Waiver Intake	93.778	165,935	128,638	37,297
Pre-Pas Assessment	93.788	4,381	1,792	2,589
Social Services Block Grant	93.667	198,060	147,213	50,847
U.S. Department of Transportation				
Section 5311 Mass Transit	20.509	809,324	561,416	247,908
Section 5311 Capital	20.513	507,341	235,483	271,858
State grants		1,116,150	774,607	341,543
Other		56,370	48,046	8,324
		<u>\$ 3,417,050</u>	<u>\$ 2,263,992</u>	<u>\$ 1,153,058</u>

LIFETIME RESOURCES, INC.

**Notes to Financial Statements
(Continued)**

NOTE 6 UNRESTRICTED FUND BALANCES

During previous years, the Agency's Board of Directors designated a portion of its fund balance for future programs and costs. The designated fund balances as of June 30, 2018, are as follows:

Cash flow reserve	\$ 1,619,392
Vehicle asset fund	705,248
Business development	332,985
Building fund	288,195
Vehicle replacement	210,829
Building reserve	101,000
Equipment reserve	60,000
Restricted business development fund balance	57,186
Catch A Ride	42,238
Sentry services	22,150
Unemployment	20,280
Local government funding fund balance	19,404
CAR capital	6,430
VASIA Dearborn County match	1,971
	<u>\$ 3,487,308</u>

NOTE 7 RELATED PARTIES

Certain members of the Agency's Board of Directors also serve on the Board of Directors of LifeTime Housing Group (LTHG), but controlling interest is not present. As of June 30, 2018, the Agency has a net amount of \$17,921 in accounts receivable from LTHG. Included in accounts receivable are personnel costs and expenses paid by the Agency for LTHG staff and are reimbursable to the Agency. During the year, LTHG paid \$47,916 to the Agency for various overhead expenses.

Supplementary Information

LIFETIME RESOURCES, INC.

**Schedule of Expenditures of 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 Health & Human Services:			
Indiana Family and Social Services Administration			
Aging Cluster			
Title III-B Admin	93.044	15AAINT3SS	\$ 57,205
Title III-B Social Services	93.044	15AAINT3SS	<u>189,199</u>
Total Title III-B			246,404
Title III- Congregate Meals	93.045	15AAINT3HD	171,740
Title III-C Home Delivered Meals	93.045	15AAINT3CM	<u>46,825</u>
Total Title III-C			218,565
Nutrition Services Incentive Program	93.053	15AAINNSIP	<u>17,666</u>
Total Aging Cluster			482,635
Title III - D	93.043	15AAAINT3PH	6,261
Title III - E	93.052	15AAINT3FC	64,778
Title VII - Ombudsman	93.042	15AAINT7OM	5,815
Social Services Block Grant	93.667	1002INSOSR	198,060
Medical Assistance Program			
Waiver Intake	93.778	15-18-KM-2337	165,935
Pre-Pas Assessment	93.778	15-18-KM-2337	<u>4,381</u>
Total U.S. Department of Health & Human Services			<u>927,865</u>
U.S. Department of Transportation:			
Historic Hoosier Hills RC&D			
Formula Grants for Rural Areas	20.509	1803574O	809,324
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	A249-18-G170103	83,483
Bus and Bus Facilities Formula	20.526	1803674C	<u>423,858</u>
Total U.S. Department of Transportation			<u>1,316,665</u>
Total Expenditure of Federal Awards			<u><u>\$ 2,244,530</u></u>

See accompanying notes

LIFETIME RESOURCES, INC.

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 LifeTime Resources, Inc. (the Agency) 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 Agency, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Agency.

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 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 Agency provided no federal awards to subrecipients.



**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
LifeTime Resources, Inc.
Dillsboro, 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 Lifetime Resources, Inc. (the Agency), 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 29, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 Agency'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*.

BARNES DENNIG

**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 Agency's internal control over compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable of any other purpose.

Barnes, Dennig & Co., Ltd.

January 29, 2019
Indianapolis, Indiana



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

Board of Directors
LifeTime Resources, Inc.
Dillsboro, Indiana

Report on Compliance for Each Major Federal Program

We have audited Lifetime Resources, Inc.'s (the Agency) 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 Agency's major federal programs for the year ended June 30, 2018. The Agency'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 Agency'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 Agency'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 Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, the Agency 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.

BARNES DENNIG

**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 Agency 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 Agency'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 the 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 Agency'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, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable of any other purpose.

Barnes, Dennig & Co., Ltd.

January 29, 2019
Indianapolis, Indiana

LIFETIME RESOURCES, INC.

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? Yes X 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)? Yes X No

Identification of major programs

<u>CFDA #</u>	<u>Name of Federal Programs or Clusters</u>
20.509	Formula Grants for Rural Areas

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.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

LIFETIME RESOURCES, INC
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2018

Reference Number	Summary of Finding	Status
	No matters are reportable.	