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September 20, 2019

Board of Directors
Area 10 Council on Aging of Monroe and Owen Counties, Inc.
631 West Edgewood Drive
Ellettsville, IN 47429

We have reviewed the audit report of Area 10 Council on Aging of Monroe and Owen Counties, Inc. which was opined upon by Comer, Nowling and Associates, PC, Independent Public Accountants, for the period July 1, 2017 to June 30, 2018. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Area 10 Council on Aging of Monroe and Owen Counties, 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, Comer, Nowling and Associates, PC prepared the audit report in accordance with guidelines established by the State Board of Accounts.

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


Paul D. Joyce, CPA
State Examiner

**Area 10 Council on Aging of
Monroe and Owen Counties,
Inc. and Subsidiaries**

**Consolidated Financial Statements
For the Years Ended
June 30, 2018 and 2017
(With Single Audit Section)**

COMER  NOWLING

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Certified Public Accountants

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
FINANCIAL STATEMENTS**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT	1
FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities and Changes in Net Assets	5
Consolidated Statements of Functional Expenses	6
Consolidated Statements of Cash Flows.....	10
Notes to Consolidated Financial Statements.....	11
SUPPLEMENTARY INFORMATION	
Independent Auditor’s Report on Supplementary Information	23
Consolidating Statements of Financial Position	24
Consolidating Statements of Activities and Changes in Net Assets.....	28
Consolidating Statements of Cash Flows	32
SINGLE AUDIT SECTION	
Schedule of Expenditures of Federal Awards.....	34
Notes to Schedule of Expenditures of Federal Awards	36
Schedule of Expenditures of State and Local Awards.....	37
Summary Schedule of Prior Audit Findings.....	38
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	39
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Controls over Compliance Required by the <i>Uniform Guidance</i>	41
Schedule of Findings and Questioned Costs.....	43



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Area 10 Council on Aging of Monroe and Owen Counties, Inc. and Subsidiaries

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Area 10 Council on Aging of Monroe and Owen Counties, Inc. (a nonprofit organization) and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2018 and 2017, and the related consolidated 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Area 10 Council on Aging of Monroe and Owen Counties, Inc. and Subsidiaries 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements of Area 10 Council on Aging of Monroe and Owen Counties, Inc. and Subsidiaries as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. The schedule of expenditures of state and local awards is presented for purposes of additional analysis as required by the Indiana State Board of Accounts. 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 applied 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 stated 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 December 4, 2018 on our consideration of Area 10 Council on Aging of Monroe and Owen Counties, Inc.'s internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

Indianapolis, Indiana

December 4, 2018

**AREA 10 COUNCIL ON AGING OF AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

ASSETS

CURRENT ASSETS:	2018	2017
Cash and cash equivalents	\$ 836,305	\$ 579,877
Restricted cash - reserves	243,503	242,454
Grants receivable	674,790	775,437
Accounts receivable	74,072	76,210
Prepaid expenses	159,325	132,349
Total current assets	1,987,995	1,806,327
FIXED ASSETS:		
Land	942,006	942,006
Building	13,906,494	13,895,092
Leasehold improvements	570,904	570,904
Equipment	295,487	262,241
	15,714,891	15,670,243
Less accumulated depreciation	(5,338,486)	(4,726,939)
Total fixed assets, net	10,376,405	10,943,304
OTHER ASSETS		
Organizational costs	69,321	69,322
Less: accumulated amortization	(35,065)	(27,630)
	34,256	41,692
Beneficial Interest	38,390	36,032
Total other assets	72,646	77,724
Total assets	\$ 12,437,046	\$ 12,827,355

See accompanying notes to consolidated financial statements.

**AREA 10 COUNCIL ON AGING OF AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:	2018	2017
Accounts payable	\$ 277,122	\$ 275,674
Accrued payroll, taxes, and related expenses	43,152	24,984
Accrued vacation	65,677	80,658
Security deposits payable	41,316	43,844
Deferred revenue	4,232	8,165
Current portion - long term debt	41,308	39,813
Total current liabilities	<u>472,807</u>	<u>473,138</u>
 LONG TERM LIABILITIES		
Notes payable	1,803,076	1,842,793
Developer fee payable	126,273	170,946
Total long term liabilities	<u>1,929,349</u>	<u>2,013,739</u>
Total liabilities	<u>2,402,156</u>	<u>2,486,877</u>
 NET ASSETS		
NON-CONTROLLING INTEREST IN NET ASSETS	<u>6,003,623</u>	<u>6,368,296</u>
 NET ASSETS - UNRESTRICTED		
Undesignated	<u>4,031,267</u>	<u>3,972,182</u>
Total net assets - unrestricted	<u>4,031,267</u>	<u>3,972,182</u>
Total net assets	<u>10,034,890</u>	<u>10,340,478</u>
Total liabilities and net assets	<u>\$ 12,437,046</u>	<u>\$ 12,827,355</u>

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

REVENUE AND OTHER SUPPORT	2018	2017
Federal grant revenue	\$ 1,630,044	\$ 1,526,291
State grant revenue	980,341	1,012,292
Local support	136,735	175,097
Service fees	411,246	415,879
Project income	92,428	140,818
Medicaid	507,619	435,333
Donations:		
Indirect public support - United Way	34,212	33,330
Direct public support	132,361	80,219
Rental income	723,215	702,481
Miscellaneous income	58,493	48,359
In-kind support	81,374	90,861
Investment income	2,532	4,362
Total revenue and other support	<u>4,790,600</u>	<u>4,665,322</u>
OPERATING EXPENSES		
Program services:		
Nutrition	275,770	315,698
Transportation	1,423,517	1,312,325
In-Home services	1,529,169	1,570,017
Health & Wellness	284,721	234,053
Information/Referral/Outreach	125,670	126,481
Housing	1,200,232	1,073,726
Total program services	<u>4,839,079</u>	<u>4,632,300</u>
Supporting services:		
Management and General	257,078	360,573
Fundraising	31	664
Total supporting services	<u>257,109</u>	<u>361,237</u>
Total operating expenses	<u>5,096,188</u>	<u>4,993,537</u>
Increase (decrease) in net assets	<u>(305,588)</u>	<u>(328,215)</u>
NET ASSETS - BEGINNING OF YEAR	10,340,478	10,668,693
Non-controlling interest in subsidiary's earnings	(364,673)	(293,600)
Controlling interest in subsidiary's earnings and parent	59,085	(34,615)
NET ASSETS - END OF YEAR	<u>\$ 10,034,890</u>	<u>\$ 10,340,478</u>

See accompanying notes to consolidated financial statements.

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

	Nutrition	Transportation	In-Home Services	Health & Wellness
OPERATING EXPENSES				
Personnel costs	\$ 129,206	\$ 800,705	\$ 746,463	\$ 148,882
Occupancy	5,065	29,236	29,519	15,390
Telephone and postage	1,048	5,563	7,575	2,221
Materials and supplies	9,035	250,225	27,585	12,731
Printing	517	1,714	3,201	3,913
Volunteer recognition	-	-	-	24,911
Travel	5,853	815	22,377	2,949
Contracted services	3,706	105,152	48,086	34,397
Meals	119,083	-	69,582	15,956
Home health care	-	-	551,143	-
Training	243	250	1,645	1,030
Insurance	468	93,983	9,442	699
Equipment	-	109,993	-	3,400
Advertising and recruitment	488	3,176	2,439	198
Other costs	-	853	738	1,871
Taxes	-	1,987	615	-
Interest expense	-	-	-	-
Depreciation	1,058	19,865	-	16,173
Amortization	-	-	8,759	-
Total operating expenses	\$ 275,770	\$ 1,423,517	\$ 1,529,169	\$ 284,721

See accompanying notes to consolidated financial statements.

<u>Information/ Referral/Outreach</u>	<u>Housing</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>2018 Total</u>
\$ 108,303	\$ 163,610	\$ 163,272	\$ -	\$ 2,260,441
2,273	169,558	7,553	-	258,594
1,288	2,936	72	-	20,703
3,889	7,253	(12,813)	-	297,905
552	79	1,101	-	11,077
-	-	-	-	24,911
1,094	2,200	1,138	-	36,426
2,264	37,705	54,719	-	286,029
-	-	5	-	204,626
-	-	38	-	551,181
-	-	-	-	3,168
105	63,972	32,190	-	200,859
-	-	-	-	113,393
50	3,624	608	-	10,583
2,999	63,134	7,385	31	77,011
-	39,976	1,810	-	44,388
-	86,662	-	-	86,662
2,853	551,376	-	-	591,325
-	8,147	-	-	16,906
<u>\$ 125,670</u>	<u>\$ 1,200,232</u>	<u>\$ 257,078</u>	<u>\$ 31</u>	<u>\$ 5,096,188</u>

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Nutrition</u>	<u>Transportation</u>	<u>In-Home Services</u>	<u>Health & Wellness</u>
OPERATING EXPENSES				
Personnel costs	\$ 132,274	\$ 803,025	\$ 715,480	\$ 119,782
Occupancy	4,539	32,997	29,250	14,003
Telephone and postage	1,282	7,572	7,887	1,934
Materials and supplies	3,168	171,709	11,998	18,828
Printing	-	-	-	-
Volunteer recognition	-	-	-	33,195
Travel	7,011	1,319	19,821	2,560
Contracted services	3,960	111,295	37,829	29,003
Meals	161,817	-	84,660	4,795
Home health care	-	-	643,445	-
Training	-	300	390	1,305
Insurance	452	89,488	10,536	655
Equipment	-	58,428	-	-
Advertising and recruitment	428	3,837	626	-
Other costs	-	7,608	284	(4,014)
Taxes	-	8,069	-	-
Interest expense	-	-	-	-
Depreciation	767	16,678	7,811	12,007
Amortization	-	-	-	-
Total operating expenses	<u>\$ 315,698</u>	<u>\$ 1,312,325</u>	<u>\$ 1,570,017</u>	<u>\$ 234,053</u>

See accompanying notes to consolidated financial statements.

<u>Information/ Referral/Outreach</u>	<u>Housing</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>2017 Total</u>
\$ 107,931	\$ 163,176	\$ 204,546	\$ -	\$ 2,246,214
3,207	119,718	6,124	-	209,838
1,710	2,899	633	305	24,222
7,705	9,461	17,003	359	240,231
-	-	129	-	129
-	-	-	-	33,195
836	1,336	1,683	-	34,566
4,578	79,027	79,854	-	345,546
-	-	971	-	252,243
-	-	90	-	643,535
-	-	-	-	1,995
101	42,246	27,821	-	171,299
-	-	6,158	-	64,586
-	4,936	415	-	10,242
(994)	7,068	15,146	-	25,098
-	21,030	-	-	29,099
-	82,823	-	-	82,823
1,407	526,872	-	-	565,542
-	13,134	-	-	13,134
<u>\$ 126,481</u>	<u>\$ 1,073,726</u>	<u>\$ 360,573</u>	<u>\$ 664</u>	<u>\$ 4,993,537</u>

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>2018</u>	<u>2017</u>
Increase (decrease) in net assets before non-controlling interest	\$ (305,588)	\$ (328,215)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	608,436	578,676
Increase (decrease) in cash from changes in:		
Grants receivable	100,647	47,684
Accounts receivable	2,382	20,891
Prepaid expenses	(26,976)	46,759
Restricted cash	(1,049)	(1,281)
Accounts payable	1,204	54,913
Accrued payroll, taxes and related expenses	3,187	(68,091)
Security deposits	(2,528)	3,917
Prepaid rent	(3,933)	2,005
Net cash provided by (used in) operating activities	<u>375,782</u>	<u>357,258</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Accrued interest on certificate of deposit	-	52,184
Purchase of property and equipment	(33,896)	(130,138)
Net change in beneficial interest	(2,358)	(2,105)
Net cash provided by (used in) investing activities	<u>(36,254)</u>	<u>(80,059)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from members' equity receivable	-	(38,013)
Proceeds from developer fees and accrued interest on notes payable	(44,673)	-
Proceeds from notes payable	-	672,912
Principal payments against notes payable	(38,427)	(622,146)
Net cash provided by (used in) financing activities	<u>(83,100)</u>	<u>12,753</u>
NET INCREASE (DECREASE) IN CASH	<u>256,428</u>	<u>289,952</u>
CASH, BEGINNING OF YEAR	<u>579,877</u>	<u>289,925</u>
CASH, END OF YEAR	<u>\$ 836,305</u>	<u>\$ 579,877</u>
Supplemental disclosures of cash flow Information:		
Cash paid during the year for interest	<u>\$ 42,559</u>	<u>\$ 23,042</u>

See accompanying notes to consolidated financial statements.

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**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Area 10 Council on Aging of Monroe and Owen Counties, Inc., and its wholly-owned subsidiary, Area 10 Development, Inc. Area 10 Development, Inc. serves as the general partner for Cunot Apartments, L.P., Edgewood Village Apartments, L.P., and serves as a managing member of Patterson Pointe Senior Residence, LLC. Area 10 Development, Inc. has a 1% ownership interest in Cunot Apartments L.P. and a .051% interest in Patterson Pointe Senior Residence, LLC. Edgewood Village Apartments, L.P. is wholly-owned by Area 10 Development, Inc. In accordance with FASB ASC 958-810-15-14, consolidation is required for each of the previously mentioned entities and all material intercompany transactions have been eliminated in the consolidation.

NATURE OF OPERATIONS

Area 10 Council on Aging of Monroe and Owen Counties, Inc. and Subsidiaries (the “Organization”) was incorporated in 1978, under the laws of the State of Indiana. Area 10 Council on Aging of Monroe and Owen Counties, Inc. is a not-for-profit, charitable and community-based organization that is also a designated Area Agency on Aging for Monroe and Owen counties in the state of Indiana. The Organization’s mission is to serve as a leader in providing resources, solutions and connections for seniors, persons with disabilities and family caregivers living in Monroe and Owen counties. The Organization’s operations are funded through grants and contracts from federal and state governmental agencies, private foundations, the United Way and individual donors.

In 1997, the Organization formed Area 10 Development, Inc. (the “Subsidiary” as a wholly owned subsidiary under the laws of the State of Indiana. The purpose of the Subsidiary is to acquire, construct, rehabilitate, own, finance, lease, and operate qualified low-income-housing tax credit property. In that same year, Cunot Apartments, L.P. and Edgewood Village Apartments, L.P. were formed for the purpose of constructing, owning and operating apartment complexes consisting of 24 and 48 units each, respectively. Units in both apartment complexes are rented to qualified low-income individuals, and, as a result, federal income tax credits are available to investors.

In 2010 Patterson Pointe Senior Residence, LLC was formed by MV Patterson Pointe Senior Residence, LLC, a managing member, to acquire, own, and operate a 61-unit residential property to be rented to qualified low-income individuals. In 2012, Area 10 Development, Inc. was admitted as a managing member of Patterson Pointe Senior Residence, LLC. MV Patterson Pointe Senior Residence, LLC and Area 10 Development, Inc. hold .048% and .051% interest in Patterson Pointe Senior Residence, LLC, respectively.

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

INCOME TAX STATUS

Area 10 Council on Aging of Monroe and Owen Counties, Inc. is exempt from income tax under Internal Revenue Code Section 501(c)(3) and a similar section of the Indiana Code. Consequently, the accompanying financial statements do not generally include any provision for income taxes. The Internal Revenue Service classifies the Area 10 Council on Aging of Monroe and Owen Counties, Inc. as other than a private foundation under internal Revenue Code Section 509(a)(1).

The mission of the Subsidiary and related partnerships and limited liability company were considered to be related to the mission of the Organization and therefore, no provision for unrelated business income tax has been made for federal income taxes.

The Organization files the required federal and state information returns. Whenever tax returns are filed, the filing organization must evaluate the merits of its tax positions and determine if they will be ultimately sustained. Those tax positions for the Organization include maintaining their tax-exempt status and the taxability of any unrelated business income. The Organization believes these positions are sustainable. Although the Organization has not incurred any interest and penalties associated with these positions, it is their policy to expense them in the statement of activities. With few exceptions, the Organization is generally no longer subject to examination by taxing authorities for years before June 30, 2015.

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Per the applicable standards, Area 10 Council on Aging of Monroe and Owen Counties, Inc. is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. A description of the unrestricted, temporarily and permanently restricted net asset classes follows:

Unrestricted net assets represent the portion of net assets of Area 10 Council on Aging of Monroe and Owen Counties, Inc. that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for the support of the Organization. The board designates certain funds for various purposes.

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

FINANCIAL STATEMENT PRESENTATION – (continued)

Temporarily restricted net assets represent contributions and other inflows of assets whose use by Area 10 Council on Aging of Monroe and Owen Counties, Inc. is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of Area 10 Council on Aging of Monroe and Owen Counties, Inc. pursuant to those stipulations.

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

Permanently restricted net assets represent contributions and other inflows of assets whose use by Area 10 Council on Aging of Monroe and Owen Counties, Inc. is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

The Organization does not have any temporarily and permanently restricted net assets.

CASH AND CASH EQUIVALENTS

The Organization considers time deposits, certificates of deposit, and other highly liquid debt instruments with an original maturity of three months or less to be cash equivalents.

RESTRICTED CASH

Restricted cash consist of designated operating reserves and replacement reserves escrow of the Subsidiaries. The replacement reserve escrow is required by the permanent mortgage for Patterson Pointe Senior Residence, LLC. Withdrawals are subject to certain conditions and restrictions as defined in the loan agreement.

GRANTS, CONTRIBUTIONS AND ACCOUNTS RECEIVABLE

Grants and contributions receivable consist of reimbursements due under government cost-reimbursement awards and unconditional promises to give to the Organization. All amounts are due within one year, and no allowance for uncollectible receivables is considered necessary. Accounts receivable consist primarily of amounts due for services rendered, and no allowance for uncollectible receivables is considered necessary.

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

REVENUE RECOGNITION

The majority of the Organization's revenue is earned under cost-reimbursement awards from governmental agencies. Revenues are recognized under such awards when costs allowable under the terms of the awards are incurred. Advances received in excess of allowable costs are reported as liabilities.

Fees for services are recognized as revenue when the services are substantially performed. Fees received in advance of substantial performance are reported as liabilities.

The Organization reports grants and contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. However, contributions received with donor-imposed restrictions in which the restrictions are satisfied in the same reporting period are reported as unrestricted support.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Amortization of the discounts is included in contributions revenue. Conditional promises to give are not recognized as revenue until the conditions are substantially met.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. The value of contributed services meeting the criteria for recognition and recognized in the accompanying financial statements was \$3,871 and \$9,893 for the years ended June 30, 2018 and 2017, respectively. Management estimates the value of contributed services received during the years ended June 30, 2018 and 2017 that did not meet the criteria for recognition to be \$91,573 and \$82,396, respectively.

The Organization uses certain facilities for its programs without charge or at reduced charge. The difference between the fair value for the use of these facilities and their cost are recognized as revenue and expense. In addition, the Organization receives supplies and materials without charge. The Organization recognized \$77,503 and \$80,968 of revenue for contributed facilities, supplies and materials in the accompanying consolidated financial statements during the years ended June 30, 2018 and 2017, respectively.

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost, if acquired, or at fair value at the date of receipt, if donated, less accumulated depreciation. Equipment with a unit cost below \$5,000 is expensed in the period acquired. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, which are generally as follows:

Building	10 - 40 years
Equipment.....	5 - 10 years

Substantially all of the Organization's equipment has been purchased with funds provided by the State of Indiana and are therefore owned by the State of Indiana. Disposition of these assets, as well as the ownership of any sale proceeds, is subject to funding source and other regulatory directives. Expenditures for maintenance and repairs are expensed when incurred.

Depreciation expense on corporate owned and related housing partnerships' property and equipment totaled \$608,436 and \$578,676 for the years ended June 30, 2018 and 2017, respectively.

USE OF ESTIMATES

The process of preparing consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the consolidated financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

Significant estimates used in the accompanying consolidated financial statements include:

- Revenue earned from cost-reimbursement awards. The majority of the Organization's revenue is earned on such awards from governmental agencies that are governed by cost principles and other administrative and programmatic regulations and are subject to audit by regulatory authorities. It is at least reasonably possible that revenue earned under such awards will be adjusted upon audit.
- The valuation of contributed facilities, which is based on rents for comparable facilities.
- The allocations of costs among programs and the supporting services, which are based on time and facility usage studies and other cost allocation methods.

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

COST ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses.

Joint costs (including general and administrative costs) are allocated to programs, grants and contracts using a base that is most appropriate to those particular costs. Considerations in determining an appropriate base include:

- The relative benefit
- The materiality of the cost
- The amount of time and cost to perform the allocation

Cost allocation methods are as follows:

- All allowable direct costs are charged directly whenever possible.
- All allowable joint or shared costs are allocated to the benefiting programs using a rationale most appropriate for that cost. Some costs will be further allocated to multiple funding sources, when applicable.
- All other allowable general and administrative costs are allocated using an appropriate rationale which fairly allocates costs based on benefits to the particular program.

The Organization's cost allocation plan is revised if significant changes occur during the year. Examples necessitating a revision include if programs are added, terminated or substantially changed. In addition, if square footage is substantially changed during the year, a revision will be made.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The FASB Accounting Standards Codification topic "Fair Value Measurement" defines fair value as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The standard establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

FAIR VALUE OF FINANCIAL INSTRUMENTS – (continued)

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement the entire fair value measurement in the hierarchy.

The fair value of endowment funds held by Monroe County Community Foundation and Owen County Community Foundation are based on the Organization's proportionate share of the foundations' pooled investment portfolios. Management reviews the valuations and returns but does not receive a detailed listing of the portfolios. The Organization does not have the ability to redeem the funds on a short-term basis. Withdrawals are limited to the terms of the agreements with the foundations.

The endowment funds are described in Note 6 and are classified as Level 2 investments.

ACCOUNTING FOR IMPAIRMENT

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

RECLASSIFICATION

Certain prior year financial information has been reclassified to conform to the current year presentation.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 4, 2018, which is the date the financial statements were available to be issued.

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 2 – BENEFICIAL INTERESTS

The Organization has established endowment funds with the Monroe County Community Foundation and the Owen County Community Foundation and the Organization is the named beneficiary of the funds. The funds are reported at fair value with a combined balance of \$38,390 and \$36,032 for the years ended June 30, 2018 and 2017, respectively. The year-end values are determined by the Foundations based on market values of the underlying investments. The endowment funds consist of the amounts transferred to the Foundations by the Organization and the related changes in the market value. Annually, the Organization receives a distribution of a percentage of the average fund balance in the funds.

NOTE 3 – CONCENTRATION OF RISK

The Organization maintains its cash balance at multiple banks. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ended June 30, 2018 and 2017. At June 30, 2018 and 2017, the Organization had uninsured balances of \$386,202 and \$169,726 respectively.

All of the Organization's programs and activities occur in Central Indiana. Consequently, its sources of support and revenue may be affected by conditions in that area. In addition, for the years ended June 30, 2018 and 2017 approximately 74% and 73% of total revenues, respectively, were received from state and federal governmental sources, with approximately 32% and 29% of total revenues, respectively, received from Indiana Family and Social Services Administration.

Grants receivable are due primarily from Indiana Family and Social Services Administration under contracts and cost-reimbursement grants, which represent a concentration of credit risk.

NOTE 4 – LONG-TERM DEBT

The Organization entered into an agreement with the City of Bloomington to borrow up to \$402,000 of Federal HOME Investment Partnership funds for use in the Patterson Pointe Senior Residence housing project. The note bears an interest rate of 0.0% and matures in June 2032. As of June 30, 2018 and 2017 the note balance was \$402,000 and \$402,000, respectively.

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 4 – LONG-TERM DEBT – (continued)

Long-term debt of Edgewood Village L.P. consists of the following as of June 30, 2018 and 2017:

Note payable – 8.15% per annum secured by real property, payable in monthly installments of \$5,210 with interest maturing on February 8, 2015. This note was refinanced in February 2015 with principal and interest payments of \$4,906 per month with an annual interest rate of 4.5%. In December 2016, the note was again refinanced with German American Bank in the amount of \$672,912. The mortgage matures on December 9, 2031 with a three-year fixed rate of 3.94% that converts to a three-year adjustable rate using the three-year U.S. Treasury rate index plus 3.25% margin. Collateral is the first real estate mortgage plus assignment of rents and leases on the land and buildings of Edgewood Village. The balance on the note at June 30, 2018 and 2017 was \$622,543 and \$662,753, respectively.

Estimated maturities of mortgage at June 30, 2018 for each of the next five years and in the aggregate, are as follows:

2019	\$ 36,193
2020	37,645
2021	39,155
2022	40,726
2023	42,360
Thereafter	426,464
	<u>\$ 622,543</u>

Long-term debt of Patterson Pointe Senior Residence, LLC consists of the following as of June 30, 2018 and 2017:

Construction loan – The property of Patterson Pointe Senior Residence, LLC was pledged as security on a construction loan with a bank. The construction loan matured in July 2014 and was converted to a permanent mortgage note which will mature 18 years after the conversion date. The mortgage note bears interest pursuant to Fannie Mae guidelines, which was 5.75% as of June 30, 2018 and 2017. Principal and interest will be due monthly based on a 30-year amortization period. The unpaid principal and interest is due July 2030.

Net deferred financing costs of \$12,628 and \$13,640 for the years ended June 30, 2018 and 2017, respectively, have been offset against notes payable on the statement of financial position.

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 4 – LONG-TERM DEBT – (continued)

Estimated maturities of mortgage at June 30, 2018 for each of the next five years and in the aggregate, are as follows:

2019	\$	5,115
2020		5,422
2021		5,692
2022		6,087
2023		6,452
Thereafter		<u>303,701</u>
	\$	<u>332,469</u>

Promissory note – The \$500,000 note is secured by a mortgage on Patterson Pointe Senior Residence, LLC real estate to an unrelated affiliate. The note bears an interest rate of 0.0%. The unpaid balance shall be paid in full upon the earlier of (i) the sale or refinance of the project, (ii) March 31, 2041, or (iii) the date upon the lender accelerates the obligations due. As of June 30, 2018 and 2017 the note balance was \$500,000 and \$500,000, respectively.

NOTE 5 – RETIREMENT PLAN

The Organization maintains a Section 403(b) salary reduction plan covering eligible employees. Employees may contribute the maximum amount allowed. The Organization does not make any matching or elective contributions.

NOTE 6 - ENDOWMENT

The Organization’s endowment consists of two funds managed by two separate community foundations. As required by applicable standards, net assets associated with endowment funds, including those designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of UPMIFA:

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

The Organization’s beneficial interest in endowment funds represent board-designated funds and are not subject to donor restrictions. Therefore, the endowment funds are considered unrestricted net assets.

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 6 - ENDOWMENT - (continued)

Changes in endowment net assets for the year ended June 30, 2018 and 2017:

	2018	2017
	<u>Unrestricted</u>	<u>Unrestricted</u>
Endowment funds, beginning of year	\$ 36,032	\$ 33,927
Net investment return	2,720	3,490
Distributions	<u>(362)</u>	<u>(1,385)</u>
Endowment funds, end of year	<u>\$ 38,390</u>	<u>\$ 36,032</u>

Investment Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation and current yield. The Organization's portfolio offers pooled investments that are diversified among asset classes and investment styles as offered by the Monroe County Community Foundation and Owen County Community Foundations, thus minimizing the risk of large losses over a defined investment horizon.

Return Objectives and Risk Parameters

The Organization has adopted spending and investment policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include board designated assets. Under this policy, the endowment assets are invested in a way to ensure the future growth of the assets is sufficient to exceed the rate of inflation and provide for distribution of earnings, net of fees. All investment decisions have been delegated to the Monroe County Community Foundation and Owen County Community Foundation.

Spending Policy

The spending rate for distributable earnings will be set by the Monroe County Community Foundation and Owen County Community Foundations each year. The foundations act prudently and responsibly when deciding on a distribution that will allow for growth in the endowment fund over the course of Directors oversees the funds' assets held by the foundations, taking into account the purposes, terms and distribution requirements expressed by the governing instruments. The Board of Directors will exercise reasonable care, skill and caution in order to ensure preservation of all funds.

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 7 – NON-CONTROLLING INTEREST IN SUBSIDIARIES

As described in Note 1, the Organization has invested in various partnerships in which it holds controlling interest and therefore presents the financial statement of these partnerships consolidated with the financial statements of the Organization.

The changes in the controlling and non-controlling interest in the net assets of the Organization for the years ending June 30, 2018 and 2017 are as follows:

	<u>Controlling Interest</u>	<u>Non-controlling Interest</u>	<u>Total</u>
Balance July 1, 2016	\$ 643,326	\$ 6,661,896	\$ 7,305,222
Capital contributions	-	-	-
Net change in net assets	<u>(128,962)</u>	<u>(293,600)</u>	<u>(422,562)</u>
Balance June 30, 2017	\$ 514,364	\$ 6,368,296	\$ 6,882,660
Capital contributions	-	-	-
Net change in net assets	<u>(204,440)</u>	<u>(364,673)</u>	<u>(569,113)</u>
Balance June 30, 2018	<u>\$ 309,924</u>	<u>\$ 6,003,623</u>	<u>\$ 6,313,547</u>

SUPPLEMENTARY INFORMATION



Independent Auditor's Report on Supplementary Information

Board of Directors
Area 10 Council on Aging of Monroe and Owen Counties, Inc.
Ellettsville, Indiana

Our report on our audit of the consolidated financial statements of Area 10 Council on Aging of Monroe and Owen Counties, Inc. and Subsidiaries as of June 30, 2018 and 2017, appears on page one. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information (shown on pages 24 through 33) is presented for purposes of additional analysis of the consolidated financial statements rather than to present the statements of financial position and results of activities of the individual organizations. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole for the years ended June 30, 2018 and 2017.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
December 4, 2018

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

ASSETS

	Parent	Subsidiaries (Unrestricted)				Eliminations	2018 Consolidated Total
	Unrestricted	Area Ten Development, Inc.	Cunot Apartments, L.P.	Edgewood Village Apartments, L.P.	Patterson Pointe Senior Residence, LLC		
CURRENT ASSETS:							
Cash and cash equivalents	\$ 645,845	\$ -	\$ 26,983	\$ 109,748	53,729	\$ -	\$ 836,305
Restricted cash - reserves	-	-	-	-	243,503	-	243,503
Grants receivable	674,790	-	-	-	-	-	674,790
Accounts receivable	100,983	-	6,614	6,270	126	(39,921)	74,072
Accounts receivable - related party	346,902	-	-	29,386	-	(376,288)	-
Prepaid expenses	983	-	-	-	158,342	-	159,325
Total current assets	<u>1,769,503</u>	<u>-</u>	<u>33,597</u>	<u>145,404</u>	<u>455,700</u>	<u>(416,209)</u>	<u>1,987,995</u>
FIXED ASSETS:							
Land	-	-	38,199	170,663	733,144	-	942,006
Building	1,419,405	-	1,472,889	2,894,066	8,120,134	-	13,906,494
Leasehold improvements	-	-	169,528	401,376	-	-	570,904
Equipment	56,984	-	-	1,136	237,367	-	295,487
	1,476,389	-	1,680,616	3,467,241	9,090,645	-	15,714,891
Less accumulated depreciation	<u>(811,671)</u>	<u>-</u>	<u>(834,722)</u>	<u>(1,566,385)</u>	<u>(2,125,708)</u>	<u>-</u>	<u>(5,338,486)</u>
Total fixed assets, net	<u>664,718</u>	<u>-</u>	<u>845,894</u>	<u>1,900,856</u>	<u>6,964,937</u>	<u>-</u>	<u>10,376,405</u>
OTHER ASSETS							
Notes receivable, net of allowance	683,380	-	-	-	-	(683,380)	-
Accrued interest receivable	862,136	-	-	-	-	(862,136)	-
Organizational costs	-	-	-	-	69,321	-	69,321
Less: accumulated amortization	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(35,065)</u>	<u>-</u>	<u>(35,065)</u>
	1,545,516	-	-	-	34,256	(1,545,516)	34,256
Investment in subsidiaries	154,962	154,962	-	-	-	(309,924)	-
Beneficial interest	38,390	-	-	-	-	-	38,390
Total other assets, net	<u>1,738,868</u>	<u>154,962</u>	<u>-</u>	<u>-</u>	<u>34,256</u>	<u>(1,855,440)</u>	<u>72,646</u>
Total assets	<u>\$ 4,173,089</u>	<u>\$ 154,962</u>	<u>\$ 879,491</u>	<u>\$ 2,046,260</u>	<u>\$ 7,454,893</u>	<u>\$ (2,271,649)</u>	<u>\$ 12,437,046</u>

See Independent Auditor's Report on Supplementary Information

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

	LIABILITIES AND NET ASSETS						2018 Consolidated Total
	Parent	Subsidiaries (Unrestricted)					
	Unrestricted	Area Ten Development, Inc.	Cunot Apartments, L.P.	Edgewood Village Apartments, L.P.	Patterson Pointe Senior Residence, LLC	Eliminations	
CURRENT LIABILITIES:							
Accounts payable	\$ 259,092	\$ -	\$ 315,228	\$ 59,997	\$ (6,241)	\$ (350,954)	\$ 277,122
Accrued payroll, taxes, and related expenses	-	-	-	-	43,152	-	43,152
Accrued vacation	65,677	-	-	-	-	-	65,677
Security deposits payable	3,096	-	9,481	25,093	3,646	-	41,316
Deferred revenue	-	-	-	267	3,965	-	4,232
Current portion - long term debt	-	-	-	36,193	5,115	-	41,308
Total current liabilities	<u>327,865</u>	<u>-</u>	<u>324,709</u>	<u>121,550</u>	<u>49,637</u>	<u>(350,954)</u>	<u>472,807</u>
LONG TERM LIABILITIES							
Notes payable	402,000	-	477,798	1,058,187	1,216,726	(1,351,635)	1,803,076
Developer fee and accrued interest	-	-	207,424	721,577	44,451	(847,179)	126,273
Total long-term liabilities	<u>402,000</u>	<u>-</u>	<u>685,222</u>	<u>1,779,764</u>	<u>1,261,177</u>	<u>(2,198,814)</u>	<u>1,929,349</u>
Total liabilities	<u>729,865</u>	<u>-</u>	<u>1,009,931</u>	<u>1,901,314</u>	<u>1,310,814</u>	<u>(2,549,768)</u>	<u>2,402,156</u>
NET ASSETS:							
Unrestricted net assets - undesignated	3,288,262	-	11,003	144,946	(987)	588,043	4,031,267
Parent interest in unrestricted net assets	154,962	154,962	-	-	-	(309,924)	-
Non-controlling interest in net assets	-	-	(141,443)	-	6,145,066	-	6,003,623
Total net assets	<u>3,443,224</u>	<u>154,962</u>	<u>(130,440)</u>	<u>144,946</u>	<u>6,144,079</u>	<u>278,119</u>	<u>10,034,890</u>
Total liabilities and net assets	<u>\$ 4,173,089</u>	<u>\$ 154,962</u>	<u>\$ 879,491</u>	<u>\$ 2,046,260</u>	<u>\$ 7,454,893</u>	<u>\$ (2,271,649)</u>	<u>\$ 12,437,046</u>

See Independent Auditor's Report on Supplementary Information

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

ASSETS

	Parent	Subsidiaries (Unrestricted)				Eliminations	2017 Consolidated Total
	Unrestricted	Area Ten Development, Inc.	Cunot Apartments, L.P.	Edgewood Village Apartments, L.P.	Patterson Pointe Senior Residence, LLC		
CURRENT ASSETS:							
Cash and cash equivalents	\$ 427,666	\$ -	\$ 9,897	\$ 75,093	\$ 67,221	\$ -	\$ 579,877
Certificate of deposit	-	-	-	-	-	-	-
Restricted cash - reserves	-	-	-	-	242,454	-	242,454
Grants receivable	775,437	-	-	-	-	-	775,437
Accounts receivable	59,807	-	7,949	8,330	124	-	76,210
Accounts receivable - related party	357,056	-	-	22,883	-	(379,939)	-
Prepaid expenses	400	-	-	-	131,949	-	132,349
Total current assets	1,620,366	-	17,846	106,306	441,748	(379,939)	1,806,327
FIXED ASSETS:							
Land	-	-	38,199	170,663	733,144	-	942,006
Building	1,419,405	-	1,472,889	2,894,066	8,108,732	-	13,895,092
Leasehold improvements	-	-	169,528	401,376	-	-	570,904
Equipment	24,734	-	-	1,136	236,371	-	262,241
	1,444,139	-	1,680,616	3,467,241	9,078,247	-	15,670,243
Less accumulated depreciation	(751,500)	-	(782,640)	(1,448,619)	(1,744,180)	-	(4,726,939)
Total fixed assets, net	692,639	-	897,976	2,018,622	7,334,067	-	10,943,304
OTHER ASSETS							
Notes receivable, net of allowance	763,592	-	-	-	-	(763,592)	-
Accrued interest receivable	781,924	-	-	-	-	(781,924)	-
Organizational costs	-	-	-	-	69,322	-	69,322
Less: accumulated amortization	-	-	-	-	(27,630)	-	(27,630)
	1,545,516	-	-	-	41,692	(1,545,516)	41,692
Investment in subsidiaries	257,182	257,182	-	-	-	(514,364)	-
Beneficial interest	36,032	-	-	-	-	-	36,032
Total other assets, net	1,838,730	257,182	-	-	41,692	(2,059,880)	77,724
Total assets	\$ 4,151,735	\$ 257,182	\$ 915,822	\$ 2,124,928	\$ 7,817,507	\$ (2,439,819)	\$ 12,827,355

See Independent Auditor's Report on Supplementary Information

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

LIABILITIES AND NET ASSETS

	Parent	Subsidiaries (Unrestricted)					2017 Consolidated Total
	Unrestricted	Area Ten Development, Inc.	Cunot Apartments, L.P.	Edgewood Village Apartments, L.P.	Patterson Pointe Senior Residence, LLC	Eliminations	
CURRENT LIABILITIES:							
Accounts payable	\$ 280,225	\$ -	\$ 272,002	\$ 42,542	\$ (4,411)	\$ (314,684)	\$ 275,674
Accrued payroll, taxes, and related expenses	480	-	-	-	24,504	-	24,984
Accrued vacation	80,658	-	-	-	-	-	80,658
Security deposits payable	3,046	-	10,700	25,553	4,545	-	43,844
Deferred revenue	1,187	-	206	474	6,298	-	8,165
Current portion - long term debt	-	-	-	34,556	5,257	-	39,813
Total current liabilities	365,596	-	282,908	103,125	36,193	(314,684)	473,138
LONG TERM LIABILITIES							
Notes payable	402,000	-	477,798	1,094,090	1,220,540	(1,351,635)	1,842,793
Developer fee and accrued interest	-	-	207,424	681,471	129,230	(847,179)	170,946
Total long-term liabilities	402,000	-	685,222	1,775,561	1,349,770	(2,198,814)	2,013,739
Total liabilities	767,596	-	968,130	1,878,686	1,385,963	(2,513,498)	2,486,877
NET ASSETS:							
Unrestricted net assets - undesignated	3,126,957	-	11,783	246,242	(843)	588,043	3,972,182
Parent interest in unrestricted net assets	257,182	257,182	-	-	-	(514,364)	-
Non-controlling interest in net assets	-	-	(64,091)	-	6,432,387	-	6,368,296
Total net assets	3,384,139	257,182	(52,308)	246,242	6,431,544	73,679	10,340,478
Total liabilities and net assets	\$ 4,151,735	\$ 257,182	\$ 915,822	\$ 2,124,928	\$ 7,817,507	\$ (2,439,819)	\$ 12,827,355

See Independent Auditor's Report on Supplementary Information

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018**

	Parent	Subsidiaries (Unrestricted)					Eliminations	2018
	Unrestricted	Area Ten Development, Inc.	Cunot Apartments, L.P.	Edgewood Village Apartments, L.P.	Patterson Pointe Senior Residence, LLC	Total		
REVENUE AND OTHER SUPPORT								
Federal grant revenue	\$ 1,630,044	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,630,044
State grant revenue	980,341	-	-	-	-	-	-	980,341
County support	136,735	-	-	-	-	-	-	136,735
City contracts	-	-	-	-	-	-	-	-
Service fees	411,246	-	-	-	-	-	-	411,246
Project income	215,877	-	-	-	-	(123,449)	-	92,428
Medicaid	507,619	-	-	-	-	-	-	507,619
Donations:								
Indirect public support - United Way	34,212	-	-	-	-	-	-	34,212
Direct public support	132,361	-	-	-	-	-	-	132,361
Rental income	-	-	81,728	254,321	387,166	-	-	723,215
Miscellaneous income	52,965	-	786	565	4,177	-	-	58,493
Forgiveness of debt	-	-	-	-	-	-	-	-
In-kind support	81,374	-	-	-	-	-	-	81,374
Investment income (loss) - subsidiaries	(102,220)	(102,220)	-	-	-	204,440	-	-
Investment income	2,498	-	-	34	-	-	-	2,532
Total revenue and other support	<u>\$ 4,083,052</u>	<u>\$ (102,220)</u>	<u>\$ 82,514</u>	<u>\$ 254,920</u>	<u>\$ 391,343</u>	<u>\$ 80,991</u>	<u>\$ -</u>	<u>\$ 4,790,600</u>

See Independent Auditor's Report on Supplementary Information.

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018**

	Parent	Subsidiaries (Unrestricted)					2018
	Unrestricted	Area Ten Development, Inc.	Cunot Apartments, L.P.	Edgewood Village Apartments, L.P.	Patterson Pointe Senior Residence, LLC	Eliminations	Consolidated Total
OPERATING EXPENSES							
Program services:							
Nutrition	\$ 275,770	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 275,770
Transportation	1,423,517	-	-	-	-	-	1,423,517
In-Home services	1,529,169	-	-	-	-	-	1,529,169
Health & Wellness	284,721	-	-	-	-	-	284,721
Information/Referral/Outreach	125,670	-	-	-	-	-	125,670
Housing	128,011	-	160,646	356,216	678,808	(123,449)	1,200,232
Total program expenses	<u>3,766,858</u>	<u>-</u>	<u>160,646</u>	<u>356,216</u>	<u>678,808</u>	<u>(123,449)</u>	<u>4,839,079</u>
Supporting services:							
Management and General	257,078	-	-	-	-	-	257,078
Fundraising	31	-	-	-	-	-	31
Total supporting services	<u>257,109</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>257,109</u>
Total operating expenses	<u>4,023,967</u>	<u>-</u>	<u>160,646</u>	<u>356,216</u>	<u>678,808</u>	<u>(123,449)</u>	<u>5,096,188</u>
Increase (decrease) in net assets	<u>59,085</u>	<u>(102,220)</u>	<u>(78,132)</u>	<u>(101,296)</u>	<u>(287,465)</u>	<u>204,440</u>	<u>(305,588)</u>
NET ASSETS - BEGINNING OF YEAR	3,384,139	257,182	(52,308)	246,242	6,431,544	73,679	10,340,478
Non-controlling interest in subsidiary's earnings	-	-	(77,352)	-	(287,321)	-	(364,673)
Controlling interest in subsidiary's earnings and parent	59,085	(102,220)	(780)	(101,296)	(144)	204,440	59,085
Capital contributions	-	-	-	-	-	-	-
NET ASSETS - END OF YEAR	<u>\$ 3,443,224</u>	<u>\$ 154,962</u>	<u>\$ (130,440)</u>	<u>\$ 144,946</u>	<u>\$ 6,144,079</u>	<u>\$ 278,119</u>	<u>\$ 10,034,890</u>

See Independent Auditor's Report on Supplementary Information.

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2017**

	Parent	Subsidiaries (Unrestricted)				Eliminations	2017
	Unrestricted	Area Ten Development, Inc.	Cunot Apartments, L.P.	Edgewood Village Apartments, L.P.	Patterson Pointe Senior Residence, LLC		Consolidated Total
REVENUE AND OTHER SUPPORT							
Federal grant revenue	\$ 1,526,291	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,526,291
State grant revenue	1,012,292	-	-	-	-	-	1,012,292
County support	175,097	-	-	-	-	-	175,097
City contracts	-	-	-	-	-	-	-
Service fees	415,879	-	-	-	-	-	415,879
Project income	239,211	-	-	-	-	(98,393)	140,818
Medicaid	435,333	-	-	-	-	-	435,333
Donations:							
Indirect public support - United Way	33,330	-	-	-	-	-	33,330
Direct public support	80,219	-	-	-	-	-	80,219
Rental income	-	-	87,554	248,484	366,443	-	702,481
Miscellaneous income	36,380	-	1,593	2,537	7,849	-	48,359
Forgiveness of debt	-	-	-	-	-	-	-
In-kind support	90,861	-	-	-	-	-	90,861
Investment income (loss) - subsidiaries	(64,481)	(64,481)	-	-	-	128,962	-
Investment income	4,292	-	-	70	-	-	4,362
Total revenue and other support	\$ 3,984,704	\$ (64,481)	\$ 89,147	\$ 251,091	\$ 374,292	\$ 30,569	\$ 4,665,322

See Independent Auditor's Report on Supplementary Information.

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2017**

	Parent	Subsidiaries (Unrestricted)				Eliminations	2017
	Unrestricted	Area Ten Development, Inc.	Cunot Apartments, L.P.	Edgewood Village Apartments, L.P.	Patterson Pointe Senior Residence, LLC		Consolidated Total
OPERATING EXPENSES							
Program services:							
Nutrition	\$ 315,698	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 315,698
Transportation	1,312,325	-	-	-	-	-	1,312,325
In-Home services	1,570,017	-	-	-	-	-	1,570,017
Health & Wellness	234,053	-	-	-	-	-	234,053
Information/Referral/Outreach	126,481	-	-	-	-	-	126,481
Housing	99,508	-	127,725	315,035	629,851	(98,393)	1,073,726
Total program expenses	<u>3,658,082</u>	<u>-</u>	<u>127,725</u>	<u>315,035</u>	<u>629,851</u>	<u>(98,393)</u>	<u>4,632,300</u>
Supporting services:							
Management and General	360,573	-	-	-	-	-	360,573
Fundraising	664	-	-	-	-	-	664
Total supporting services	<u>361,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>361,237</u>
Total operating expenses	<u>4,019,319</u>	<u>-</u>	<u>127,725</u>	<u>315,035</u>	<u>629,851</u>	<u>(98,393)</u>	<u>4,993,537</u>
Increase (decrease) in net assets	<u>(34,615)</u>	<u>(64,481)</u>	<u>(38,578)</u>	<u>(63,944)</u>	<u>(255,559)</u>	<u>128,962</u>	<u>(328,215)</u>
NET ASSETS - BEGINNING OF YEAR	3,418,754	321,663	(13,730)	310,186	6,687,103	(55,283)	10,668,693
Non-controlling interest in subsidiary's earnings	-	-	(38,192)	-	(255,408)	-	(293,600)
Controlling interest in subsidiary's earnings and parent	(34,615)	(64,481)	(386)	(63,944)	(151)	128,962	(34,615)
Capital contributions	-	-	-	-	-	-	-
NET ASSETS - END OF YEAR	<u>\$ 3,384,139</u>	<u>\$ 257,182</u>	<u>\$ (52,308)</u>	<u>\$ 246,242</u>	<u>\$ 6,431,544</u>	<u>\$ 73,679</u>	<u>\$ 10,340,478</u>

See Independent Auditor's Report on Supplementary Information.

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

	Parent	Subsidiaries (Unrestricted)				Eliminations	2018
	Unrestricted	Area Ten Development, Inc.	Cunot Apartments, L.P.	Edgewood Village Apartments, L.P.	Patterson Pointe Senior Residence, LLC		Consolidated Total
CASH FLOWS FROM OPERATING ACTIVITIES:							
Increase (decrease) in net assets before non-controlling interests	\$ 59,085	\$ (102,220)	\$ (78,132)	\$ (101,296)	\$ (287,465)	\$ 204,440	\$ (305,588)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:							
Depreciation and amortization	49,420	-	52,082	117,971	388,963	-	608,436
(Gain) loss on investment in subsidiaries	102,220	102,220	-	-	-	(204,440)	-
Increase (decrease) in cash from changes in:							
Grants receivable	100,647	-	-	-	-	-	100,647
Accounts receivable	(31,022)	-	1,335	(4,443)	(2)	36,514	2,382
Prepaid expenses	(583)	-	-	-	(26,393)	-	(26,976)
Restricted cash	-	-	-	-	(1,049)	-	(1,049)
Accounts payable	(21,133)	-	43,226	17,455	(1,830)	(36,514)	1,204
Accrued payroll, taxes, and related expenses	(15,461)	-	-	-	18,648	-	3,187
Security deposits	50	-	(1,219)	(460)	(899)	-	(2,528)
Deferred revenue	(1,187)	-	(206)	(207)	(2,333)	-	(3,933)
Net cash provided by (used in) operating activities	<u>242,036</u>	<u>-</u>	<u>17,086</u>	<u>29,020</u>	<u>87,640</u>	<u>-</u>	<u>375,782</u>
CASH FLOWS FROM INVESTING ACTIVITIES:							
Purchase of property and equipment	(21,499)	-	-	-	(12,397)	-	(33,896)
Net change in beneficial interest	(2,358)	-	-	-	-	-	(2,358)
Net cash provided by (used in) investing activities	<u>(23,857)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,397)</u>	<u>-</u>	<u>(36,254)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:							
Proceeds from developer fees and accrued interest on notes payable	-	-	-	40,106	(84,779)	-	(44,673)
Principal payments against notes payable	-	-	-	(34,471)	(3,956)	-	(38,427)
Net cash provided by (used in) financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,635</u>	<u>(88,735)</u>	<u>-</u>	<u>(83,100)</u>
NET INCREASE (DECREASE) IN CASH	<u>218,179</u>	<u>-</u>	<u>17,086</u>	<u>34,655</u>	<u>(13,492)</u>	<u>-</u>	<u>256,428</u>
CASH, BEGINNING OF YEAR	<u>427,666</u>	<u>-</u>	<u>9,897</u>	<u>75,093</u>	<u>67,221</u>	<u>-</u>	<u>579,877</u>
CASH, END OF YEAR	<u>\$ 645,845</u>	<u>\$ -</u>	<u>\$ 26,983</u>	<u>\$ 109,748</u>	<u>\$ 53,729</u>	<u>\$ -</u>	<u>\$ 836,305</u>
Supplemental disclosures of cash flow information:							
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,042</u>	<u>\$ 19,517</u>	<u>\$ -</u>	<u>\$ 42,559</u>

See Independent Auditor's Report on Supplementary Information.

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2017**

	Parent	Subsidiaries (Unrestricted)				Eliminations	2017 Consolidated Total
	Unrestricted	Area Ten Development, Inc.	Cunot Apartments, L.P.	Edgewood Village Apartments, L.P.	Patterson Pointe Senior Residence, LLC		
CASH FLOWS FROM OPERATING ACTIVITIES:							
Increase (decrease) in net assets before non-controlling interests	\$ (34,615)	\$ (64,481)	\$ (38,578)	\$ (63,944)	\$ (255,559)	\$ 128,962	\$ (328,215)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:							
Depreciation and amortization	38,670	-	49,783	110,974	379,249	-	578,676
(Gain) loss on investment in subsidiaries	64,481	64,481	-	-	-	(128,962)	-
Increase (decrease) in cash from changes in:							
Grants receivable	47,684	-	-	-	-	-	47,684
Accounts receivable	54,481	-	(5,134)	(28,456)	-	-	20,891
Prepaid expenses	32,250	-	-	1,469	13,040	-	46,759
Restricted cash	-	-	-	-	(1,281)	-	(1,281)
Accounts payable	100,997	-	15,662	(50,419)	(11,327)	-	54,913
Accrued payroll, taxes, and related expenses	(36,087)	-	-	-	(32,004)	-	(68,091)
Security deposits	169	-	548	3,000	200	-	3,917
Deferred Revenue	1,187	-	-	(6)	824	-	2,005
Net cash provided by (used in) operating activities	<u>269,217</u>	<u>-</u>	<u>22,281</u>	<u>(27,382)</u>	<u>93,142</u>	<u>-</u>	<u>357,258</u>
CASH FLOWS FROM INVESTING ACTIVITIES:							
Maturities on certificate of deposit	52,184	-	-	-	-	-	52,184
Purchase of property and equipment	-	-	(29,138)	(96,196)	(4,804)	-	(130,138)
Net change in beneficial interest	(2,105)	-	-	-	-	-	(2,105)
Net cash provided by (used in) investing activities	<u>50,079</u>	<u>-</u>	<u>(29,138)</u>	<u>(96,196)</u>	<u>(4,804)</u>	<u>-</u>	<u>(80,059)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:							
Proceeds from developer fees and accrued interest on notes payable	-	-	-	40,106	(78,119)	-	(38,013)
Proceeds from notes payable	-	-	-	672,912	-	-	672,912
Principal payments against notes payable	-	-	-	(618,470)	(3,676)	-	(622,146)
Net cash provided by (used in) financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>94,548</u>	<u>(81,795)</u>	<u>-</u>	<u>12,753</u>
NET DECREASE IN CASH	319,296	-	(6,857)	(29,030)	6,543	-	289,952
CASH, BEGINNING OF YEAR	108,370	-	16,754	104,123	60,678	-	289,925
CASH, END OF YEAR	<u>\$ 427,666</u>	<u>\$ -</u>	<u>\$ 9,897</u>	<u>\$ 75,093</u>	<u>\$ 67,221</u>	<u>\$ -</u>	<u>\$ 579,877</u>
Supplemental disclosures of cash flow information:							
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,042</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,042</u>

See Independent Auditor's Report on Supplementary Information.

SINGLE AUDIT SECTION

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018**

FEDERAL GRANTOR AGENCY	Federal	Grant or	Federal	Federal
Passthrough Agency	CFDA	Identifying	Award	Federal
Program Title	Number	Number	(in dollars \$)	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the Indiana Department of Family and Social Services (FSSA):				
Aging Cluster:				
Title IIIA Administration	93.044	21693	\$ 49,627	\$ 49,490
Title IIIB Grants for Supportive Services and Senior Centers	93.044	21693	145,799	145,799
Title IIIC Nutrition Services - Congregate Meals	93.045	21693	105,000	95,016
Title IIIC Nutrition Services - Home Delivered Meals	93.045	21693	130,000	124,049
Nutrition Services Incentive Program	93.053	21693	33,930	33,930
Passed through the West Central Indiana Economic Development District				
Title IIIB Social Services - Transportation	93.044	A2-18A	28,000	<u>27,656</u>
Total Aging Cluster				475,940
Passed through the Indiana Department of Family and Social Services (FSSA):				
Title VII - Long Term Care Ombudsman Services for Older Individuals	93.042	21693	4,421	4,421
Special Program for the Aging-Disease Prevention and Health Promotion Services	93.043	21693	8,566	4,554
National Family Caregiver Support, Title III E	93.052	21693	56,041	56,041
Social Services Block Grant	93.667	21693	172,524	<u>169,196</u>
Total U.S. Department of Health and Human Services				<u>710,152</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Passed through the Indiana Department of Transportation and the Monroe County Commissioners:				
Formula Grant for Rural Areas - Mass Transit	20.509	A249-17-G160246	698,949	322,761
Formula Grant for Rural Areas - Mass Transit	20.509	A249-18-G170170	341,155	341,155
Discretionary Capital Grant for Rural Area-Mass Transit	20.509	A249-18-G170042	10,929	<u>10,471</u>
				<u>674,387</u>
Passed through the Indiana Department of Transportation and the Monroe County Commissioners:				
Capital Grant for Rural Areas - Mass Transit	20.526	A249-17-G160019	86,240	1,077
Capital Grant for Rural Areas - Mass Transit	20.526	A249-18-G170070	88,258	<u>87,994</u>
				<u>89,071</u>
Passed through Bloomington Public Transportation Corp.				
FTA Section 5307	20.507		150,000	<u>54,498</u>
Total U.S. Department of Transportation				<u>817,956</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Retired and Senior Volunteer Program	94.002	15SRNIN004	93,213	<u>89,884</u>

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
JUNE 30, 2018**

FEDERAL GRANTOR AGENCY	Federal	Grant or	Federal	Federal
 Passthrough Agency	CFDA	Identifying	Award	Expenditures
 Program Title	Number	Number	(in dollars \$)	
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through City of Bloomington Housing and Neighborhood Development				
HOME Investment Partnership Act - loan	14.239	Patterson Point Senior Residence	\$ n/a	** \$ 402,000
NATIONAL ENDOWMENT FOR THE HUMANITIES				
Passed through Community Foundation of Bloomington and Monroe County:				
Promotion of the Arts Partnership	45.025	NEA# 17-6100-2012	4,550	4,550
U.S. DEPARTMENT OF HOMELAND SECURITY				
 DIRECT PROGRAMS				
Passed through United Way of America:				
Emergency Food and Shelter National Board Program	97.024	PHASE 33 and 34	n/a	7,500
Total Schedule of Expenditures of Federal Awards				<u>\$ 2,032,042</u>

** Represents loan balance

See accompanying notes to Schedule of Expenditures of Federal Awards

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Area 10 Council on Aging of Monroe and Owen Counties, Inc. and is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule Expenditures of Federal Awards are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3 – Indirect Costs

Area 10 Council on Aging of Monroe and Owen Counties, Inc. has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 – HOME Loan

The Organization entered into an agreement with the City of Bloomington to borrow up to \$402,000 of Federal HOME Investment Partnership funds for use in the Patterson Pointe Senior Residence housing project. The note bears an interest rate of 0.0% and matures in June 2032. As of June 30, 2018 the note balance was \$402,000.

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS
YEAR ENDED JUNE 30, 2018**

Passthrough Agency Program Title	Grant or Identifying Number	Grant Award (in dollars \$)	Expenditures
Passed through the Indiana Department of Family and Social Services (FSSA):			
CHOICE	21693	656,791	\$ 576,828
CHOICE CASOA	21693	12,510	12,150
Older Hoosiers	21693	29,535	29,535
State SSBG	21693	13,041	13,041
AL Ombudsman	21693	4,421	<u>4,421</u>
			<u>635,975</u>
Passed through the Indiana Department of Transportation and the Monroe County Commissioners:			
Formula Grant for Rural Areas - Mass Transit	A249-18-G170170	309,147	289,496
Revenue Sharing - FTA Operating		48,079	48,079
Passed through the Owen County Treasurer			
Revenue Sharing - FTA Operating		2,000	2,000
Passed through the Lawrence County Commissioners			
Revenue Sharing - FTA Operating		22,000	22,000
Passed through the Putnam County Commissioners			
Revenue Sharing - FTA Operating		5,000	5,000
Passed through the City of Greencastle			
Revenue Sharing - FTA Operating		10,000	10,000
Passed through the Town of Spencer			
Revenue Sharing - FTA Operating		6,000	6,000
Indiana Supreme Court - Division of State Court			
VASIA		77,000	50,451
Monroe County Council			
Sofia Travis Comm Grant - Vol Guardianship Program		n/a	<u>1,940</u>
Total Expenditures of State and Local Awards			<u>\$ 1,070,941</u>

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018**

Section II – Financial Statement Findings

There were no financial statement findings for the year ended June 30, 2017.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the year ended June 30, 2017.



INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

**INDEPENDENT AUDITOR'S 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***

To the Board of Directors
Area 10 Council on Aging of Monroe and Owen Counties, Inc.

We have audited, in accordance with the 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 Area 10 Council on Aging of Monroe and Owen Counties, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 4, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Area 10 Council on Aging of Monroe and Owen Counties, Inc.'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 Area 10 Council on Aging of Monroe and Owen Counties, Inc.'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 a 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 Area 10 Council on Aging of Monroe and Owen Counties, Inc.'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*.

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 or on 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 for any other purpose.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
December 4, 2018



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE *UNIFORM GUIDANCE***

To the Board of Directors
Area 10 Council on Aging of Monroe and Owen Counties, Inc.

Report on Compliance for Each Major Federal Program

We have audited Area 10 Council on Aging of Monroe and Owen Counties, Inc. and Subsidiaries' compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each Area 10 Council on Aging of Monroe and Owen Counties, Inc. and Subsidiaries' major federal programs for the year ended June 30, 2018. Area 10 Council on Aging of Monroe and Owen Counties, Inc. and Subsidiaries' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Area 10 Council on Aging of Monroe and Owen Counties, Inc.' 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 (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and 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 Area 10 Council on Aging of Monroe and Owen Counties, Inc. and Subsidiaries' 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 Area 10 Council on Aging of Monroe and Owen Counties, Inc. and Subsidiaries' compliance.

Opinion on Each Major Federal Program

In our opinion, Area 10 Council on Aging of Monroe and Owen Counties, Inc. and Subsidiaries 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

Report on Internal Control over Compliance

Management of Area 10 Council on Aging of Monroe and Owen Counties, Inc. 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 Area 10 Council on Aging of Monroe and Owen Counties, Inc. and Subsidiaries' 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 Area 10 Council on Aging of Monroe and Owen Counties, Inc. and Subsidiaries' 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 for any other purpose.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
December 4, 2018

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
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 No
- Significant deficiencies identified? Yes No

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiencies identified? Yes No

Type of auditor’s report issued: Unmodified

Any audit findings disclosed required to be reported in
Accordance with 2 CFR section 200.516(a) Yes No

Programs tested as major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.509	U.S. Dept. of Transportation – 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? Yes No

**AREA 10 COUNCIL ON AGING OF MONROE AND OWEN COUNTIES, INC.
AND SUBSIDIARIES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED JUNE 30, 2018**

Section II – Financial Statement Findings

There were no financial statement findings for the year ended June 30, 2018.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the year ended June 30, 2018.