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October 1, 2019

Board of Directors
Lifestream Services, Inc.
1701 S. Pilgrim Blvd.
Yorktown, IN 47396

We have reviewed the audit report of Lifestream Services, Inc., which was opined upon by Whiting & Company LLC, 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 Lifestream Services, 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, Whiting & Company LLC prepared the audit report in accordance with guidelines established by the State Board of Accounts.

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

Paul D. Joyce, CPA
State Examiner

**LIFESTREAM SERVICES, INC.
AND SUBSIDIARY
YORKTOWN, INDIANA**

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
JUNE 30, 2018 AND 2017

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WHITINGER & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
LifeStream Services, Inc. and Subsidiary
Yorktown, Indiana

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of LifeStream Services, Inc. and Subsidiary (a non-profit organization), which comprise the consolidated statement of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 LifeStream Services, Inc. and Subsidiary as of June 30, 2018 and 2017, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental consolidating statements on pages 19 to 26 are presented for the purposes of additional analysis and are not a required part of the basic consolidated financial statements. Additionally, the accompanying schedule of expenditures of federal awards on pages 27 and 28, 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated 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 11, 2018, on our consideration of LifeStream Services, 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 solely 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 effectiveness of LifeStream Services, Inc.'s 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 LifeStream Services, Inc.'s internal control over financial reporting and compliance.

Whitiger & Company LLC

Certified Public Accountants
Muncie, Indiana

December 11, 2018

FINANCIAL STATEMENTS

1.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 9,092	\$ 219,097
Grant reimbursements receivable (Note 4)	1,954,968	1,085,078
Accounts receivable	217,018	125,995
Medicaid waiver receivable	15,000	81,375
Prepaid expense	<u>72,301</u>	<u>90,185</u>
Total Current Assets	<u>\$ 2,268,379</u>	<u>\$ 1,601,730</u>
PROPERTY AND EQUIPMENT		
Land	\$ 150,000	\$ 150,000
Building and improvements	1,038,659	1,038,659
Furniture and fixtures	164,085	161,870
Equipment	800,115	655,781
Transportation equipment	<u>720,646</u>	<u>683,365</u>
	\$ 2,873,505	\$ 2,689,675
Less accumulated depreciation	<u>(1,935,572)</u>	<u>(1,792,432)</u>
Total Property and Equipment	<u>\$ 937,933</u>	<u>\$ 897,243</u>
OTHER ASSETS		
Investment in Indiana Aging Alliance	\$ 1,500	\$ 1,500
457(b) plan investment (Note 10)	83,973	237,109
Deposits	<u>1,228</u>	<u>1,228</u>
Total Other Assets	<u>\$ 86,701</u>	<u>\$ 239,837</u>
Total Assets	<u><u>\$ 3,293,013</u></u>	<u><u>\$ 2,738,810</u></u>

See accompanying Notes to Consolidated Financial Statements.

	<u>2018</u>	<u>2017</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Checks written in excess of available balance	\$ 13,859	
Current portion of long-term liabilities (Note 6)	36,226	\$ 34,837
Accounts payable	1,159,410	567,380
Accrued salaries and wages	84,176	62,087
Accrued vacation pay	145,669	113,183
Deferred revenue	51,560	61,997
	<u>1,490,900</u>	<u>839,484</u>
Total Current Liabilities	\$ 1,490,900	\$ 839,484
LONG-TERM LIABILITIES		
Debt obligations (Note 6)	\$ 156,437	\$ 191,201
457(b) plan payable (Note 10)	83,973	237,109
	<u>240,410</u>	<u>428,310</u>
Less current portion above	(36,226)	(34,837)
	<u>204,184</u>	<u>393,473</u>
Total Long-Term Liabilities	\$ 204,184	\$ 393,473
Total Liabilities	\$ 1,695,084	\$ 1,232,957
NET ASSETS		
Unrestricted	\$ 1,522,508	\$ 1,375,978
Unrestricted - board designated for reserve	25,000	25,000
Total Unrestricted Net Assets	<u>1,547,508</u>	<u>1,400,978</u>
Temporarily restricted (Note 2)	50,421	104,875
	<u>1,597,929</u>	<u>1,505,853</u>
Total Net Assets	\$ 1,597,929	\$ 1,505,853
Total Liabilities and Net Assets	<u>\$ 3,293,013</u>	<u>\$ 2,738,810</u>

3.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018		
	Unrestricted	Temporarily Restricted	Total
REVENUE AND SUPPORT			
Federal assistance	\$ 4,530,003		\$ 4,530,003
State assistance	3,562,248		3,562,248
Other government grants	160,798		160,798
Project income and service fee	175,071		175,071
Medicaid waiver	2,483,182		2,483,182
Contributions and special events	197,182		197,182
Interest income	256		256
Other income	97,457		97,457
Total Revenue and Support	<u>\$ 11,206,197</u>		<u>\$ 11,206,197</u>
NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of program and donor restrictions	54,454	(54,454)	
	<u>\$ 11,260,651</u>	<u>\$ (54,454)</u>	<u>\$ 11,206,197</u>
EXPENSES			
Program Services			
In-home services	\$ 2,280,011		\$ 2,280,011
Nutrition	1,726,136		1,726,136
Care management	1,163,828		1,163,828
Transportation	1,232,974		1,232,974
Aging and Disability Resource Center	874,208		874,208
Net excess programs	2,262,385		2,262,385
Other programs	254,207		254,207
Total Program Services	<u>\$ 9,793,749</u>		<u>\$ 9,793,749</u>
Administration	1,195,107		1,195,107
Property management	93,873		93,873
Fundraising	31,392		31,392
Total Expenses	<u>\$ 11,114,121</u>		<u>\$ 11,114,121</u>
CHANGE IN NET ASSETS	\$ 146,530	\$ (54,454)	\$ 92,076
NET ASSETS, BEGINNING OF YEAR	<u>1,400,978</u>	<u>104,875</u>	<u>1,505,853</u>
NET ASSETS, END OF YEAR	<u>\$ 1,547,508</u>	<u>\$ 50,421</u>	<u>\$ 1,597,929</u>

See accompanying Notes to Consolidated Financial Statements.

2017			
Unrestricted	Temporarily Restricted	Total	Change
\$ 3,190,362		\$ 3,190,362	\$ 1,339,641
2,376,701		2,376,701	1,185,547
166,632		166,632	(5,834)
159,373		159,373	15,698
1,645,400		1,645,400	837,782
111,176	\$ 27,507	138,683	58,499
1,644		1,644	(1,388)
15,085		15,085	82,372
<u>\$ 7,666,373</u>	<u>\$ 27,507</u>	<u>\$ 7,693,880</u>	<u>\$ 3,512,317</u>
<u>57,380</u>	<u>(57,380)</u>		
<u>\$ 7,723,753</u>	<u>\$ (29,873)</u>	<u>\$ 7,693,880</u>	<u>\$ 3,512,317</u>
\$ 1,309,078		\$ 1,309,078	\$ 970,933
806,523		806,523	919,613
633,703		633,703	530,125
1,035,237		1,035,237	197,737
661,375		661,375	212,833
1,553,268		1,553,268	709,117
168,558		168,558	85,649
<u>\$ 6,167,742</u>		<u>\$ 6,167,742</u>	<u>\$ 3,626,007</u>
1,329,360		1,329,360	(134,253)
57,872		57,872	36,001
36,617		36,617	(5,225)
<u>\$ 7,591,591</u>		<u>\$ 7,591,591</u>	<u>\$ 3,522,530</u>
\$ 132,162	\$ (29,873)	\$ 102,289	<u>\$ (10,213)</u>
<u>1,268,816</u>	<u>134,748</u>	<u>1,403,564</u>	
<u>\$ 1,400,978</u>	<u>\$ 104,875</u>	<u>\$ 1,505,853</u>	

5.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017****INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from services provided	\$ 3,405,975	\$ 1,406,996
Cash received from grants and contributions	7,562,272	6,248,573
Cash paid to suppliers and employees	(11,016,215)	(7,578,144)
Interest received	256	1,644
Interest paid	(12,757)	(12,702)
Miscellaneous income	<u>97,454</u>	<u>15,080</u>
Net Cash Provided By Operating Activities	<u>\$ 36,985</u>	<u>\$ 81,447</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of furniture and equipment	<u>\$ (212,226)</u>	<u>\$ (63,519)</u>
Net Cash Used For Investing Activities	<u>\$ (212,226)</u>	<u>\$ (63,519)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	\$ 2,444,116	\$ 3,931,003
Payments on line of credit	(2,444,116)	(3,931,003)
Payments on debt obligations	<u>(34,764)</u>	<u>(34,012)</u>
Net Cash Used For Financing Activities	<u>\$ (34,764)</u>	<u>\$ (34,012)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	<u>\$ (210,005)</u>	<u>\$ (16,084)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>219,097</u>	<u>235,181</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 9,092</u></u>	<u><u>\$ 219,097</u></u>

See accompanying Notes to Consolidated Financial Statements.

RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES

	<u>2018</u>	<u>2017</u>
CHANGE IN NET ASSETS	\$ 92,076	\$ 102,289
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation expense	\$ 171,536	\$ 156,215
Cash flows provided by (used for) asset changes		
Grant reimbursements receivable	(869,890)	358,850
Accounts receivable	(91,023)	(83,709)
Medicaid waiver receivable	66,375	3,080
Prepaid expense	17,884	(9,212)
Cash flows provided by (used for) liability changes		
Checks written in excess of available balance	13,859	
Accounts payable	592,030	(464,293)
Accrued salaries and wages	22,089	3,537
Accrued vacation pay	32,486	(7,238)
Deferred revenue	(10,437)	21,928
Total Adjustments	<u>\$ (55,091)</u>	<u>\$ (20,842)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 36,985</u>	<u>\$ 81,447</u>

7.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>In-Home Service</u>	<u>Nutrition</u>	<u>Care Management</u>	<u>Transportation</u>	<u>Aging and Disability Resource Center</u>
Salaries		\$ 103,678	\$ 800,746	\$ 532,670	\$ 555,241
Payroll taxes and employee benefits		<u>25,525</u>	<u>208,801</u>	<u>127,570</u>	<u>143,872</u>
Total Salaries and Related Expenses		\$ 129,203	\$ 1,009,547	\$ 660,240	\$ 699,113
Contract services	\$ 2,279,960	1,562,147	29,152	109,121	50,213
Occupancy		4,941	42,055	13,842	15,209
Telephone		1,682	16,141	20,975	9,823
Postage	51	1,276	3,269	503	2,294
Supplies		10,303	20,795	26,879	14,583
Printing and copying		8,827	6,380	695	2,482
Insurance		300	805	24,495	668
Equipment			332		394
Fuel expense		32	36	145,609	
Travel		4,013	25,750	3,802	16,020
Equipment maintenance		220	50	171,094	
Conferences and training		400	1,102	2,000	3,089
Dues and memberships		2,762	3,481	3,033	2,752
Marketing and advertising		20	2,662		56,755
Interest expense					
Depreciation				50,337	
Special events					
Miscellaneous		<u>10</u>	<u>2,271</u>	<u>349</u>	<u>813</u>
Total Expenses	<u>\$ 2,280,011</u>	<u>\$ 1,726,136</u>	<u>\$ 1,163,828</u>	<u>\$ 1,232,974</u>	<u>\$ 874,208</u>
Expense by Planning and Service Areas:					
Area 6	\$ 1,780,736	\$ 1,079,514	\$ 722,875	\$ 1,128,299	\$ 726,334
Area 9	<u>499,275</u>	<u>646,622</u>	<u>440,953</u>	<u>104,675</u>	<u>147,874</u>
Total Expenses	<u>\$ 2,280,011</u>	<u>\$ 1,726,136</u>	<u>\$ 1,163,828</u>	<u>\$ 1,232,974</u>	<u>\$ 874,208</u>

See accompanying Notes to Consolidated Financial Statements.

<u>Net Excess Programs</u>	<u>Other Programs (Note 8)</u>	<u>Total Program Services</u>	<u>Administration</u>	<u>Property Management</u>	<u>Fundraising</u>	<u>Total Expenses</u>
\$ 1,547,899	\$ 117,373	\$ 3,657,607	\$ 543,803		\$ 17,461	\$ 4,218,871
<u>394,449</u>	<u>32,263</u>	<u>932,480</u>	<u>139,335</u>		<u>3,589</u>	<u>1,075,404</u>
\$ 1,942,348	\$ 149,636	\$ 4,590,087	\$ 683,138		\$ 21,050	\$ 5,294,275
95,462	25,723	4,151,778	145,078	\$ 3,575	545	4,300,976
76,538	120	152,705	92,367	41,800	88	286,960
27,877	1,019	77,517	37,273		179	114,969
6,009	306	13,708	5,666		239	19,613
35,092	13,542	121,194	26,442		(11)	147,625
13,020	590	31,994	23,068		3	55,065
2,772	132	29,172	30,438	3,439		63,049
645		1,371	3,252			4,623
	25	145,702	1,145			146,847
49,737	5,346	104,668	12,973		1,264	118,905
	150	171,514	1,864			173,378
1,833	984	9,408	7,160			16,568
6,288	572	18,888	15,880		400	35,168
3,307	3,754	66,498	10,832		3	77,333
			6,185	6,572		12,757
		50,337	83,312	37,887		171,536
	52,233	52,233			7,632	59,865
<u>1,457</u>	<u>75</u>	<u>4,975</u>	<u>9,034</u>	<u>600</u>		<u>14,609</u>
<u>\$ 2,262,385</u>	<u>\$ 254,207</u>	<u>\$ 9,793,749</u>	<u>\$ 1,195,107</u>	<u>\$ 93,873</u>	<u>\$ 31,392</u>	<u>\$ 11,114,121</u>
\$ 2,262,385	\$ 192,263	\$ 7,892,406	\$ 1,195,107	\$ 93,873	\$ 31,392	\$ 9,212,778
	61,944	1,901,343				1,901,343
<u>\$ 2,262,385</u>	<u>\$ 254,207</u>	<u>\$ 9,793,749</u>	<u>\$ 1,195,107</u>	<u>\$ 93,873</u>	<u>\$ 31,392</u>	<u>\$ 11,114,121</u>

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>In-Home Service</u>	<u>Nutrition</u>	<u>Care Management</u>	<u>Transportation</u>	<u>Aging and Disability Resource Center</u>
Salaries		\$ 72,538	\$ 446,771	\$ 503,616	\$ 370,914
Payroll taxes and employee benefits		<u>19,857</u>	<u>116,485</u>	<u>120,414</u>	<u>100,942</u>
Total Salaries and Related Expenses		\$ 92,395	\$ 563,256	\$ 624,030	\$ 471,856
Contract services	\$ 1,309,009	674,376	14,505	20,265	38,015
Occupancy		12,941	16,628	11,372	23,488
Telephone		2,100	10,244	23,258	11,528
Postage	69	786	1,926	735	2,045
Supplies		9,771	6,853	13,722	6,700
Printing and copying		9,490	3,268	1,377	5,095
Insurance		818	1,449	29,956	1,414
Equipment			388		552
Fuel expense				117,428	
Travel		3,064	11,024	1,062	12,905
Equipment maintenance		290		145,435	
Conferences and training		411	606	1,906	2,896
Dues and memberships			780	375	1,450
Marketing and advertising		72	2,485		83,202
Interest expense					
Depreciation				43,825	
Miscellaneous		<u>9</u>	<u>291</u>	<u>491</u>	<u>229</u>
Total Expenses	<u>\$ 1,309,078</u>	<u>\$ 806,523</u>	<u>\$ 633,703</u>	<u>\$ 1,035,237</u>	<u>\$ 661,375</u>

<u>Net Excess Programs</u>	<u>Other Programs (Note 8)</u>	<u>Total Program Services</u>	<u>Administration</u>	<u>Property Management</u>	<u>Fundraising</u>	<u>Total Expenses</u>
\$ 1,057,231	\$ 103,721	\$ 2,554,791	\$ 754,400		\$ 13,447	\$ 3,322,638
<u>275,034</u>	<u>28,893</u>	<u>661,625</u>	<u>194,291</u>		<u>3,133</u>	<u>859,049</u>
\$ 1,332,265	\$ 132,614	\$ 3,216,416	\$ 948,691		\$ 16,580	\$ 4,181,687
71,752	6,605	2,134,527	90,733	\$ 2,811	223	2,228,294
51,695	2,523	118,647	65,698	9,076	(8,734)	184,687
23,913	2,702	73,745	27,808		279	101,832
5,637	564	11,762	5,441		752	17,955
17,562	14,813	69,421	16,214		47	85,682
9,644	1,184	30,058	13,603		34	43,695
2,279	1,147	37,063	25,334	1,636	101	64,134
1,212		2,152	1,976			4,128
		117,428	1,139			118,567
30,215	2,997	61,267	6,209		342	67,818
	100	145,825	3,197			149,022
856	910	7,585	2,719			10,304
83	440	3,128	24,258		1,599	28,985
4,907	1,206	91,872	10,189			102,061
			4,963	7,739		12,702
		43,825	76,371	36,019		156,215
<u>1,248</u>	<u>753</u>	<u>3,021</u>	<u>4,817</u>	<u>591</u>	<u>25,394</u>	<u>33,823</u>
<u>\$ 1,553,268</u>	<u>\$ 168,558</u>	<u>\$ 6,167,742</u>	<u>\$ 1,329,360</u>	<u>\$ 57,872</u>	<u>\$ 36,617</u>	<u>\$ 7,591,591</u>

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES

LifeStream Services, Inc. serves as the designated Area Agency on Aging for Planning and Service Area 6 which includes Blackford, Delaware, Grant, Henry, Jay, Madison, and Randolph counties in the State of Indiana. Beginning July 1, 2017, LifeStream Services, Inc. entered into an agreement to provide Area Agency on Aging services to the Indiana counties of Fayette, Franklin, Rush, Union, and Wayne on behalf of the Indiana Division of Aging, the official designee for Planning and Service Area 9.

The Agency's primary purpose is to plan, develop, coordinate, and provide services, which enable persons age 60 or over and disabled of any age to remain independent. Other services are provided to low or moderate-income persons as appropriate.

LifeStream Services, Inc.'s primary program services are in-home services, nutrition, care management, transportation, and aging/disability resources. Additional program services provided by LifeStream Services, Inc. are included in Note 8.

Yorktown Properties, Inc. (Subsidiary) was formed in April 1997 to own and hold title to the office building located at 1701 Pilgrim Boulevard in Yorktown, Indiana. LifeStream Services, Inc. leases the office building from its Subsidiary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The financial statements include the consolidated accounts of LifeStream Services, Inc. and its affiliated subsidiary, Yorktown Properties, Inc. For 2018 and 2017, all significant intercompany transactions and accounts have been eliminated.

Basis of Accounting

The accounting records of LifeStream Services, Inc. and Yorktown Properties, Inc. are maintained on the accrual basis of accounting. Under this method, the Organizations record revenue at the time it obtains the right to receive them and expenses at the time incurred.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Under *FASB ASC 958, Not-for-Profit Entities*, the Organizations are required to report information regarding their financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

The unrestricted net asset class can include general and board designated assets and liabilities. The unrestricted net assets may be used at the discretion of management to support the Organizations' purposes and operations.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*Basis of Accounting (continued)*

The temporarily restricted net asset class includes assets related to gifts or grants with explicit donor or grantor-imposed restrictions that have not been met as to specific purpose, or to later periods of time or after specified dates. At June 30, 2018 and 2017, the Organizations had balances in temporarily restricted net assets of \$50,421 and \$104,875, respectively. Temporary restricted net assets consist of assets purchased with grant monies under a reversionary interest and restricted donor contributions.

The permanently restricted net asset class includes assets for which the donor has stipulated that the contribution be maintained in perpetuity. Donor-imposed restrictions limiting the use of the assets or their economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose. At June 30, 2018 and 2017, the Organizations did not have permanently restricted net assets.

Income Taxes

LifeStream Services, Inc. is a qualified not-for-profit organization under *Section 501(c)(3)* of the *Internal Revenue Code*. Yorktown Properties, Inc. is a qualified not-for-profit organization under *Section 501(c)(2)* of the *Internal Revenue Code*. As such, they are not liable for federal and state income taxes and no liability for such taxes appears in these statements. The Organizations are not considered to be private foundations within the meaning of *Internal Revenue Code Section 509(a)(3)*.

The Organizations' federal and state income tax returns are subject to examination by taxing authorities, generally for three years after they were filed.

Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, management considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable

The Organizations' accounts receivable balances consist of amounts billed or billable for services provided, net of an allowance for doubtful accounts, as applicable. Interest is not charged on outstanding receivables.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*Allowance for Doubtful Accounts*

An allowance for doubtful accounts is considered by management based upon historical losses, specific circumstances, and general economic conditions. Periodically, management reviews receivables and records an allowance based on current circumstances, and charges off the receivable against the allowance when attempts to collect the receivable have failed in accordance with the Organizations' collection policy. At June 30, 2018 and 2017, management estimated that no allowance was needed for outstanding receivables.

Property and Equipment

Property, buildings, improvements, furniture, and equipment are recorded at cost for items purchased and at fair-market value at the date of gift, for items donated. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Real property is depreciated over a range of 15 to 30 years and personal property is depreciated over a range of 5 to 7 years.

It is the Organizations' policy to capitalize fixed assets with a cost of \$1,000 or greater. Building improvements, property, and equipment acquired with grant funds below this threshold are expensed as purchased, due to the reversionary interest maintained by the grantor. If applicable, upon expiration of the grantor's reversionary interest period, property and equipment are recorded at fair value as of the expiration date and depreciated. Accordingly, the Organizations would be required to obtain grantor approval prior to disposing of any of the grant-funded assets. Depreciation expense for the years ended June 30, 2018 and 2017, was \$171,536 and \$156,215, respectively.

Revenue and Support

In accordance with *FASB ASC 958, Not-for-Profit Entities*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***In-Kind Contributions*

Contributions of services are recognized if the services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. A substantial number of volunteers have donated significant amounts of their time in relation to the Organizations' program services. Management tracks this volunteer time, as it may be allowable for matching purposes for grants. However, during the fiscal years ended June 30, 2018 and 2017, the value of contributed services meeting the requirement for recognition in the financial statements was not material and has not been recorded.

Government Grants

Grant revenue is recognized as earned as the eligible expenses are incurred. Grant expenditures are subject to audit and acceptance by the granting agency and as a result of such audit, adjustments could be required.

Advertising Costs

Advertising costs are expensed as incurred and included in operating expenses within the statement of functional expenses.

Functional Allocation of Expenses

The costs of providing the various programs and administrative functions of the Organizations have been summarized on a functional basis in the statement of activities. Accordingly, certain expenses have been allocated to the respective programs and the administrative function to which the expenses relate.

Reclassification

Certain prior year amounts have been reclassified to conform with the current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date on which the financial statements were made available to be issued. The date is the same as the independent auditor's report date.

3. GOVERNMENT GRANT ACTIVITIES

LifeStream Services, Inc. receives a majority of its funds from the Indiana Family and Social Services Administration (FSSA), by submitting claims to the third party for approval and payment. LifeStream Services, Inc. depends significantly on this third party for funding to carry out its program activities.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. **GOVERNMENT GRANT ACTIVITIES** (continued)

The grant amounts are appropriated each year by federal and state agencies. If significant budget cuts are made at the federal and state level, the amount of funds that is received could be reduced significantly and have an adverse impact on its operations.

LifeStream Services, Inc. uses certain grant funds to issue its own contracts to area agency subgrantees and service providers. Although the expenditures made, and units of service performed by these subgrantees and service providers are certified as bona fide, documentation of the purpose of such expenditures and units of service performed are subject to audit and review by funding sources. The Organization may become liable for return of the funds to the agency issuing the contract if a subgrantee or service provider is unable to adequately document expenditures, substantiate its local cost sharing requirement, or document the units of services performed.

4. **GRANT REIMBURSEMENTS RECEIVABLE**

The Organizations' grant reimbursements receivable consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Title III	\$ 702,047	\$ 367,563
CHOICE	616,587	365,408
Social Services Block Grant	310,094	123,171
INDOT	209,961	177,692
Older Hoosier	48,723	21,267
USDA	30,695	10,731
Adult Guardianship	14,280	9,479
JRDS	7,257	7,257
State Ombudsman	5,871	
Title VII	5,869	
Medicaid PAS	3,584	2,190
SHIP		320
	<u>\$ 1,954,968</u>	<u>\$ 1,085,078</u>

5. **LINE OF CREDIT**

LifeStream Services, Inc. maintains a revolving line of credit with MutualBank, Muncie, Indiana. The credit line is secured by accounts receivable and equipment. The line has a limit of \$600,000 with a variable interest rate of 5.00%. The line has a maturity date of September 25, 2018.

The Organization participates in a sweep agreement with MutualBank to automatically transfer funds in excess of \$5,000 from their operating checking account to the line of credit. Funds are also transferred from the line of credit to the operating checking to cover cleared disbursements.

At June 30, 2018 and 2017, there were no balances due on the line of credit.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. **LONG-TERM LIABILITIES**

Long-term liabilities consisted of the following:

	2018	2017
A note payable is owing to MutualBank, Muncie, Indiana. The note requires monthly payments of \$3,916 with a variable interest rate of 3.64% at both June 30, 2018 and 2017. The loan has a maturity date of July 15, 2022, and is secured by property at 1701 Pilgrim Boulevard, Yorktown, Indiana.	\$ 156,437	191,201
	\$ 156,437	\$ 191,201
Less current portion	(36,226)	(34,837)
	\$ 120,211	\$ 156,364

The minimum annual principal payments are as follows:

Year Ending June 30,	Amounts
2019	\$ 36,226
2020	37,583
2021	38,974
2022	40,417
2023	3,237
	\$ 156,437

7. **CONTRACT REVENUE BY PLANNING AND SERVICE AREA**

Contract revenue received from the State of Indiana for the year ended June 30, 2018 was \$6,192,677 for Planning and Service Area 6 and \$2,060,372 for Planning and Service Area 9.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. **OTHER PROGRAM EXPENSES**

Other program service expenses relate to the following activities:

	2018	2017
Wellness and nutrition	\$ 105,345	\$ 109,715
Home and community based services	67,302	58,843
Special events	81,560	
	\$ 254,207	\$ 168,558

9. **FUNDRAISING EXPENSE**

For the years ended June 30, 2018 and 2017, the Organization incurred costs related to fundraising in the amount of \$31,392 and \$36,617, respectively.

10. **EMPLOYEE BENEFITS**

LifeStream Services, Inc. maintains a defined contribution plan for the benefit of substantially all of its employees. Contributions are made by the Organization to the plan. LifeStream Services, Inc.'s contributions to the plan were \$137,835 and \$141,839 for the years ended June 30, 2018 and 2017, respectively.

The Organization also maintains a 457(b) plan for key members of management. Plan contributions are considered owned by the Organization until the assets are paid to the beneficiary of the plan. The Organization made contributions to the plan in the amounts of \$16,053 and \$20,771 for the years ended June 30, 2018 and 2017, respectively. Distributions to former employees totaled \$192,762 and \$-0- for the year ended June 30, 2018 and 2017, respectively.

LifeStream Services, Inc. has also established a Section 125 Cafeteria Plan for health insurance in which employees who are full-time participate. The employees' share of the health insurance premium, which is 30% of the total premium, is included in the plan.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

11. OPERATING LEASES

LifeStream Services, Inc. leases office space in other communities in order to further its charitable purposes. Rent expense for the years ended June 30, 2018 and 2017, was \$89,046 and \$47,736, respectively.

The Organization's lease expense obligations are as follows:

Year Ending June 30,	Amounts
2019	\$ 80,369
2020	69,121
2021	41,197
2022	39,792
	\$ 230,479

12. CONCENTRATION RISKS

The Organizations maintain their cash balances in two financial institutions located in Muncie, Indiana. At June 30, 2018, the balances were insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2018, the Organizations had cash balances on deposit with these financial institutions in excess of the FDIC insurance threshold in the amount of \$132,057.

At June 30, 2018 and 2017, Indiana Family and Social Services Administration accounted for approximately 89% and 84%, respectively, of the Organizations' grant reimbursements receivable. The Indiana Department of Family and Social Services Administration accounted for approximately 65% and 62% of the Organizations' revenue and support for the years ended June 30, 2018 and 2017, respectively.

SUPPLEMENTAL INFORMATION

LIFESTREAM SERVICES, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

	LifeStream Services, Inc.	Yorktown Properties, Inc.	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		\$ 9,092	\$ 9,092
Grant reimbursements receivable	\$ 1,954,968		1,954,968
Accounts receivable	228,127		228,127
Medicaid waiver receivable	15,000		15,000
Prepaid expense	72,301		72,301
Total Current Assets	\$ 2,270,396	\$ 9,092	\$ 2,279,488
PROPERTY AND EQUIPMENT			
Land		\$ 150,000	\$ 150,000
Building and improvements		1,038,659	1,038,659
Furniture and fixtures	\$ 164,085		164,085
Equipment	720,923	79,192	800,115
Transportation equipment	720,646		720,646
	\$ 1,605,654	\$ 1,267,851	\$ 2,873,505
Less accumulated depreciation	(1,279,109)	(656,463)	(1,935,572)
Total Property and Equipment	\$ 326,545	\$ 611,388	\$ 937,933
OTHER ASSETS			
Investment in Indiana Aging Alliance 457(b) plan investment	\$ 1,500		\$ 1,500
Deposits	83,973		83,973
		\$ 1,228	1,228
Total Other Assets	\$ 85,473	\$ 1,228	\$ 86,701
Total Assets	\$ 2,682,414	\$ 621,708	\$ 3,304,122

<u>Eliminations</u>	<u>Combined Total</u>
	\$ 9,092
	1,954,968
\$ (11,109)	217,018
	15,000
	<u>72,301</u>
<u>\$ (11,109)</u>	<u>\$ 2,268,379</u>
	\$ 150,000
	1,038,659
	164,085
	800,115
	<u>720,646</u>
	\$ 2,873,505
	<u>(1,935,572)</u>
<u>\$ -0-</u>	<u>\$ 937,933</u>
	\$ 1,500
	83,973
	<u>1,228</u>
<u>\$ -0-</u>	<u>\$ 86,701</u>
<u>\$ (11,109)</u>	<u>\$ 3,293,013</u>

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

	LifeStream Services, Inc.	Yorktown Properties, Inc.	Total
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Checks written in excess of available balance	\$ 13,859		\$ 13,859
Current portion of long-term liabilities		\$ 36,226	36,226
Accounts payable	1,159,410	11,109	1,170,519
Accrued salaries and wages	84,176		84,176
Accrued vacation pay	145,669		145,669
Deferred revenue	51,560		51,560
	\$ 1,454,674	\$ 47,335	\$ 1,502,009
Total Current Liabilities			
LONG-TERM LIABILITIES			
Debt obligations		\$ 156,437	\$ 156,437
457(b) plan payable	\$ 83,973		83,973
	\$ 83,973	\$ 156,437	\$ 240,410
Less current portion above		(36,226)	(36,226)
Total Long-Term Liabilities	\$ 83,973	\$ 120,211	\$ 204,184
Total Liabilities	\$ 1,538,647	\$ 167,546	\$ 1,706,193
NET ASSETS			
Unrestricted	\$ 1,093,346	\$ 429,162	\$ 1,522,508
Unrestricted - board designated reserve		25,000	25,000
Total Unrestricted Net Assets	\$ 1,093,346	\$ 454,162	\$ 1,547,508
Temporarily restricted	50,421		50,421
Total Net Assets	\$ 1,143,767	\$ 454,162	\$ 1,597,929
Total Liabilities and Net Assets	\$ 2,682,414	\$ 621,708	\$ 3,304,122

<u>Eliminations</u>	<u>Combined Total</u>
	\$ 13,859
	36,226
\$ (11,109)	1,159,410
	84,176
	145,669
	<u>51,560</u>
<u>\$ (11,109)</u>	<u>\$ 1,490,900</u>
	\$ 156,437
	<u>83,973</u>
	\$ 240,410
	<u>(36,226)</u>
<u>\$ -0-</u>	<u>\$ 204,184</u>
<u>\$ (11,109)</u>	<u>\$ 1,695,084</u>
	\$ 1,522,508
	<u>25,000</u>
	\$ 1,547,508
	<u>50,421</u>
<u>\$ -0-</u>	<u>\$ 1,597,929</u>
<u><u>\$ (11,109)</u></u>	<u><u>\$ 3,293,013</u></u>

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

	LifeStream Services, Inc.	Yorktown Properties, Inc.	Total
REVENUE AND SUPPORT			
Federal assistance	\$ 4,530,003		\$ 4,530,003
State assistance	3,562,248		3,562,248
Other government grants	160,798		160,798
Project income and service fee	175,071		175,071
Medicaid waiver	2,483,182		2,483,182
Contributions and special events	197,182		197,182
Interest income	256		256
Rent income		\$ 111,300	111,300
Other income	97,457	7,800	105,257
Total Revenue and Support	\$ 11,206,197	\$ 119,100	\$ 11,325,297
EXPENSES			
Program Services			
In-home services	\$ 2,280,011		\$ 2,280,011
Nutrition	1,733,537		1,733,537
Care management	1,180,962		1,180,962
Transportation	1,244,011		1,244,011
Aging and Disability Resource Center	890,410		890,410
Net excess programs	2,282,015		2,282,015
Other programs	257,730		257,730
Total Program Services	\$ 9,868,676		\$ 9,868,676
Administration	1,230,185		1,230,185
Property management		\$ 93,873	93,873
Fundraising	32,687		32,687
Total Expenses	\$ 11,131,548	\$ 93,873	\$ 11,225,421
CHANGE IN NET ASSETS	\$ 74,649	\$ 25,227	\$ 99,876

<u>Eliminations</u>	<u>Combined Total</u>
	\$ 4,530,003
	3,562,248
	160,798
	175,071
	2,483,182
	197,182
	256
\$ (111,300)	
(7,800)	97,457
\$ (119,100)	\$ 11,206,197
	\$ 2,280,011
\$ (7,401)	1,726,136
(17,134)	1,163,828
(11,037)	1,232,974
(16,202)	874,208
(19,630)	2,262,385
(3,523)	254,207
\$ (74,927)	\$ 9,793,749
\$ (35,078)	1,195,107
	93,873
(1,295)	31,392
\$ (111,300)	\$ 11,114,121
\$ (7,800)	\$ 92,076

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	LifeStream Services, Inc.	Yorktown Properties, Inc.	Total
Salaries	\$ 4,218,871		\$ 4,218,871
Payroll taxes and employee benefits	1,075,404		1,075,404
Total Salaries and Related Expenses	\$ 5,294,275		\$ 5,294,275
Contract services	4,297,401	\$ 3,575	4,300,976
Occupancy	356,460	41,800	398,260
Telephone	114,969		114,969
Postage	19,613		19,613
Supplies	147,625		147,625
Printing and copying	55,065		55,065
Insurance	59,610	3,439	63,049
Equipment	4,623		4,623
Fuel expense	146,847		146,847
Travel	118,905		118,905
Equipment maintenance	173,378		173,378
Conferences and training	16,568		16,568
Dues and memberships	35,168		35,168
Marketing and advertising	77,333		77,333
Interest expense	6,185	6,572	12,757
Depreciation	133,649	37,887	171,536
Special events expense	59,865		59,865
Miscellaneous	14,009	600	14,609
Total Expenses	\$ 11,131,548	\$ 93,873	\$ 11,225,421

<u>Eliminations</u>	<u>Combined Total</u>
	\$ 4,218,871
	<u>1,075,404</u>
	\$ 5,294,275
	4,300,976
\$ (111,300)	286,960
	114,969
	19,613
	147,625
	55,065
	63,049
	4,623
	146,847
	118,905
	173,378
	16,568
	35,168
	77,333
	12,757
	171,536
	59,865
	<u>14,609</u>
<u>\$ (111,300)</u>	<u>\$ 11,114,121</u>

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor / Pass-through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Federal Expenditures	Amounts Awarded to Subrecipients
U. S. Department of Transportation				
Pass-through Programs From:				
INDOT - Jay County Commissioners				
Formula Grants for Rural Areas				
Section 5311 & PMTF	20.509	A249-17-G160267	\$ 299,300	
Section 5311 & PMTF	20.509	A249-17-G170191	<u>269,419</u>	
			<u>\$ 568,719</u>	
U. S. Department of Health and Human Services				
Pass-through Programs From:				
Indiana Family and Social Services Administration:				
Aging Cluster				
Title III Administration	93.044	21674 & 21784	\$ 178,629	
Title III-B Supportive Svcs	93.044	21674 & 21784	598,521	\$ 146,681
Title III-C1 Nutrition Svcs	93.045	21674 & 21784	545,391	117,488
Title III-C2 Nutrition Svcs	93.045	21674 & 21784	413,815	72,065
Nutrition Services Incentive Program	93.053	21674 & 21784	<u>124,855</u>	
Total Aging Cluster			<u>\$ 1,861,211</u>	<u>\$ 336,234</u>
Title VII Ombudsman Services	93.042	21674 & 21784	25,466	22,422
Title III-D Disease Prevention and Health Promotion Services	93.043	21674 & 21784	41,223	
Title III-E National Family Caregiver Support	93.052	21674 & 21784	202,277	
Social Service Block Grant	93.667	21674 & 21784	<u>1,042,124</u>	
			<u>\$ 3,172,301</u>	<u>\$ 358,656</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,741,020</u></u>	<u><u>\$ 358,656</u></u>

LIFESTREAM SERVICES, INC. AND SUBSIDIARY**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****NOTE A – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of LifeStream Services, Inc. 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of LifeStream Services, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of LifeStream Services, Inc.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

NOTE C – INDIRECT COST RATE

LifeStream Services, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

SPECIAL REPORTS



WHITINGER & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

**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***

Board of Directors
LifeStream Services, Inc.
Yorktown, Indiana

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 LifeStream Services, Inc. (a non-profit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2018.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Board of Directors
LifeStream Services, Inc.
Page Two

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether LifeStream Services, 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.

Whitiger & Company LLC

Certified Public Accountants
Muncie, Indiana

December 11, 2018



WHITINGER & COMPANY LLC
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

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

Board of Directors
LifeStream Services, Inc.
Yorktown, Indiana

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited LifeStream Services, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of LifeStream Services, Inc.'s major federal programs for the year ended June 30, 2018. LifeStream Services, Inc.'s 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 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 LifeStream Services, Inc.'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 LifeStream Services, Inc.'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 LifeStream Services, Inc.'s compliance.

Board of Directors
LifeStream Services, Inc.
Page Two

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, LifeStream Services, Inc. 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 LifeStream Services, 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 LifeStream Services, Inc.'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 LifeStream Services, Inc.'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 a 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 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.



Certified Public Accountants
Muncie, Indiana

December 11, 2018

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Section 1 - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued.	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ yes	<u> X </u> no
Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes	<u> X </u> none reported
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 <i>2 CFR Section 200.516(a)</i> ?	_____ yes	<u> X </u> no

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

Section 1 - Summary of Auditor's Results (continued)

Identification of major programs:

CFDA Number	State Grant Number	Name of Federal Program or Cluster
93.667	21674 & 21784	Social Services Block Grant (SSBG)

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

Auditee qualified as low-risk auditee? X yes no

Section 2 - Financial Statement Findings

No matters were reported.

Section 3 - Federal Awards Findings and Questioned Costs

No matters were reported.