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September 28, 2020


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, 2018 to June 30, 2019. 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, 2019 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the findings included in the report on pages 39-40. Please see the Schedule of Findings and Questioned Costs for complete details related to the findings. Management's Corrective Action Plan appears on page 41.

In our opinion, Whiting & Company LLC prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

The audit 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, 2019 AND 2018

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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, 2019 and 2018, and the related consolidated statements of activities, functional expenses, and cash flows 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, 2019 and 2018, 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 22 to 29 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 30 and 31, 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 November 27, 2019, 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

November 27, 2019

FINANCIAL STATEMENTS

1.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 312,411	\$ 9,092
Grant reimbursements receivable (Note 5)	1,699,605	1,954,968
Accounts receivable	154,552	217,018
Medicaid waiver receivable	485,394	15,000
Prepaid expense	<u>63,410</u>	<u>72,301</u>
Total Current Assets	<u>\$ 2,715,372</u>	<u>\$ 2,268,379</u>
PROPERTY AND EQUIPMENT		
Land	\$ 150,000	\$ 150,000
Building and improvements	1,043,567	1,038,659
Furniture and fixtures	164,085	164,085
Equipment	826,681	800,115
Transportation equipment	<u>1,063,803</u>	<u>869,766</u>
	\$ 3,248,136	\$ 3,022,625
Less accumulated depreciation	<u>(2,187,222)</u>	<u>(1,960,425)</u>
Total Property and Equipment	<u>\$ 1,060,914</u>	<u>\$ 1,062,200</u>
OTHER ASSETS		
Investment in Indiana Aging Alliance	\$ 1,500	\$ 1,500
457(b) plan investment (Note 11)	102,353	83,973
Deposits	<u>1,228</u>	<u>1,228</u>
Total Other Assets	<u>\$ 105,081</u>	<u>\$ 86,701</u>
Total Assets	<u><u>\$ 3,881,367</u></u>	<u><u>\$ 3,417,280</u></u>

See accompanying Notes to Consolidated Financial Statements.

LIABILITIES AND NET ASSETS	<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES		
Checks written in excess of available balance		\$ 13,859
Current portion of long-term liabilities (Note 7)	\$ 37,580	36,226
Accounts payable	865,378	1,159,410
Accrued salaries and wages	96,201	84,176
Accrued vacation pay	175,988	145,669
Deferred revenue	36,231	51,560
	<u> </u>	<u> </u>
Total Current Liabilities	<u>\$ 1,211,378</u>	<u>\$ 1,490,900</u>
LONG-TERM LIABILITIES		
Debt obligations (Note 7)	\$ 120,286	\$ 156,437
457(b) plan payable (Note 11)	102,353	83,973
	<u> </u>	<u> </u>
	\$ 222,639	\$ 240,410
Less current portion above	<u>(37,580)</u>	<u>(36,226)</u>
	<u> </u>	<u> </u>
Total Long-Term Liabilities	<u>\$ 185,059</u>	<u>\$ 204,184</u>
Total Liabilities	<u>\$ 1,396,437</u>	<u>\$ 1,695,084</u>
NET ASSETS		
Without donor restrictions		
Undesignated	\$ 2,459,930	\$ 1,697,196
Designated by board for facility maintenance	25,000	25,000
	<u> </u>	<u> </u>
	\$ 2,484,930	\$ 1,722,196
With donor restrictions	<u>-0-</u>	<u>-0-</u>
	<u> </u>	<u> </u>
Total Net Assets	<u>\$ 2,484,930</u>	<u>\$ 1,722,196</u>
Total Liabilities and Net Assets	<u><u>\$ 3,881,367</u></u>	<u><u>\$ 3,417,280</u></u>

3.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Federal assistance	\$ 4,423,644	\$ 172,429	\$ 4,596,073
State assistance	3,466,824		3,466,824
Other government grants	164,684		164,684
Project income and service fee	173,264		173,264
Medicaid waiver	4,213,788		4,213,788
Contributions and special events	186,360		186,360
Interest income	449		449
Other income	67,216		67,216
Total Revenue and Support	\$ 12,696,229	\$ 172,429	\$ 12,868,658
 NET ASSETS RELEASED FROM RESTRICTIONS			
Satisfaction of program and donor restrictions	172,429	(172,429)	
	\$ 12,868,658	\$ -0-	\$ 12,868,658
 EXPENSES			
Program Services			
In-home services	\$ 2,253,285		\$ 2,253,285
Nutrition	1,692,873		1,692,873
Care management	893,590		893,590
Transportation	1,308,251		1,308,251
Aging and Disability Resource Center	935,817		935,817
Net excess programs	3,464,318		3,464,318
Other programs	305,056		305,056
Total Program Services	\$ 10,853,190		\$ 10,853,190
Administration	1,149,122		1,149,122
Property management	68,030		68,030
Fundraising	35,582		35,582
Total Expenses	\$ 12,105,924		\$ 12,105,924
 CHANGE IN NET ASSETS	\$ 762,734	\$ -0-	\$ 762,734
 NET ASSETS, BEGINNING OF YEAR	1,722,196		1,722,196
 NET ASSETS, END OF YEAR	\$ 2,484,930	\$ -0-	\$ 2,484,930

See accompanying Notes to Consolidated Financial Statements.

2018			
Without Donor Restrictions	With Donor Restrictions	Total	Change
\$ 4,530,003	\$ 149,120	\$ 4,679,123	\$ (83,050)
3,562,248		3,562,248	(95,424)
160,798		160,798	3,886
175,071		175,071	(1,807)
2,483,182		2,483,182	1,730,606
197,182		197,182	(10,822)
256		256	193
97,457		97,457	(30,241)
<u>\$ 11,206,197</u>	<u>\$ 149,120</u>	<u>\$ 11,355,317</u>	<u>\$ 1,513,341</u>
149,120	(149,120)		
<u>\$ 11,355,317</u>	<u>\$ -0-</u>	<u>\$ 11,355,317</u>	<u>\$ 1,513,341</u>
\$ 2,280,011		\$ 2,280,011	\$ (26,726)
1,726,136		1,726,136	(33,263)
1,163,828		1,163,828	(270,238)
1,257,827		1,257,827	50,424
874,208		874,208	61,609
2,262,385		2,262,385	1,201,933
254,207		254,207	50,849
<u>\$ 9,818,602</u>		<u>\$ 9,818,602</u>	<u>\$ 1,034,588</u>
1,195,107		1,195,107	(45,985)
93,873		93,873	(25,843)
31,392		31,392	4,190
<u>\$ 11,138,974</u>		<u>\$ 11,138,974</u>	<u>\$ 966,950</u>
\$ 216,343	\$ -0-	\$ 216,343	<u>\$ 546,391</u>
1,505,853		1,505,853	
<u>\$ 1,722,196</u>	<u>\$ -0-</u>	<u>\$ 1,722,196</u>	

5.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2019

	In-Home Services	Nutrition	Care Management	Transportation	Aging and Disability Resource Center
Salaries		\$ 117,936	\$ 602,485	\$ 567,312	\$ 525,828
Payroll taxes and employee benefits		37,183	197,858	138,134	171,925
Total Salaries and Related Expenses		\$ 155,119	\$ 800,343	\$ 705,446	\$ 697,753
Contract services	\$ 2,253,046	1,423,677	8,361	110,790	20,989
Occupancy		18,786	23,094	13,060	11,319
Telephone		2,352	15,799	31,305	12,526
Postage	33	1,160	2,115	412	1,631
Supplies	206	49,460	16,268	12,431	9,521
Printing and copying		5,936	4,091	1,080	4,285
Insurance		10,002	2,480	31,785	2,027
Equipment		29	1,628	29,047	3,836
Fuel expense			32	152,023	2
Travel		5,495	16,505	3,009	11,028
Equipment maintenance		231	211	117,738	192
Conferences and training		394	1,264	1,508	3,563
Dues and memberships		527	65	50	765
Marketing and advertising		19,693	861	1,229	154,724
Interest expense					
Depreciation				96,428	
Special events					
Miscellaneous		12	473	910	1,656
Total Expenses	\$ 2,253,285	\$ 1,692,873	\$ 893,590	\$ 1,308,251	\$ 935,817
Expense by Planning and Service Areas:					
Area 6	\$ 1,581,286	\$ 1,022,545	\$ 611,608	\$ 1,214,101	\$ 804,752
Area 9	671,999	670,328	281,982	94,150	131,065
Total Expenses	\$ 2,253,285	\$ 1,692,873	\$ 893,590	\$ 1,308,251	\$ 935,817

See accompanying Notes to Consolidated Financial Statements.

<u>Net Excess Programs</u>	<u>Other Programs (Note 9)</u>	<u>Total Program Services</u>	<u>Administration</u>	<u>Property Management</u>	<u>Fundraising</u>	<u>Total Expenses</u>
\$ 2,215,194	\$ 117,655	\$ 4,146,410	\$ 491,086		\$ 16,510	\$ 4,654,006
<u>698,402</u>	<u>42,501</u>	<u>1,286,003</u>	<u>139,965</u>		<u>4,579</u>	<u>1,430,547</u>
\$ 2,913,596	\$ 160,156	\$ 5,432,413	\$ 631,051		\$ 21,089	\$ 6,084,553
213,954	31,123	4,061,940	169,124	\$ 7,131	131	4,238,326
99,073	1,165	166,497	78,425	9,024	124	254,070
61,306	1,735	125,023	18,723		283	144,029
6,824	213	12,388	6,982		214	19,584
65,228	10,723	163,837	19,350	17	71	183,275
15,277	2,083	32,752	22,073		103	54,928
7,162	407	53,863	11,500	4,553	39	69,955
6,775	41	41,356	7,644		5	49,005
114		152,171	639			152,810
67,094	7,007	110,138	9,374		737	120,249
937	661	119,970	8,652		1	128,623
2,051	566	9,346	13,776		3	23,125
230	1,022	2,659	35,385	22		38,066
2,904	9,473	188,884	21,625		2	210,511
			1,105	5,184		6,289
		96,428	88,606	41,763		226,797
	78,534	78,534	498		12,780	91,812
<u>1,793</u>	<u>147</u>	<u>4,991</u>	<u>4,590</u>	<u>336</u>		<u>9,917</u>
<u>\$ 3,464,318</u>	<u>\$ 305,056</u>	<u>\$ 10,853,190</u>	<u>\$ 1,149,122</u>	<u>\$ 68,030</u>	<u>\$ 35,582</u>	<u>\$ 12,105,924</u>
\$ 3,464,318	\$ 231,472	\$ 8,930,082	\$ 1,149,122	\$ 68,030	\$ 35,582	\$ 10,182,816
	<u>73,584</u>	<u>1,923,108</u>				<u>1,923,108</u>
<u>\$ 3,464,318</u>	<u>\$ 305,056</u>	<u>\$ 10,853,190</u>	<u>\$ 1,149,122</u>	<u>\$ 68,030</u>	<u>\$ 35,582</u>	<u>\$ 12,105,924</u>

7.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

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

	In-Home Services	Nutrition	Care Management	Transportation	Aging and Disability Resource Center
Salaries		\$ 103,678	\$ 800,746	\$ 532,670	\$ 555,241
Payroll taxes and employee benefits		25,525	208,801	127,570	143,872
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				75,190	
Special events					
Miscellaneous		10	2,271	349	813
Total Expenses	\$ 2,280,011	\$ 1,726,136	\$ 1,163,828	\$ 1,257,827	\$ 874,208
Expense by Planning and Service Areas:					
Area 6	\$ 1,780,736	\$ 1,079,514	\$ 722,875	\$ 1,153,152	\$ 726,334
Area 9	499,275	646,622	440,953	104,675	147,874
Total Expenses	\$ 2,280,011	\$ 1,726,136	\$ 1,163,828	\$ 1,257,827	\$ 874,208

See accompanying Notes to Consolidated Financial Statements.

<u>Net Excess Programs</u>	<u>Other Programs (Note 9)</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
		75,190	83,312	37,887		196,389
	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>\$ 9,818,602</u>	<u>\$ 1,195,107</u>	<u>\$ 93,873</u>	<u>\$ 31,392</u>	<u>\$ 11,138,974</u>
\$ 2,262,385	\$ 192,263	\$ 7,917,259	\$ 1,195,107	\$ 93,873	\$ 31,392	\$ 9,237,631
	61,944	1,901,343				1,901,343
<u>\$ 2,262,385</u>	<u>\$ 254,207</u>	<u>\$ 9,818,602</u>	<u>\$ 1,195,107</u>	<u>\$ 93,873</u>	<u>\$ 31,392</u>	<u>\$ 11,138,974</u>

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from services provided	\$ 3,979,124	\$ 2,633,606
Cash received from grants and contributions	8,486,045	7,562,272
Cash paid to suppliers and employees	(12,116,713)	(10,243,846)
Interest received	449	256
Interest paid	(6,289)	(12,757)
Miscellaneous income	67,216	97,454
Net Cash Provided By Operating Activities	\$ 409,832	\$ 36,985
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of building improvements	\$ (4,908)	
Purchase of furniture and equipment	(65,454)	\$ (212,226)
Net Cash Used For Investing Activities	\$ (70,362)	\$ (212,226)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	\$ 910,538	\$ 2,444,116
Payments on line of credit	(910,538)	(2,444,116)
Payments on debt obligations	(36,151)	(34,764)
Net Cash Used For Financing Activities	\$ (36,151)	\$ (34,764)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 303,319	\$ (210,005)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,092	219,097
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 312,411	\$ 9,092

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

	<u>2019</u>	<u>2018</u>
CHANGE IN NET ASSETS	\$ 762,734	\$ 216,343
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Depreciation expense	\$ 226,797	\$ 196,389
Donated transportation equipment	(155,149)	(149,120)
Cash flows provided by (used for) asset changes		
Grant reimbursements receivable	255,363	(869,890)
Accounts receivable	62,466	(91,023)
Medicaid waiver receivable	(470,394)	66,375
Prepaid expense	8,891	17,884
Cash flows provided by (used for) liability changes		
Checks written in excess of available balance	(13,859)	13,859
Accounts payable	(294,032)	592,030
Accrued salaries and wages	12,025	22,089
Accrued vacation pay	30,319	32,486
Deferred revenue	(15,329)	(10,437)
Total Adjustments	<u>\$ (352,902)</u>	<u>\$ (179,358)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 409,832</u>	<u>\$ 36,985</u>
NON-CASH INVESTING ACTIVITIES		
Donated transportation equipment (80 percent cost matching through INDOT)	<u>\$ 155,149</u>	<u>\$ 149,120</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 for Area 6 which includes Blackford, Delaware, Grant, Henry, Jay, Madison, and Randolph counties in the State of Indiana. LifeStream Services, Inc. also provides 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 9.

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 2019 and 2018, 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, and accordingly, reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The Organization prepares its financial statements in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"). FASB *ASC 958-10-65, Presentation of Financial Statements of Not-for-Profit Entities* establishes standards for external financial reporting by not-for-profit organizations and requires that resources be classified for accounting and reporting purposes into two net asset categories: "net assets with donor restrictions" and "net assets without donor restrictions".

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*Financial Statement Presentation (continued)*

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor- (or certain grantor-) imposed restrictions. Net assets without donor restrictions may also include general and board designated assets and liabilities that may be used at the discretion of management to support the Organizations' purposes and operations.

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 the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization 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.

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, 2019 and 2018, management estimated that no allowance was needed for outstanding receivables.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)***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, 2019 and 2018, was \$226,797 and \$196,389, respectively.

Revenue and Support

In accordance with FASB *ASC 958, Not-for-Profit Entities*, contributions received are recorded as support "with donor restrictions" and "without donor restrictions", depending on the existence and/or nature of any donor restrictions. FASB *ASC 605-205-15 Accounting for Contributions Received and Made*, requires that "unconditional promises to give" be recorded as receivables and revenue; and requires the organization to distinguish between contributions received for each net asset category in accordance with donor restrictions.

Contributions are generally available for unrestricted use in the various activities undertaken by the Organization unless specifically restricted by the donor. Contributions received as restricted by the donor for a specific purpose are reported as restricted until such time as the donor's restriction expires. Restrictions are normally removed when the contributions are expended for the purpose restricted by the donor or the project for which the contributions were specifically donated is completed.

The Organization contracts with various state and federal agencies to provide a wide variety of services for the aging and disabled populations. The Organization submits claims to the agencies each month based on current activity and the original amount of the grant. Revenue is recognized as services are performed. These claim vouchers and grant awards are subject to periodic audits by the state. No estimated settlements have been recorded for periods not audited by the state as such adjustments, if any, cannot reasonably be determined.

The Organization also received funds from Medicaid. These amounts are recognized as revenue when the services are performed.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*Donated Services*

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, 2019 and 2018, the value of contributed services meeting the requirement for recognition in the financial statements was not material and has not been recorded.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. The statement of functional expenses presents the natural classification detail of expenses by function. The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. The financial statements may report certain categories of expense that are attributed to more than one program or supporting function.

Expenses are allocated to each program based on direct expenditures incurred. Program expenditures relating to more than one function are allocated based on estimates made by management according to periodic time, utilized space, and other expense studies. Management and general expenses relate to administrative expenses associated with those programs and are allocated based on estimates of time and effort considered by management to be reasonable. Fundraising expense relates to the direct cost of special events and development activities carried on by the Organization. Fundraising includes the allocation of employees' salaries, when applicable, and other costs involved in fundraising and special events.

Advertising Costs

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

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.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*Reclassifications*

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

Date of Management's Review

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.

Change in Accounting Principle

In August 2016, the FASB issued the Accounting Standards Update, *ASU No. 2016-14 Not-For-Profit Entities (Topic 958), Presentation of Financial Statements of Not-For-Profit Entities*. Under the guidance, not-for-profit entities are required to: (1) present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than the currently required three classes. That is, a Not-For-Profit ("NFP") will report amounts for net assets with donor restrictions and net assets without donor restrictions, as well as the currently required amount for total net assets; (2) present on the face of the statement of activities the amount of the change in each of the two classes of net assets rather than that of the currently required three classes; (3) continue to present on the face of the statement of cash flows the net amount for operating cash flows using either the direct or indirect method of reporting but no longer require the presentation or disclosure of the indirect method reconciliation if using the direct method; (4) provide enhanced disclosure on (a) governing board designations, appropriation, and similar actions that result in self-imposed limits on use of resources without donor-imposed restrictions as of the end of the period; (b) composition of net assets with donor restrictions at the end of the period; (c) qualitative information that communicates how the Organization manages its liquid resources to meet cash needs for general expenditures within one year of the balance sheet date; (d) qualitative information that communicates availability of the Organization's financial assets at the balance sheet date to meet cash needs for general expenditures within one year of the balance sheet date; (e) amount of expenses by both their natural and functional classification; (f) methods used to allocate costs among programs and support functions; (g) additional disclosures on underwater endowment funds. The reporting guidance in this ASU is effective for the Organization's year ended June 30, 2019.

The overall effect to the Organization from adoption of this accounting change was to no longer treat the cost of equipment purchased using grant awards as restricted under the grantor's reversionary interest. At June 30, 2017 the change resulted in an increase to net assets without donor restrictions and a reduction in net assets with donor restrictions by \$104,875. The effect on the financial statements for the year ended June 30, 2018, was a reduction of \$54,454 in net assets without donor restrictions and a corresponding increase in net assets with donor restrictions.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)*Recent Accounting Pronouncements*

In May 2014, the FASB issued *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*. The amendments in this ASU create *Topic 606, Revenue from Contracts with Customers*, and supersede the revenue requirements in *Topic 605, Revenue Recognition*, including most industry-specific revenue recognition guidance throughout the *Industry Topics of the Accounting Standards Codification (the Codification)*. In summary, the core principle of *Topic 606* is that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this ASU are effective for the Organization for annual reporting periods beginning July 1, 2019. Management is evaluating the potential impact of this new guidance on the financial statements.

In June 2018, the FASB issued *ASU No. 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which provides additional guidance on characterizing grants and similar contracts with resource providers as either exchange transactions or contributions, as well as distinguishing between conditional contributions and unconditional contributions. The updated standard will be effective for contributions received by the Organization for annual reporting periods beginning July 1, 2019, and for contributions made by the Organization for periods beginning July 1, 2020, with early adoption permitted. Management is evaluating the potential impact of this new guidance on the financial statements.

In February 2016, the FASB issued *ASU No. 2016-02, Leases (Topic 842)*. The standard establishes a right-of-use (“ROU”) model that requires a lessee to record a ROU asset and a lease liability on the statement of financial position for all leases with terms longer than twelve months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard will be effective for fiscal years beginning July 1, 2021. Management is evaluating the potential impact of this new guidance on the financial statements.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. **LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2019 and 2018, are comprised as follows:

	<u>2019</u>	<u>2018</u>
Operating Financial Assets Available:		
Cash and cash equivalents	\$ 312,411	\$ 9,092
Grant reimbursements receivable	1,699,605	1,954,968
Accounts receivable	154,552	217,018
Medicaid waiver receivable	485,394	15,000
	<u>\$ 2,651,962</u>	<u>\$ 2,196,078</u>

Reconciliation of Net Assets Without Donor Restrictions
to Financial Assets Available to Meet Cash Needs:

Net assets without donor restrictions	\$ 2,484,930	\$ 1,722,196
Less:		
Prepaid expenses	(63,410)	(72,301)
Property and equipment, net	(1,060,914)	(1,062,200)
Investment	(1,500)	(1,500)
Deposits	(1,228)	(1,228)
Add:		
Accounts payable	865,378	1,173,269
Accrued payroll liabilities	272,189	229,845
Deferred revenue	36,231	51,560
Current maturities and long-term debt	120,286	156,437
	<u>\$ 2,651,962</u>	<u>\$ 2,196,078</u>

General expenditures include administration, property management, fundraising, and program services that are expected to be paid in a subsequent year. The Organizations' annual operating cash needs are determined during their budgeting process. Cash is monitored and evaluated as determined necessary by management. The Organizations' have cash and cash equivalents, receivables, and an operating line of credit with a \$600,000 limit available as sources of liquidity.

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

4. GOVERNMENT GRANT ACTIVITIES

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

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.

5. GRANT REIMBURSEMENTS RECEIVABLE

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

	2019	2018
Title III	\$ 594,246	\$ 702,047
CHOICE	602,131	616,587
Social Services Block Grant	198,613	310,094
INDOT	212,066	209,961
Older Hoosier	37,668	48,723
USDA	28,788	30,695
Adult Guardianship	12,911	14,280
JRDS	7,257	7,257
State Ombudsman	2,365	5,871
Title VII	2,365	5,869
Medicaid PAS	1,195	3,584
	<u>\$ 1,699,605</u>	<u>\$ 1,954,968</u>

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. 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 5.50%. The line has a maturity date of September 25, 2019.

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, 2019 and 2018, there were no balances due on the line of credit.

7. LONG-TERM LIABILITIES

Long-term liabilities consisted of the following:

	2019	2018
A note payable is owing to MutualBank, Muncie, Indiana. The note requires monthly payments of \$3,445 with a variable interest rate of 3.64% at both June 30, 2019 and 2018. The loan has a maturity date of July 15, 2022, and is secured by property at 1701 Pilgrim Boulevard, Yorktown, Indiana.	\$ 120,286	\$ 156,437
Less current portion	(37,580)	(36,226)
	\$ 82,706	\$ 120,211

The minimum annual principal payments are as follows:

Year Ending June 30,	Amounts
2020	\$ 37,580
2021	38,972
2022	40,414
2023	3,320
	\$ 120,286

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. CONTRACT REVENUE BY PLANNING AND SERVICE AREA

Contract revenue received from the State of Indiana for the year ended June 30, 2019 was \$6,302,399 for Planning and Service Area 6 and \$1,925,182 for Planning and Service Area 9. The amounts received for the year ended June 30, 2018 was \$6,451,754 for Planning and Service Area 6 and \$1,950,415 for Planning and Service Area 9.

9. OTHER PROGRAM EXPENSES

Other program service expenses relate to the following activities:

	2019	2018
Wellness and nutrition	\$ 126,201	\$ 105,345
Home and community based services	79,258	67,302
Special events	99,597	81,560
	\$ 305,056	\$ 254,207

10. FUNDRAISING EXPENSE

For the years ended June 30, 2019 and 2018, the Organization incurred costs related to fundraising in the amount of \$35,582 and \$31,392, respectively.

11. EMPLOYEE BENEFITS

LifeStream Services, Inc. maintains a defined contribution plan for the benefit of substantially all its employees. Contributions are made by the Organization to the plan. LifeStream Services, Inc.'s contributions to the plan were \$173,416 and \$137,835 for the years ended June 30, 2019 and 2018, 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 \$12,896 and \$16,053 for the years ended June 30, 2019 and 2018, respectively. Distributions of \$192,792 were made to former employees during the year ended June 30, 2019. There were no distributions made for the year ended June 30, 2018.

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

12. 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, 2019 and 2018, was \$97,543 and \$89,046, respectively.

The Organization's lease expense obligations are as follows:

Year Ending June 30,	Amounts
2020	\$ 75,468
2021	53,547
2022	53,396
2023	11,520
	\$ 193,931

13. CONCENTRATION RISKS

The Organizations maintain their cash balances in a financial institution located in Muncie, Indiana. At June 30, 2019, the balances were insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2019, the Organizations had cash balances on deposit with these financial institutions in excess of the FDIC insurance threshold in the amount of \$249,206.

At June 30, 2019 and 2018, Indiana Family and Social Services Administration accounted for approximately 87% and 89%, respectively, of the Organizations' grant reimbursements receivable. The Indiana Department of Family and Social Services Administration accounted for approximately 55% and 64% of the Organizations' revenue and support for the years ended June 30, 2019 and 2018, respectively.

14. PRIOR PERIOD ADJUSTMENT

Prior year financial statements have been adjusted for an in-kind acquisition of transportation equipment through INDOT funding which was utilized to directly pay vendors for 80 percent of the equipment's cost. Depreciation expense related to the equipment acquisition has also been adjusted.

The effect of this correction on the June 30, 2018 financial statements was an increase in transportation equipment and an increase in state assistance revenue of \$149,120. Accumulated depreciation and depreciation expense were also increased by \$24,853. The cumulative effect of this correction at June 30, 2018, was an increase in assets without donor restrictions totaling \$124,267.

SUPPLEMENTAL INFORMATION

LIFESTREAM SERVICES, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

	LifeStream Services, Inc.	Yorktown Properties, Inc.	Total
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	\$ 301,688	\$ 10,723	\$ 312,411
Grant reimbursements receivable	1,699,605		1,699,605
Accounts receivable	154,552		154,552
Medicaid waiver receivable	485,394		485,394
Prepaid expense	63,410		63,410
	<u> </u>	<u> </u>	<u> </u>
Total Current Assets	<u>\$ 2,704,649</u>	<u>\$ 10,723</u>	<u>\$ 2,715,372</u>
PROPERTY AND EQUIPMENT			
Land		\$ 150,000	\$ 150,000
Building and improvements		1,043,567	1,043,567
Furniture and fixtures	\$ 164,085		164,085
Equipment	747,489	79,192	826,681
Transportation equipment	1,063,803		1,063,803
	<u>\$ 1,975,377</u>	<u>\$ 1,272,759</u>	<u>\$ 3,248,136</u>
Less accumulated depreciation	<u>(1,488,996)</u>	<u>(698,226)</u>	<u>(2,187,222)</u>
Total Property and Equipment	<u>\$ 486,381</u>	<u>\$ 574,533</u>	<u>\$ 1,060,914</u>
OTHER ASSETS			
Investment in Indiana Aging Alliance 457(b) plan investment	\$ 1,500		\$ 1,500
Deposits	102,353		102,353
	<u> </u>	<u>\$ 1,228</u>	<u> </u>
Total Other Assets	<u>\$ 103,853</u>	<u>\$ 1,228</u>	<u>\$ 105,081</u>
Total Assets	<u>\$ 3,294,883</u>	<u>\$ 586,484</u>	<u>\$ 3,881,367</u>

<u>Eliminations</u>	<u>Combined Total</u>
	\$ 312,411
	1,699,605
	154,552
	485,394
	<u>63,410</u>
<u>\$ -0-</u>	<u>\$ 2,715,372</u>
	\$ 150,000
	1,043,567
	164,085
	826,681
	<u>1,063,803</u>
	\$ 3,248,136
	<u>(2,187,222)</u>
<u>\$ -0-</u>	<u>\$ 1,060,914</u>
	\$ 1,500
	102,353
	<u>1,228</u>
<u>\$ -0-</u>	<u>\$ 105,081</u>
<u><u>\$ -0-</u></u>	<u><u>\$ 3,881,367</u></u>

LIFESTREAM SERVICES, INC. AND SUBSIDIARY
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

	LifeStream Services, Inc.	Yorktown Properties, Inc.	Total
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Current portion of long-term liabilities		\$ 37,580	\$ 37,580
Accounts payable	\$ 865,350	28	865,378
Accrued salaries and wages	96,201		96,201
Accrued vacation pay	175,988		175,988
Deferred revenue	36,231		36,231
	<u>\$ 1,173,770</u>	<u>\$ 37,608</u>	<u>\$ 1,211,378</u>
LONG-TERM LIABILITIES			
Debt obligations		\$ 120,286	\$ 120,286
457(b) plan payable	\$ 102,353		102,353
	<u>\$ 102,353</u>	<u>\$ 120,286</u>	<u>\$ 222,639</u>
Less current portion above		(37,580)	(37,580)
	<u>\$ 102,353</u>	<u>\$ 82,706</u>	<u>\$ 185,059</u>
	<u>\$ 1,276,123</u>	<u>\$ 120,314</u>	<u>\$ 1,396,437</u>
NET ASSETS			
Without donor restrictions			
Undesignated	\$ 2,018,760	\$ 441,170	\$ 2,459,930
Designated by board for facility maintenance		25,000	25,000
	<u>\$ 2,018,760</u>	<u>\$ 466,170</u>	<u>\$ 2,484,930</u>
With donor restrictions			-0-
	<u>\$ 2,018,760</u>	<u>\$ 466,170</u>	<u>\$ 2,484,930</u>
	<u>\$ 3,294,883</u>	<u>\$ 586,484</u>	<u>\$ 3,881,367</u>

<u>Eliminations</u>	<u>Combined Total</u>
	\$ 37,580
	865,378
	96,201
	175,988
	<u>36,231</u>
<u>\$ -0-</u>	<u>\$ 1,211,378</u>
	\$ 120,286
	<u>102,353</u>
	\$ 222,639
	<u>(37,580)</u>
<u>\$ -0-</u>	<u>\$ 185,059</u>
<u>\$ -0-</u>	<u>\$ 1,396,437</u>
	\$ 2,459,930
	<u>25,000</u>
	\$ 2,484,930
	<u>-0-</u>
<u>\$ -0-</u>	<u>\$ 2,484,930</u>
<u>\$ -0-</u>	<u>\$ 3,881,367</u>

LIFESTREAM SERVICES, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	LifeStream Services, Inc.	Yorktown Properties, Inc.	Total
REVENUE AND SUPPORT			
Federal assistance	\$ 4,596,073		\$ 4,596,073
State assistance	3,466,824		3,466,824
Other government grants	164,684		164,684
Project income and service fee	173,264		173,264
Medicaid waiver	4,213,788		4,213,788
Contributions and special events	186,360		186,360
Interest income	449		449
Rent income		\$ 80,040	80,040
Other income	67,216		67,216
Total Revenue and Support	\$ 12,868,658	\$ 80,040	\$ 12,948,698
EXPENSES			
Program Services			
In-home services	\$ 2,253,285		\$ 2,253,285
Nutrition	1,697,570		1,697,570
Care management	902,140		902,140
Transportation	1,316,374		1,316,374
Aging and Disability Resource Center	947,534		947,534
Net excess programs	3,483,153		3,483,153
Other programs	307,895		307,895
Total Program Services	\$ 10,907,951		\$ 10,907,951
Administration	1,173,816		1,173,816
Property management		\$ 68,030	68,030
Fundraising	36,167		36,167
Total Expenses	\$ 12,117,934	\$ 68,030	\$ 12,185,964
CHANGE IN NET ASSETS	\$ 750,724	\$ 12,010	\$ 762,734

<u>Eliminations</u>	<u>Combined Total</u>
	\$ 4,596,073
	3,466,824
	164,684
	173,264
	4,213,788
	186,360
	449
\$ (80,040)	67,216
<u>\$ (80,040)</u>	<u>\$ 12,868,658</u>

	\$ 2,253,285
\$ (4,697)	1,692,873
(8,550)	893,590
(8,123)	1,308,251
(11,717)	935,817
(18,835)	3,464,318
(2,839)	305,056
<u>\$ (54,761)</u>	<u>\$ 10,853,190</u>

(24,694)	1,149,122
	68,030
(585)	35,582
<u>\$ (80,040)</u>	<u>\$ 12,105,924</u>

<u>\$ -0-</u>	<u>\$ 762,734</u>
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LIFESTREAM SERVICES, INC. AND SUBSIDIARY

CONSOLIDATING STATEMENT OF EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	LifeStream Services, Inc.	Yorktown Properties, Inc.	Total
Salaries	\$ 4,654,006		\$ 4,654,006
Payroll taxes and employee benefits	1,430,547		1,430,547
Total Salaries and Related Expenses	\$ 6,084,553		\$ 6,084,553
Contract services	4,231,195	\$ 7,131	4,238,326
Occupancy	325,086	9,024	334,110
Telephone	144,029		144,029
Postage	19,584		19,584
Supplies	183,258	17	183,275
Printing and copying	54,928		54,928
Insurance	65,402	4,553	69,955
Equipment	49,005		49,005
Fuel expense	152,810		152,810
Travel	120,249		120,249
Equipment maintenance	128,623		128,623
Conferences and training	23,125		23,125
Dues and memberships	38,044	22	38,066
Marketing and advertising	210,511		210,511
Interest expense	1,105	5,184	6,289
Depreciation	185,034	41,763	226,797
Special events expense	91,812		91,812
Miscellaneous	9,581	336	9,917
Total Expenses	\$ 12,117,934	\$ 68,030	\$ 12,185,964

<u>Eliminations</u>	<u>Combined Total</u>
	\$ 4,654,006
	<u>1,430,547</u>
	\$ 6,084,553
	4,238,326
\$ (80,040)	254,070
	144,029
	19,584
	183,275
	54,928
	69,955
	49,005
	152,810
	120,249
	128,623
	23,125
	38,066
	210,511
	6,289
	226,797
	91,812
	<u>9,917</u>
<u>\$ (80,040)</u>	<u>\$ 12,105,924</u>

LIFESTREAM SERVICES, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

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-G170191	\$ 278,729	
Section 5311 & PMTF	20.509	A249-19-G180483	279,809	
Section 5311 & PMTF	20.509		17,280	
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		<u>155,149</u>	
			<u>\$ 730,967</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		\$ 173,776	
Title III-B Supportive Svcs	93.044	18AAINT3SS	583,880	\$ 122,752
Title III-C1 Nutrition Svcs	93.045	18AAINT3CM	535,606	112,840
Title III-C2 Nutrition Svcs	93.045	18AAINT3HD	397,100	62,958
Nutrition Services Incentive Program	93.053	18AAINNSIP	<u>141,056</u>	<u>23,141</u>
Total Aging Cluster			<u>\$ 1,831,418</u>	<u>\$ 321,691</u>
Title VII Ombudsman Services	93.042	18AAINT7OM	24,138	24,138
Title III-D Disease Prevention and Health Promotion Services	93.043	18AAINT3PH	37,368	
Title III-E National Family Caregiver Support	93.052	18AAINT3FC	195,892	
Social Service Block Grant	93.667	1002INSOSR	<u>945,686</u>	
			<u>\$ 3,034,502</u>	<u>\$ 345,829</u>
Total Expenditures of Federal Awards			<u><u>\$ 3,765,469</u></u>	<u><u>\$ 345,829</u></u>

LIFESTREAM SERVICES, INC.**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, 2019. 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.

NOTE D – DONATED EQUIPMENT

Federal expenditures under “Enhanced Mobility of Seniors and Individuals with Disabilities” (CFDA 20.513) represent payments made by the grantor directly to vendors for the purchase of 80 percent of the cost for transportation equipment received by the Organization.

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, 2019, 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 November 27, 2019.

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 the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2019-001.

LIFESTREAM SERVICES, INC.'S RESPONSE TO FINDINGS

LifeStream Services, Inc.'s response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. LifeStream Services, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Certified Public Accountants
Muncie, Indiana

November 27, 2019



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, 2019. 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.

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, 2019.

OTHER MATTERS

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2019-001 and 2019-002. Our opinion on each major federal program is not modified with respect to these matters.

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

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.

Board of Directors
LifeStream Services, Inc.
Page Three

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency and as item 2019-002 that we consider to be a material weakness.

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

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

Handwritten signature in black ink that reads "Whitiger & Company LLC".

Certified Public Accountants
Muncie, Indiana

November 27, 2019

LIFESTREAM SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

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?	<u> X </u> yes	_____ none reported
Noncompliance material to financial statements noted?	<u> X </u> yes	_____ no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<u> X </u> yes	_____ no
Significant deficiencies identified that are not considered to be material weaknesses?	<u> X </u> yes	_____ 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> ?	<u> X </u> yes	_____ no

LIFESTREAM SERVICES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

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

Identification of major programs:

CFDA Number	State Grant Number	Name of Federal Program or Cluster
93.044		Aging Cluster - Title III A
93.044	18AAINT3SS	Aging Cluster - Title III B
93.045	18AAINT3CM	Aging Cluster - Title III C1
93.045	18AAINT3HD	Aging Cluster - Title III C2
93.053	18AAINNSIP	Aging Cluster - NSIP

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

See finding 2019-001

Section 3 - Federal Awards Findings and Questioned Costs

See findings 2019-001 and 2019-002

LIFESTREAM SERVICES, INC.**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019****Finding Number 2019-001**

Description: Unrecorded Equipment Costs and In-Kind Grant Revenue

Federal Program Information:

CFDA 20.513 - Enhanced Mobility of Seniors and Individuals with Disabilities

Criteria: FASB Accounting Standards Codification *ASC 958-605-25-2, Not-for-Profit Entities - Revenue Recognition*, states "contributions received shall be recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received."

Condition: The Organization recorded their expenditure for 20 percent of the cost of capital equipment purchased, but did not record the benefit of in-kind grant revenue and equipment received for payment toward the remaining 80 percent cost of the equipment.

Questioned Costs: \$149,120 for fiscal year ended June 30, 2018; \$155,149 for fiscal year ended June 30, 2019.

Effect: The Organization's reporting of grant revenue and equipment was materially understated.

Cause: In-kind revenue and equipment were received by the Organization for which internal control procedures did not allow for the identification and recording of the transaction.

Recommendation: Control procedures should be established to identify, document, and record in-kind matching purchases paid by the grantor in the period in which the expenditure is made.

Views of Responsible Officials and Planned Corrective Actions: The Organization agrees with this finding.

LIFESTREAM SERVICES, INC.**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019****Finding Number 2019-002**

Description: Procurement, Suspension, and Debarment Policy

Federal Program Information:

CFDA 20.509 - Section 5311 & PMTF

CFDA 20.513 - Enhanced Mobility of Seniors and Individuals with Disabilities

Criteria: Organizations which are subject to Single Audits under the federal Uniform Guidance standards are required to align and formally document their procurement policy in accordance with these standards. *Section 200.320* of the *Code of Federal Regulations (CFR)* provide the proscribed methods of procurement for non-federal entities. The procurement, suspension, and debarment standards under the Uniform Guidance also requires that non-federal entities perform a vendor-search using the online federal website “System for Award Management” to determine if a vendor has been debarred or is considered a prohibited vendor by the federal government.

Condition: The Organization had not established a formal written policy in accordance with the federal standards for procurement, suspension, and debarment.

Cause: The Organization does not have a written policy related to procurement and has not established formal procedures related to suspension and debarment.

Effect: Having inadequate controls over procurement, suspension, and debarment could result in the reasonable possibility that the Organization would not have the required documentation in place and would not be able to detect and correct noncompliance in a timely manner.

Questioned Costs: None

Recommendation: We recommend the Organization align their written procurement, suspension, and debarment policy with section 200.320 of the *CFR* and implement a system of internal controls to address the federal compliance requirements.

Views of Responsible Officials and Planned Corrective Actions: The Organization’s management agrees with the finding.

LIFESTREAM SERVICES, INC.**CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019****Section 2 – Financial Statement Findings****Finding: 2019-001 – Unrecorded Equipment Purchase as In-Kind Grant Revenue**

Name of the contact person: Anton W. Miller, CFO

Corrective Action: Management has corrected the Organization’s records and will establish an internal control process to identify and record in-kind transactions.

Proposed Completion Date: June 30, 2020

Section 3 – Federal Awards Findings and Questioned Costs**Finding: 2019-002 – Procurement, Suspension, and Debarment Policy**

Name of the contact person: Anton W. Miller, CFO

Corrective Action: The Organization will establish a written procurement, suspension, and debarment policy based on *Section 200.320* of the *Code of Federal Regulations*. Procedures will be implemented to systematically screen current vendors and potential new vendors.

Proposed Completion Date: June 30, 2020