



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

B57178

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

August 25, 2021

Board of Directors  
Porter County Aging and Community Services, Inc.  
1005 Campbell St.  
Valparaiso, IN 46385

We have reviewed the audit report of Porter County Aging and Community Services, Inc. which was opined upon by Comer, Nowling and Associates, PC, Independent Public Accountants, for the period July 1, 2019 to June 30, 2020. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Porter County Aging and Community Services, Inc. as of June 30, 2020 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Comer, Nowling and Associates, PC prepared the audit report in accordance with 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.

A handwritten signature in blue ink that reads "Paul D. Joyce".

Paul D. Joyce, CPA  
State Examiner

**Porter County Aging and  
Community Services, Inc.  
and Subsidiary**

**Financial Statements  
For The Years Ended  
June 30, 2020 and 2019**

COMER  NOWLING

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

*Certified Public Accountants*

**PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY**

**TABLE OF CONTENTS**

---

	<b>Page</b>
<b>INDEPENDENT AUDITOR’S REPORT .....</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities .....	4
Consolidated Statements of Functional Expenses .....	5
Consolidated Statements of Cash Flows.....	7
Notes to Consolidated Financial Statements.....	8



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Porter County Aging and Community Services, Inc. and Subsidiary  
Valparaiso, Indiana

We have audited the accompanying consolidated financial statements of Porter County Aging and Community Services, Inc. (a nonprofit organization) and Subsidiary, which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, 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 financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Porter County Aging and Community Services, Inc. and Subsidiary as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Comer, Nowling And Associates, P.C.*

Comer, Nowling And Associates, P.C.

Indianapolis, Indiana

November 11, 2020

**PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

	<b>ASSETS</b>					
	Without Donor Restrictions	With Donor Restrictions	2020 Total	Without Donor Restrictions	With Donor Restrictions	2019 Total
<b>CURRENT ASSETS</b>						
Cash	\$ 454,668	\$ 41,148	\$ 495,816	\$ 386,906	\$ 39,443	\$ 426,349
Certificates of deposit	-	-	-	100,000	-	100,000
Grants and other receivable	101,471	-	101,471	107,137	-	107,137
Total current assets	<u>556,139</u>	<u>41,148</u>	<u>597,287</u>	<u>594,043</u>	<u>39,443</u>	<u>633,486</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>433,072</u>	<u>-</u>	<u>433,072</u>	<u>430,508</u>	<u>-</u>	<u>430,508</u>
<b>INVESTMENTS</b>						
Certificates of deposit	-	51,544	51,544	26,802	48,757	75,559
Mutual Funds	33,071	183,606	216,677	23,260	188,098	211,358
Total investments	<u>33,071</u>	<u>235,150</u>	<u>268,221</u>	<u>50,062</u>	<u>236,855</u>	<u>286,917</u>
Total assets	<u>\$ 1,022,282</u>	<u>\$ 276,298</u>	<u>\$ 1,298,580</u>	<u>\$ 1,074,613</u>	<u>\$ 276,298</u>	<u>\$ 1,350,911</u>
<b>LIABILITIES AND NET ASSETS</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable	\$ 9,151	\$ -	\$ 9,151	\$ 14,004	\$ -	\$ 14,004
Accrued payroll	13,988	-	13,988	13,011	-	13,011
Accrued annual leave	22,226	-	22,226	25,309	-	25,309
Total current liabilities	<u>45,365</u>	<u>-</u>	<u>45,365</u>	<u>52,324</u>	<u>-</u>	<u>52,324</u>
<b>NET ASSETS</b>						
Without donor restrictions	976,917	-	976,917	1,022,289	-	1,022,289
With donor restrictions	-	276,298	276,298	-	276,298	276,298
	<u>976,917</u>	<u>276,298</u>	<u>1,253,215</u>	<u>1,022,289</u>	<u>276,298</u>	<u>1,298,587</u>
Total liabilities and net assets	<u>\$ 1,022,282</u>	<u>\$ 276,298</u>	<u>\$ 1,298,580</u>	<u>\$ 1,074,613</u>	<u>\$ 276,298</u>	<u>\$ 1,350,911</u>

See accompanying notes to consolidated financial statements.

**PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>2020</b>			<b>2019</b>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND OTHER SUPPORT</b>						
Contributions and other local cash	\$ 597,770	\$ -	\$ 597,770	\$ 565,752	\$ -	\$ 565,752
Government grants, federal	208,611	-	208,611	269,590	-	269,590
Government grants, state	89,412	-	89,412	89,146	-	89,146
Project income	9,057	-	9,057	15,270	-	15,270
Rent income	4,625	-	4,625	6,950	-	6,950
Interest income	10,738	-	10,738	9,581	-	9,581
Unrealized gain on investments	(924)	-	(924)	6,845	-	6,845
Total revenue, other support and net assets released from restrictions	<u>916,011</u>	<u>-</u>	<u>916,011</u>	<u>963,134</u>	<u>-</u>	<u>963,134</u>
<b>OPERATING EXPENSES</b>						
Program Services:						
Community services	167,162	-	167,162	156,965	-	156,965
Transportation services	627,878	-	627,878	671,429	-	671,429
Total program services	795,040	-	795,040	828,394	-	828,394
Management and general	166,343	-	166,343	174,279	-	174,279
Total operating expenses	<u>961,383</u>	<u>-</u>	<u>961,383</u>	<u>1,002,673</u>	<u>-</u>	<u>1,002,673</u>
Increase (decrease) in net assets	<u>(45,372)</u>	<u>-</u>	<u>(45,372)</u>	<u>(39,539)</u>	<u>-</u>	<u>(39,539)</u>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<u>1,022,289</u>	<u>276,298</u>	<u>1,298,587</u>	<u>1,061,828</u>	<u>276,298</u>	<u>1,338,126</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 976,917</u>	<u>\$ 276,298</u>	<u>\$ 1,253,215</u>	<u>\$ 1,022,289</u>	<u>\$ 276,298</u>	<u>\$ 1,298,587</u>

See accompanying notes to consolidated financial statements.

**PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Community <u>Services</u>	Transportation <u>Services</u>	Management <u>And General</u>	2020 <u>Totals</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	\$ 49,091	\$ 353,758	\$ 112,320	\$ 515,169
Payroll taxes and benefits	5,889	38,115	10,059	54,063
Professional services	5,952	19,412	-	25,364
Repairs and maintenance	16,085	70,338	-	86,423
Utilities	11,814	12,321	-	24,135
Telephone	4,812	4,874	-	9,686
Fuel	-	64,585	-	64,585
Beneficiary assistance	30,739	-	-	30,739
Insurance	6,026	17,023	2,696	25,745
Office	2,591	6,318	-	8,909
Supplies	26,452	12,077	-	38,529
Travel and meetings	3,089	916	-	4,005
Postage	3,171	1,045	-	4,216
Dues and subscriptions	766	1,288	-	2,054
Interest and investment fees	685	-	60	745
Taxes	-	9,097	-	9,097
Depreciation	-	16,711	41,208	57,919
Total operating expenses	<u>\$ 167,162</u>	<u>\$ 627,878</u>	<u>\$ 166,343</u>	<u>\$ 961,383</u>

See accompanying notes to consolidated financial statements.

**PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Community</u> <u>Services</u>	<u>Transportation</u> <u>Services</u>	<u>Management</u> <u>And General</u>	<u>2019</u> <u>Totals</u>
<b>OPERATING EXPENSES</b>				
Salaries and wages	\$ 52,997	\$ 358,713	\$ 113,360	\$ 525,070
Payroll taxes and benefits	4,654	39,170	12,470	56,294
Professional services	6,282	19,371	-	25,653
Repairs and maintenance	7,834	99,235	-	107,069
Utilities	13,002	13,842	-	26,844
Telephone	4,582	5,290	-	9,872
Fuel	-	88,036	-	88,036
Beneficiary assistance	31,415	-	-	31,415
Insurance	4,222	15,167	3,918	23,307
Office	4,701	9,641	-	14,342
Supplies	21,417	4,975	-	26,392
Travel and meetings	3,461	1,497	-	4,958
Postage	2,398	563	-	2,961
Dues and subscriptions	-	-	2,805	2,805
Interest	-	-	326	326
Taxes	-	-	192	192
Depreciation	-	15,929	41,208	57,137
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating expenses	<u>\$ 156,965</u>	<u>\$ 671,429</u>	<u>\$ 174,279</u>	<u>\$1,002,673</u>

See accompanying notes to consolidated financial statements.

**PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Increase (decrease) in net assets	\$ (45,372)	\$ (39,539)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation expense	57,919	57,137
Unrealized (gain)/loss on investments	924	(6,845)
Loss on disposal of equipment	3,278	-
Increase (decrease) in cash from changes in:		
Grants receivable	5,666	(5,267)
Accounts payable	(4,853)	(7,220)
Accrued payroll	977	417
Accrued annual leave	(3,083)	(1,186)
Other accruals	-	(7,554)
Net cash provided by (used in) operating activities	15,456	(10,057)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of investments	25,000	-
Purchases of investments and certificates of deposit	(7,227)	(132,586)
Proceeds from certificate of deposit	100,000	-
Additions to building improvements	-	-
Additions to vehicles	(63,762)	(25,883)
Net cash provided by (used in) investing activities	54,011	(158,469)
<b>NET INCREASE (DECREASE) IN CASH</b>	69,467	(168,526)
<b>CASH, BEGINNING OF YEAR</b>	426,349	594,875
<b>CASH, END OF YEAR</b>	\$ 495,816	\$ 426,349
<b>Supplemental Disclosures of Cash Flow Information</b>		
Cash paid during the year for interest	\$ 60	\$ 60

See accompanying notes to consolidated financial statements.

**PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1 - NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**NATURE OF OPERATIONS**

Porter County Aging and Community Services, Inc. (the “Organization”) is an Indiana not-for-profit corporation organized in 1973. The mission of the Organization is to identify the problems of the aging and aged as well as citizens in need; to propose solutions to the problems identified; to work in conjunction with the Indiana Commission on the Aging and Aged and residents, agencies, and organizations within Porter County to solve these problems; to enhance public awareness of the needs of the aging, aged, and underprivileged; and to assist those who may be sick, disabled, or destitute.

Porter County Services Holding Company, Inc. (“Subsidiary”) was incorporated in the State of Indiana during 2003 to own real estate held for the benefit of the Organization.

**PRINCIPLES OF CONSOLIDATION**

The consolidated financial statements include the accounts of the Organization and its wholly-controlled subsidiary. All material intercompany transactions have been eliminated in consolidation.

**BASIS OF ACCOUNTING**

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

**FINANCIAL STATEMENT PRESENTATION**

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Per the applicable standards, Porter County Aging and Community Services, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. A description of the net asset classes follows:

*Net assets without donor restrictions* represent the portion of net assets of Porter County Aging and Community Services, Inc. that is not subject to donor-imposed restrictions. Net assets without donor restrictions include expendable funds available for the support of the Organization. Board designated net assets are net assets without donor restrictions with self-imposed designations by action of the governing board.

*Net assets with donor restrictions* represent contributions and other inflows of assets whose use by Porter County Aging and Community Services, Inc. is limited by donor-imposed stipulations that either expire by passage of time, can be fulfilled and removed by actions of Porter County Aging and Community Services, Inc. pursuant to those stipulations, or net assets that must be held in perpetuity.

*Net assets with donor restrictions* also include, pursuant to Indiana law, cumulative appreciation and reinvested gains on net assets with donor restrictions that are held in perpetuity, which have not been appropriated by the Board of Directors.

**PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**REVENUE RECOGNITION**

The Organization receives reimbursable grants from the State of Indiana (State) and the federal government to carry out certain program activities. The grants are received under grants and contracts which require the Organization to submit to the State appropriate records of services provided to eligible individuals. Revenues under the grants and contracts are recognized as the allowable costs are incurred and eligible services are provided.

Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Amounts required prior to expenditures being incurred are reflected as refundable advances on the Statements of Financial Position.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as net assets without donor restrictions.

**CONTRIBUTED SERVICES**

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

No amounts have been reflected in the financial statements for donated services. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, solicitations, and various committee assignments.

**CASH AND CASH EQUIVALENTS**

For purposes of the Consolidated Statements of Cash Flows, the Organization and the Subsidiary consider all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**INVESTMENTS**

The Organization carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values based on quoted prices in active markets (all Level 1 measurements) in the statement of financial position. Market risk could occur and is dependent on the future changes in market prices of the various investments held. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

**PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**FAIR VALUE OF FINANCIAL INSTRUMENTS**

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

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

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

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

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

While the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

During the years ended June 30, 2020 and 2019, there were no changes to the Organization’s valuation techniques that had, or are expected to have, a material impact on its financial position or results of operations. The following are descriptions of the valuation methodologies used for instruments measured at fair value:

The Organization has investment accounts consisting of mutual funds, certificates of deposit and money market funds held at Pershing Advisor Solutions, LLC, a BNY Mellon company and High Tower Securities, LLC, private brokerage companies. These investments are considered level 1 and are traded in active exchange markets, such as the New York Stock Exchange. There have been no changes in valuation techniques and related inputs.

**PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost and depreciated over estimated useful lives of three to thirty years using the straight-line method. Fair value of donated property and equipment at time of donation is similarly capitalized. The following is a summary of the lives for each class of asset:

Buildings	30 years
Leasehold improvements	15 years
Equipment	3-10 years
Vehicles	5 years

Expenditures for improvements and major renewals that are over \$5,000 are capitalized. When property is sold, retired or otherwise disposed of, the related cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss is credited or charged to income. Expenditures for maintenance and repairs are expensed when incurred. The depreciation expense incurred by the Organization for the years ended June 30, 2020 and 2019 totaled \$16,711 and \$15,929, respectively. The depreciation expense incurred by the Subsidiary for the years ended June 30, 2020 and 2019 totaled \$41,208 and \$41,208, respectively.

The Organization, on a bi-yearly basis, acquires vehicles and equipment through NIRPC lease program. Per the lease agreement, the lessee pays one dollar (\$1.00) per year for each vehicle and a flat fee of five dollars (\$5.00) per year for all other transit equipment (including computers, tools, radios, etc.) for the use of the equipment during the term of the lease agreement. The Organization provides 20% cash match for these vehicles and equipment. Only the cash match portion is capitalized and depreciated over the useful life of the vehicles and equipment.

**EXPENSE ALLOCATION**

The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and in the Consolidated Statements of Functional Expenses. Accordingly, certain joint or shared costs have been allocated among the programs and supporting services benefited based on the following methodologies:

- Salaries are allocated based on time spent and other related personnel costs are allocated in the same manner.
- Occupancy costs are allocated based on square footage.
- Material and supplies based on usage studies.

**INCOME TAX STATUS**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

**PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**TAX BENEFITS**

Effective July 1, 2009, the Organization adopted the accounting policy to recognize a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded.

Porter County Aging and Community Services, Inc. has examined this issue and has determined there are no material contingent tax liabilities. With few exceptions, the Organization is generally no longer subject to examination by taxing authorities for years before June 30, 2017.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

**SUBSEQUENT EVENTS**

Subsequent events are evaluated through November 11, 2020, which is the date the financial statements were available to be issued.

**RECENT ACCOUNTING PRONOUNCEMENTS**

Leases

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 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 is effective for fiscal years beginning after December 15, 2021, and interim periods for years beginning after December 15, 2022. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact the adoption of this guidance will have on the financial statements.

**PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)**

**RECENT ACCOUNTING PRONOUNCEMENTS**

Revenue Recognition from Contract with Customers

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The core principle of the revenue model is that revenue is recognized when a customer obtains control of a good or service. Transfer of control is not the same as transfer of risks and rewards, as it is considered in current guidance. The Organization will also need to apply new guidance to determine whether revenue should be recognized over time or at a point in time. ASU 2014-09, as deferred by ASU 2015-14, will be effective for annual reporting periods beginning after December 15, 2020, using either of two methods: (a) retrospective to each prior reporting period presented with the option to elect certain practical expedients as defined within ASU 2014-09; or (b) retrospective with the cumulative effect of initially applying ASU 2014-09 recognized at the date of initial application and providing certain additional disclosures as defined in ASU 2014-09. The Organization has not yet selected a transition method and is currently evaluating the impact of the pending adoption of ASU 2014-09 on the financial statements.

**NOTE 2 - GRANTS RECEIVABLE**

Grants receivable consists of receivables from various funding sources for performance of services per contracts. All receivables are deemed collectible, and therefore no allowances for uncollectible accounts were recorded for the years ended June 30, 2020 and 2019. Adjustments to an accounts receivable from transactions other than payments and bad debts are recorded as they occur.

**NOTE 3 - INVESTMENTS**

Investments at June 30, 2020 are summarized as follows:

<u>June 30, 2020</u>	Cost or Original Donated Value	Market Value	Accumulated Appreciation (Depreciation)
Mutual Funds	\$ 214,087	\$ 216,677	\$ 2,590
Certificate of deposit	49,848	51,544	1,696
	<u>\$ 263,935</u>	<u>\$ 268,221</u>	<u>\$ 4,286</u>

**PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 3 – INVESTMENTS - (continued)**

Investments at June 30, 2019 are summarized as follows:

<u>June 30, 2019</u>	Cost or Original Donated Value	Market Value	Accumulated Appreciation (Depreciation)
Mutual Funds	\$ 206,906	\$ 211,358	\$ 4,452
Certificate of deposit	74,817	75,559	742
	<u>\$ 281,723</u>	<u>\$ 286,917</u>	<u>\$ 5,194</u>

Included in revenue and other support on the statement of activities are unrealized gains (losses) on investments of \$(924) and \$6,845 for 2020 and 2019, respectively.

**NOTE 4 – PROPERTY AND EQUIPMENT**

For the years ended June 30, 2020 and 2019, property and equipment consists of the following:

	<u>2020</u>	<u>2019</u>
Building	\$ 439,922	\$ 439,922
Vehicles	86,590	94,786
Furniture and equipment	121,998	121,998
Leasehold improvements	239,247	239,247
Assets held for service - vehicles	63,762	-
	<u>951,519</u>	<u>895,953</u>
Accumulated depreciation	<u>(518,447)</u>	<u>(465,445)</u>
Total fixed assets, net	<u>\$ 433,072</u>	<u>\$ 430,508</u>

**NOTE 5 - EMPLOYEE BENEFITS**

The Organization has a SIMPLE-IRA retirement plan. The Organization's matching contribution is 3% of each employee's compensation. Contributions to the plan are made for all full-time employees working twenty hours or more per week and with at least one year of service.

Employee benefit expense under this plan was approximately \$2,573 and \$4,149 for the years ended June 30, 2020 and 2019, respectively.

**PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 6 - CONCENTRATION OF CREDIT RISK**

The Organization and Subsidiary maintain cash balances at multiple financial institutions. As of June 30, 2020 and 2019, the accounts at each institution were insured by the Federal Deposit Insurance Corporation up to \$250,000. At times throughout the year, the balances of certain accounts may exceed these limits. The amount of cash in excess of the insured limits at June 30, 2020 and 2019 was \$194,667 and \$256,129, respectively.

Financial awards from federal, state and local governmental entities in the form of grants are subject to financial and compliance audits by funding agencies. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

A significant amount of contributions are provided by a few major contributors. It is always considered reasonably possible that benefactors, grantors or contributors might be lost in the near term. The Organization's market is concentrated in the Valparaiso, Indiana, geographical area.

**NOTE 7 - OPERATING LEASES**

The Organization leases various equipment and a facility for use in the operation of its programs. Lease expense for the years ended June 30, 2020 and 2019 were \$5,773 and \$5,914 respectively. All leases are either on a month-to-month basis or the lease agreement expired as of June 30, 2020. There were no minimum lease rental commitments as of June 30, 2020.

The Subsidiary leases space to unaffiliated third parties, and rental income under these leases were \$4,625 and \$6,950 for the years ended June 30, 2020 and 2019, respectively. These amounts do not reduce lease expense and recorded as rent income on the Statement of Activities.

**NOTE 8 - RELATED PARTY TRANSACTIONS**

During the years ended June 30, 2020 and 2019, the spouse of the Executive Director was employed to assist with the Energy Assistance Program. For the years ended June 30, 2020 and 2019, amounts paid to these related parties were \$14,908 and \$12,325, respectively. In addition a vendor related to the Executive Director provided services during the year ended June 30, 2020 for \$10,315.

**PORTER COUNTY AGING AND COMMUNITY SERVICES, INC. AND SUBSIDIARY**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS**

During 2008, the Organization opened an investment account with the funds partially received from the estate of Dorothy Risto. Of the initial investment in the amount of \$413,017, the restricted portion is \$397,130 and is subject to the conditions in the plan provided to the Executor of the Estate. There are no restrictions on the use of investment income. The Board of Directors of the Organization agrees to review the use of the funds on an annual basis to ensure that the overall plan is being followed. No Risto Estate Funds were expended during the years ended June 30, 2020 and 2019.

For the years ended June 30, 2020 and 2019, the net assets with donor restricted amounted to \$276,298 and \$276,298, respectively.

**NOTE 10 – INFORMATION ABOUT LIQUIDITY**

The Organization’s main funding sources are cost reimbursement government grants. Other sources of revenues include Medicaid, program revenue, and contributions. Liquid assets include cash, certificate of deposits, receivables, and investments. There are no board designations regarding these assets.

The following represents financial assets available for cash needs for general expenditures within one year:

	<u>2020</u>	<u>2019</u>
Cash	\$ 495,816	\$ 426,349
Certificates of deposit	51,544	175,559
Grants and other receivable	101,471	107,137
Mutual Funds	<u>216,677</u>	<u>211,358</u>
Total financial assets	865,508	920,403
Less donor restrictions	<u>(276,298)</u>	<u>(276,298)</u>
Financial assets available for cash needs for general expenditures within one year	<u>\$ 589,210</u>	<u>\$ 644,105</u>