



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

B57533

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

October 25, 2021

Board of Directors
Southwest Indiana Regional Council on Aging, Inc.
16 W. Virginia St.
Evansville, IN 47710

We have reviewed the audit report of Southwest Indiana Regional Council on Aging, Inc. d/b/a SWIRCA & More, which was opined upon by Comer, Nowling, and Associates, PC, Independent Public Accountants, for the period July 1, 2018 to June 30, 2020. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of Southwest Indiana Regional Council on Aging, Inc. d/b/a SWIRCA & More, 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.

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

**Southwestern Indiana Regional
Council on Aging, Inc.
d/b/a SWIRCA & More**

=====
**Financial Statements
For The Years Ended
June 30, 2020 and 2019
(With Single Audit Section)**

COMER  NOWLING

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

Certified Public Accountants

**SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
FINANCIAL STATEMENTS**

CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statements of Activities and Changes in Net Assets	4
Statements of Functional Expenses	6
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9
SUPPLEMENTAL INFORMATION	
Schedule of Expenditures of Federal Awards.....	20
Notes to Schedule of Expenditures of Federal Awards	21
Schedule of Expenditures of State and Local Awards.....	22
Summary Schedule of Prior Audit Findings.....	23
Independent Auditor’s Report on Internal Control over Financial Report and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	24
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the <i>Uniform Guidance</i>	26
Schedule of Findings and Questioned Costs.....	28

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Southwestern Indiana Regional Council on Aging, Inc.
d/b/a SWIRCA & More

Report on the Financial Statements

We have audited the accompanying financial statements of Southwestern Indiana Regional Council on Aging, Inc. d/b/a SWIRCA & More (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwestern Indiana Regional Council on Aging, Inc. d/b/a SWIRCA & More 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements of Southwestern Indiana Regional Council on Aging, Inc. as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. The schedule of expenditures of state and local awards is presented for informational purposes only. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 20, 2021 on our consideration of Southwestern Indiana Regional Council on Aging, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

Indianapolis, Indiana

January 20, 2021

SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS		2020	2019
CURRENT ASSETS:			
Cash and cash equivalents	\$	1,154,182	\$ 729,418
Accounts receivable		208,888	475,322
Grants receivable		957,957	675,931
Prepaid expenses		<u>205,698</u>	<u>121,845</u>
Total current assets		<u>2,526,725</u>	<u>2,002,516</u>
FIXED ASSETS:			
Land		106,348	106,348
Building		1,959,597	1,883,632
Equipment		<u>731,113</u>	<u>597,393</u>
		2,797,058	2,587,373
Less accumulated depreciation		<u>(1,424,156)</u>	<u>(1,364,069)</u>
Total fixed assets, net		<u>1,372,902</u>	<u>1,223,304</u>
OTHER ASSETS			
Investments		<u>417,393</u>	<u>382,406</u>
Total assets	\$	<u><u>4,317,020</u></u>	\$ <u><u>3,608,226</u></u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES:			
Accounts payable		501,375	441,613
Accrued expenses and taxes		119,117	95,100
Current maturities of long term debt		406,491	28,124
Deferred revenue		<u>9,715</u>	<u>9,819</u>
Total current liabilities		<u>1,036,698</u>	<u>574,656</u>
LONG TERM LIABILITIES			
Long term debt, net of current maturities		<u>616,229</u>	<u>655,125</u>
Total liabilities		<u>1,652,927</u>	<u>1,229,781</u>
NET ASSETS:			
Net assets without donor restrictions		2,580,388	2,317,945
Net assets with donor restrictions		<u>83,705</u>	<u>60,500</u>
Total net assets		<u>2,664,093</u>	<u>2,378,445</u>
Total liabilities and net assets	\$	<u><u>4,317,020</u></u>	\$ <u><u>3,608,226</u></u>

See accompanying notes to financial statements.

SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

REVENUE AND OTHER SUPPORT	Without Donor Restrictions	With Donor Restrictions	2020 Total
Federal grants and contracts	\$ 2,375,503	\$ -	\$ 2,375,503
State grants and contracts	1,753,546	-	1,753,546
City grants	69,001	-	69,001
Medicaid revenue	1,635,537	-	1,635,537
Program revenue	207,609	-	207,609
Sponsorships and contributions	92,719	49,088	141,807
In-kind revenue	87,908	-	87,908
Fundraising	119,915	-	119,915
Investment gains (losses)	27,471	-	27,471
Other	51,807	-	51,807
	<u>6,421,016</u>	<u>49,088</u>	<u>6,470,104</u>
Net assets released from restrictions	<u>25,883</u>	<u>(25,883)</u>	<u>-</u>
Total revenue and other support	<u>6,446,899</u>	<u>23,205</u>	<u>6,470,104</u>
OPERATING EXPENSES			
Nutrition	1,089,156	-	1,089,156
Case management	3,878,899	-	3,878,899
Wellness and community programs	299,806	-	299,806
Fundraising	173,820	-	173,820
General and administrative	742,775	-	742,775
Total operating expenses	<u>6,184,456</u>	<u>-</u>	<u>6,184,456</u>
INCREASE (DECREASE) IN NET ASSETS	262,443	23,205	285,648
NET ASSETS - BEGINNING OF YEAR	<u>2,317,945</u>	<u>60,500</u>	<u>2,378,445</u>
NET ASSETS - END OF YEAR	<u>\$ 2,580,388</u>	<u>\$ 83,705</u>	<u>\$ 2,664,093</u>

See accompanying notes to financial statements.

SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019

REVENUE AND OTHER SUPPORT	Without Donor Restrictions	With Donor Restrictions	2019 Total
Federal grants and contracts	\$ 2,217,069	\$ -	\$ 2,217,069
State grants and contracts	1,827,196	-	1,827,196
City grants	17,531	-	17,531
Medicaid revenue	1,714,005	-	1,714,005
Program revenue	220,739	-	220,739
Sponsorships	85,293	26,462	111,755
In-kind revenue	116,053	-	116,053
Fundraising	160,149	-	160,149
Investment gains (losses)	39,197	-	39,197
Other	72,929	-	72,929
	<u>6,470,161</u>	<u>26,462</u>	<u>6,496,623</u>
Net assets released from restrictions	<u>45,636</u>	<u>(45,636)</u>	<u>-</u>
Total revenue and other support	<u>6,515,797</u>	<u>(19,174)</u>	<u>6,496,623</u>
OPERATING EXPENSES			
Nutrition	929,506	-	929,506
Case management	3,951,472	-	3,951,472
Wellness and community programs	246,150	-	246,150
Fundraising	219,933	-	219,933
General and administrative	399,663	-	399,663
Total operating expenses	<u>5,746,724</u>	<u>-</u>	<u>5,746,724</u>
INCREASE (DECREASE) IN NET ASSETS	769,073	(19,174)	749,899
NET ASSETS - BEGINNING OF YEAR	<u>1,548,872</u>	<u>79,674</u>	<u>1,628,546</u>
NET ASSETS - END OF YEAR	<u>\$ 2,317,945</u>	<u>\$ 60,500</u>	<u>\$ 2,378,445</u>

See accompanying notes to financial statements.

SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Nutrition</u>	<u>Case Management</u>	<u>and Community</u>	<u>Total Program Services</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>2020 Total</u>
OPERATING EXPENSES							
Salaries and benefits	\$ 386,883	\$ 2,236,942	\$ 91,134	\$ 2,714,959	\$ 132,302	\$ 451,519	\$ 3,298,780
Occupancy, rent, utilities, and depreciation	127,570	50,036	89,337	266,943	10,720	21,497	299,160
Telephone and postage	1,646	32,525	843	35,014	967	9,393	45,374
Contracted services	8,828	33,148	13,017	54,993	10,940	43,875	109,808
Supplies	445,705	103,995	73,801	623,501	3,799	20,891	648,191
Equipment expense	987	2,032	2,361	5,380	225	3,925	9,530
Mileage reimbursement and travel	29,711	45,995	127	75,833	-	10,944	86,777
Other	75,262	157,502	29,186	261,950	14,867	153,815	430,632
Repair and maintenance	12,564	-	-	12,564	-	26,916	39,480
Provider Services	-	1,216,724	-	1,216,724	-	-	1,216,724
Total functional expenses	<u>\$ 1,089,156</u>	<u>\$ 3,878,899</u>	<u>\$ 299,806</u>	<u>\$ 5,267,861</u>	<u>\$ 173,820</u>	<u>\$ 742,775</u>	<u>\$ 6,184,456</u>

See accompanying notes to financial statements.

SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Nutrition</u>	<u>Case Management</u>	<u>Wellness and Community</u>	<u>Total Program Services</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>2019 Total</u>
OPERATING EXPENSES							
Salaries and benefits	\$ 325,203	\$ 2,270,233	\$ 76,844	\$ 2,672,280	\$ 145,119	\$ 166,598	\$ 2,983,997
Occupancy, rent, utilities, and depreciation	119,357	61,194	71,837	252,388	3,222	13,683	269,293
Telephone and postage	1,764	24,412	618	26,794	1,255	8,300	36,349
Contracted services	20,295	33,330	26,669	80,294	19,967	47,688	147,949
Supplies	345,046	46,805	2,986	394,837	16,819	31,063	442,719
Equipment expense	1,063	10,402	243	11,708	28	6,228	17,964
Mileage reimbursement and travel	38,662	56,154	563	95,379	349	10,871	106,599
Other	62,536	114,739	27,664	204,939	33,174	86,513	324,626
Repair and maintenance	13,747	449	-	14,196	-	29,059	43,255
Provider Services	1,833	1,333,754	38,726	1,374,313	-	(340)	1,373,973
	<u>\$ 929,506</u>	<u>\$ 3,951,472</u>	<u>\$ 246,150</u>	<u>\$ 5,127,128</u>	<u>\$ 219,933</u>	<u>\$ 399,663</u>	<u>\$ 5,746,724</u>

See accompanying notes to financial statements.

SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 285,648	\$ 749,899
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	84,787	91,054
Realized and unrealized (gain) loss on sale of investments	(32,427)	(12,671)
Increase (decrease) in cash from changes in:		
Accounts receivable	266,434	(361,966)
Grants receivable	(282,026)	159,600
Prepaid expenses and other current assets	(83,853)	(46,227)
Accounts payable	59,762	24,871
Accrued payroll, taxes and related expenses	24,017	(20,773)
Deferred revenue	(104)	1,705
Net cash provided by (used in) operating activities	322,238	585,492
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(234,385)	(50,335)
Purchases of investments	(290,610)	(440,565)
Proceeds on sale of investments	288,049	408,162
Net cash provided by (used in) investing activities	(236,946)	(82,738)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term notes payable	(37,763)	(26,395)
Proceeds from long-term borrowings	377,235	-
Net cash provided by (used in) financing activities	339,472	(26,395)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	424,764	476,359
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	729,418	253,059
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,154,182	\$ 729,418
Supplemental disclosures of Cash Flow Information:		
Cash paid during the year for interest	\$ 22,383	\$ 28,142

See accompanying notes to financial statements.

**SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

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

NATURE OF OPERATIONS

The Southwestern Indiana Regional Council on Aging, Inc. d/b/a SWIRCA & More (SWIRCA or Organization) was designated as an Area Agency on Aging in July 1974, to serve Gibson, Perry, Posey, Spencer, Vanderburgh, and Warrick Counties, now known as Area 16. Area Agencies are designated by the Indiana Division of Aging as focal points for responsible for planning and coordinating a system of services for the elderly and disabled of all ages in each of the 16 regions of Indiana.

SWIRCA's network was built by establishing County Councils on Aging in each county of its area. The Councils serve as assessors of the elderly and disabled needs, clearing houses for proposed projects in that county, and deliverers of odd services when necessary. SWIRCA's mission is to develop a comprehensive array of services which will prevent inappropriate institutionalization and encourage self-sufficiency among senior citizens and disabled individuals. Establishing this network and building bridges between it and other agencies with already existing services has been the primary goal of the Area Agency on Aging.

Federal funding sources for these services are through the Older Americans Act, the Social Services Block Grant, Medicaid, and the USDA. The state funding sources include CHOICE and the Older Hoosier Fund. In addition to these federal and state dollars, funds are raised locally to further develop the network of services.

All services provided are non-sectarian in nature and are provided without regard to race, religion, or ethnic origin. To be eligible for some services, persons must be 60 years of age or older. Eligibility for others does not include a minimum age but is based on a need for assistance due to health impairments and risk of institutionalization. Some funding sources have income eligibility requirements. All services are targeted to those with the greatest social and economic needs, especially minorities.

BASIS OF ACCOUNTING

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

INCOME TAX STATUS

Southwestern Indiana Regional Council on Aging, Inc. has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization. Accordingly, no accounting for federal or state income taxes is required in the accompanying financial statements.

SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

INCOME TAX STATUS – (continued)

The Organization files the required federal and state information returns. Whenever tax returns are filed, the filing organization must evaluate the merits of its tax positions and determine if they will be ultimately sustained. Those tax positions for the Organization include maintaining their tax-exempt status and the taxability of any unrelated business income. Currently, the Organization pays unrelated business income tax for net catering and rental income. The Organization believes these positions are sustainable. Although the Organization has not incurred any interest and penalties associated with these positions, it is their policy to expense them in the statement of activities. With few exceptions, the Organization is generally no longer subject to examination by taxing authorities for years before June 30, 2017.

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Per the applicable standards, Southwestern Indiana Regional Council on Aging, 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 Southwestern Indiana Regional Council on Aging, 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 Southwestern Indiana Regional Council on Aging, Inc. is limited by donor-imposed stipulations that either expire by passage of time, can be fulfilled and removed by actions of Southwestern Indiana Regional Council on Aging, 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.

For the years ended June 30, 2020 and 2019, the Organization had no net assets with donor restrictions held in perpetuity or board designated net assets. See Note 7 for additional disclosure regarding net assets with donor restrictions.

SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

CASH AND CASH EQUIVALENTS

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

GRANTS, CONTRIBUTIONS AND ACCOUNTS RECEIVABLE

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

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third party contracts and other circumstances. Receivables are considered impaired if full payment is not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

REVENUE RECOGNITION

The majority of the Organization's revenue is recognized as allowable expenses are incurred. Advances received in excess of allowable costs are reported as liabilities. Fees for services are recognized as revenue when the services are substantially performed. Fees received in advance of substantial performance are reported as liabilities. Deposits received from customers prior to the date of the performance of services are recorded as deferred revenue.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated. The value of contributed services meeting the criteria for recognition and recognized in the accompanying financial statements was \$87,908 and \$116,053 for the years ended June 30, 2020 and 2019, respectively. Management estimates the value of contributed services received during the year ended June 30, 2020 and 2019 that did not meet the criteria for recognition to be \$132,810 and \$162,925, respectively.

SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost, if acquired, or at fair value at the date of receipt, if donated, less accumulated depreciation. Equipment with a unit cost below \$5,000 is expensed in the period acquired. Equipment purchased for exclusive use on a Federal award and reimbursed by a Federal agency shall be accounted for as a direct cost of that award and will not be capitalized and depreciated. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, which are generally as follows:

Building and improvements	7-40 years
Equipment.....	3-10 years

Expenditures for improvements and major renewals 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.

Accounting for the Impairment or Disposal of Long-Lived Assets guidance, requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. This guidance has not materially affected the Organization's net change in net assets without donor restrictions, statement of financial position or statement of cash flows.

ADVERTISING

Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2020 and 2019 was \$27,734 and \$45,003, respectively.

USE OF 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 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.

SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

INVESTMENTS AND RISKS AND UNCERTAINTIES

The Organization carries various investments at the stated estimated fair values based on quoted market prices. Gains or losses that result from market fluctuations are recognized in the period such fluctuations occur. Realized gains or losses resulting from sales of securities are calculated on an adjusted cost basis. Adjusted cost for this purpose is the market value of the security at the beginning of the year or the cost if purchased during the year. Dividend and interest income are accrued when earned. Gains, losses, dividends, and interest are all recorded as unrestricted in the statements of activities and changes in net assets unless donor specifications indicate a different method.

The Organization holds its investments in a variety of investment funds. In general, investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near-term and that such changes could materially affect the Organization's investment holding and the amounts reported on the statement of financial position.

COST ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses.

Direct and shared costs are allocated to the benefiting programs using cost pools under the following methodology:

1. Costs will be allocated to all programs on an equitable basis regardless of any limits imposed by funding sources.
2. As much as possible, costs will be charged directly to benefiting programs.
3. All remaining shared costs will be allocated on the most meaningful measures. The following basis will be used:
 - a. Joint salaries and benefits will be allocated based on the direct salaries to all programs
 - b. Shared costs will be allocated based on total expenditures of the programs to all total expenditures

Program-related costs will be allocated based on relevant activity measures, such as number of meals and the number of units expended by funding source.

SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 1 – NATURE OF OPERATIONS AND 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:

Money Market Funds

The fair value equals the carrying amount because of the short maturity of their investments.

Mutual Funds, ETFs and Closed-End Funds

The fair value of investment securities is the market value based on quoted market prices.

At June 30, 2020 and 2019, the balances of assets and liabilities measured at fair value on a recurring bases were all classified at level 1.

SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

RECLASSIFICATION

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

SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 20, 2021, 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.

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.

SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 2 – CONCENTRATION OF RISK

The Organization maintains its cash balance at multiple banks. The accounts at these institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 for the years ended June 30, 2020 and 2019. As of June 30, 2020 and 2019 bank balances of \$539,557 and \$450,501, respectively exceeded FDIC coverage.

All of the Organization's programs and activities occur in Southwest Indiana. Consequently, its sources of support and revenue may be affected by conditions in that area. In addition, for the year ended June 30, 2020 and 2019 approximately 89% and 88% of total revenues were received from state and federal governmental sources, respectively. Approximately 58% and 52% of total revenues were received from Indiana Family and Social Services Administration for the years ended June 30, 2020 and 2019, respectively.

<u>Revenue Program</u>	2020		2019	
	<u>Amount</u>	Percent to Total Earned <u>Revenues</u>	<u>Amount</u>	Percent to Total Earned <u>Revenues</u>
Federal grants	\$ 2,375,503	37%	\$ 2,217,069	34%
State grants	1,753,546	27%	1,827,196	28%
Medicaid program	1,635,537	25%	1,714,005	26%
	\$ 5,764,586	89%	\$ 5,758,270	88%

NOTE 3 – INVESTMENTS

Investment securities are recorded at fair market value. Investments consisted of the following June 30, 2020 and 2019:

	2020	2019
Money market funds	\$ 10,175	\$ 10,726
Mutual funds	407,218	371,680
	\$417,393	\$382,406

The net investment income for the year ended June 30, 2020 and 2019 was \$35,987 and \$29,918, respectively.

SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Land	\$ 106,348	\$ 106,348
Buildings	1,959,597	1,883,632
Computers	161,292	161,292
Equipment	<u>569,821</u>	<u>436,101</u>
	2,797,058	2,587,373
Less: accumulated depreciation	<u>(1,424,156)</u>	<u>(1,364,069)</u>
	<u>\$ 1,372,902</u>	<u>\$ 1,223,304</u>

Depreciation expense for the years ended June 30, 2020 and 2019 was \$84,787 and \$91,054, respectively.

NOTE 5 – LINE OF CREDIT

The Organization has an operating line of credit with maximum borrowings of \$500,000. The note provides for interest that is subject to change based on changes in an independent index which is the prime rate as published in the Wall Street Journal, is secured by all personal property with a maturity date of April 2021. There were no outstanding borrowings on the line of credit at June 30, 2020 and 2019.

NOTE 6 – LONG-TERM DEBT

Long-term debt at June 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Note payable to bank, 3.95%, \$4,547 monthly including interest with a balloon payment of \$565,550 at maturity, secured by certain property, due November 2023.	\$ 645,485	\$ 683,249
Note payable through Paycheck Protection Program of the Small Business Administration dated April 28, 2020, \$377,235, 1% interest, maturity April 28, 2022.	<u>377,235</u>	<u>-</u>
	1,022,720	683,249
Current maturities	<u>(406,491)</u>	<u>(28,124)</u>
	<u>\$ 616,229</u>	<u>\$ 655,125</u>

**SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

NOTE 6 – LONG-TERM DEBT – (continued)

The bank note contains certain financial and non-financial covenants, including minimum debt service. At June 30, 2020, the Organization was in compliance of all covenants.

Long-term debt maturities are as follows:

2021	\$ 406,491
2022	30,432
2023	31,656
2024	554,141
2025	-
Thereafter	-
	\$ 1,022,720

Total interest expense for the years ended June 30, 2020 and 2019 was \$22,383 and \$28,142, respectively.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Southwestern Indiana Regional Council on Aging, Inc. has net assets with donor restrictions of \$83,705 and \$60,500 for the years ended June 30, 2020 and 2019, respectively. Donor restrictions include projects and programs including the activity center remodel, wheel chair ramps, Points of Hope, Angel Tree, and purpose restricted sponsorships.

NOTE 8 – OPERATING LEASES

Southwestern Indiana Regional Council on Aging, Inc. leases various offices throughout the counties it serves. The Organization also leases certain property under short-term leasing agreements. Total rental expense under all operating leases for the years ended June 30, 2020 and 2019 was \$16,908 and \$16,908, respectively. At June 30, 2020, aggregate future minimum rental payments required under these leases, which expire at various dates through September 2022, are as follows:

2021	\$ 16,908
2022	4,227
2023	-
2024	-
2025	-
Thereafter	-
	\$ 21,135

SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE 9 – RETIREMENT PLAN

The Organization maintains a defined contribution retirement plan covering substantially all of its employees. Retirement plan costs are funded in the period that they accrue. Retirement expense was \$78,805 and \$73,050 for the years ended June 30, 2020 and 2019, 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 fundraising. The Organization has seen growth in liquid assets with its fundraising revenue, sponsorships and contributions along with controlling its expenses. Liquid assets include cash, receivables, and investments. There are no board designations regarding these assets. However, the investments discussed in Note 3 above are obligated by a bank as collateral for a line of credit. In the event of an unanticipated liquidity need, the Organization can draw upon \$500,000 of an available line of credit as discussed in Note 5.

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

	2020	2019
Cash	\$ 1,154,182	\$ 729,418
Receivables	1,166,845	1,151,253
Investments	417,393	382,406
Total financial assets	2,738,420	2,263,077
Collateral for line of credit	(417,393)	(382,406)
Donor restrictions	(83,705)	(60,500)
Financial assets available for cash needs for general expenditures within one year	\$ 2,237,322	\$ 1,820,171

NOTE 11 - SUBSEQUENT EVENT

On November 2, 2020, the Organization received notification that the Paycheck Protection Program note had been fully forgiven.

SINGLE AUDIT SECTION

**SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR AGENCY Pass-through Agency Program Title	Federal CFDA Number	Grant or Identifying Number	Grant Award (dollars \$)	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the Indiana Department of Family and Social Services (FSSA):				
Aging Cluster:				
Title IIIA Administration	93.044	#0000000000000000000000021691	34,192	\$ 34,192
Title IIIB Grants for Supportive Services and Senior Centers	93.044	#0000000000000000000000021691	165,943	165,943
Title IIIC-1 Congregate Nutrition Services	93.045	#0000000000000000000000021691	132,046	131,587
Title IIIC-2 Home Delivered Meal Nutrition Services	93.045	#0000000000000000000000021691	117,403	104,602
Nutrition Services Incentive Program	93.053	#0000000000000000000000021691	48,416	48,416
Title IIIA Administration	93.044	#0000000000000000000000027981	135,017	68,899
Title IIIB Grants for Supportive Services and Senior Centers	93.044	#0000000000000000000000027981	346,021	260,012
Title IIIC-1 Congregate Nutrition Services	93.045	#0000000000000000000000027981	446,616	193,093
Title IIIC-2 Home Delivered Meal Nutrition Services	93.045	#0000000000000000000000027981	241,158	118,560
Nutrition Services Incentive Program	93.053	#0000000000000000000000027981	99,611	74,708
Title IIIA Administration - FFCRA	93.044	#0000000000000000000000042920	24,716	24,716
Title IIIC-1 Congregate Nutrition Services - FFCRA	93.045	#0000000000000000000000042920	74,149	74,149
Title IIIC-2 Home Delivered Meal Nutrition Services - FFCRA	93.045	#0000000000000000000000042920	148,159	148,159
Title IIIA Administration - CARES	93.044	#0000000000000000000000042920	80,118	-
Title IIIB Grants for Supportive Services and Senior Centers - CARES	93.044	#0000000000000000000000042920	185,373	5,072
Title IIIC-2 Home Delivered Meal Nutrition Services - CARES	93.045	#0000000000000000000000042920	444,895	81,076
Total Aging Cluster				<u>1,533,184</u>
Title IIID Disease Prevention and Health Promotion Services	93.043	#0000000000000000000000021691	10,403	10,403
Title IIID Disease Prevention and Health Promotion Services	93.043	#0000000000000000000000027981	25,258	13,094
				<u>23,497</u>
Title III E National Family Caregiver Support	93.052	#0000000000000000000000021691	79,549	79,549
Title III E National Family Caregiver Support	93.052	#0000000000000000000000027981	161,814	128,445
Title III E National Family Caregiver Support - CARES	93.052	#0000000000000000000000042920	90,798	39,452
				<u>247,446</u>
Title VII - Long Term Care Ombudsman Services for Older Individuals	93.042	#0000000000000000000000021691	3,332	3,332
Title VII - Long Term Care Ombudsman Services for Older Individuals	93.042	#0000000000000000000000027981	13,381	11,607
				<u>14,939</u>
Social Services Block Grant	93.667	#0000000000000000000000021691	179,338	179,338
Social Services Block Grant	93.667	#0000000000000000000000027981	477,105	326,550
				<u>505,888</u>
Passed through University of Southern Indiana Geriatric Workforce Enhancement Program	93.969	19-025-E-1	58,081	38,025
Total Schedule of Expenditures of Federal Awards				<u>\$ 2,362,979</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

Note 1 – Basis of Presentation

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

Note 2 – Summary of Significant Accounting Policies

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

Note 3 – Indirect Cost Rate

Southwestern Indiana Regional Council on Aging, Inc. has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4 – Subrecipients

Southwestern Indiana Regional Council on Aging, Inc. paid no federal expenditures to subrecipients.

**SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

There were no financial statement findings for the year ended June 30, 2019.

Section III – Federal Award Findings and Questioned Costs

There were no compliance findings for the year ended June 30, 2019.



INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Southwestern Indiana Regional Council on Aging, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southwestern Indiana Regional Council on Aging, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 20, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southwestern Indiana Regional Council on Aging, 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 Southwestern Indiana Regional Council on Aging, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwestern Indiana Regional Council on Aging, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
January 20, 2021



INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

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

To the Board of Directors
Southwestern Indiana Regional Council on Aging, Inc.

Report on Compliance for Each Major Federal Program

We have audited Southwestern Indiana Regional Council on Aging, 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 Southwestern Indiana Regional Council on Aging, Inc.'s major federal programs for the year ended June 30, 2020. Southwestern Indiana Regional Council on Aging, 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Southwestern Indiana Regional Council on Aging, 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* (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southwestern Indiana Regional Council on Aging, 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 Southwestern Indiana Regional Council on Aging, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Southwestern Indiana Regional Council on Aging, 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, 2020.

Report on Internal Control over Compliance

Management of Southwestern Indiana Regional Council on Aging, 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 Southwestern Indiana Regional Council on Aging, 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 Southwestern Indiana Regional Council on Aging, 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
January 20, 2021

**SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

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

Type of auditor’s report issued: Unmodified

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

Programs tested as major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.044*	U.S. Department of Health and Human Services—Special Programs for the Aging—Title III, Part B—Grants for Supportive Services and Senior Centers
93.045*	U.S. Department of Health and Human Services—Special Programs for the Aging—Title III, Part C-Nutrition Services
93.053*	U.S. Department of Health and Human Services—Nutrition Services Incentive Program
93.667	U.S. Department of Health and Human Services—Social Services Block Grant

* Represents Aging Cluster

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

Auditee qualified as low-risk auditee? Yes No

**SOUTHWESTERN INDIANA REGIONAL COUNCIL ON AGING, INC.
D/B/A SWIRCA & MORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020**

Section II – Financial Statement Findings

There were no financial statement findings for the year ended June 30, 2020.

Section III – Federal Award Findings and Questioned Costs

There were no compliance findings for the year ended June 30, 2020.