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November 8, 2021

Board of Directors
Cass County Council on Aging, Inc.
115 S. 6th St.
Logansport, IN 46947

We have reviewed the audit report of Cass County Council on Aging, Inc., which was opined upon by Rea Logan & Company, LLC, Independent Public Accountants, for the period January 1, 2020 to December 31, 2020. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Cass County Council on Aging, Inc. as of December 31, 2020 and the results of its operations for the period then ended, on the basis of accounting described in the report.

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

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

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

**CASS COUNTY COUNCIL ON AGING, INC.
LOGANSPOUT, INDIANA**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

DECEMBER 31, 2020

**CASS COUNTY COUNCIL ON AGING, INC.
LOGANSPOUR, INDIANA**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

DECEMBER 31, 2020

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CERTIFIED PUBLIC ACCOUNTANTS



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INDEPENDENT AUDITOR'S REPORT

**TO THE BOARD OF DIRECTORS
CASS COUNTY COUNCIL ON AGING, INC.
Logansport, Indiana**

Opinion

We have audited the accompanying financial statements of Cass County Council on Aging, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Cass County Council on Aging, Inc. as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Cass County Council on Aging, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Cass County Council on Aging, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Cass County Council on Aging, Inc.
Logansport, Indiana

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Cass County Council on Aging, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Cass County Council on Aging, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Rea Logan & Co., LLC

Peru, Indiana
September 23, 2021

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

ASSETS

CURRENT ASSETS:

Cash	22,643
Accounts receivable	440,802
Prepaid expenses	44,338
Total Current Assets	<u>507,783</u>

FIXED ASSETS:

Building	323,941
Land	150,000
Office equipment	167,102
Vehicles	1,353,923
	<u>1,994,966</u>
Less accumulated depreciation	967,148
Total Fixed Assets	<u>1,027,818</u>

TOTAL ASSETS

\$ 1,535,601

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Line of credit	270,000
Short term note payable	154,000
Accounts payable	41,883
Accrued interest	102
Accrued wages and vacation	54,488
Payroll taxes and other withholdings	5,302
Deferred revenue	387,169
Current portion of long term debt	8,887
Total Current Liabilities	<u>921,831</u>

LONG TERM LIABILITIES:

Note payable - equipment	17,678
Less current portion of long term debt	8,887
Total Long Term Liabilities	<u>8,791</u>

NET ASSETS:

Without donor restrictions	604,979
Total Net Assets	<u>604,979</u>

TOTAL LIABILITIES AND NET ASSETS

\$ 1,535,601

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:			
Federal - Section 5311	321,283	\$ -	\$ 321,283
State - public mass transit	751,659	-	751,659
Title III-B	15,173	-	15,173
Federal - Section 5311/5339 Capital Projects	82,818	-	82,818
Cass County Commissioners	10,560	-	10,560
City of Logansport	40,000	-	40,000
United Way of Cass County	37,658	-	37,658
Transit service fees	250,296	-	250,296
Donations	2,540	-	2,540
Interest	24	-	24
Gain (loss) on asset disposal	23,971	-	23,971
Other income	10,155	-	10,155
Nutrition	245	-	245
PPP loan forgiveness	202,100	-	202,100
TOTAL REVENUES AND OTHER SUPPORT	<u>1,748,482</u>	<u>-</u>	<u>1,748,482</u>
EXPENSES:			
Transportation	1,760,893	-	1,760,893
Recreation	62,751	-	62,751
Nutrition	25,899	-	25,899
TOTAL EXPENSES	<u>1,849,543</u>	<u>-</u>	<u>1,849,543</u>
DECREASE IN NET ASSETS	(101,061)	-	(101,061)
NET ASSETS - beginning of year	<u>706,040</u>	<u>-</u>	<u>706,040</u>
NET ASSETS - end of year	<u>\$ 604,979</u>	<u>\$ -</u>	<u>\$ 604,979</u>

See Accompanying Notes to Financial Statements.

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Transportation</u>	<u>Recreation</u>	<u>Nutrition</u>	<u>Totals</u>
Salaries and wages	\$ 979,501	\$ 43,733	\$ 5,711	\$ 1,028,945
Payroll taxes and fringes	79,391	3,806	454	83,651
Advertising	8,493	708	429	9,630
Building maintenance	31,111	3,785	3,475	38,371
Conferences and travel	307	-	-	307
Depreciation	226,951	1,475	947	229,373
Dues and subscriptions	559	6	21	586
Equipment	6,295	208	307	6,810
Miscellaneous expenses	3,142	619	148	3,909
Insurance	128,628	2,602	4,966	136,196
Interest	12,832	282	987	14,101
Nutrition	-	-	2,470	2,470
Penalties	750	17	57	824
Professional fees	38,098	809	1,013	39,920
Recreation	-	709	-	709
Supplies and materials	6,376	264	255	6,895
Telephone	14,421	82	101	14,604
Personal property taxes	99	4	5	108
Utilities	23,062	3,642	4,553	31,257
Vehicle operations	169,416	-	-	169,416
Vehicle supplies	31,461	-	-	31,461
Total Expenses	<u>\$ 1,760,893</u>	<u>\$ 62,751</u>	<u>\$ 25,899</u>	<u>\$ 1,849,543</u>

See Accompanying Notes to Financial Statements.

CASS COUNTY COUNCIL ON AGING, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash from contributions, grants, programs and miscellaneous	\$ 1,667,907
Cash paid to suppliers and employees	(1,597,729)
Interest paid	(14,101)
Interest income	24
Net Cash Provided (Used) by Operating Activities	<u>56,101</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Proceeds from sale of vehicles	31,547
Purchases of fixed assets	(344,784)
Net Cash Provided (Used) by Investing Activities	<u>(313,237)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:	
Borrowings (payments) on line of credit (net)	117,861
Proceeds from note payable	254,000
Principal payments on notes payable	(109,205)
Net Cash Provided (Used) by Financing Activities	<u>262,656</u>
INCREASE (DECREASE) IN CASH	5,520
CASH AT BEGINNING OF YEAR	17,123
CASH AT END OF YEAR	<u>\$ 22,643</u>
RECONCILIATION OF CHANGE IN NET ASSETS	
PROVIDED (USED) BY OPERATING ACTIVITIES:	
Increase (decrease) in net assets	\$ (101,061)
Adjustments to reconciled change in net cash provided (used) by operating activities:	
Depreciation	229,373
(Gain) loss on asset disposal	(23,971)
Bad debt from accounts receivable	-
(Increase) decrease in accounts receivable	(228,242)
(Increase) decrease prepaid expenses	(12,908)
Increase (decrease) in accounts payable	24,354
Increase (decrease) in deferred revenue	171,662
Increase (decrease) in accrued payroll and payroll taxes	(3,106)
Total adjustments	<u>157,162</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 56,101</u>

See Accompanying Notes to Financial Statements.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization - Cass County Council on Aging, Inc. exists to assist, encourage, monitor, and develop comprehensive and coordinated services for older individuals within Cass County. The Organization's programs are Transportation, Recreation, and Nutrition.

The significant accounting policies followed by Cass County Council on Aging, Inc. are:

Basis of Accounting - The financial statements of Cass County Council on Aging, Inc. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation - The Organization reports information regarding its financial position and activities according to two classes of net assets which are classified and reported as follows:

Net assets without donor restrictions—Net assets available for use in general operations and not subject to donor or certain grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net assets with donor restrictions—Net assets subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

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

Cash and Cash Equivalents - For purposes of the statement of cash flows, the Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

Accounts Receivable - Accounts receivable are reported at the amount management expects to collect on balances outstanding at year end. A provision for doubtful accounts has not been established, as management considers all accounts to be collectible based on a favorable history over a substantial period of time. The Organization periodically evaluates its receivables and then charges off uncollectible accounts receivable as contra-revenue bad debts when management determines the receivable will not be collected. There were no write-offs for December 31, 2020.

Restricted Revenue and Support - Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restrictions.

Donated Services - Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments. The value of this contributed time is not reflected in the accompanying financial statements since volunteers' time does not meet the criteria for recognition.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

In-kind Contributions - In-kind contributions are recorded at fair market value and recognized in the accounting period when they are received.

Fixed Assets – Property, plant, and equipment are stated at cost, if purchased, or at fair value at the date of gift, if donated, less accumulated depreciation. Repair and maintenance charges that do not increase the useful lives of the assets are charged to the change in net assets as incurred. Additions with a cost or fair value of less than \$1,000 are expensed.

Depreciation of property, plant, and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following items:

Buildings	39 years
Office equipment	5 years
Vehicles	5 years

Currently, included in vehicles is \$724,678 of vehicles purchased with restricted resources from federal grants. If the Organization does not continue to use such vehicles in its transit operations or remains compliant with the grant agreement, either the title to the equipment or the proceeds from the sale of the equipment will revert to the original donor. The typical period of compliance is four years from the use of grant funds to purchase a vehicle for the transit program.

Most vehicles are long-lived assets used relating to a government grant contract. Although the grantor typically retains title to the assets, if it is probable that the Organization will be permitted to keep the assets when the contract terminates, the assets are capitalized and a corresponding contribution is recognized.

Expense Allocation – The costs of providing various programs and other activities are categorized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among programs and supporting services benefited, which are allocated on the basis of estimates of time and effort, and square footage.

Advertising Costs - The Organization's policy is to expense advertising costs as the costs are incurred. Advertising expense for the year ended December 31, 2020 was \$9,630.

Compensated Absences – Employees of the Organization are entitled to paid vacation days depending on job classification, length of service, and other factors. A liability has been recorded for accrued vacation days in the Statement of Financial Position. The Organization's personnel policy permits vesting of unused vacation days and payment of unused vacation days upon termination of employment.

Deferred Revenue – Certain grants include a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The revenue from these grants is recognized in the period in which a barrier is overcome or when the Organization has been released from certain conditions.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

Income Taxes - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purpose is subject to taxation as unrelated business income. The Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization complies with other Internal Revenue reporting requirements regarding contributions received, payroll, and payments to independent contractors. The Organization believes that it has appropriate support for any tax position taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

NOTE 2 – CONCENTRATIONS OF CREDIT RISK:

The Organization maintains all cash balances at one financial institution located in Cass County. The balances are covered by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 (per institution). As of December 31, 2020, there was no uninsured balances.

NOTE 3 – ACCOUNTS RECEIVABLE:

Accounts receivable is comprised of the following accounts and all are due within one year:

Federal - Section 5311	\$ 89,777
State PMTF	331,372
Area V Title IIIB	3,035
Transit service fees	<u>16,618</u>
Total	<u>\$ 440,802</u>

NOTE 4 – LINE OF CREDIT:

The Organization had no available line of credit with a bank in Logansport at December 31, 2020. The line of credit had a balance of \$270,000 at December 31, 2020. All business real estate assets are pledged as collateral. The variable interest rate is 1% over the Wall Street Journal prime rate and will be no less than 5.000% and no more than 18.000% per annum. The current interest rate is 5%.

NOTE 5 – NOTE PAYABLE

In September 2020, the Organization entered into a 3-month finance agreement for \$254,000 to be used for operations. The finance agreement began on September 9, 2020 and required a balloon payment due on December 9, 2020 with interest computed at a rate of 5%. All business assets are pledged as collateral. The balance remaining at December 31, 2020 was \$154,000 and was paid in full in January 2021.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 6 – NOTE PAYABLE FOR EQUIPMENT:

In 2017, the Organization entered into a 60-month finance agreement for \$45,800 to purchase equipment for its transit program. The finance agreement began on October 5, 2017 and requires monthly payments of \$833 which includes interest computed at a rate of 3.5%.

Loan maturities for each of the five years following December 31, 2020, are as follows:

2021	\$	8,887
2022		8,791
2023		-
2024		-
2025		-
		<hr/>
	\$	<u>17,678</u>

NOTE 7 – OPERATING LEASE:

The Organization has a five-year non-cancellable operating lease for a copier that began September 1, 2013 and was renewed on September 1, 2018 for another five years with the same monthly lease cost of \$184. The Organization is required to pay all executory costs such as maintenance and insurance. Lease expense for December 31, 2020 was \$2,208.

Total lease payments required in the next five years are: \$2,208, 2021; \$2,208, 2022; \$1,472, 2023; and none, 2024.

NOTE 8 – LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use within one year of the balance sheet date, comprise the following:

Cash	\$	22,643
Accounts receivable		440,802
Total financial assets at year-end		<hr/> 463,445
Contractual or donor-imposed restrictions:		
Restricted to time or expenditure for specific purpose:		
Less: amount available at year-end		-
Board designations:		
Less: designated funds		<hr/> -
Financial assets available to meet cash needs for general expenditures within one year	\$	<u>463,445</u>

Additionally, as discussed in more detail in Note 4, the Organization maintains a \$270,000 line of credit, of which none remained available on December 31, 2020.

CASS COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 – CONCENTRATIONS OF REVENUES AND SUPPORT:

Federal - Section 5311	\$ 321,283	18.37%
State - public mass transit	751,659	42.99%
Title III-B	15,173	0.87%
Federal - Section 5311/5339 Capital Projects	82,818	4.74%
Cass County Commissioners	10,560	0.60%
City of Logansport	40,000	2.29%
United Way of Cass County	37,658	2.15%
Transit Service fees	250,296	14.32%
Donations	2,540	0.15%
Interest	24	0.00%
Gain (loss) on asset disposal	23,971	1.37%
Other income	10,155	0.58%
Nutrition	245	0.01%
PPP loan forgiveness	202,100	11.56%
TOTAL REVENUES AND OTHER SUPPORT	<u>\$ 1,748,482</u>	100%

Transportation related income is concentrated at eighty-six percent of the Organization's total revenue and other support at December 31, 2020. Federal and state transit funding and other support from Medicaid, transit service fees, and indirect income are sustaining the entire operation of the Organization, which includes its senior activities and nutrition programs.

NOTE 10 – PAYROLL PROTECTION PROGRAM LOAN:

On April 30, 2020, the Organization was granted a loan in the aggregate amount of \$202,100, pursuant to the Paycheck Protection Program (PPP) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Organization met all the conditions of the PPP loan and received full forgiveness of the loan from the SBA. The forgiveness has been accounted for as a contribution under ASC 958-605. The Organization recognized \$202,100 in contribution revenue during the year ended December 31, 2020.

NOTE 11 – SUBSEQUENT EVENTS:

The Organization evaluates events and transactions that occur after year end for the potential recognition or disclosure in the financial statements. These subsequent events have been considered through the report date, which is the date the financial statements were available to be issued.

Subsequent to year end, the Organization applied for a second draw and was approved for a \$30,704 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.