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AN EQUAL OPPORTUNITY EMPLOYER

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January 19, 2023

Board of Directors  
LifeTime Resources, Inc.  
13091 Benedict Drive  
Dillsboro, IN 47018

We have reviewed the audit report of LifeTime Resources, Inc. which was opined upon by Barnes, Dennig & Co., Ltd., Independent Public Accountants, for the period July 1, 2020 to June 30, 2021. Per the *Independent Auditors' Report* the financial statements included in the report present fairly the financial condition of LifeTime Resources, Inc. as of June 30, 2021 and the results of its operations for the period then ended, on the basis of accounting described in the report.

We call your attention to the finding in the report on page 26. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding.

In our opinion, Barnes, Dennig & Co., Ltd. prepared the audit report in accordance with guidelines established by the State Board of Accounts.

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

A handwritten signature in cursive script that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner

# **LifeTime Resources, Inc. and Subsidiaries**

**Consolidated Financial Statements with Supplementary Information  
June 30, 2021 and 2020 and  
Independent Auditors' Report**

**LIFETIME RESOURCES, INC. AND SUBSIDIARIES**  
**June 30, 2021 and 2020**

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## Independent Auditors' Report

Board of Directors  
LifeTime Resources, Inc.  
Dillsboro, Indiana

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of LifeTime Resources, Inc. and Subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of LifeTime Resources, Inc. and Subsidiaries as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Independent Auditors' Report  
(Continued)**

***Effect of Adopting New Accounting Standards***

As discussed in Note 1, LifeTime Resources, Inc. and Subsidiaries has adopted Financial Accounting Standards Board Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Our opinion is not modified with respect to that matter.

**Other Matters**

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2022 on our consideration of LifeTime Resources, Inc. and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of LifeTime Resources, Inc. and Subsidiaries' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LifeTime Resources, Inc. and Subsidiaries' internal control over financial reporting and compliance.



October 25, 2022  
Indianapolis, Indiana

**LIFETIME RESOURCES, INC. AND SUBSIDIARIES**

**Consolidated Statements of Financial Position  
June 30, 2021 and 2020**

	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 2,243,912	\$ 412,658
Cash held for others	121,720	99,124
Certificates of deposits	247,198	1,030,511
Grants receivable	741,420	955,625
Accounts receivable	162,053	113,404
Other assets	31,836	4,627
Property and equipment, net	3,410,515	659,103
Note receivable related party	-	512,000
	<u>\$ 6,958,654</u>	<u>\$ 3,787,052</u>
 <b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 217,207	\$ 61,941
Accrued interest	350,327	-
Accrued payroll and other liabilities	219,280	192,138
Contract liability	21,533	-
Custodial funds held for others	121,720	99,124
Notes and advances payable - related party	1,125,000	-
Paycheck protection program loan	467,469	-
	<u>2,522,536</u>	<u>353,203</u>
Total liabilities	2,522,536	353,203
<b>Net assets without donor restrictions</b>	<u>4,436,118</u>	<u>3,433,849</u>
	<u>\$ 6,958,654</u>	<u>\$ 3,787,052</u>

See accompanying notes to consolidated financial statements

**LIFETIME RESOURCES, INC. AND SUBSIDIARIES**

**Consolidated Statements of Activities  
Years Ended June 30, 2021 and 2020**

	2021	2020
<b>Revenues and other support</b>		
Grants	\$ 3,339,217	\$ 3,343,160
Rent revenue	520,128	-
Third party revenue	1,021,822	1,155,933
Local revenue	75,244	286,700
Program revenue	226,900	164,726
Other revenue	55,242	39,609
Total revenues and other support	5,238,553	4,990,128
<b>Expenses</b>		
Program services	4,723,136	4,877,897
Logan Elderly Housing	306,302	-
Logan Elderly Housing II	215,834	-
Administration	401,714	220,379
Total expenses	5,646,986	5,098,276
<b>Change in net assets without donor restrictions</b>	(408,433)	(108,148)
<b>Net assets without donor restrictions, beginning of year</b>	3,433,849	3,541,997
<b>Cumulative effect of change in accounting principle</b>	(21,533)	-
<b>Acquisition of Logan Elderly Housing I, L.P. (Note 10)</b>	1,041,825	-
<b>Acquisition of Logan Elderly Housing II, L.P. (Note 10)</b>	390,410	-
<b>Net assets without donor restrictions, end of year</b>	\$ 4,436,118	\$ 3,433,849

See accompanying notes to consolidated financial statements

**LIFETIME RESOURCES, INC. AND SUBSIDIARIES**

**Consolidated Statement of Functional Expenses  
Year Ended June 30, 2021**

	Service Contracts	Care Management	Information and Assistance	Congregate Meals	Catch A Ride	Other Program Services	Total Program Services	Logan Elderly Housing	Logan Elderly Housing II	Administration	Total
Salaries and wages	\$ -	\$ 893,278	\$ 127,691	\$ 106,160	\$ 964,014	\$ 42,673	\$ 2,133,816	\$ 75,896	\$ 38,187	\$ 142,936	\$ 2,390,835
Payroll taxes and benefits	-	290,652	49,988	33,183	165,750	7,071	546,644	22,062	12,027	46,856	627,589
Service providers	842,549	-	-	-	-	-	842,549	-	-	-	842,549
Contracted services	1,150	23,786	2,859	9,158	236,967	1,009	274,929	5,199	2,627	3,999	286,754
Depreciation	-	31,059	4,257	3,449	272,132	251	311,148	66,114	57,347	4,303	438,912
Insurance	-	16,798	1,887	2,477	91,037	115	112,314	23,339	14,813	1,871	152,337
Other costs	-	12,376	787	1,258	30,024	3,953	48,398	-	-	20,830	69,228
Travel and transportation	-	3,193	173	503	14,963	119	18,951	503	281	1,970	21,705
Furniture and equipment	-	40,123	8,782	3,572	40,087	292	92,856	6,812	3,327	5,140	108,135
Telephone	320	26,767	2,855	5,546	16,084	287	51,859	4,519	2,825	2,368	61,571
Equipment maintenance	-	81,917	12,175	10,793	52,065	765	157,715	3,932	1,663	12,295	175,605
Supplies	-	8,470	1,115	2,494	15,237	501	27,817	2,368	558	1,235	31,978
Building maintenance	-	6,060	906	823	4,170	45,725	57,684	60,671	32,893	916	152,164
Occupancy	-	14,977	2,053	1,663	7,786	121	26,600	33,894	18,180	2,075	80,749
Postage	-	3,184	952	1,099	2,943	166	8,344	163	107	200	8,814
Dues and subscriptions	-	761	295	91	535	5	1,687	37	16	5,758	7,498
Interest	-	-	-	-	-	-	-	-	30,608	-	30,608
Bad debt expense	-	-	-	-	-	-	-	-	-	146,618	146,618
Training	-	6,125	339	251	2,931	179	9,825	793	375	2,344	13,337
	<u>\$ 844,019</u>	<u>\$ 1,459,526</u>	<u>\$ 217,114</u>	<u>\$ 182,520</u>	<u>\$ 1,916,725</u>	<u>\$ 103,232</u>	<u>\$ 4,723,136</u>	<u>\$ 306,302</u>	<u>\$ 215,834</u>	<u>\$ 401,714</u>	<u>\$ 5,646,986</u>

See accompanying notes to consolidated financial statements

## LIFETIME RESOURCES, INC. AND SUBSIDIARIES

### Consolidated Statement of Functional Expenses Year Ended June 30, 2020

	Service Contracts	Care Management	Information and Assistance	Congregate Meals	Catch A Ride	Other Program Services	Total Program Services	Administration	Total
Salaries and wages	\$ -	\$ 863,078	\$ 101,429	\$ 121,952	\$ 1,049,361	\$ 148,616	\$ 2,284,436	\$ 121,409	\$ 2,405,845
Payroll taxes and benefits	-	286,590	39,653	35,177	196,168	46,660	604,248	41,672	645,920
Service providers	729,571	-	-	-	-	-	729,571	-	729,571
Contracted services	-	2,550	-	76,482	283,436	-	362,468	-	362,468
Depreciation	-	23,888	2,539	2,625	326,989	7,567	363,608	2,599	366,207
Insurance	-	16,315	1,230	1,226	88,093	5,576	112,440	4,328	116,768
Other costs	200	15,312	2,752	1,252	53,748	5,730	78,994	3,598	82,592
Travel and transportation	-	16,614	468	5,546	14,783	500	37,911	10,629	48,540
Furniture and equipment	-	26,461	5,589	2,982	43,064	8,459	86,555	10,994	97,549
Telephone	-	22,644	1,486	4,357	16,540	4,533	49,560	5,498	55,058
Equipment maintenance	3	18,598	1,457	308	10,975	8,730	40,071	8,297	48,368
Supplies	1	11,072	1,058	27,554	17,765	1,830	59,280	1,778	61,058
Building maintenance	-	4,853	422	569	3,087	20,865	29,796	750	30,546
Occupancy	-	6,882	731	756	4,008	2,180	14,557	749	15,306
Postage	-	2,831	313	715	3,679	481	8,019	558	8,577
Dues and subscriptions	-	676	20	50	866	230	1,842	6,095	7,937
Training	-	4,254	185	391	5,834	3,877	14,541	1,425	15,966
	<u>\$ 729,775</u>	<u>\$ 1,322,618</u>	<u>\$ 159,332</u>	<u>\$ 281,942</u>	<u>\$ 2,118,396</u>	<u>\$ 265,834</u>	<u>\$ 4,877,897</u>	<u>\$ 220,379</u>	<u>\$ 5,098,276</u>

See accompanying notes to financial statements

**LIFETIME RESOURCES, INC. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**  
**Years Ended June 30, 2021 and 2020**

	2021	2020
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (408,433)	\$ (108,148)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	438,912	366,207
Changes in:		
Grants receivable	214,205	76,557
Accounts receivable	(44,359)	14,270
Other assets	(6,457)	3,771
Accounts payable	130,500	(77,685)
Accrued interest	30,625	-
Accrued payroll and other liabilities	(20,483)	83,822
Custodial funds held for others	22,596	(36,649)
Net cash provided by operating activities	357,106	322,145
<b>Cash flows from investing activities</b>		
Purchases of certificates of deposits	-	(417,925)
Sales of certificates of deposits	783,313	-
Issuance of note to related party	-	(512,000)
Transfer of cash from subsidiaries	297,032	-
Purchase of property and equipment	(51,070)	(297,452)
Net cash provided by (used in) operating activities	1,029,275	(1,227,377)
<b>Cash flows from financing activities</b>		
Draw on paycheck protection program loan	467,469	-
<b>Net change in cash and cash equivalents</b>	1,853,850	(905,232)
<b>Cash and cash equivalents and restricted cash, beginning of year</b>	511,782	1,417,014
<b>Cash and cash equivalents and restricted cash, end of year</b>	\$ 2,365,632	\$ 511,782
<b>Cash and cash equivalents and restricted cash, end of year consists of:</b>		
Cash and cash equivalents	\$ 2,243,912	\$ 412,658
Cash held for others	121,720	99,124
	\$ 2,365,632	\$ 511,782

(Continued)

## LIFETIME RESOURCES, INC. AND SUBSIDIARIES

### Consolidated Statements of Cash Flows (Continued) Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Supplemental disclosure of noncash transactions</b>		
Addition to related party notes and advances payable	\$ 401,973	\$ -
Capitalization of building improvements	401,973	-
Acquisition of subsidiary accounts receivable	4,290	-
Acquisition of subsidiary other assets	20,752	-
Acquisition of subsidiary property and equipment	2,737,281	-
Assumption of subsidiary accounts payable and accrued liabilities	584,391	-
Assumption of subsidiary notes payable and accrued interest	1,042,729	-
Recognition of contract liability	21,533	-

See accompanying notes to consolidated financial statements

## LIFETIME RESOURCES, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

#### NOTE 1 NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Nature of Organization*

LifeTime Resources, Inc. and Subsidiaries (the Agency) was created to plan, coordinate, and provide services primarily for the elderly. The Agency also provides services to disabled and low-to moderate-income individuals of any age in southeastern Indiana.

The Agency's services include information and assistance, preadmission screening, guardianship, transportation, legal assistance, care management, options counseling, congregate meals, health and wellness, in-home services, ombudsman, and management of low-income housing.

The Agency receives significant funding through the Indiana Family and Social Services Administration (IFSSA) and the Indiana Department of Transportation (INDOT). The Agency depends significantly on these funding sources to carry out its program activities.

The Agency also receives income from local government and local agencies whose citizens and beneficiaries often receive support from the Agency.

##### *Basis of Presentation*

The financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP).

The 2021 consolidated financial statements include LifeTime Resources Inc. and the activity of Logan Elderly Housing, L.P. (Logan) and Logan Elderly Housing, II, L.P. (Logan II). All significant intercompany transactions and balances have been eliminated in consolidation.

The Agency is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which are available for use in general operations and not subject to donor restrictions; and net assets with donor restrictions, which are either temporary in nature, such as those met by the passage of time or other events specified by the donor, or are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

##### *Cash and Cash Equivalents*

The Agency maintains its cash in deposit accounts, the cumulative balance of which may exceed federally insured limits. The Agency has not experienced any losses in its accounts and management believes it is not exposed to any significant credit risk on cash and cash equivalents. All liquid investments purchased with a maturity of three months or less are considered to be cash equivalents.

##### *Certificates of Deposit*

Certificates of deposit are recorded at original investment plus accrued interest.

# LIFETIME RESOURCES, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

### NOTE 1 NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Cash Held for Others***

As part of the Agency's Sentry Services program, they serve as the agent for certain individuals' bank accounts. All transactions from these accounts require proper approval before the funds are distributed. The corresponding liability is included in custodial funds held for others and accounts payable.

#### ***Accounts Receivable***

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Agency provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Accounts past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer.

#### ***Property and Equipment***

Property and equipment are recorded at cost or fair value at the time of the gift in the case of donated items. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets. Major improvements are capitalized, while maintenance and repairs are expensed as incurred. Items over \$10,000 are capitalized.

In accordance with applicable GAAP, the Agency assesses the recoverability of the carrying amount of property and equipment if certain events or changes occur, such as a significant decrease in market value of the assets or a significant change in operating conditions. Based on its most recent analysis, the Agency believes no impairments existed at June 30, 2021 and 2020.

#### ***Rental Income***

Rental income is recognized as rental payments become due. Rental payments received in advance are deferred until earned. All leases between the Agency and the tenants of the properties are operating leases.

#### ***Gifts and Contributions***

Gifts of cash and other assets received without donor stipulations are reported as revenue without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenues with donor restrictions. When a donor 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 statement of activities as net assets released from restrictions. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as revenue without donor restrictions.

# LIFETIME RESOURCES, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

### NOTE 1 NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***Gifts and Contributions (Continued)***

Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as revenue with donor restrictions. In the absence of explicit donor stipulations about how long-lived assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Conditional promises to give are recognized as revenues when the conditions on which they depend are substantially met, generally as qualifying expenses are incurred. The Agency has numerous grants for which the grantor agencies' promises to give are conditioned upon the Agency incurring certain qualifying expense under the grant programs. At December 31, 2021 and 2020, the Agency had remaining available award balances on federal government conditional grants of \$1,406,520 and \$431,656, respectively. These award balances are not recognized as assets and will be recognized as revenue without donor restrictions as the conditions are met.

#### ***Functional Classification of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Expenses have been classified based upon the actual direct expenditures and cost allocations. The most significant allocations are salary and related expenses, which are allocated to programs based on activity revenues.

#### ***Income Taxes***

The Agency is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of Indiana law. However, the Agency is subject to federal income tax on any unrelated business taxable income. The Agency is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes.

#### ***Use of Estimates***

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### ***Effect of Adopting New Accounting Standards***

In the year ended June 30, 2021, the Agency adopted Financial Accounting Services Board ("FASB") Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers ("Topic 606")*, which replaces most existing revenue recognition guidance in U.S. GAAP. The ASU also required expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Agency adopted the ASU using the modified retrospective approach to all contracts that were not completed as of the beginning of the period. Results for reporting periods beginning after June 30, 2020 are presented under Topic 606, while prior period amounts and disclosures are not adjusted and continue to be reported under the accounting standards in effect for the prior period.

# LIFETIME RESOURCES, INC. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

### NOTE 1 NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Effect of Adopting New Accounting Standards (Continued)*

Upon adoption of ASC 606, the Agency recorded an adjustment to recognize a contract liability of \$21,533 related to Medicaid waiver revenue that was previously recognized as revenue as billed; upon adoption of ASC 606, the Agency is recognizing this revenue over the contract period. The adjustment of \$21,533 was recorded as a reduction to net assets as of July 1, 2021, the date of adoption of ASC 606.

The following table summarizes the impact of ASC 606 on the Agency's financial statements for the year ended June 30, 2021:

	As Reported With Adoption of ASC 606	ASC 606 Adjustment	Balance Without Adoption of ASC 606
Contract liability	\$ 21,533	\$ (21,533)	\$ -
Net assets without donor restrictions	4,436,118	21,533	4,457,651

The adoption of ASC 606 did not impact any line item on the Agency's statement of activities for the year ended June 30, 2021.

#### *New Accounting Standard*

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Agency's year ending June 30, 2023.

The Agency is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

#### *Reclassifications*

Certain reclassifications were made to the prior year financial statements to be consistent to current year presentation. These reclassifications had no effect on the change in net assets.

#### *Subsequent Events*

The Agency has evaluated subsequent events through October 25, 2022, which is the date the financial statements were available to be issued.

## LIFETIME RESOURCES, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

#### NOTE 2 LIQUIDITY AND AVAILABILITY

The Agency's financial assets available within one year of the statement of financial position date for general expenditure are as follows as of June 30:

	2021	2020
Cash and cash equivalents	\$ 2,243,912	\$ 412,658
Certificates of deposit	247,198	1,030,511
Receivables	903,473	1,069,029
	\$ 3,394,583	\$ 2,512,198

The Agency maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

#### NOTE 3 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2021 and 2020:

	2021	2020
Land	\$ 140,000	\$ 50,000
Buildings	5,760,801	950,432
Building improvements	872,371	240,846
Vehicles	1,837,666	1,994,267
Furniture and equipment	232,344	-
Office equipment	16,536	-
Less accumulated depreciation	(5,449,203)	(2,576,442)
	\$ 3,410,515	\$ 659,103

#### NOTE 4 NOTES AND ADVANCES PAYABLE – RELATED PARTY

Notes and advances payable at June 30, consisted of the following:

	2021	2020
LifeTime Housing Group (LTHG)		
HOME (Logan II)	\$ 300,000	\$ -
AHP (Logan)	500,000	-
AHP (Logan II)	325,000	-
	\$ 1,125,000	\$ -

## LIFETIME RESOURCES, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

#### NOTE 4 NOTES AND ADVANCES PAYABLE - RELATED PARTY (CONTINUED)

LifeTime Housing Group (LTHG) has loaned \$300,000 in HOME funds to Logan II. The full balance of the note and \$162,734 of accrued interest was transferred in upon the acquisition of Logan II. The note bears interest at the rate of 4.9%. The note is secured by a mortgage on certain real estate. Principal and accrued interest is due no later than October 1, 2033. Interest expense was \$14,700 for the year ended June 30, 2021. Accrued interest was \$177,434 at June 30, 2021.

In 2020, LTHG entered into a subsidy agreement for AHP funds up to \$500,000 for renovation of Logan's property. As of June 30, 2021, the full \$500,000 has been spent on the agreement and recognized as building improvements and advance payable by the Agency. The note and construction in process balances of \$98,027 were transferred into the Agency upon the acquisition of Logan. A formal note payable has not been issued for the total amount of the project as of June 30, 2021. No interest has been charged on this amount as of June 30, 2021.

LTHG has loaned \$325,000 in Affordable Housing Project (AHP) funds to Logan II. The full balance of the note and \$156,968 of accrued interest was transferred in upon the acquisition of Logan II. The note bears interest at the rate of 4.9%. The note is secured by a mortgage on certain real estate. Principal and accrued interest is due no later than October 1, 2033. Interest expense was \$15,925 for the year ended June 30, 2021. Accrued interest was \$172,893 at June 30, 2021.

#### NOTE 5 PAYCHECK PROTECTION PROGRAM LOAN

On January 20, 2021, the Agency qualified and received a loan pursuant to the Paycheck Protection Program (the "Program"), a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief, and Economic Security's Act, from a qualified lender, for an aggregate principal amount of \$467,469 (the "PPP Loan"). The PPP Loan bears interest at a fixed rate of 1.00% per annum, with the first six months of interest deferred, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP Loan is subject to forgiveness under the Program upon the Agency's request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Agency. On November 30, 2021, the Agency received notification from the Small Business Administration that the loan was fully forgiven and used in accordance with the Program requirements. Accordingly, the full amount will be recognized as debt forgiveness income in the year ending June 30, 2022.

## LIFETIME RESOURCES, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

#### NOTE 6 NET ASSETS WITHOUT DONOR RESTRICTIONS - DESIGNATIONS

During previous years, the Agency's Board of Directors designated a portion of its net assets for future programs and costs. The designated net assets as of June 30, 2021 and 2020, are as follows:

	2021	2020
Cash flow reserve	\$ 2,103,535	\$ 1,109,684
Vehicle asset fund	118,618	374,603
Revenue fluctuations	490,469	542,000
Building fund	300,057	324,998
Building and equipment reserve	225,000	223,322
Sentry services	182,473	180,887
Catch A Ride	218,124	32,997
Vehicle replacement	84,500	84,404
DVA equity	20,690	-
LTHG operations Reserve	48,382	40,000
NDV maintenance and repairs reserve	303,316	200,000
Care transitions fund balance	20,000	-
LTHG undesignated Investments	320,954	320,954
	<u>\$ 4,436,118</u>	<u>\$ 3,433,849</u>

#### NOTE 7 THIRD PARTY REVENUE

The Agency identifies a contract with a customer for revenue recognition when there is approval and commitment from both parties, the rights of the parties and payment terms are identified, the contract has commercial substance, and the collectability of consideration is probable. The Agency evaluates each contract to determine the number of distinct performance obligations in the contract. To determine the proper revenue recognition method, the Agency evaluates whether two or more contracts should be combined and accounted for as one single contract and whether the combined or single contract should be accounted for as single or more than one performance obligation, which requires judgment.

Third party revenue consists of the following at June 30:

	2021	2020
Medicaid waiver	\$ 516,783	\$ 582,786
Waiver intake	215,284	176,622
Southeastrans	104,329	116,394
Margaret Mary Health	89,081	88,960
Other contracts	96,345	191,171
	<u>\$ 1,021,822</u>	<u>\$ 1,155,933</u>

## LIFETIME RESOURCES, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

#### NOTE 7 THIRD PARTY REVENUE (CONTINUED)

The Agency has been designated by Medicaid as an approved provider of care management services for aged and disabled clients and individuals with traumatic brain injuries. Individual recipients of Medicaid waiver funding can select the Agency to provide services as noted in their care plans. Fees are charged for each month the individual is under the waiver. There is no set minimum or maximum number of services that are to be provided to a client in a given month.

The Agency has a contract with Margaret Mary Health (MMH), a critical access hospital, to provide non-emergency medical transportation services to patients of MMH. Under this agreement, MMH identifies eligible patients who meet financial criteria to receive free transportation by the Agency to a designated MMH location. There is no set minimum or maximum number of rides that are to be provided in a given month.

Under the Medicaid waiver and MMH contracts, the performance obligation of the Agency is to stand ready for the referrals from these organizations. Revenue is recognized over the term its services are provided. The Agency generally uses the time elapsed method, an input measure, as it considers it to best depict the simultaneous consumption and delivery of its services. The determination of the method by which the Agency measures its progress towards the satisfaction of its performance obligations requires judgment.

The Agency provides transportation to eligible individuals under its contract with Southeastrans, Inc. Under this contract, Southeastrans provides the information necessary for the Agency to provide the transportation to the individual client. The Agency is reimbursed for each trip provided. Each trip is determined to be a separate, distinct performance obligation due to each trip providing benefit to the customer on its own.

The Agency has an agreement with the Indiana Family and Social Services Administration (FSSA) to provide waiver intake services for individuals. Individuals wishing to apply for the waiver program are referred or self-referred to the Agency. Upon referral, the Agency provides waiver intake services, which include phone and face-to-face counseling, initial service plan development, and assistance with the Medicaid application. These services are deemed to be a single performance obligation as they are highly interrelated in providing the intake services to the individual.

Revenue under the Southeastrans and FSSA contracts is recognized over time, as the service is performed.

Third party revenue is reported at the amount that reflects the consideration to which the Agency expects to be entitled in exchange for providing the services. Generally, the Agency bills third party payors monthly after the service is performed. The transaction price is stated in the contract and is known at the time of contract inception. There is no material variable consideration associated with the Agency's contracts with customers. The Agency has elected to apply the practical expedient related to reimbursed expenses and recognizes reimbursed expenses as revenue as they are incurred.

## LIFETIME RESOURCES, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

#### NOTE 7 THIRD PARTY REVENUE (CONTINUED)

Accounts receivable from third party contracts as of June 30 was as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Medicaid waiver	\$ 46,375	\$ 1,851	\$ 8,405
Waiver intake	20,031	41,281	32,136
Southeastrans	10,646	8,924	6,499
Margaret Mary Health	14,980	7,279	14,699
Other contracts	<u>18,589</u>	<u>41,491</u>	<u>44,300</u>
	<u>\$ 110,621</u>	<u>\$ 100,826</u>	<u>\$ 106,039</u>

Contract liabilities from third party contracts as of June 30 was as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Medicaid waiver	\$ 21,533	\$ -	\$ -

#### NOTE 8 EMPLOYEE BENEFIT PLAN

The Agency offers a 401(k) retirement plan. An employee must be 19 years of age and have completed three months of employment to be eligible. The Agency provides a matching contribution equal to 100% of salary deferrals not to exceed \$50 per month. Matching contributions made by the Agency totaled \$32,166 and \$14,583 for the years ended June 30, 2021 and 2020, respectively.

#### NOTE 9 RELATED PARTIES

Certain members of the Agency's Board of Directors also serve on the Board of Directors of LifeTime Housing Group (LTHG), but controlling interest is not present. Included in accounts receivable are personnel costs and expenses paid by the Agency for LTHG staff and are reimbursable to the Agency. As of June 30, 2021 and 2020, the Agency has a net amount of \$28,562 and \$12,578 in accounts receivable from LTHG, respectively. For 2021 and 2020, LTHG paid \$60,832 and \$61,463, respectively, to the Agency for various overhead expenses.

During 2020, the Agency advanced LTHG \$512,000 for the payoff of the note payable held by Logan I. The note is to bear interest at 3%. There are no other formal payment terms. Effective July 6, 2020, ownership of Logan I was transferred to the agency and the note payable recorded by Logan I was absorbed by the Agency. As of June 30, 2020, the balance on the note was \$512,000. Interest earned was \$7,424 in 2020. At June 30, 2020, \$7,424 was recorded in accounts receivable.

LTHG shares board members with Alpha Properties, Inc. (Alpha). Included in accounts receivable are personnel costs and expenses paid by the Agency for Alpha staff and are reimbursable to the Agency. As of June 30, 2021 and 2020, the Agency has a \$146,618 and \$0 in accounts receivable from Alpha, respectively. The Agency has an allowance of \$146,618 and \$0 at June 30, 2021 and 2020, respectively, as this amount is not expected to be collected. A total of \$6,594 and \$0 for amounts due to Alpha is included in accounts payable at June 30, 2021 and 2020, respectively. For 2021 and 2020, Alpha was charged \$156,241 and \$0, respectively, by the Agency for various overhead expenses.

## LIFETIME RESOURCES, INC. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

#### NOTE 9 RELATED PARTIES (CONTINUED)

In June 2020, the Agency took over property management of Alpha. As the management agent, the agency provides staffing and administrative services to the complex. This fee is recognized monthly based on a standard percentage of gross rents received, in accordance with the management agreement. All fees are deemed earned as the services are performed within the month. For 2021 and 2020, the Agency recognized \$21,372 and \$0 of management fees, respectively. During 2021, Alpha incorrectly paid LTHG for these services. These fees of \$21,372 from LTHG are included in accounts receivable at June 30, 2020.

During the year ended June 30, 2019, the Agency entered into a contract with Alpha for operation of a Senior Nutrition Center at Alpha. The contract ended during the year ended June 30, 2021. Expense incurred on the contract was \$4,400 and \$8,800 in the years ended June 30, 2021 and 2020, respectively.

#### NOTE 10 TRANSFER OF ASSETS

On July 6, 2020, ownership of Logan Elderly Housing, L.P. (Logan I) and Logan Elderly Housing II, L.P. (Logan II) were transferred to the Agency from LTHG. The below table represents the amount of assets and liabilities recognized by the Agency as of July 1, 2020. Activity from July 1, 2020 to July 6, 2020 is deemed immaterial to the financial statements as a whole.

	Logan I	Logan II	Total
Cash	\$ 197,699	\$ 99,333	\$ 297,032
Accounts receivable	4,261	29	4,290
Other assets	20,752	-	20,752
Property and equipment, net	1,474,205	1,263,076	2,737,281
Accounts payable	(529,206)	(7,560)	(536,766)
Security deposit liability	(27,859)	(13,266)	(41,125)
Accrued property tax	-	(6,500)	(6,500)
Notes payable	(98,027)	(625,000)	(723,027)
Accrued interest	-	(319,702)	(319,702)
	<u>\$ 1,041,825</u>	<u>\$ 390,410</u>	<u>\$ 1,432,235</u>
Net amount transferred	<u>\$ 1,041,825</u>	<u>\$ 390,410</u>	<u>\$ 1,432,235</u>

#### NOTE 11 CONTINGENCIES

During the normal course of business, the Agency is involved in various claims and lawsuits. In the opinion of management, the potential loss on any claims or lawsuits, net of insurance proceeds, will not be significant to the Agency's financial position or its activities.

## **Supplementary Information**

**LIFETIME RESOURCES, INC.**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2021**

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Dept. of Health & Human Services:			
Indiana Family and Social Services Administration			
Aging Cluster			
Title III-B Admin	93.044	2001INOASS	\$ 35,541
Title III-B Social Services	93.044	2001INOASS	255,340
COVID-19 Funding			
Title III - B CARES	93.044	2001INSSC3	<u>13,353</u>
Total Title III-B			<u>304,234</u>
Title III- Congregate Meals	93.045	2001INOACM	246,616
Title III-C Home Delivered Meals	93.045	2001INOAHD	119,809
COVID-19 Funding			
Title III-C 2 CARES	93.045	2001INHDC3	66,750
Title III-C Admin FFCRA	93.045	2001INCMC2	3,972
Title III-C 1 FFCRA	93.045	2001INCMC2	1,988
Title III-C2 FFCRA	93.045	2001INHDC2	<u>34,782</u>
Total Title III-C			<u>473,917</u>
Nutrition Services Incentive Program	93.053	2001INOANS	<u>18,974</u>
Total Aging Cluster			<u>797,125</u>
COVID-19 Funding			
Title VII - CARES	93.041	2001INSSC3	<u>8,000</u>
Title VII - Ombudsman	93.042	2001INOAOM	8,205
Title III - D	93.043	2001INOAPH	14,183
Title III - E			
Title III - E	93.052	2001INO AFC	106,400
Title III - COVID-19 Funding	93.052	2001INFCC3	22,501
Social Services Block Grant	93.667	1002INSOSR	<u>138,132</u>
Total U.S. Department of Health & Human Services			<u>1,094,546</u>
U.S. Department of Transportation:			
Historic Hoosier Hills RC&D			
Formula Grants for Rural Areas	20.509	18035740	<u>1,341,394</u>
Total U.S. Department of Transportation			<u>1,341,394</u>
Total Expenditures of Federal Awards			<u>\$ 2,435,940</u>

See accompanying notes

## **LIFETIME RESOURCES, INC.**

### **Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2021**

The following describes the significant accounting policies used in the preparation of the schedule of expenditures of federal awards:

#### **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the LifeTime Resources, Inc and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Guidance.

#### **Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained the Uniform Guidance, whereby certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

#### **Indirect Cost Rate**

The Agency has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**Subrecipients** - The Agency provided no federal awards to subrecipients.

**Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Board of Directors  
LifeTime Resources, Inc.  
Dillsboro, Indiana

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of LifeTime Resources, Inc. (the Agency), which comprise the consolidated statement of financial position as June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 25, 2022.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Agency'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 financial statements. 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*.

**Independent Auditors' 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*  
(Continued)**

**LifeTime Resources' Response to Findings**

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

**Purpose of this Report**

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

*Barnes, Dennig & Co., Ltd.*

October 25, 2022  
Indianapolis, Indiana

## **Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by Uniform Guidance**

Board of Directors  
LifeTime Resources, Inc.  
Dillsboro, Indiana

### **Report on Compliance for Each Major Federal Program**

We have audited LifeTime Resources, Inc and Subsidiaries' (the Agency) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended June 30, 2021. The Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency'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 the Agency's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Agency 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, 2021.

**Independent Auditors' Report on Compliance for Each Major Federal Program  
and on Internal Control over Compliance Required by Uniform Guidance  
(Continued)**

**Report on Internal Control over Compliance**

Management of the Agency 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 the Agency'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 the Agency'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 of any other purpose.

*Barnes, Dennig & Co., Ltd.*

October 25, 2022  
Indianapolis, Indiana

LIFETIME RESOURCES, INC.

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2021

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 deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None noted

Noncompliance material to financial statements noted?  Yes  No

**Federal Awards**

Internal control over major programs

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  Yes  None noted

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR Section 200.516(a)?  Yes  No

**Identification of major programs**

<u>CFDA #</u>	<u>Name of Federal Programs or Clusters</u>
93.044/ 93.045/ 93.053	Aging Cluster

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

Auditee qualified as low-risk auditee?  Yes  No

**LIFETIME RESOURCES, INC.**

**Schedule of Findings and Questioned Costs  
(Continued)  
Year Ended June 30, 2021**

**Section II - Financial Statement Findings**

Finding 2021-001:	Errors in recording related party activity
Condition:	Initial trial balance provided for the audit had significant errors related to related party activity.
Criteria:	Financial statements should be free of material misstatements.
Cause:	The Organization transitioned to a new database in 2021 and the new system included other related entities. The procedures that were put in place through the guidance of the 3rd party consultants did not properly account for the entity separation that is needed in order to report on the entities not owned by the Organization's sponsor.
Potential Effect:	Financial statements could be materially misstated.
Recommendation:	Management should regularly monitor related party balances and reconcile receivables and payables with amounts recorded by the related entities.
Management's Response:	Agrees. Management agrees with the finding and auditor recommendation. Management was aware of the issues but had to wait for further guidance. Management will continue to regularly monitor related party balances and reconcile receivables and payables with amounts recorded by the related party entities. Management is confident in their procedures and do not foresee this being a problem in the future.

**Section III - Federal Award Findings and Questioned Costs**

No matters are reportable.

**LIFETIME RESOURCES, INC**

**Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2021**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
	No matters are reportable.	