

EAST BATON ROUGE COUNCIL ON AGING, INC.

BATON ROUGE, LOUISIANA

JUNE 30, 2016

L.A. CHAMPAGNE 
Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

To Management and Members of the Board of Directors of
The East Baton Rouge Council on Aging, Inc.
Baton Rouge, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of East Baton Rouge Council on Aging, Inc. (the Council), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

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 opinions on these financial statements based on our audit. We conducted our audit 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 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the East Baton Rouge Council on Aging, as of June 30, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 1 - 9 and 32 - 39, respectively be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The combining schedule of revenues, expenditures and changes in fund balance – nonmajor governmental funds on page 40, the comparative schedule of capital assets and changes in capital assets on page 41, and the schedule of compensation, benefits and other payments to chief executive officer on page 44 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Also, the accompanying schedule of expenditures of federal awards on page 42 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining schedule of revenue and expenditures and changes in fund balance – nonmajor government funds, the comparative schedule of capital assets and changes in capital assets, the schedule of expenditures of federal awards, and the schedule of compensation, benefits and other payments to chief executive officer are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedule of revenue and expenditures and changes in fund balance - nonmajor governmental funds, the comparative schedule of capital assets and changes in capital assets, the schedule of expenditures of federal awards, and the schedule of compensation, benefits and other payments to chief executive officer are fairly stated in all material respects in relation to the basic 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 December 27, 2016, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 the Council's internal control over financial reporting and compliance.

L.A. Champagne & Co. L.L.P.

Baton Rouge, Louisiana

December 27, 2016

REQUIRED SUPPLEMENTARY INFORMATION



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MANAGEMENT'S DISCUSSION AND ANALYSIS

The "Management's Discussion and Analysis" of the East Baton Rouge Council on Aging, Inc.'s (the Council) financial performance presents a narrative overview and analysis of the Council's financial activities for the year ended June 30, 2016. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this report in conjunction with the basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Council's Government-Wide total liabilities exceeded its total assets at the close of fiscal year 2016 by \$221,760.

- **Changes in Revenue 2016 vs 2015**

Total revenues decreased by approximately \$64,000 or 2% from the prior fiscal year. In the current fiscal year, the Council had a decrease of \$25,000 in funding from Entergy for utility assistance, a decrease of approximately \$86,000 from the Office of Elderly Affairs programs and a decrease of approximately \$83,000 as a result of management's decision to discontinue unprofitable fundraising programs. The Council had an increase in funding from the City of Baton \$40,000, an increase of approximately \$39,000 in public contributions and an increase of approximately \$25,000 from various other sources.

- **Changes in Expenses 2016 vs 2015**

Total expenses decreased by approximately \$420,000 or 10% from the prior fiscal year mainly due to decreases in salaries and wages and the decrease in funding from operating grants and contributions resulted in decreased distributions to program participants.

- The decrease in net position for the year ended June 30, 2016 is \$19,058. The decrease in net position for the year ended June 30, 2015 is \$371,008.
- The Council's total deficit in net position for the year ended June 30, 2016 totaled \$221,760 compared to the deficit in net position of \$202,702 for the year ended June 30, 2015.

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OVERVIEW OF THE FINANCIAL STATEMENTS

The Council's annual financial report consists of seven parts:

- (1) Management's discussion and analysis (this section)
- (2) The basic financial statements (government-wide and fund statements)
- (3) Supplementary information required by GASB 34
- (4) Supplementary information required by GOEA
- (5) Supplementary information required by *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*
- (6) Supplementary information required under Acts 706 and 462
- (7) Auditor reports

The government-wide financial statements, which consist of the Statement of Net Position (Statement 1) and the Statement of Activities (Statement 2), provide information about the activities of the Council as a whole and present a long-term view of the Council's finances. In contrast, the fund financial statements, which consist of the Governmental Funds Balance Sheet (Statement 3) and the Statement of Revenues, Expenditures, and Changes in Fund Balances (Statement 5), tell how services were financed in the short-term, as well as what remains for future spending for governmental funds. Fund financial statements also report the Council's operations in more detail than the government-wide financial statements by providing information about the Council's most significant funds.

BASIC FINANCIAL STATEMENTS

The basic financial statements consist of the government-wide financial statements and fund financial statements, which present different views about the Council, along with notes to the financial statements.

Government-Wide Financial Statements

The government-wide financial statements are prepared using the accrual basis of accounting and are designed to provide readers with a broad overview of the Council's finances, in a manner similar to a private sector business. When using these financial statements the user should consider whether the Council's finances, as a whole, have improved or deteriorated since last year. The government-wide financial statements found on pages 10 through 11 report the Council's net assets and changes in them. However, to assess the overall financial position of the Council, the user must also consider nonfinancial factors, such as, the condition of the Council's capital assets and facilities, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services.

The Statement of Net Position presents all assets and liabilities and the Council's financial position at year end, whereas the Statement of Activities presents information showing how the Council's net assets changed during this fiscal year as a result of the Council's activities. In this statement, all changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only affect cash flows in future fiscal periods. The governmental activities of the Council include an Administration function and a Health, Welfare, and Social Services function. The Health, Welfare, and Social Services function is comprised of eight distinct programs that include supportive services, nutritional services, family caregiver support, senior community service employment, disease prevention and health promotion, senior citizen center operations, unmet needs, and Medicare outreach and enrollment. There is also a line item for "other services," which consists of a variety of services that individually do not represent very large expenditures. Subprogram activities are also presented within a couple of the primary functions to facilitate additional analysis. All activities of the Council are considered to be governmental activities.

A governmental activity is usually one where the Council uses money it receives from governmental grants and contracts, along with donations from the general public, to provide services at no charge to the general public, or a segment of the general public, such as the elderly. In other words, the people benefiting from the services are not required to pay for what they receive. If the Council charged fees to cover all or most of the cost of providing a service, that activity might be classified as a business-type activity. The Council does not have any business-type activities.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. All of the funds of the Council are governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Accordingly, the governmental funds use the modified accrual basis of accounting. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. The Governmental Funds balance sheet presents a reconciliation of total governmental funds balance to net position of governmental activities in Statement 3. The reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities is presented in Statement 6.

The Council uses two types of governmental funds: (1) a general fund, and (2) special revenue funds.

The general fund is used to account for all financial resources except those that are required to be accounted for in another fund. The Council's general fund receives general revenue primarily from a grant from the City-Parish of East Baton Rouge and public donations. General funds are often transferred to special revenue funds to help pay for expenditures that could not be covered by their primary revenues.

All other funds are special revenue funds that are used to account for the proceeds of specific revenue sources which are restricted or committed to expenditures for specified purposes other than debt service or capital projects. By using separate funds to track revenues and expenditures, management can control funds for particular purposes or show that the fund is meeting legal responsibilities for using certain grants and other revenues. Most special revenue funds have no fund balance at year-end because all revenue received is expended in the same year. The Utility Assistance fund is one special revenue fund that typically has a fund balance at year end because any unspent revenue at year end does not have to be returned to a grantor or donor.

The Council has presented the General Fund, Title III B Fund, Title III C-1 Fund, Title III C-2 Fund, Senior Center Fund, and the NSIP fund as "major" governmental funds as required by the Governor's Office of Elderly Affairs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 16 of this report. The notes to the financial statements should be read before making assumptions or conclusions about the Council's financial condition.

SUPPLEMENTARY INFORMATION REQUIRED BY GASB STATEMENT 34

In addition to the basic financial statements, this report also presents certain required supplementary information (RSI) that further explains and supports the information in the financial statements. The Governmental Accounting Standards Board (GASB) Statement No. 34 requires budgetary comparison schedules for the General Fund and each major Special Revenue Fund that has a legally adopted budget (see pages 32 through 39).

Management's Discussion and Analysis (MD&A) is also required supplementary information by GASB Statement No. 34. However, GASB Statement 34 requires the MD&A be presented as the first item in this reporting package and not with the other RSI, which is included later in this reporting package.

SUPPLEMENTARY INFORMATION REQUIRED BY GOEA

The Governor's Office of Elderly Affairs (GOEA) has required the Council to present combining statements that provide details about non-major governmental funds and details about capital assets and the changes in capital assets. This information will be used by GOEA to verify the accuracy of information submitted to them during the year and to help monitor certain compliance requirements set forth in the grants that it has with the Council. (see pages 40 through 41).

SUPPLEMENTARY INFORMATION REQUIRED BY *UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS*

Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) require a Schedule of Expenditures of Federal Awards to be included as supplemental information. This schedule will present information about the Council's federally funded programs in a manner that can facilitate financial and compliance analysis by the agencies that have granted federal money to the Council. (see pages 42 through 43).

SUPPLEMENTARY INFORMATION REQUIRED BY ACTS 706 AND 462

Acts 706 and 462 require a Schedule of Compensation, Benefits and Other Payments to Chief Executive Officer to be included as supplemental information. This schedule will present information about the Council's payments and reimbursements to the Agency Head in a manner that can facilitate financial and compliance analysis by the reader. (see page 44).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As of June 30, 2016, net position deficit is \$221,760. As of June 30, 2015, the net position deficit was \$202,702. This was an increase in the net position deficit of \$19,058.

Table 1
Net Position (Deficit)

	2016	2015	Increase (Decrease)	
			Amount	Percent
Cash	\$ 91,077	\$ 504	\$ 90,573	17971 %
Other current assets	19,089	34,298	(15,209)	(44)
Capital assets, net	484,875	579,629	(94,754)	(16)
Noncurrent assets	10,205	14,205	(4,000)	(28)
Total assets	<u>605,246</u>	<u>628,636</u>	<u>(23,390)</u>	(1)
Technical bank overdraft	-	1,535	(1,535)	(100)
Line of credit	98,925	-	98,925	-
Accounts payable	321,959	380,795	(58,836)	(15)
Accrued payroll and related taxes	37,405	37,867	(462)	(1)
Unearned revenue	218,000	218,000	-	-
Accrued compensated absences	19,875	20,772	(897)	(4)
Long-term debt	130,842	172,369	(41,527)	(24)
Total liabilities	<u>827,006</u>	<u>831,338</u>	<u>(4,332)</u>	(1)
Net position:				
Net investment in capital assets	484,875	579,629	(94,754)	(16)
Restricted for:				
Utility assistance	96,185	96,284	(99)	-
Unrestricted deficit	<u>(802,820)</u>	<u>(878,615)</u>	<u>75,795</u>	8
Total net position deficit	\$ <u>(221,760)</u>	\$ <u>(202,702)</u>	\$ <u>(19,058)</u>	8%

Governmental Activities

Governmental activities in fiscal year 2016 led to an increase in net position deficit of \$19,058 resulting in a net position deficit of \$221,760 as of June 30, 2016. For the year ended June 30, 2015, governmental activities resulted in a decrease in net position of \$371,008. Key elements of these activities are detailed in Table 2.

Table 2
Changes in Net Position (Deficit)

	<u>2016</u>	<u>2015</u>	<u>Increase (Decrease)</u>	
			<u>Amount</u>	<u>Percent</u>
Revenues				
Program revenues:				
Operating grants and contributions	\$ 2,631,600	\$ 2,751,219	\$ (119,619)	(4) %
Charges for services	51,826	43,114	8,712	20
General revenues:				
Grants and contributions not restricted	912,000	872,000	40,000	5
Miscellaneous	6,650	162	6,488	4005
Total revenues	<u>3,602,076</u>	<u>3,666,495</u>	<u>(64,419)</u>	(2)
Expenses				
Total expenses	<u>3,621,134</u>	<u>4,037,503</u>	<u>(416,369)</u>	(10)
Increase in net position (deficit)	(19,058)	(371,008)	351,950	(95)
Net position (deficit) – beginning of year	<u>(202,702)</u>	<u>168,306</u>	<u>(371,008)</u>	(220)
Net position (deficit) – end of year	\$ <u>(221,760)</u>	\$ <u>(202,702)</u>	\$ <u>(19,058)</u>	9

When reviewing the government-wide Statement of Activities, there are relationships that are important to the understanding of the Council's operations. As you can see on Statement 2, the Council's major program activities include supportive services, nutrition services, and senior centers. Accordingly, management allocates funds to these programs because that is where there is the greatest demand.

Another area of interest on the Statement of Activities relates to the total column wherein the Council illustrates that its governmental activities have more expenses than program revenues. In other words, they are not self-supporting. As a result, management prepares the annual budget based on this expectation, which means that general revenues will be used to cover the excess of expenses over revenues in these activities. Without unrestricted grants and contributions, the Council would be unable to provide services at current levels. Further, the general nature of these revenues allows management discretion as to how to apply them in paying for the Council's current services, as well as reallocating them to meet changing demands.

AN ANALYSIS OF THE COUNCIL'S FUNDS USING GOVERNMENTAL FUND FINANCIAL STATEMENTS

The focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Council's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Council's governmental funds reported combined ending fund balance deficit for all fund types of \$585,998, a decrease in the deficit of \$67,923 when compared to last year. The Council's General Fund deficit decreased by \$68,022 during the current fiscal year. The unassigned fund balance deficit component of the General Fund was \$682,183. The combined decrease in all Special Revenue Funds was \$800,788. The decrease in the fund balance deficits in the current fiscal year was a result of the following:

Revenues

Although revenue from the Governor's Office of Elderly Affairs decreased by approximately \$86,000 and the Council discontinued fundraising programs that generated approximately \$83,000 in the prior year. The Council did receive \$40,000 in additional funding from the City of Baton Rouge and approximately \$39,000 from public contributions.

Expenditures

Total expenditures (excluding in-kind services and facilities) decreased by approximately \$737,000 this year, primarily due to the decreases in salaries and wages of approximately \$99,000, cost of operating services of approximately \$297,000 and capital outlays of approximately \$323,000.

AN ANALYSIS OF THE GENERAL FUND BUDGET

The budget was amended one time during the year. The budgetary comparison schedule for the General Fund is on page 32. Revenues exceeded the final amended budget by approximately \$1,139,000 attributed to the revenue received from the City of Baton Rouge and public contributions. Expenditures exceeded the final amended budget by approximately \$270,000 mainly due to the operating services and other cost incurred for operations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Debt Administration

The Council has the general practice to not incur long-term debt. However, due to declining operating cash flows over several years, Management, with the consent of the Board of Directors, opened a \$100,000 line of credit during the year.

Capital Assets

The Council's investment in capital assets for its governmental activities as of June 30, 2016, amounts to \$484,875 (net accumulated depreciation). This investment in capital assets includes leasehold improvements, furniture and equipment, vehicles and buildings (see table below):

Table 3
Capital Assets at Year-end

	<u>2016</u>	<u>2015</u>
Leasehold improvements	\$ 402,107	\$ 402,107
Furniture and equipment	429,263	424,759
Vehicles	157,603	157,603
Buildings	<u>127,535</u>	<u>127,535</u>
	1,116,508	1,112,004
Less accumulated depreciation	<u>(631,633)</u>	<u>(532,375)</u>
Totals	<u>\$ 484,875</u>	<u>\$ 579,629</u>

The Council had a decrease in capital assets net of accumulated depreciation of \$94,754. The decrease is attributable to the current year depreciation expense and minimal asset additions for the current year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

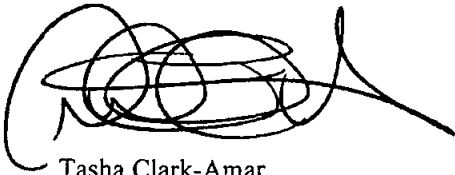
The Council receives most of its funding from federal, state and local agencies. As a result, the source of income for the Council is consistent. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council, and therefore, those revenues are not fixed. There have been no significant changes to the funding levels or terms of the grants and contracts. There are no plans to add any significant programs for next fiscal year.

The Executive Director and Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees:

- Each year the East Baton Rouge Council on Aging, Inc. experiences increases in fuel costs and other inflationary items without additional funding to offset these increases.
- Actual expenditures from the previous fiscal year in relation to expected needs in the current year.
- Consideration of funding to be received from GOEA and City of Baton Rouge.
- Salaries and benefits are based on the number of employees needed to perform necessary services.
- Services the Council will provide along with estimated service costs.
- Estimate of operating supplies needed to perform necessary services.
- Detail plan of equipment needed to be purchased.

CONTACTING THE COUNCIL'S MANAGEMENT

This financial report is designed to provide a general overview of the Council's finances for those with an interest in the Council's financial position and operations. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to Ms. Eva Pratt, CFO, East Baton Rouge Council on Aging, Inc., 5790 Florida Blvd., Baton Rouge, Louisiana, (225) 923-8031.

A handwritten signature in black ink, appearing to read 'Tasha Clark-Amar', with a stylized flourish extending to the right.

Tasha Clark-Amar
Chief Executive Officer

BASIC FINANCIAL STATEMENTS

EAST BATON ROUGE COUNCIL ON AGING, INC.
STATEMENT OF NET POSITION
June 30, 2016

Statement 1

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash - restricted	\$ 91,077
Accounts receivable - net	19,089
Total current assets	<u>110,166</u>
Noncurrent assets:	
Capital assets, net of depreciation	484,875
Deposits	10,205
Total assets	<u>\$ 605,246</u>
Deferred outflows of resources	<u>\$ -</u>
LIABILITIES	
Current liabilities:	
Line of credit	\$ 98,925
Accounts payable	321,959
Accrued payroll and related taxes	37,405
Unearned revenue	218,000
Total current liabilities	<u>676,289</u>
Non-current liabilities:	
Accrued compensated absences	
Due within one year	19,875
Loans payable	
Due within one year	15,622
Due in more than one year	115,220
Total liabilities	<u>827,006</u>
Deferred inflows of resources	<u>\$ -</u>
NET POSITION	
Net investment in capital assets	\$ 484,875
Restricted for:	
Utility assistance	96,185
Unrestricted net deficit	<u>(802,820)</u>
Total net position deficit	<u>(221,760)</u>
Total liabilities and net position	<u>\$ 605,246</u>

See accompanying notes to the basic financial statements.

EAST BATON ROUGE COUNCIL ON AGING, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2016

Functions/Programs	Program Revenues				Net (Expense)
	Direct Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Governmental activities:					
Health, Welfare, and Social Services:					
Supportive Services:					
Personal Care	\$ 414,396	\$ 147,098	\$ -	\$ 316,418	\$ (245,076)
Utility Assistance	99	-	-	-	(99)
Nutrition Service:					
Congregate Meals	428,201	173,965	29,266	443,254	(129,646)
Home Delivered Meals	522,605	181,825	22,560	419,417	(262,453)
Disease Preventing and Health Promotion	12,000	-	-	11,443	(557)
National Family Caregiver Support	109,547	41,415	-	101,007	(49,955)
Multipurpose Senior Centers	631,690	165,366	-	656,617	(140,439)
Administration:					
Area Agency Administration	103,188	-	-	103,188	-
General Administration	1,399,408	(709,669)	-	580,256	(109,483)
Total governmental activities	<u>\$ 3,621,134</u>	<u>\$ -</u>	<u>\$ 51,826</u>	<u>\$ 2,631,600</u>	<u>(937,708)</u>
General Revenues:					
Grants and contributions not restricted to specific programs					912,000
Taxes:					
Sales - Auto Rental					6,650
Decrease in net position					(19,058)
Net position deficit - beginning of the year					(202,702)
Net position deficit - end of the year					<u>\$ (221,760)</u>

See accompanying notes to the basic financial statements.

EAST BATON ROUGE COUNCIL ON AGING, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016

	General Fund	Title III B	Title III C-1	Title III C-2	Senior Center	NSIP	Non- Major Funds	Total Governmental Funds
ASSETS								
Cash	\$ 90,677	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400	\$ 91,077
Other receivables - net	19,089	-	-	-	-	-	-	19,089
Due from other funds	-	7,862	14,079	98,421	26,382	-	99,798	246,542
Total Assets	\$ 109,766	\$ 7,862	\$ 14,079	\$ 98,421	\$ 26,382	\$ -	\$ 100,198	\$ 356,708
LIABILITIES								
Line of Credit	\$ 98,925	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,925
Accounts payable	190,185	1,029	11,846	94,338	21,561	-	3,000	321,959
Accrued payroll and related taxes	18,422	6,833	2,233	4,083	4,821	-	1,013	37,405
Accrued compensated absences	19,875	-	-	-	-	-	-	19,875
Due to other funds	246,542	-	-	-	-	-	-	246,542
Deferred revenue	218,000	-	-	-	-	-	-	218,000
Total Liabilities	791,949	7,862	14,079	98,421	26,382	-	4,013	942,706
FUND BALANCES								
Restricted	-	-	-	-	-	-	96,185	96,185
Unassigned	(682,183)	-	-	-	-	-	-	(682,183)
Total fund balance (deficit)	(682,183)	-	-	-	-	-	96,185	(585,998)
Total liabilities and fund balances	\$ 109,766	\$ 7,862	\$ 14,079	\$ 98,421	\$ 26,382	\$ -	\$ 100,198	\$ 356,708

See accompanying notes to the basic financial statements.

EAST BATON ROUGE COUNCIL ON AGING, INC.
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2016

Fund balance deficit - governmental funds		\$ (585,998)
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.		
Governmental capital assets	\$ 1,116,508	
Less accumulated depreciation	<u>(631,633)</u>	484,875
Assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds.		
Deposits		10,205
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Loans payable		<u>(130,842)</u>
Net deficit of governmental activities		<u><u>\$ (221,760)</u></u>

See accompanying notes to the basic financial statements

EAST BATON ROUGE COUNCIL ON AGING, INC.
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year ended June 30, 2016

	General Fund	Title III B Fund	Title III C-1 Fund	Title III C-2 Fund	Senior Center	NSIP	Non- Major Funds	Total Governmental Funds
REVENUES								
Intergovernmental:								
City of Baton Rouge	\$ 912,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 912,000
Office of Elderly Affairs	110,500	316,418	348,254	357,240	382,852	157,177	274,945	1,947,386
Taxes:								
Sales - Auto Rental	6,650	-	-	-	-	-	-	6,650
Public Support (unrestricted):								
Contributions	229,619	-	-	-	-	-	-	229,619
Program Service Fees:								
Paid meals	-	-	29,266	22,560	-	-	-	51,826
Other	96,039	-	-	-	3,945	-	-	99,984
In-kind Contributions	154,098	-	-	-	210,513	-	-	364,611
Total revenues	1,508,906	316,418	377,520	379,800	597,310	157,177	274,945	3,612,076
EXPENDITURES								
Health, Welfare, & Social Services:								
Current:								
Salaries and wages	150,788	362,420	273,533	222,529	289,559	-	152,607	1,451,436
Fringe	10,550	109,769	69,525	40,205	65,976	-	33,079	329,104
Travel	-	8,447	-	1,916	715	-	3,038	14,116
Operating services	259,784	48,653	50,283	51,848	160,529	-	45,447	596,544
Operating supplies	3,986	4,347	4,933	5,151	121,378	-	9,459	149,254
Other cost	181,563	26,094	14,262	26,427	158,839	-	22,520	429,705
Kitchen operations	1,390	-	183,812	334,555	-	-	-	519,757
Capital outlay	2,500	-	822	1,182	-	-	-	4,504
Debt service:								
Principal retirement	41,527	-	-	-	-	-	-	41,527
Interest	8,107	-	-	-	-	-	-	8,107
Utility Assistance	-	-	-	-	-	-	99	99
Total expenditures	640,195	559,730	597,170	683,813	796,996	-	266,249	3,544,153
Excess (deficiency) of revenues over expenditures	868,711	(243,312)	(219,650)	(304,013)	(199,686)	157,177	8,696	67,923
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	243,312	219,650	304,013	199,686	-	50,512	1,017,173
Operating transfers out	(800,689)	-	-	-	-	(157,177)	(59,307)	(1,017,173)
	(800,689)	243,312	219,650	304,013	199,686	(157,177)	(8,795)	-
Net change in fund balances	68,022	-	-	-	-	-	(99)	67,923
Fund balance (deficit)								
Beginning of year	(750,205)	-	-	-	-	-	96,284	(653,921)
End of year	\$ (682,183)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,185	\$ (585,998)

See accompanying notes to the basic financial statements.

EAST BATON ROUGE COUNCIL ON AGING, INC.
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES

Year ended June 30, 2016

Excess of revenues and other financing sources over expenditures and other uses - total governmental funds		\$ 67,923
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital outlay	\$ 4,504	
Depreciation expense	<u>(99,258)</u>	(94,754)
Governmental funds report outlays for deposits as expenditures, however, in the statement of activities, the deposit is deferred until it is returned or utilized		
		(4,000)
Because some revenues will not be collected for several months after year-end, they are not considered "available" revenues in the governmental funds		
Public support, unrestricted		(10,000)
Governmental funds report expenditures that benefit future periods as current, however, in the statement of activities, the cost is allocated over the benefit period		
Prepaid insurance		(19,754)
Some expenses reported by the governmental funds require the use of current financial resources and therefore are not reported as expenditures in the statement of activities		
Principal payments	<u>41,527</u>	<u>41,527</u>
Change in net position of governmental activities		<u>\$ (19,058)</u>

See accompanying notes to the basic financial statements.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the East Baton Rouge Council on Aging, Inc. (the Council) conform to the accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental and financial reporting principles.

The purpose of the Council is to collect facts and statistics and make special studies of conditions pertaining to the employment, financial status, recreation, social adjustment, mental and physical health or other conditions affecting the welfare of the aging people in East Baton Rouge Parish, Louisiana (the Parish); to keep abreast of the latest developments in these fields of activity throughout Louisiana and the United States; to interpret its findings to the citizens of the Parish and state; to provide for the mutual exchange of ideas and information on the parish and state level; to conduct public meetings; to make recommendations for needed improvements and additional resources; to promote the welfare of aging people; to coordinate and monitor services with other local agencies serving the aging people of the parish; and to assist and cooperate with the Governor's Office of Elderly Affairs (GOEA), and other departments of state and local government serving the elderly, and; to make recommendations relevant to the planning and delivery of services to the elderly of the Parish.

The primary services provided by the Council to the elderly residents of the Parish include congregate and home delivered meals, health care services, nutritional education, information and referral, legal assistance, homemaker services, operation of senior centers, and outreach.

Reporting entity

In 1964, the State of Louisiana passed Act 456, which authorized the charter of voluntary councils on aging for the welfare of the aging people in their respective parishes. In 1979, the Louisiana Legislature created the Governor's Office of Elderly Affairs (La R.S. 46:931) with the specific intention to administer and coordinate social services and programs for the elderly population of Louisiana through sixty-four parish voluntary councils on aging.

Charters are issued by the Louisiana Secretary of State upon approval by the Governor's Office of Elderly Affairs. The East Baton Rouge Council on Aging, Inc. is a non-profit, quasi-public corporation which must comply with the policies and regulations established by the Governor's Office of Elderly Affairs, the state agency which provides the Council with most of its revenues. Other entities that provide the Council with federal, state, or local funds may impose some additional requirements.

Before January 1, 1983, the Council operated as part of the City of Baton Rouge. Effective January 1, 1983, the Council began operating as a stand-alone entity, responsible for managing all of its affairs. Based on the criteria set forth in GASB Statement No. 61, The Financial Reporting Entity (an amendment of GASB Statement 14), the Council is not a component unit of another primary government nor does it have any component units related to it. In addition, based on the criteria set forth in this statement, the Council has presented its financial statements as a stand-alone, special purpose government; accordingly, it is applying the provisions of Statement 61 as if it were a primary government.

A Board of Directors, consisting of eleven voluntary members who serve three-year terms, governs the Council.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation

The Council's basic financial statements consist of "government-wide" financial statements on all activities of the Council, which are designed to report the Council as a whole entity, and "fund" financial statements, which report individual major governmental funds and combined non-major governmental funds.

Both the government-wide and fund financial statements categorize primary activities as either "governmental" or "business" type. The Council's functions and programs have all been categorized as "governmental" activities. The Council does not have any business-type activities, fiduciary funds, or any component units that are fiduciary in nature. Accordingly, the government-wide financial statements do not include any of these activities or funds.

Government-wide financial statements - The Statement of Net Position and the Statement of Activities accounts for all activities of the Council. As a general rule, the effect of inter-fund activity has been eliminated from these statements. The government-wide presentation focuses primarily on the sustainability of the Council as an entity and the change in its net position resulting from the activities of the current fiscal year. Generally, intergovernmental revenues support governmental activities.

In the government-wide Statement of Net Position only one column of numbers has been presented for total governmental activities. The amounts are presented on a consolidated basis and represent only governmental type activities.

The Statement of Net Position has been prepared on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Council's net position is reported in three parts - invested in capital assets, net of related debt; restricted net position; and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Council's functions and significant programs. Many functions and programs are supported by general government revenues such as intergovernmental revenues and unrestricted public support, particularly if the function or program has a net cost. The Statement of Activities begins by presenting gross direct and indirect expenses that include depreciation and amortization, and then reduces the expenses by related program revenues, such as charges for services, operating and capital grants, and restricted contributions, to derive the net cost of each function or program. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

Direct expenses reported in the Statement of Activities are those that are clearly identifiable with a specific function or program, whereas the Council allocates its indirect expenses among various functions and programs in accordance with Title 2 CFR part 200, subpart E of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The Statement of Activities shows this allocation in a separate column labeled "indirect expenses." GOEA provides administrative grant funds to help the Council pay for a portion of its indirect costs.

In the Statement of Activities, charges for services represent program revenues obtained by the Council when it renders services provided by a specific function or program to people or other entities. Unrestricted contributions, unrestricted grants, interest income, and miscellaneous revenues that are not included among program revenues are reported as general revenues in this statement.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund financial statements - The present financial information that is very similar to that which was included in the general-purpose financial statements issued by governmental entities before Statement No. 34 required the format change.

The daily accounts and operations of the Council continue to be organized using funds. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The Council uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position sources, uses, and balances of financial resources rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is generally considered major if it is the primary operating fund of the Council or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type. The non-major funds are summarized by category or fund type into a single column in the fund financial statements.

Governmental fund equity is called the fund balance. Fund balance is further classified on a hierarchy that shows, from the highest to the lowest, the level or form of constraints on fund balance and accordingly, the extent to which the Council is bound to honor them: non-spendable, restricted, committed, assigned and unassigned.

The following is a description of the governmental funds of the Council:

General Fund - The General Fund is the general operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund. These discretionary funds are accounted for and reported according to the source (federal, state, or local) from which they are derived. In addition, the servicing of general long-term debt is accounted for in the General Fund because unrestricted resources are used to pay for the liabilities incurred by this fund. The General Fund is considered a Major Fund of the Council.

The following are brief descriptions of the programs and funding sources that comprise the Council's General Fund:

Local

Revenues such as donations from the general public, funding from the local City-Parish government, income from various fund raising activities, and interest earned on invested idle funds have been recorded in the local program of the general fund. Expenses related to these activities as well as expenses not chargeable to specific programs are recorded in the local program. Local program funds are also transferred to other funds and programs to supplement their funding when needed. Most of the Council's fixed assets are acquired with local program funds.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PCOA

PCOA funds are appropriated for the Council by the Louisiana Legislature and remitted to the Council via the Governor's Office of Elderly Affairs (GOEA). The Council may use these "Act 735" funds at its discretion provided the program benefits people who are at least 60 years old.

NSIP (Nutritional Services Incentive Program)

NSIP funds are provided to the Council through the GOEA. These funds are used to defray the cost of providing meals under the congregate and home delivered meal programs.

Senior Activities

The Senior Activities fund is used to account for revenues and costs associated with senior activities. These activities include, but are not limited to craft classes held at senior centers, a consignment store that enables senior citizens to market their crafts, and sponsorship of the annual Senior Olympics.

Major Special Revenue Funds - Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The Council has established several special revenue funds.

The following are brief descriptions of the purpose of each special revenue fund and their classification as either a major or non-major governmental fund:

Major Governmental Funds

Title III-B Supportive Services Fund

The Title III-B Supportive Services Fund is used to account for funds which are to provide a variety of social services; such as, information and assistance, access services, in-home services, community services, legal assistance, and outreach for people age 60 and older.

Title III C-1 Fund

The Title III C-1 Fund is used to account for funds that are used to provide nutritional, congregate meals to the elderly at strategically located meal sites in East Baton Rouge Parish.

Title III C-2 Fund

Title III C-2 Fund is used to account for funds that are used to provide nutritional, home-delivered meals to home bound older persons.

Senior Center Fund

The Senior Center Fund is used to account for the administration of Senior Center program funds appropriated by the Louisiana Legislature to the Governor's Office of Elderly Affairs, which in turn "passes through" the funds to the Council. This program provides funding for community service centers where older persons can receive supportive services and participate in activities which foster their independence, enhance their dignity, and encourage their involvement in and with the community. The Council operates eleven senior centers and four nutritional sites.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nonmajor Governmental Funds

Title III C Area Agency Administration (AAA) Fund

The Title III C Area Agency Administration (AAA) Fund is used to account for some of the administrative costs associated with operating the Special Programs for the Aging.

Title III D Fund

The Title III D Fund is used to account for funds that provide disease prevention and health promotion services. During the year, the Council provided wellness activities designed to support and/or improve the older person's mental and/or physical well-being including exercise/physical fitness classes and health screening sessions. The Council also provided medication management services, which included screening and educating older persons to prevent incorrect medications usage and adverse drug reactions.

Title III E Fund

The Title III E Fund is used to account for funds, which provide various caregiver support services. This includes public education, information and assistance, support groups, in-home respite care, and personal care services.

Supplemental Senior Center Fund

The Supplemental Senior Center Fund is used to account for the additional money appropriated by the Louisiana Legislature to supplement the primary state grant for senior centers. These funds are "passed through" the Governor's Office of Elderly Affairs.

Utility Assistance Fund

The Utility Assistance Fund is used to account for Project Care, which was previously sponsored by Entergy, a local utility company, through contributions collected from service customers and employees and remitted to the Council. These funds are used to provide financial assistance to the elderly for the payment of their utility bills.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement focus – The government-wide financial statements are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets, and financial position. All assets and liabilities (whether current or non-current) associated with their activities are reported. All governmental funds utilize a current financial resources measurement focus in the fund financial statements. Only current financial assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available spendable financial resources during a given period. The fund balance is the measure of available spendable financial resources at the end of the period.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of accounting - The government-wide financial statements are presented using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred or economic assets are used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Revenues are recognized when "measurable and available." Measurable means the amount of the transaction can be determined, and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

Interfund Activity

In the fund financial statements, interfund activity is reported as either loans or transfers. Loans between funds are reported as interfund receivables (due from) and payables (due to) as appropriate. Transfers represent a permanent reallocation of resources between funds. In other words, they are not expected to be repaid.

In the government-wide financial statements, all types of interfund transactions are eliminated when presenting the governmental activity information.

Cash and Cash Equivalents

Cash includes not only currency on hand, but also demand deposits with banks or other financial institutions. For the purposes of the Statement of Net Position, restricted cash amounts are those received or earned by the Council with an explicit understanding between the Council and the resource provider that the resource would be used for a specific purpose.

Receivables

The Council has established an allowance for doubtful accounts relating to its home delivered meal program based on management's assessment of collectability and prior experience. The Council does not charge interest on past due accounts. Customer accounts are charged off if management determines the outstanding balance is doubtful. At June 30, 2016, the allowance for doubtful accounts totaled \$36,276.

Prepaid Expenses

The Council has elected not to expense amounts paid for future services until those services are consumed to comply with the cost reimbursement terms of its grant agreements. The fund balances in the governmental fund types have been reserved for any prepaid expenses recorded in these funds to reflect the amount of fund balance not currently available for expenditure.

Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$1,000 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the Government-Wide Statement of Net Position. In contrast, in the Fund Financial Statements, capital assets are recorded as expenditures of the fund that provided the resources to acquire the asset. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (continued)

For capital assets recorded in the Government-Wide Financial Statements, depreciation is computed and recorded using the straight-line method for the assets estimated useful life. The estimated useful lives of the various classes of depreciable capital assets are as follows:

Buildings	30 years
Building Improvements	20 years
Equipment	5-7 years
Vehicles	5 years
Computers	3 years

Salvage values have not been estimated by management when calculating how much of an asset's cost needs to be depreciated except for vehicles. For that category of capital assets, management has used 10% of the vehicle's initial cost as a salvage value estimate.

Depreciation is not computed or recorded on capital assets for purposes of the Fund Financial Statements.

Compensated Absences

Full time employees earn vacation leave, beginning with the first full month of employment, at the rate of one day pay per month. The earning rate for vacation leave increases with each year of employment up to 1.75 days per month for employees with ten or more years of service.

No more than 5 days of vacation leave may be carried over after May 15th of each year. Payment of any vested vacation leave is made by the Council upon termination of an employee for any reason.

Generally accepted accounting principles require the accrual for vacation leave to the extent it is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement. The Council recorded a liability as of June 30, 2016, for the accrued vacation for each employee at the employee's current rate of pay.

Generally accepted accounting principles require the accrual for sick leave if it is probable that the employer will compensate the employees for the benefits through cash payments conditioned on the employee's termination or retirement. Since the accumulated sick leave lapses upon termination, no amount has been accrued.

Management has estimated that the liability for accrued compensated absences will be paid from general fund expendable, available financial resources. Consequently, the total amount of accrued compensation is reported as a current accrued liability at the fund level.

Revenue Recognition

Revenues are recorded in the Government-Wide Statements when they are earned under the accrual basis of accounting. Revenues are recorded in the Fund Financial Statements using the modified accrual basis of accounting. In applying the susceptible to accrual concept using this basis of accounting, intergovernmental grant revenues, program service fees, and interest income usually are both measurable and available. However, the timing and amounts of the receipts of public support and miscellaneous revenue are often difficult to measure; therefore, they are recorded as revenue in the period received.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

The Council, a quasi-governmental entity, is exempt from federal income taxes under Section 501(C) (3) of the Internal Revenue Code (the Code), and is an organization that is not a private foundation as defined in section 509(a) of the Code. The Council is also exempt from Louisiana income tax.

The Council does not file a Form 990 because it has been determined to be an "affiliate of a governmental unit" within the meaning of Section 4 of Revenue Procedure 95-48, 1995-2 C.B. 418.

Net Position in the Government-wide Financial Statements

In the Government-wide Statement of Net Position, the net position is classified and displayed in three components:

- *Net Investment in capital assets* – This component consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. At year-end, the Council did not have any borrowings that were related to capital assets.
- *Restricted net position* – This component consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* – This component consists of all other net assets that do not meet the definition of "restricted" or "net investment in capital assets." When both restricted and unrestricted resources are available for use in a specific program or for a specific purpose, the Council's usual policy is to use restricted resources first to finance its activities.

Fund Balance – Fund Financial Statements

Accounting standards require governmental fund balances to be reported in five categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purpose for which resources can be used:

- *Nonspendable* - amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

The Council did not have any nonspendable funds as of year-end.

- *Restricted* - amounts for which constraints have been placed on the use of resources are either:
 - Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
 - Imposed by law through constitutional provisions or enabling legislation.

The Council had restricted funds of \$96,185 at year-end.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *Committed:* This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Council's board of directors, which is the Council's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the board of directors removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

The Council did not have any committed funds as of year-end.

- *Assigned:* This classification includes spendable amounts that are reported in governmental funds other than the General Fund, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose in accordance with the provisions of GASB Statement 54. The intent of an assigned fund balance should be expressed by either the Council's board of directors, or a subordinate high-level body, such as a finance committee, or an official, such as the executive director, that has the authority to assign amounts to be used for specific purposes.

The Council did not have any funds available to assign at year-end.

- *Unassigned:* This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

The Council had an unassigned deficit fund balance of \$682,183 at year-end. Management believes that its continuing plan to increase revenue from fund raising and control costs through careful budgetary monitoring will reduce and eliminate the deficit in a future period.

When fund balance resources are available for a specific purpose in multiple classifications, the Council would use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, it reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

Allocation of Indirect Expenses

The Council reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are recorded as direct costs of the Administration function. GOEA provides funds to partially subsidize the Council's Administration function. These indirect costs, including travel, operating services, operating supplies, and other administrative costs are allocated using a budget tool provided by the GOEA which is based primarily on the relationship of direct costs a program bears to the total direct costs of all programs.

Management's 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 the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

New Accounting Standards Adopted

No new accounting standards were adopted during the year ended June 30, 2016.

B: CASH

The Council maintains a consolidated bank account that is available for use by all funds.

The purpose of the consolidated account is to reduce administration costs and facilitate cash management. The consolidated account also allows those funds with available cash resources to temporarily cover any negative cash balances in other funds.

The Council maintains another demand deposit account for making payroll disbursements. The Council has additional bank accounts, for investment of idle funds to reduce credit risks and for other administrative purposes

As described in Louisiana law, the Council is classified as a quasi-public entity. Accordingly, the Council is not required to comply with Louisiana laws relating to the collateralization of bank deposits. However, the Council's policy is to follow state law in an effort to minimize risks associated with bank deposits that exceed those currently covered by FDIC insurance. Accordingly, the Council's management obtained collateralization for deposits at financial institutions that exceed FDIC insurance.

Cash is reported at its carrying value, which equals its fair value. At June 30, 2016, no cash balances were restricted. The bank balances associated with these carrying values were \$152,582. None of the bank balances were exposed to credit risks.

C: RECEIVABLES ON FUNDING CONTRACTS

No amounts were due on funding contracts from the Governor's Office of Elderly Affairs at June 30, 2016.

D: CONTINGENCIES

From time to time the Council may be involved in legal matters in the ordinary course of business. None of these matters currently outstanding would have a material adverse effect on the Councils financial statements.

E: DEFERRED COMPENSATION

The Council offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all Council employees and permits them to defer a portion of their salary until future years. Participation in the plan is at the employee's option.

The deferred compensation cannot be withdrawn by participating employees until termination, retirement, death or unforeseeable emergency. All assets and income of the plan are held in trust for the exclusive benefit of the participants and their beneficiaries. In accordance with GASB Statement No. 32, the Council does not carry the liability for deferred compensation or any related deposit or investment assets on its combined balance sheet. At June 30, 2016, the plan assets totaled \$39,727.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

F: CAPITAL ASSETS

A summary of changes to fixed assets for the year ended June 30, 2016, is as follows:

	Balance 06/30/15	Additions	Deletions	Balance 06/30/16
Capital assets:				
Vehicles	\$ 157,603	\$ -	\$ -	\$ 157,603
Furniture and equipment	424,759	4,504	-	429,263
Leasehold improvements	402,107	-	-	402,107
Buildings	127,535	-	-	127,535
Total capital assets	<u>1,112,004</u>	<u>4,504</u>	<u>-</u>	<u>1,116,508</u>
Less accumulated depreciation:				
Vehicles	95,853	17,734	-	113,587
Furniture and equipment	281,456	26,569	-	308,025
Leasehold improvements	130,160	50,286	-	180,446
Buildings	24,906	4,669	-	29,575
Total accumulated depreciation	<u>532,375</u>	<u>99,258</u>	<u>-</u>	<u>631,633</u>
Capital assets, net of depreciation	<u>\$ 579,629</u>			<u>\$ 484,875</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Personal Care	\$ 1,764
Congregate Meals	4,996
Home Delivered Meals	20,518
Multipurpose Senior Centers	159
General Administration	<u>71,821</u>
Total depreciation expense – governmental activities	<u>\$ 99,258</u>

G: LINE OF CREDIT

On August 28, 2015, the Council opened a \$100,000 line of credit with Whitney Bank. The interest rate is variable at Prime plus 2.750%, which was 6.25% at June 30, 2016. The outstanding balance on the line of credit, \$98,925 at June 30, 2016 is due August 28, 2016.

	Balance 06/30/15	Additions	Reductions	Balance 06/30/16
Line of Credit	\$ -	\$ 534,125	\$ 435,200	\$ 98,925

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

H: DEBT

The following is a summary of transactions relating to the Council's long-term debt during the year.

	Balance 06/30/15	Additions	Reductions	Balance 06/30/16	Short-term
Accrued compensated absences	\$ 20,772	\$ 6,924	\$ 7,821	\$ 19,875	\$ 19,875
Loans					
Insurance Premium					
Financing	\$ 22,719	\$ -	\$ 22,719	\$ -	\$ -
Note payable – American Gateway Bank	139,734	-	11,879	127,855	12,635
Note payable – Whitney Bank	9,916	-	6,929	2,987	2,987
	<u>\$ 172,369</u>	<u>\$ -</u>	<u>\$ 41,527</u>	<u>\$ 130,842</u>	<u>\$ 15,622</u>

On October 3, 2012, the Council entered into a loan agreement with Whitney National Bank. The loan amount was \$20,100, with a variable interest rate of the Wall Street Journal prime rate plus 3.0%. Interest payments were due monthly on the loan with the principal balance due on October, 3, 2013. Effective November 27, 2013, the Council converted its outstanding line of credit into a term loan. The principal is scheduled to be repaid in 35 monthly installments of \$605 each with the final payment due on November 27, 2016.

On July 10, 2014, the Council entered into a loan agreement with American Gateway Bank. The original loan amount was \$150,000, with an interest rate of 6.0% and is payable in 59 regular payments of \$1,672 each and one irregular last payment of \$87,530 due on July 10, 2019.

Debt Service Requirements to Maturity

The annual requirements to amortize debt outstanding at June 30, 2016, are as follows:

Year	Note Payable American Gateway Bank		Note Payable Whitney Bank		Total Governmental Long-term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 12,635	\$ 7,430	\$ 2,987	\$ 38	\$ 15,622	\$ 7,468
2018	13,425	6,640			13,425	6,640
2019	14,265	5,800			14,265	5,800
2020	87,530	438			87,530	438
	<u>\$ 127,855</u>	<u>\$ 20,308</u>	<u>\$ 2,987</u>	<u>\$ 38</u>	<u>\$ 130,842</u>	<u>\$ 20,346</u>

Interest paid on debt obligations amounted to \$8,107 in fiscal 2016.

I: LEASE COMMITMENTS

Operating Leases

On January 1, 2010, the Council entered into a lease with the City of Baton Rouge for the building that houses the Council's main office at 5790 Florida Boulevard, Baton Rouge, Louisiana. The lease is for a term of twenty-five years at no cost. The Council is responsible for utilities, normal repairs and maintenance, and providing liability, fire and casualty insurance in the amount of \$5 million.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

I: LEASE COMMITMENTS (Continued)

On May 5, 2014, the Council entered into a lease for the building that houses its bingo hall at 6955 Florida Boulevard, Baton Rouge, Louisiana. The lease is for a term of sixty months at \$8,300 per month. However, rentals for the first four months were abated under an act of donation. The Council is responsible for utilities, normal repairs and maintenance, and providing general liability insurance in the amount of \$1 million.

The Council leases equipment under various leasing arrangements which qualify as operating leases. The lease payments are made on a monthly basis under scheduled terms that vary.

Management has estimated the future minimum lease payments under all of the non-cancellable lease agreements in effect at June 30, 2016 as follows:

Year ending June 30.	Amount
2017	\$ 106,939
2018	106,939
2019	86,774
2020	3,450
2021	2,300
	<u>\$ 306,402</u>

Lease payments made during the year ended June 30, 2016 totaled approximately \$51,092 for the above leases.

J: IN-KIND DONATIONS

The Council received \$364,611 in various in-kind contributions during the year which have been valued at their estimated fair market value and presented in this report as revenue. Related expenditures, equal to the in-kind revenues, have also been presented, thereby producing no effect on net revenue.

A summary of the in-kind contributions and their respective assigned values is as follows:

The Council's main office facility was furnished by the City of Baton Rouge at no charge	\$ 225,504
Other Senior Center site facilities and health screening sites are furnished to the Council without charge	97,761
Other miscellaneous items furnished to the Council without charge	<u>41,346</u>
	<u>\$ 364,611</u>

The Council receives additional support through services contributed by volunteers that does not meet the criteria for recognition under generally accepted accounting principles because the Council would not hire additional paid employees to perform these services if volunteers were not available.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

K: BOARD OF DIRECTOR'S COMPENSATION

Service on the Board of Directors is voluntary and, therefore, members are not compensated in the form of per diem. Members of the Board are reimbursed for travel expenses.

L: EMPLOYEE BENEFITS

The Council maintains a cafeteria plan allowable under IRC Section 125 for its eligible full-time employees. Employees may elect to reduce compensation to pay for personal health, and dental insurance.

M: ECONOMIC DEPENDENCY

The Council receives the majority of its revenue from grants administered by the Louisiana Governor's Office of Elderly Affairs and quarterly allocations from the City of Baton Rouge, Louisiana. The grant amounts are appropriated each year by the federal, state, and local governments. If significant budget cuts are made at the federal, state and/or local level the Council funding could be reduced significantly and have an adverse impact on its operations. However, management is not aware of any actions by Council funding sources that will adversely affect operations in the next fiscal year.

The Council receives support from a number of sources. Significant among those are the following, reflecting their percent of total revenues provided in fiscal year 2016:

Governor's Office of Elderly Affairs	54%
City of Baton Rouge	25%

N: FEDERALLY ASSISTED AND OTHER GOVERNMENT PROGRAMS

Federal and state assistance programs represent an important source of funding for the Council. The federal programs are audited annually in accordance with the "Single Audit Act". Other programmatic audits may be conducted by grantor agencies. Prior audits have not resulted in any significant disallowed costs. However, grantor agencies may conduct or require additional examinations which could result in the cancellation of grants or contracts, the disallowance of costs charged to the grant or require the repayment of any questioned costs identified, and such repayments may be material to the financial statements.

O: INTERFUND TRANSFERS

The Council provides support to its various programs in the form of transfers. Transfers in and out are listed by fund type for the year ended June 30, 2016:

	Transfers Out From			
Transfers In For:	General Fund	NSIP	Nonmajor Funds in the Aggregate	Total Transfers In
Title III B	\$ 243,312	\$ -	\$ -	\$ 243,312
Title III C-1	117,259	102,391	-	219,650
Title III C-2	189,920	54,786	59,307	304,013
Senior Center	199,686	-	-	199,686
Nonmajor Funds in the Aggregate	50,512	-	-	50,512
Total Transfers Out	\$ 800,689	\$ 157,177	\$ 59,307	\$ 1,017,173

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

O: INTERFUND TRANSFERS (continued)

Transfers are used to (a) move revenues from the fund that collects the funds as required under applicable statute or budget to the fund that expends the funds as required under applicable statute or budget, and (b) shift unrestricted revenues from the General Fund to finance program costs not covered by dedicated special revenues.

These transfers are eliminated as a part of the consolidation process in preparing the Government-Wide Financial Statements.

P: INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of amounts due from and due to other funds at June 30, 2016:

	Due From	Due To
Senior Center Fund		
General Fund	\$ 26,382	\$ -
Title III B Fund		
General Fund	7,862	-
Title III C-1 Fund		
General Fund	14,079	-
Title III C-2 Fund		
General Fund	98,421	-
Nonmajor Fund in the aggregate		
General Fund	99,798	-
General Fund		
Title III B Fund	-	7,862
Title III C-1 Fund	-	14,079
Title III C-2 Fund	-	98,421
Senior Center Fund	-	26,382
Nonmajor Fund in the aggregate	-	99,798
Total General Fund	-	246,542
	\$ 246,542	\$ 246,542

Outstanding balances between funds reported as “due to/due from other funds” include charges by one fund to another for services and/or goods outstanding at year end and are expected to be settled within the next year.

Interfund receivables and payables are eliminated in the Government-Wide Financial Statements as a part of the consolidation process.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

Q: SUBSEQUENT EVENTS

Management has evaluated events through the date that the financial statements were available to be issued, December 27, 2016, and determined that no events have occurred that require additional disclosure. No events occurring after this date have been evaluated for inclusion in these financial statements.

R: GOING CONCERN

As shown in the accompanying financial statements, the Council at June 30, 2016, is reporting a total fund deficit of \$585,998 and a net position deficit of \$221,760. These deficits have been ongoing for several periods. These conditions create uncertainty about the Council's ability to continue as a going concern.

Council Management and the Board has formulated a plan to reduce the deficits through management of the Council's cash flows by:

- Developing budgets to better control expenditures
- Adherence to the budget in order to reduce expenditures
- Providing a stable source of funding through a dedicated property tax. On November 8, 2016, voters approved a 2 ¼ mill property tax dedicated to the Council that will provide \$7.9 million annually for ten years beginning January 2018. The Council may consider issuance of revenue anticipation bonds to provide funding for the period prior to the commencement of tax collections in 2018, should the need arise.
- Raising additional revenue from private grants and funding
- Utilizing the Event Center to generate additional revenue and to reduce costs related to senior activities held in the facility
- Discontinuing unprofitable fundraising programs, specifically the Charitable Gaming Project, the operation of which previously contributed significantly to the accumulating deficits
- Increasing its line of credit limit from \$100,000 to \$200,000

REQUIRED SUPPLEMENTARY INFORMATION

EAST BATON ROUGE COUNCIL ON AGING, INC.
BUDGETARY COMPARISON SCHEDULE -
GENERAL FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts Modified	Variance with Final Budget Favorable
	Original	Final	Accrual Basis	(Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 9,088	\$ 187,535	\$ 110,500	\$ (77,035)
City of Baton Rouge	294,593	182,170	912,000	729,830
Taxes:				
Sales - Auto Rental	-	-	6,650	6,650
Public Support - restricted:				
Contributions	-	-	-	-
Senior Olympic Sponsorship	-	-	-	-
Public Support - unrestricted:				
Contributions	-	-	229,619	229,619
Program Service Fees:				
Paid meals	-	-	-	-
Interest Income				
Utility Assistance - Entergy	-	-	-	-
Other	-	-	96,039	96,039
In-kind Contributions	-	-	154,098	154,098
Total revenues	303,681	369,705	1,508,906	1,139,201
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Salaries and wages	183,923	146,838	150,788	(3,950)
Fringe	37,819	34,540	10,550	23,990
Travel	46	55	-	55
Operating services	22,849	130,318	239,784	(109,466)
Operating supplies	11,184	8,044	3,986	4,058
Other cost	47,860	49,910	181,563	(131,653)
Kitchen operations	-	-	1,390	(1,390)
Capital outlay	-	-	2,500	(2,500)
Debt service:				
Principal retirement	-	-	41,527	(41,527)
Interest	-	-	8,107	(8,107)
Utility Assistance	-	-	-	-
Total expenditures	303,681	369,705	640,195	(270,490)
Excess of revenues over expenditures	-	-	868,711	868,711
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(800,689)	(800,689)
Total other financing sources (uses)	-	-	(800,689)	(800,689)
Net change in fund balance	\$ -	\$ -	68,022	\$ 68,022
Fund balance (deficit)				
Beginning of year			(750,205)	
End of year			\$ (682,183)	

See accompanying notes to budgetary comparison schedules.

EAST BATON ROUGE COUNCIL ON AGING, INC.
BUDGETARY COMPARISON SCHEDULE -
TITLE III B - SUPPORTIVE SERVICES FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 316,418	\$ 316,418	\$ 316,418	\$ -
City of Baton Rouge	216,858	195,388	-	(195,388)
Public Support - restricted:				
Contributions	-	-	-	-
Senior Olympic Sponsorship	-	-	-	-
Public Support - unrestricted:				
Contributions	-	-	-	-
Fund raising	-	-	-	-
Program Service Fees:				
Paid meals	-	-	-	-
Interest Income	-	-	-	-
Utility Assistance - Entergy	-	-	-	-
Other	50,000	50,000	-	(50,000)
In-kind Contributions	-	-	-	-
Total revenues	<u>583,276</u>	<u>561,806</u>	<u>316,418</u>	<u>(245,388)</u>
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Salaries and wages	398,335	379,669	362,420	17,249
Fringe	81,907	89,309	109,769	(20,460)
Travel	15,033	9,036	8,447	589
Operating services	46,023	46,982	48,653	(1,671)
Operating supplies	13,060	12,302	4,347	7,955
Other cost	28,918	24,508	26,094	(1,586)
Kitchen operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Utility Assistance	-	-	-	-
Total expenditures	<u>583,276</u>	<u>561,806</u>	<u>559,730</u>	<u>2,076</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(243,312)</u>	<u>(243,312)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	243,312	243,312
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>243,312</u>	<u>243,312</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances				
Beginning of year			-	
End of year			<u>\$ -</u>	

See accompanying notes to budgetary comparison schedules.

EAST BATON ROUGE COUNCIL ON AGING, INC.
BUDGETARY COMPARISON SCHEDULE -
TITLE III C-1 FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual	Variance with
	Original	Final	Modified Accrual Basis	Final Budget Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 348,254	\$ 348,254	\$ 348,254	\$ -
City of Baton Rouge	97,379	138,294	-	(138,294)
Public Support - restricted:				
Contributions	-	-	-	-
Senior Olympic Sponsorship	-	-	-	-
Public Support - unrestricted:				
Contributions	-	-	-	-
Fund raising	-	-	-	-
Program Service Fees:				
Paid meals	35,000	35,000	29,266	(5,734)
Interest Income	-	-	-	-
Utility Assistance - Entergy	-	-	-	-
Other	50,000	50,000	-	(50,000)
In-kind Contributions	-	-	-	-
Total revenues	<u>530,633</u>	<u>571,548</u>	<u>377,520</u>	<u>(194,028)</u>
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Salaries and wages	306,509	274,657	273,533	1,124
Fringe	63,025	64,607	69,525	(4,918)
Travel	102	107	-	107
Operating services	50,350	57,063	50,283	6,780
Operating supplies	186,488	256,153	4,933	251,220
Other cost	19,159	13,961	14,262	(301)
Kitchen operations	-	-	183,812	(183,812)
Capital outlay	-	-	822	(822)
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Utility Assistance	-	-	-	-
Total expenditures	<u>625,633</u>	<u>666,548</u>	<u>597,170</u>	<u>69,378</u>
Deficiency of revenues over expenditures	<u>(95,000)</u>	<u>(95,000)</u>	<u>(219,650)</u>	<u>(124,650)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	95,000	95,000	219,650	(124,650)
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>95,000</u>	<u>95,000</u>	<u>219,650</u>	<u>(124,650)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances				
Beginning of year			-	
End of year			<u>\$ -</u>	

See accompanying notes to budgetary comparison schedules.

EAST BATON ROUGE COUNCIL ON AGING, INC.
BUDGETARY COMPARISON SCHEDULE -
TITLE III C-2 FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 357,240	\$ 357,240	\$ 357,240	\$ -
City of Baton Rouge	175,161	286,444	-	(286,444)
Public Support - restricted:				
Contributions	-	-	-	-
Senior Olympic Sponsorship	-	-	-	-
Public Support - unrestricted:				
Contributions	-	-	-	-
Fund raising	-	-	-	-
Program Service Fees:				
Paid meals	15,000	15,000	22,560	7,560
Interest Income	-	-	-	-
Utility Assistance - Entergy	-	-	-	-
Other	-	-	-	-
Total revenues	<u>547,401</u>	<u>658,684</u>	<u>379,800</u>	<u>(278,884)</u>
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Salaries and wages	234,108	226,270	222,529	3,741
Fringe	48,138	53,225	40,205	13,020
Travel	100	1,287	1,916	(629)
Operating services	49,263	61,713	51,848	9,865
Operating supplies	261,780	363,268	5,151	358,117
Other cost	16,189	15,098	26,427	(11,329)
Kitchen operations	-	-	334,555	(334,555)
Capital outlay	-	-	1,182	(1,182)
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Utility Assistance	-	-	-	-
In-kind services and facilities	-	-	-	-
Total expenditures	<u>609,578</u>	<u>720,861</u>	<u>683,813</u>	<u>37,048</u>
Deficiency of revenues over expenditures	<u>(62,177)</u>	<u>(62,177)</u>	<u>(304,013)</u>	<u>(241,836)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	62,177	62,177	304,013	241,836
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>62,177</u>	<u>62,177</u>	<u>304,013</u>	<u>241,836</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund balances				
Beginning of year			-	
End of year			<u>\$ -</u>	

See accompanying notes to budgetary comparison schedules.

EAST BATON ROUGE COUNCIL ON AGING, INC.
BUDGETARY COMPARISON SCHEDULE -
SENIOR CENTER FUND

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 382,851	\$ 375,039	\$ 382,852	\$ 7,813
City of Baton Rouge	67,092	67,092	-	(67,092)
Public Support - restricted:				
Contributions	-	-	-	-
Senior Olympic Sponsorship	-	-	-	-
Public Support - unrestricted:				
Contributions	-	-	-	-
Fund raising	-	-	-	-
Program Service Fees:				
Paid meals	-	-	-	-
Interest Income	-	-	-	-
Utility Assistance - Entergy	-	-	-	-
Other	-	129,235	3,945	(125,290)
In-kind Contributions	-	-	210,513	210,513
Total revenues	449,943	571,366	597,310	25,944
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Salaries and wages	330,858	301,004	289,559	11,445
Fringe	68,032	70,805	65,976	4,829
Travel	2,584	838	715	123
Operating services	41,302	53,992	160,529	(106,537)
Operating supplies	29,720	39,637	121,378	(81,741)
Other cost	36,754	164,397	158,839	5,558
Kitchen operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Utility Assistance	-	-	-	-
Total expenditures	509,250	630,673	796,996	(166,323)
Deficiency of revenues over expenditures	(59,307)	(59,307)	(199,686)	(140,379)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	59,307	59,307	199,686	140,379
Operating transfers out	-	-	-	-
Total other financing sources (uses)	59,307	59,307	199,686	140,379
Net increase in fund balance	\$ -	\$ -	-	\$ -
Fund balances				
Beginning of year			-	
End of year			\$ -	

See accompanying notes to budgetary comparison schedules.

EAST BATON ROUGE COUNCIL ON AGING, INC.
BUDGETARY COMPARISON SCHEDULE -
NSIP

For the year ended June 30, 2016

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs	\$ 157,177	\$ 157,177	\$ 157,177	\$ -
City of Baton Rouge	-	-	-	-
Public Support - restricted:				
Contributions	-	-	-	-
Senior Olympic Sponsorship	-	-	-	-
Public Support - unrestricted:				
Contributions	-	-	-	-
Fund raising	-	-	-	-
Program Service Fees:				
Paid meals	-	-	-	-
Interest Income	-	-	-	-
Utility Assistance - Entergy	-	-	-	-
Other	-	-	-	-
In-kind Contributions	-	-	-	-
Total revenues	157,177	157,177	157,177	-
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Salaries and wages	-	-	-	-
Fringe	-	-	-	-
Travel	-	-	-	-
Operating services	-	-	-	-
Operating supplies	-	-	-	-
Other cost	-	-	-	-
Kitchen operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Utility Assistance	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	157,177	157,177	157,177	-
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	(157,177)	(157,177)	(157,177)	-
Total other financing sources (uses)	(157,177)	(157,177)	(157,177)	-
Net increase in fund balance	\$ -	\$ -	-	\$ -
Fund balances				
Beginning of year			-	
End of year			\$ -	

See accompanying notes to budgetary comparison schedules.

EAST BATON ROUGE COUNCIL ON AGING, INC.
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY REPORTING
June 30, 2016

The budgetary information presented in this section of required supplementary information applies to "major" governmental funds for which annual budgets were adopted. Budgetary information for "non-major" funds has not been included anywhere in these financial statements.

The Council used the following procedures to derive the budgetary data which has been presented in these financial statements:

- The Governor's Office of Elderly Affairs (GOEA) notifies the Council each year as to the funding levels for each program's grant award. GOEA awards funds for fiscal periods ending June 30th.
- The City of Baton Rouge notifies the Council each year as to the amount included in the City-Parish budget for the Council. Because the City of Baton Rouge operates on a calendar year, its fiscal year will overlap the Council's fiscal year. Accordingly, the Council's management can predict with reasonable accuracy how much money the Council will have available for the first six months of its fiscal year. Management estimates the City's allocation for the last six months of the Council's fiscal year until the City notifies the Council of the exact allocation. Management will then incorporate the actual allocation amount into the Council's amended budget. Funds received from the City of Baton Rouge are unrestricted as to use by the Council on Aging.
- The Council may also obtain grants from agencies other than GOEA and the City of Baton Rouge, and the Council considers the potential revenues to be earned under those grants.
- Projections are made of revenues from other sources based on past trends and data available to form expectations of future revenues.
- The Council's management prepares a proposed budget based on the expected funding levels and then submits the budget to the Board of Directors for approval.
- The Board of Directors reviews and adopts the budget before May 31 of the current year for the next year.
- The adopted budget is forwarded to the Governor's Office of Elderly Affairs for the final approval.
- All budgetary appropriations for grants awarded the Council by GOEA lapse at the end of each fiscal year (June 30), except for N.S.I.P. Cash in lieu of Commodities funding which lapse at December 31st. Occasionally, the Council will receive a special project grant that may operate on a period different from the Council's normal fiscal year and, therefore, have a specified date when the budgetary appropriation will lapse.
- The budget is prepared on a modified accrual basis, consistent with the basis of accounting, for comparability of budgeted and actual revenues and expenditures.
- Budgeted amounts included in the accompanying financial statements include the original adopted budget amount and all subsequent amendments, which must also be adopted by the Board of Directors and approved by GOEA.

- Actual amounts are compared to budgeted amounts periodically during the fiscal year as a management control device
- The Council may transfer funds between line items as often as required but must obtain prior approval from the Governor's Office of Elderly Affairs for funds received under grants from this state agency. As part of its grants awards, GOEA requires the Council to amend its budget in cases where actual costs for a particular cost category exceed the budgeted line item by more than 10%, unless unrestricted funds are available to "cover" the overrun.
- Expenditures cannot legally exceed appropriations on an individual fund level.
- The Council is not required by state or local law to prepare a budget for every program or activity it conducts. Accordingly, some General Fund activities are not budgeted, particularly if they are deemed to be immaterial by management.

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY THE GOEA

EAST BATON ROUGE COUNCIL ON AGING, INC.
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year ended June 30, 2016

	AAA Administration	Supplemental Senior Center	Title IIID Wellness	Title III: Caregiver Support	Utility Assistance	Total
REVENUES						
Intergovernmental:						
City of Baton Rouge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office of Elderly Affairs	103,188	59,307	11,443	101,007	-	274,945
Public Support (restricted):						
Contributions	-	-	-	-	-	-
Public Support (unrestricted):						
Contributions	-	-	-	-	-	-
Fund raising	-	-	-	-	-	-
Program Service Fees:						
Paid meals	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Utility Assistance - Entergy	-	-	-	-	-	-
Other	-	-	-	-	-	-
In-kind Contributions	-	-	-	-	-	-
Total revenues	<u>103,188</u>	<u>59,307</u>	<u>11,443</u>	<u>101,007</u>	<u>-</u>	<u>274,945</u>
EXPENDITURES						
Health, Welfare, & Social Services:						
Current:						
Salaries and wages	44,028	-	-	108,579	-	152,607
Fringe	10,228	-	-	22,851	-	33,079
Travel	39	-	-	2,999	-	3,038
Operating services	33,482	-	-	11,965	-	45,447
Operating supplies	8,285	-	-	1,174	-	9,459
Other cost	7,126	-	12,000	3,394	-	22,520
Kitchen operations	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Utility Assistance	-	-	-	-	99	99
Total expenditures	<u>103,188</u>	<u>-</u>	<u>12,000</u>	<u>150,962</u>	<u>99</u>	<u>266,249</u>
Excess (deficiency) of revenues over expenditures	-	59,307	(557)	(49,955)	(99)	8,696
OTHER FINANCING SOURCES						
(USES)						
Operating transfers in	-	-	557	49,955	-	50,512
Operating transfers out	-	(59,307)	-	-	-	(59,307)
Total other financing sources (uses)	<u>-</u>	<u>(59,307)</u>	<u>557</u>	<u>49,955</u>	<u>-</u>	<u>(8,795)</u>
Net change in fund balance	-	-	-	-	(99)	(99)
Fund balances						
Beginning of year	-	-	-	-	96,284	96,284
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,185</u>	<u>\$ 96,185</u>

EAST BATON ROUGE COUNCIL ON AGING, INC.
COMPARATIVE SCHEDULE OF CAPITAL ASSETS
AND CHANGES IN CAPITAL ASSETS
Year ended June 30, 2016

	Balance June 30, 2015	Additions/ Adjustments	Deletions	Balance June 30, 2016
CAPITAL ASSETS				
Vehicles	\$ 157,603	\$ -	\$ -	\$ 157,603
Office furniture and equipment	424,759	4,504	-	429,263
Leasehold improvements	402,107	-	-	402,107
Buildings	127,535	-	-	127,535
TOTAL CAPITAL ASSETS	\$ 1,112,004	\$ 4,504	\$ -	\$ 1,116,508
INVESTMENT IN CAPITAL ASSETS				
Property acquired with funds from:				
General fund	\$ 947,787	\$ 4,504	\$ -	\$ 952,291
RSVP	1,060	-	-	1,060
PCOA	3,558	-	-	3,558
Title III C-2	42,599	-	-	42,599
Donations from the general public	117,000	-	-	117,000
TOTAL INVESTMENT IN CAPITAL ASSETS	\$ 1,112,004	\$ 4,504	\$ -	\$ 1,116,508

**SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY THE
*UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND
AUDIT REQUIREMENTS FOR FEDERAL AWARDS***

EAST BATON ROUGE COUNCIL ON AGING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2016

<u>FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE OR CLUSTER TITLE</u>	<u>FEDERAL CFDA NUMBER</u>	<u>PASS-THROUGH ENTITY IDENTIFYING NUMBER</u>	<u>PROGRAM OR AWARD AMOUNT</u>	<u>REVENUE RECOGNIZED</u>	<u>TOTAL FEDERAL EXPENDITURES</u>
<u>U.S. Department of Health and Human Services</u>					
Passed through the Louisiana Governor's Office of Elderly Affairs:					
Special Programs for the Aging:					
Title III, Part B - Supportive Services and Senior Centers	93.044	720224	\$ 217,243	\$ 217,243	\$ 217,243
Title III, Part C - Area Agency Administration	93.045	720224	77,391	77,391	77,391
Title III, Part C-1 Nutrition Services Congregate Meals	93.045	720224	233,596	233,596	233,596
Title III, Part C-2 Nutrition Services Home Delivered Meals	93.045	720224	158,823	158,823	158,823
Total Title III, Part C			<u>469,810</u>	<u>469,810</u>	<u>469,810</u>
Nutrition Services Incentive Program	93.053	720106	157,177	157,177	157,177
Total Aging Cluster			<u>844,230</u>	<u>844,230</u>	<u>844,230</u>
Title III, Part D - Disease Prevention and Health Promotion Services	93.043	720224	11,443	11,443	11,443
Title III, Part E - National Family Caregiver Program	93.052	720224	75,755	75,755	75,755
Medicare Improvements for Patients and Providers	93.518	2000143551	10,500	10,500	10,500
			<u>\$ 941,928</u>	<u>\$ 941,928</u>	<u>\$ 941,928</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the East Baton Rouge Council on Aging under programs of the federal government for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 CFR Part 200 of the Uniform Administrative Requirements. Because the Schedule presents only a selected portion of the operations of the East Baton Rouge Council on Aging, it is not intended to and was not used in the preparation of the basic financial statements.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 CFR Part 200, subpart E wherein certain types of expenditures are not allowable or are limited to reimbursement. Pass-through entity identifying numbers are presented.

(3) SUB-RECIPIENTS

The Council did not pass-through any of its federal awards to a sub-recipient during the year ended June 30, 2016.

(4) NON-CASH ASSISTANCE

No federal non-cash assistance was received or expended during the year ended June 30, 2016.

(5) RECONCILIATION TO THE BASIC FINANCIAL STATEMENTS

The expenditures listed in the accompanying schedule are reported in the following funds in the Council's basic financial statements. The Council receives both federal and state funding to support expenditures of its programs. Since program expenditures exceed federal revenues, the federal portion of program expenditures relate directly to the federal revenue received. These revenues are included within the intergovernmental revenues reported in the Statement of Revenue, Expenditures, and Changes in Fund Balances as follows:

Fund	Amount
General	\$ 10,500
Title III B	217,243
Title III C-1	233,596
Title III C-2	158,823
NSIP	157,177
Non-Major	164,589
	\$ 941,928

SUPPLEMENTARY INFORMATION

EAST BATON ROUGE COUNCIL ON AGING, INC.
SCHEDULE OF COMPENSATION, BENEFITS & OTHER PAYMENTS
TO CHIEF EXECUTIVE OFFICER
YEAR ENDED JUNE 30, 2016

Chief Executive Officer/Title: Tasha Clark-Amar, Executive Director

Purpose	Amount
Salary	\$101,239
Benefits - insurance	5,417
Benefits - retirement	0
Deferred compensation	0
Benefits - other (dental)	0
Benefits - other (GTL)	0
Dues	0
Per diem	0
Reimbursements	0
Travel	22
Registration fees	0
Conference travel	0
	<u>\$106,678</u>

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**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 of
East Baton Rouge Council on Aging, Inc.
Baton Rouge, Louisiana

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 the governmental activities, each major fund and the aggregate remaining fund information of the East Baton Rouge Council on Aging, Inc. (the Council), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise East Baton Rouge Council on Aging, Inc.'s basic financial statements and have issued our report thereon dated December 27, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

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

Our consideration of 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 were not identified. 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 the Council'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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2016-1.

East Baton Rouge Council on Aging, Inc.'s Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

L.A. Champagne & Co. L.L.P.

Baton Rouge, Louisiana

December 27, 2016

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**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 of the
East Baton Rouge Council on Aging, Inc.
Baton Rouge, Louisiana

Report on Compliance for Each Major Federal Program

We have audited East Baton Rouge Council on Aging, Inc.'s (the Council) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of East Baton Rouge Council on Aging, Inc.'s major federal programs for the year ended June 30, 2016. The Council'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 the Council'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 Council'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 Council's compliance.

Opinion on Each Major Program

In our opinion, the Council 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, 2016.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-2. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Management of the Council, 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 Council'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 Council'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.

L.A. Champagne & Co. L.L.P.

Baton Rouge, Louisiana

December 27, 2016

EAST BATON ROUGE COUNCIL ON AGING, INC.
SUMMARY OF AUDIT RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2016

A: SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of East Baton Rouge Council on Aging.
2. No significant deficiencies or material weaknesses in internal controls related to the audit of the financial statements are reported in the "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 *Governmental Auditing Standards*."
3. One instance of noncompliance 2016-1 material to the financial statements of East Baton Rouge Council on Aging was disclosed during the audit.
4. No significant deficiencies in internal controls over compliance with requirements applicable to major federal award programs are reported in the "Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance".
5. The auditor's report on compliance for the major federal award programs for East Baton Rouge Council on Aging expresses an unmodified opinion.
6. There is one audit finding, 2016-2, relating to the major federal award programs for East Baton Rouge Council on Aging reported in Part C of this Schedule.
7. A management letter was not issued.
8. The program cluster tested as a major program is as follows:
 - U. S. Department of Health and Human Services
 - Aging Cluster - Special Programs for the Aging:
 - Title III-B – Supportive Services; CFDA 93.044
 - Title III-C- Nutrition Services; CFDA 93.045
 - N.S.I.P – Nutrition Services Incentive Program; CFDA 93.053
9. The threshold for distinguishing Types A and B programs was \$750,000.
10. East Baton Rouge Council on Aging was determined to be a high-risk auditee.

B: FINDINGS - FINANCIAL STATEMENTS AUDIT

COMPLIANCE

2016-1 Compliance with Operating Lease Terms

Condition: The Council's current fire and casualty insurance policy coverage is \$2.5 million. ***This is a repeat finding from the prior year.***

Criteria: Under the terms of the Council's lease agreement with the City of Baton Rouge for the building that houses the Council's main office, the Council is responsible to maintain fire and casualty insurance coverage in the amount of \$5 million.

Effect: The Council has not complied with the terms of the lease agreement. Non-compliance with the lease terms may result in monetary penalties and potential termination of the agreement.

Cause: The Council was unable to obtain insurance coverage in the specified amount because coverage is limited by insurance underwriters to the value of the facility.

Auditor's Recommendation: The Council should try to renegotiate the terms of its lease agreement with the City of Baton Rouge to modify the insurance coverage requirement.

Management Response: The Council anticipates moving to another City-Parish facility under a new lease agreement. However the Council has been unable to occupy the facility and negotiate a new lease because of renovation and construction delays.

C: FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Special Programs for the Aging – Title IIB- Supportive Services; CFDA 93.044, Title IIC – Nutrition Services; CFDA 93.045, and N.S.I.P. – Nutrition Services Incentive Program; CFDA 93.053, year ended June 30, 2016

COMPLIANCE

2016-2 Special Tests and Provision

Condition: The Council’s reporting of meals and other services provided according to the Harmony System database did agree with the sign in sheets and other underlying data provided. However, in our tests of compliance, we noted 45 instances in 2,673 items tested where receipt of meals was not acknowledged by signature of the recipient on the Center sign in sheets.

This is a repeat finding from the prior year.

Criteria: The Governor’s Office of Elderly Affairs requires the Council to report units of service on a monthly basis and maintain original documentation to support the units reported. The units of service are significant in determining state and federal funding granted to the Council, as well as being used as a tool for monitoring and allocating costs to the various programs operated by the Council.

Effect: The Council has not maintained adequate documentation to support the units of service reported to the Governor’s Office of Elderly Affairs. In addition, the lack of reconciliations over meal counts may result in unnecessary meal costs being incurred by the Council.

Cause: Data for meals provided is entered into the Harmony system database without the recipient’s signature on the daily meal report verifying that a meal was actually served. Harmony system reports of meals provided should be matched to daily meal sheets and recipient signatures verified by someone other than the data entry clerk. Also, the number of meals requested by seniors, referred to as the “potential” list, the actual meals prepared, and the actual meals served as tracked on the “count” sheet should be reconciled.

Questioned costs: Unable to determine the questioned costs.

Auditor's Recommendation: The Council should develop and implement policies and procedures to insure that all units of service entered into the Harmony database are supported with accurate and appropriate documentation according to the Governor's Office of Elderly Affairs standards.

Management Response: Management acknowledges the condition as described above and will develop policies and procedures relative to monitoring and reconciling the Harmony database with the supporting documentation.



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December 27, 2016

East Baton Rouge Council on Aging respectfully submits the following corrective action plan for the year ended June 30, 2016.

Name and Address of independent public accounting firm:

L.A. Champagne & Co., L.L.P.
4911 Bennington Avenue
Baton Rouge, LA 70808

Review period: fiscal year ended June 30, 2016

The findings from the fiscal year ended June 30, 2016 schedule of findings are discussed below. The findings are numbered consistently with the number assigned to the schedule.

FINANCIAL STATEMENT FINDINGS

COMPLIANCE

2016-1 Compliance with Operating Lease Terms

Condition: The Council's current fire and casualty insurance policy coverage is \$2.5 million. This is a repeat finding from the prior year.

Management Response: The Council anticipates moving to another City-Parish facility under a new lease agreement. However the Council has been unable to occupy the facility and negotiate a new lease because of renovation and construction delays. This matter cannot be resolved by action of the Council.

1973 • 40 Years of Service • 2013

"Supporting Independence ~ Serving Seniors"

Tax ID# 72-0637496

FEDERAL AWARD FINDINGS AND QUESTIONED COST

Special Programs for the Aging – Title IIIB- Supportive Services; CFDA 93.044, Title IIC – Nutrition Services; CFDA 93.045, and N.S.I.P. – Nutrition Services Incentive Program; CFDA 93.053, year ended June 30, 2016

COMPLIANCE

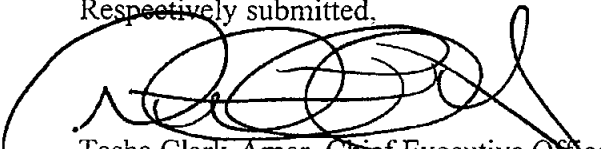
2016-2 Special Tests and Provision

Condition: The Council's reporting of meals and other services provided according to the Harmony System database did agree with the sign in sheets and other underlying data provided. However, in our tests of compliance, we noted 45 instances in 2,673 items tested where receipt of meals was not acknowledged by signature of the recipient on the Center sign in sheets.

Management Response: Management acknowledges the condition as described above and will develop additional policies and procedures relative to monitoring and reconciling the Harmony database with the supporting documentation.

If there are any questions regarding this plan, please call me at 225-923-8000.

Respectively submitted,



Tasha Clark-Amar, Chief Executive Officer
East Baton Rouge Council on Aging, Inc.

**EAST BATON ROUGE COUNCIL ON AGING, INC.
SCHEDULE OF CORRECTIVE ACTION TAKEN
ON PRIOR YEAR FINDINGS**

Year Ended June 30, 2016

FINANCIAL STATEMENT FINDINGS

2015-1 Compliance with Operating Lease Terms

Repeated in current year findings as item 2015-1.

2015-2 Internal Control over Financial Reporting

Hiring an outside CPA firm to help management prepare the financial statements has resolved this matter.

2015-3 Internal Control over Payroll Timesheet Information

Controls implemented after the 2014 audit have resolved this matter.

2015-4 Engagement Completion and Submission

This matter has been resolved.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2015-5 Special Test and Provision

Repeated in current year findings as item 2016-2.