

EAST BATON ROUGE COUNCIL ON AGING, INC.

BATON ROUGE, LOUISIANA

JUNE 30, 2015

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, 2015, 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, 2015, 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.

Going Concern

The accompanying financial statements have been prepared assuming that the Council will continue as a going concern. As shown in the accompanying financial statements, the Council reported a deficit of \$437,009 in its governmental funds and a decrease in net position of \$371,008 for the current year resulting in a total fund deficit of \$653,921 and a net position deficit of \$202,702 as of June 30, 2015. These conditions raise substantial doubt about the Council's ability to continue as a going concern. These matters and Management's plans with regard to them are discussed in Note R. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

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 38 - 45, 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 47 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 50 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements.

The combining schedule of revenue and expenditures and changes in fund balance - nonmajor government funds and the schedule of expenditures of federal awards 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 fund financial statements and the schedule of expenditures of federal awards 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 January 11, 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

January 11, 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, 2015. 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 2015 by \$202,702.
- Cash available for spending was restricted in both years.
- **Changes in Revenue 2015 vs 2014**

Total revenues decreased by approximately \$157,000 or 4% from the prior fiscal year. In the current fiscal year, the Council had a decrease of \$300,000 in funding from Entergy for utility assistance and an increase of approximately \$174,000 from the Office of Elderly Affairs programs. Other decreases came in various fund raising activities.

- **Changes in Expenses 2015 vs 2014**

Total expenses increased by approximately \$493,000 or 14% from the prior fiscal year mainly due to increases in capital outlay and salaries and wages. Decreased funding for the utility assistance programs offered resulted in decreased distributions to program participants totaling approximately \$209,000.

- The decrease in net position for the year ended June 30, 2015 is \$371,008. The increase in net position for the year ended June 30, 2014 is \$278,635.
- The Council's total deficit in net position for the year ended June 30, 2015 totaled \$202,702. This is compared to the net position of \$168,308 for the year ended June 30, 2014.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Council's annual financial report consists of six 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 OMB Circular A-133, and
- (6) 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 4), 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 11 - 13 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 on Statement 3. The reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the the statement of activities is presented on Statement 4.

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 IIB 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 18 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 38 to 45).

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 47 through 48).

SUPPLEMENTARY INFORMATION REQUIRED BY OMB CIRCULAR A-133

OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations requires 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 50 - 51).

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As of June 30, 2015, net position was a deficit of \$202,702. As of June 30, 2014, net position was \$168,308. This was a decrease in the net position of \$371,010.

Table 1
Net Position

	2015	2014	Increase (Decrease)	
			Amount	Percent
Cash	\$ 504	\$ 43,400	\$ (42,896)	(99) %
Other current assets	34,298	79,100	(44,802)	(57)
Capital assets, net	579,629	329,898	249,731	76
Noncurrent assets	14,205	10,000	4,205	100
Total assets	<u>628,636</u>	<u>462,398</u>	<u>166,238</u>	36
Technical bank overdraft	1,535	-	1,535	
Accounts payable	380,795	227,333	153,462	68
Accrued payroll and related taxes	37,867	26,122	11,745	45
Unearned revenue	218,000	-	218,000	
Accrued compensated absences	20,772	23,663	(2,891)	(12)
Long-term debt	172,369	16,972	155,397	916
Total liabilities	<u>831,338</u>	<u>294,090</u>	<u>537,248</u>	183
Net position:				
Invested in capital assets, net	579,629	329,898	249,731	76
Restricted for:				
Utility assistance	96,284	87,665	8,619	10
Senior center	-	1,000	(1,000)	(100)
Unrestricted deficit	<u>(878,615)</u>	<u>(250,255)</u>	<u>(628,360)</u>	251
Total net position (deficit)	<u>\$ (202,702)</u>	<u>\$ 168,308</u>	<u>\$ (371,010)</u>	(220) %

Governmental Activities

Governmental activities resulted in a decrease in net position deficit of \$371,008 and an increase in net position deficit of \$202,702 for the year ended June 30, 2015. For the year ended June 30, 2014, governmental activities resulted in an increase in net position of \$278,633. Key elements of these activities are detailed in Table 2.

Table 2
Changes in Net Position

	2015	2014	Increase (Decrease)	
			Amount	Percent
Revenues				
Program revenues:				
Operating grants and contributions	\$ 2,751,219	\$ 2,893,293	\$ (142,074)	(5) %
Charges for services	43,114	57,941	(14,827)	(26)
General revenues:				
Grants and contributions not restricted	872,000	872,000	-	-
Miscellaneous	162	12	150	1,250
Total revenues	<u>3,666,495</u>	<u>3,823,246</u>	<u>(156,751)</u>	(4)
Expenses				
Total expenses	<u>4,037,503</u>	<u>3,544,613</u>	<u>492,890</u>	14
(Increase) decrease in net position deficit	(371,008)	278,633	(649,641)	(233)
Net position deficit - beginning of the year as previously reported	-	(139,359)	139,359	(100)
Correction of noncurrent liability for compensated absences as of June 30, 2013	-	29,032	(29,032)	
Net position deficit - beginning of the year as restated	<u>168,306</u>	<u>(110,327)</u>	<u>278,633</u>	(253)
Net position end of year	<u>\$ (202,702)</u>	<u>\$ 168,306</u>	<u>\$ (371,008)</u>	(220) %

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 \$653,921, an increase in the deficit of \$437,009 when compared to last year. The Council's General Fund deficit increased by \$444,628 during the current fiscal year. The unassigned fund balance deficit component of the General Fund was \$750,205. The combined decrease in all Special Revenue Funds was \$1,074,371. The increase in the fund balance deficits in the current fiscal year was a result of the following:

Revenues

Although revenue from the Utility Assistance program decreased \$300,000, there was \$174,000 in additional funding from the Governor's Office of Elderly Affairs.

Expenditures

Total expenditures (excluding in-kind services and facilities) increased by \$630,000 this year, primarily due to increased cost in operating services of \$186,000 and \$240,000 in new capital outlays.

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 36. Expenditures exceeded the final amended budget by approximately \$633,000 mainly as a result of increased capital outlay.

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, obtained a \$150,000 loan during the current year.

Capital Assets

The Council's investment in capital assets for its governmental activities as of June 30, 2015, amounts to \$579,629 (net accumulated depreciation). This investment in capital assets includes office furniture, fixtures, vehicles, machinery and equipment (see table below):

Table 3
Capital Assets at Year-end

	<u>2015</u>	<u>2014</u>
Leasehold improvements	\$ 402,107	\$ 198,466
Office furniture, fixtures and equipment	424,759	341,131
Vehicles	157,603	115,005
Buildings	<u>127,535</u>	<u>127,535</u>
	1,112,004	782,137
Less accumulated depreciation	<u>(532,375)</u>	<u>(452,239)</u>
Totals	<u>\$ 579,629</u>	<u>\$ 329,898</u>

The Council had an increase in capital assets net of accumulated depreciation of \$80,136. The increase is attributable to current year capital outlays exceeding minimal additions in depreciation for the current year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

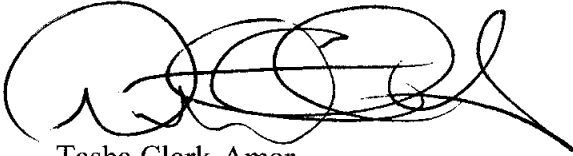
The Council receives most of its funding from federal, state and local agencies. As a result, the source of income for the Council is consistent. However, some of the Council's grants and contracts are contingent upon the level of service provided by the Council, and therefore, those revenues are not 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. These factors and indicators include:

- 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, 2015

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents - restricted	\$ 504
Accounts receivable - net	14,544
Prepaid expenses	<u>19,754</u>
Total current assets	34,802
Noncurrent assets:	
Capital assets, net of depreciation	579,629
Deposits	<u>14,205</u>
Total assets	<u><u>628,636</u></u>
 DEFERRED OUTFLOWS OF RESOURCES	 <u><u>\$ -</u></u>
 LIABILITIES	
Current liabilities:	
Technical bank overdraft	\$ 1,535
Accounts payable	380,795
Accrued payroll and related taxes	37,867
Unearned revenue	<u>218,000</u>
Total current liabilities	638,197
Non-current liabilities:	
Accrued compensated absences	
Due within one year	20,772
Loans payable	
Due within one year	41,492
Due in more than one year	<u>130,877</u>
Total liabilities	<u><u>831,338</u></u>

Continued . . .

	<u>Governmental Activities</u>
DEFERRED INFLOWS OF RESOURCES	<u>\$ -</u>
NET POSITION	
Net investment in capital assets	\$ 579,629
Restricted for:	
Utility assistance	96,284
Senior center	-
Unrestricted net deficit	<u>(878,615)</u>
Total net position	<u>\$ (202,702)</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, 2015

			Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Direct Expenses	Indirect Expenses	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
Functions/Programs					
Governmental activities:					
Health, Welfare, and Social Services:					
Supportive Services:					
Personal Care	\$ 382,873	\$ 154,496	\$ -	\$ 325,916	\$ (211,453)
Utility Assistance	16,381	-	-	25,000	8,619
Nutrition Service:					
Congregate Meals	551,158	209,985	34,032	427,556	(299,555)
Home Delivered Meals	625,778	223,690	9,082	411,897	(428,489)
Disease Preventing and Health Promotion	9,000	-	-	10,419	1,419
National Family Caregiver Support	73,100	33,622	-	101,105	(5,617)
Multipurpose Senior Centers	631,028	188,515	-	708,476	(111,067)
Administration:					
Area Agency Administration	103,289	-	-	103,289	-
General Administration	1,644,896	(810,308)	-	637,561	(197,027)
Total governmental activities	\$ 4,037,503	\$ -	\$ 43,114	\$ 2,751,219	\$ (1,243,170)
General Revenues:					
Grants and contributions not restricted to specific programs					872,000
Interest income					162
Increase (decrease) in net position					(371,008)
Net position - beginning of year					168,306
Net position deficit - end of the year					\$ (202,702)

See accompanying notes to the basic financial statements.

EAST BATON ROUGE COUNCIL ON AGING, INC.
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Title III B	Title III C-1	Title III C-2	Senior Center	NSIP	Non- Major Funds	Total Governmental Funds
ASSETS								
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 504	\$ 504
Other receivables - net	4,544	-	-	-	-	-	-	4,544
Due from other funds	-	12,355	84,491	111,836	14,222	-	103,066	325,970
Total Assets	4,544	12,355	84,491	111,836	14,222	-	103,570	331,018
LIABILITIES								
Technical bank overdraft	\$ 1,535	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,535
Accounts payable	164,231	6,367	84,026	111,001	8,910	-	6,260	380,795
Accrued payroll and related taxes	24,241	5,988	465	835	5,312	-	1,026	37,867
Accrued compensated absences	20,772	-	-	-	-	-	-	20,772
Due to other funds	325,970	-	-	-	-	-	-	325,970
Deferred revenue	218,000	-	-	-	-	-	-	218,000
Total Liabilities	754,749	12,355	84,491	111,836	14,222	-	7,286	984,939
FUND BALANCES								
Restricted	-	-	-	-	-	-	96,284	96,284
Unassigned	(750,205)	-	-	-	-	-	-	(750,205)
Total fund balances	(750,205)	-	-	-	-	-	96,284	(653,921)
Total liabilities and fund balances	\$ 4,544	\$ 12,355	\$ 84,491	\$ 111,836	\$ 14,222	\$ -	\$ 103,570	\$ 331,018

See accompanying notes to the basic financial statements.

EAST BATON ROUGE COUNCIL ON AGING, INC.
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2015

(See Independent Accountant's Review Report)

Fund balance - governmental funds	\$(653,921)
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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	1,112,004	
Less accumulated depreciation	<u>(532,375)</u>	579,629

Assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds.

Prepaid expenses		19,754
Deposits		14,205

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Loans payable		(172,369)
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Some revenues were collected more than sixty days after year-end and, therefore, are not available soon enough to pay for current period expenditures.

Public support, unrestricted		<u>10,000</u>
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Net position of governmental activities	<u><u>\$(202,702)</u></u>
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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, 2015

	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	\$ 872,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 872,000
Office of Elderly Affairs	220,313	316,418	337,556	363,741	382,851	138,156	274,120	2,033,155
Public Support (restricted):								
Contributions	-	-	-	-	-	-	-	-
Public Support (unrestricted):								
Contributions	155,853	-	-	-	35,000	-	-	190,853
Fund raising	82,559	-	-	-	-	-	-	82,559
Program Service Fees:								
Paid meals	-	-	34,032	9,082	-	-	-	43,114
Interest Income	162	-	-	-	-	-	-	162
Utility Assistance - Entergy	-	-	-	-	-	-	25,000	25,000
Other	69,484	-	-	-	13,311	-	-	82,795
In-kind Contributions	129,352	9,498	-	-	218,007	-	-	356,857
Total revenues	1,529,723	325,916	371,588	372,823	649,169	138,156	299,120	3,686,495
EXPENDITURES								
Health, Welfare, & Social Services:								
Current:								
Salaries and wages	154,279	352,163	323,826	289,136	320,701	-	110,279	1,550,384
Fringe	37,632	72,501	55,193	43,323	61,531	-	21,896	292,076
Travel	75	10,658	-	4,391	1,775	-	4,291	21,190
Operating services	286,891	62,001	95,405	101,598	294,679	-	53,647	894,221
Operating supplies	22,904	14,716	7,105	17,479	23,858	-	11,510	97,572
Other cost	205,092	23,566	16,659	18,614	114,273	-	17,388	395,592
Kitchen operations	27,977	-	257,959	363,159	-	-	-	649,095
Capital outlay	280,386	-	6,883	42,599	-	-	-	329,868
Debt service:								
Principal retirement	17,323	-	-	-	-	-	-	17,323
Interest	9,802	-	-	-	-	-	-	9,802
Utility Assistance	-	-	-	-	-	-	16,381	16,381
Total expenditures	1,042,361	535,605	763,030	880,299	816,817	-	235,392	4,273,504
Excess (deficiency) of revenues over expenditures	487,362	(209,689)	(391,442)	(507,476)	(167,648)	138,156	63,728	(587,009)
OTHER FINANCING SOURCES (USES)								
Operating transfers in	-	209,689	391,442	507,476	167,648	-	5,617	1,281,872
Operating transfers out	1,081,990	-	-	-	-	138,156	61,726	1,281,872
Proceeds from loan	150,000	-	-	-	-	-	-	150,000
	(931,990)	209,689	391,442	507,476	167,648	(138,156)	(56,109)	150,000
Net change in fund balances	(444,628)	-	-	-	-	-	7,619	(437,009)
Fund balance (deficit)								
Beginning of year	(305,577)	-	-	-	-	-	88,665	(216,912)
End of year	\$ (750,205)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96,284	\$ (653,921)

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
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2015

Excess (deficiency) of revenues and other financing sources over expenditures and other uses - total governmental funds	\$(437,009)
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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	\$ 329,868	
Depreciation expense	<u>(80,136)</u>	
		249,732

Governmental funds report outlays for deposits as expenditures, however, in the statement of activities, the deposit is deferred until it is returned or utilized

4,205

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	(20,000)
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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	(12,540)
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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

Loan proceeds	(215,918)	
Principal payments	<u>60,522</u>	
		<u>(155,396)</u>

Change in net position of governmental activities	<u><u>\$(371,008)</u></u>
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See accompanying notes to the basic financial statements.

EAST BATON ROUGE COUNCIL ON AGING, INC
NOTES TO FINANCIAL STATEMENTS

June 30, 2015

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.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Before January 1, 1992, the Council operated as part of the City of Baton Rouge. Effective January 1, 1992, 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.

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.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 OMB Circular A-122, Cost Principles for Non-Profit Organizations. 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.

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.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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 four senior centers in East Baton Rouge Parish, Louisiana.

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.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 is sponsored by Entergy, a local utility company. Entergy collects contributions from service customers and employees and remits the funds directly 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.

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

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, 2015 the allowance for doubtful accounts totaled \$24,742.

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.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2015, for the accrued vacation for each employee at the employee's current rate of pay.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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:

- *Invested 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.

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- *Unrestricted net position* – This component consists of all other net assets that do not meet the definition of "restricted" or "invested 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 \$96,284 at year-end.

- *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,

A: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$750,205 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.

New Accounting Standards Adopted

No new accounting standards were adopted during the year ended June 30, 2015.

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, 2015 no cash balances were restricted. The bank balances associated with these carrying values were \$27,468. 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, 2015.

D: CONTINGENCIES

East Baton Rouge Council on Aging is named as a defendant in several lawsuits seeking unspecified damages. The Council intends to vigorously defend these lawsuits and claims but Council management is unable to evaluate the outcome of these matters or estimate the amounts of any liabilities that may result from an unfavorable resolution.

E: DEBT

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

	Balance 06/30/14	Additions	Reductions	Balance 06/30/15	Short-term
Accrued compensated absences	\$ 23,663	\$ 6,611	\$ 9,502	\$ 20,772	\$ 20,772
Loans					
Insurance Premium					
Financing	\$ -	\$ 65,918	\$ 43,199	\$ 22,719	\$ 22,719
Note payable - American Gateway Bank	-	150,000	10,266	139,734	11,870
Note payable - Whitney Bank	16,973	-	7,057	9,916	6,903
	<u>\$ 16,973</u>	<u>\$ 215,918</u>	<u>\$ 60,522</u>	<u>\$ 172,369</u>	<u>\$ 41,492</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 loan amount was \$150,000, with an interest rate of 6.0%. The Council will pay this loan in 59 regular payments of \$1,672 each and one irregular last payment of \$87,966 due on July 10, 2019.

Interest paid on debt obligations amounted to \$9,802 in fiscal 2015.

F: 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, 2015, the plan assets totaled \$43,558.

G: CAPITAL ASSETS

A summary of changes to fixed assets for the year ended June 30, 2015, is as follows:

	Balance <u>06/30/14</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>06/30/15</u>
Capital assets:				
Vehicles	\$ 115,004	\$ 42,599	\$ -	\$ 157,603
Furniture and equipment	341,131	83,628	-	424,759
Leasehold improvements	198,466	203,641	-	402,107
Buildings	<u>127,535</u>	<u>-</u>	<u>-</u>	<u>127,535</u>
Total capital assets	782,136	329,868	-	1,112,004
Less accumulated depreciation:				
Vehicles	81,736	14,117	-	95,853
Furniture and equipment	257,295	24,161	-	281,456
Leasehold improvements	92,971	37,189	-	130,160
Buildings	<u>20,237</u>	<u>4,669</u>	<u>-</u>	<u>24,906</u>
Total accumulated depreciation	452,239	80,136	-	532,375
Capital assets, net of depreciation	\$ <u>329,897</u>	\$ <u>249,732</u>	\$ <u>-</u>	\$ <u>579,629</u>

Depreciation expense of \$80,136 was charged to the general fund.

H: 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.

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 have been 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.

H: LEASE COMMITMENTS (Continued)

Management has estimated the future minimum lease payments under all of the non-cancellable lease agreements in effect at June 30, 2015 as follows:

Year ending June 30,	Amount
2016	\$ 107,090
2017	107,090
2018	102,746
2019	33,200
2020	-
	<u>\$ 350,126</u>

Lease payments made during the year ended June 30, 2015 totaled approximately \$51,092 for the above leases.

I: IN-KIND DONATIONS

The Council received \$356,857 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	105,255
Other miscellaneous items furnished to the Council without charge	26,098
Total in-kind contributions	<u>\$ 356,857</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.

J: 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.

K: 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, 2015:

Transfers In For:	Transfers Out From:			Total Transfers In
	General Fund	NSIP	Nonmajor Funds in the Aggregate	
Title III B	\$ 209,689	\$ -	\$ -	\$ 209,689
Title III C-1	301,442	90,000	-	391,442
Title III C-2	397,594	48,156	61,726	507,476
Senior Center	167,648	-	-	167,648
Nonmajor Funds in the Aggregate	5,617	-	-	5,617
Total Transfers Out	\$ 1,081,990	\$ 138,156	\$ 61,726	\$ 1,281,872

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.

L: INTERFUND RECEIVABLES AND PAYABLES

The following is a summary of amounts due from and due to other funds at June 30, 2015:

	Due From	Due To
Senior Center fund		
General fund	\$ 14,222	\$ -
Title III B fund		
General fund	12,355	-
Title III C-1 fund		
General fund	84,491	-
Title III C-2 fund		
General fund	111,836	-
Nonmajor fund in the aggregate		
General fund	103,066	-
General fund		
Title III B fund	-	12,355
Title III C-1 fund	-	84,491
Title III C-2 fund	-	111,836
Senior Center fund	-	14,222
Nonmajor fund in the aggregate	-	103,066
Total General fund	-	325,970
	<u>\$ 325,970</u>	<u>\$ 325,970</u>

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.

M: 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, dental and/or disability insurance.

N: 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 2015:

Governor's Office of Elderly Affairs	55%
City of Baton Rouge	24%

O: 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.

P: SUBSEQUENT EVENTS

Management has evaluated events through the date that the financial statements were available to be issued, January 11, 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.

Q: EXECUTIVE DIRECTOR COMPENSATION

The compensation, benefits and other payments to Tasha Clark-Amar, the Chief Executive Officer (Agency Head), in 2015 are as follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 99,738
Benefits - insurance	4,554
	<u>\$ 104,292</u>

R: GOING CONCERN

As shown in the accompanying financial statements, the Council reported a deficit of \$437,009 in its governmental funds and a decrease in net position of \$371,008 for the current year resulting in a total fund deficit of \$653,921 and a net position deficit of \$202,702 as of June 30, 2015. These conditions raise substantial doubt about the Council's ability to continue as a going concern.

Council Management and the Board is formulating 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 actual expenditures
- 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
- Discontinue unprofitable fundraising programs, specifically the Charitable Gaming Project, the operation of which contributed significantly to the current year deficit

The ability of the Council to continue as a going concern is dependent upon the effectiveness of management's plans and the ability to significantly reduce operating costs even at the expense of programmatic endeavors.

The accompanying financial statements do not include any adjustments that might result from the outcome of this uncertainty.

REQUIRED SUPPLEMENTARY INFORMATION

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

For the year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Modified Accrual Basis	Final Budget Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs:	9,844	238,586	220,313	(18,273)
City of Baton Rouge	302,898	170,623	872,000	701,377
Ad Valorem Taxes	-	-	-	-
Public Support - restricted:				
Contributions	-	-	-	-
Senior Olympic Sponsorship	-	-	-	-
Public Support - unrestricted:				
Contributions	-	-	155,853	155,853
Fund raising	-	-	82,559	82,559
Program Service Fees:				
Paid meals	-	-	-	-
Interest Income	-	-	162	162
Utility Assistance - Entergy	-	-	-	-
Other	-	-	69,484	69,484
In-kind Contributions	-	-	129,352	129,352
Total revenues	312,742	409,209	1,529,723	1,120,514
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Salaries and wages	155,164	238,235	154,279	83,956
Fringe	34,287	54,120	37,632	16,488
Travel	248	46	75	(29)
Operating services	43,814	43,161	286,891	(243,730)
Operating supplies	8,419	8,369	22,904	(14,535)
Other cost	30,810	42,947	205,092	(162,145)
Kitchen operations	-	-	27,977	(27,977)
Capital outlay	40,000	22,331	280,386	(258,055)
Debt service:				
Principal retirement	-	-	17,323	(17,323)
Interest	-	-	9,802	(9,802)
Utility Assistance	-	-	-	-
Total expenditures	312,742	409,209	1,042,361	(633,152)
Excess of revenues over expenditures	-	-	487,362	487,362
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	(1,081,990)	(1,081,990)
Proceeds from loan	-	-	150,000	150,000
Total other financing sources (uses)	-	-	(931,990)	(931,990)
Net decrease in fund balance	-	-	(444,628)	(444,628)
Fund balances				
Beginning of year			(305,577)	
End of year			(750,205)	

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, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
City of Baton Rouge	316,418	316,418	316,418	-
Ad Valorem Taxes	-	-	-	(166,868)
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	-	-	9,498	9,498
Total revenues	538,195	533,286	325,916	(207,370)
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Salaries and wages	359,020	351,937	352,163	(226)
Fringe	79,333	79,950	72,501	7,449
Travel	17,289	13,766	10,658	3,108
Operating services	44,373	51,966	62,001	(10,035)
Operating supplies	12,592	11,363	14,718	(3,355)
Other cost	25,588	24,304	23,566	738
Kitchen operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Utility Assistance	-	-	-	-
Total expenditures	538,195	533,286	535,607	(2,321)
Deficiency of revenues over expenditures	-	-	(209,691)	(209,691)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	209,691	209,691
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	209,691	209,691
Net change 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 -
TITLE III C-1 FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs:	337,556	337,556	337,556	-
City of Baton Rouge	164,384	134,808	-	(134,808)
Ad Valorem Taxes	-	-	-	-
Public Support - restricted:				
Contributions	-	-	-	-
Senior Olympic Sponsorship	-	-	-	-
Public Support - unrestricted:				
Contributions	-	-	-	-
Fund raising	-	-	-	-
Program Service Fees:				
Paid meals	35,000	35,000	34,032	(968)
Interest Income	-	-	-	-
Utility Assistance - Entergy	-	-	-	-
Other	-	78,125	-	(78,125)
In-kind Contributions	-	-	-	-
Total revenues	536,940	585,489	371,588	(213,901)
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Salaries and wages	305,400	286,674	323,826	(37,152)
Fringe	67,484	65,124	55,193	9,931
Travel	575	81	-	81
Operating services	52,563	66,953	95,405	(28,452)
Operating supplies	181,193	236,936	7,105	229,831
Other cost	19,725	19,721	16,659	3,062
Kitchen operations	-	-	257,959	(257,959)
Capital outlay	-	-	6,883	(6,883)
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Utility Assistance	-	-	-	-
Total expenditures	626,940	675,489	763,030	(87,541)
Deficiency of revenues over expenditures	(90,000)	(90,000)	(391,442)	(301,442)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	90,000	90,000	391,442	(301,442)
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	391,442	(301,442)
Net change in fund balance	-	-	-	(602,884)
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 -
TITLE III C-2 FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
City of Baton Rouge	363,741	363,741	363,741	-
Ad Valorem Taxes	182,811	289,997	-	(289,997)
Public Support - restricted:				
Contributions	-	-	-	-
Senior Olympic Sponsorship	-	-	-	-
Public Support - unrestricted:				
Contributions	-	-	-	-
Fund raising	-	-	-	-
Program Service Fees:				
Paid meals	15,000	15,000	9,082	(5,918)
Interest Income	-	-	-	-
Utility Assistance - Entergy	-	-	-	-
Other	-	42,188	-	(42,188)
Total revenues	561,552	710,926	372,823	(338,103)
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Salaries and wages	231,829	234,324	289,136	(54,812)
Fringe	51,227	53,231	43,323	9,908
Travel	4,762	4,286	4,391	(105)
Operating services	51,331	71,332	101,598	(30,266)
Operating supplies	253,843	335,488	17,479	318,009
Other cost	16,716	17,822	18,614	(792)
Kitchen operations	-	-	363,159	(363,159)
Capital outlay	-	42,599	42,599	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Utility Assistance	-	-	-	-
In-kind services and facilities	-	-	-	-
Total expenditures	609,708	759,082	880,299	(121,217)
Deficiency of revenues over expenditures	(48,156)	(48,156)	(507,476)	(459,320)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	48,156	48,156	507,476	459,320
Operating transfers out	-	-	-	-
Total other financing sources (uses)	48,156	48,156	507,476	459,320
Net change 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 -
SENIOR CENTER

For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
City of Baton Rouge	375,039	382,851	382,851	-
Ad Valorem Taxes	27,039	84,047	-	(84,047)
Public Support - restricted:				
Contributions	-	-	-	-
Senior Olympic Sponsorship	-	-	-	-
Public Support - unrestricted:				
Contributions	-	-	35,000	35,000
Fund raising	-	-	-	-
Program Service Fees:				
Paid meals	-	-	-	-
Interest Income	-	-	-	-
Utility Assistance - Entergy	-	-	-	-
Other	50,000	50,000	13,311	(36,689)
In-kind Contributions	-	-	218,007	218,007
Total revenues	<u>452,078</u>	<u>516,898</u>	<u>649,169</u>	<u>132,271</u>
EXPENDITURES				
Health, Welfare, & Social Services:				
Current:				
Salaries and wages	285,266	297,355	320,701	(23,346)
Fringe	63,035	67,550	61,531	6,019
Travel	918	2,329	1,775	554
Operating services	38,197	57,573	294,679	(237,106)
Operating supplies	28,839	34,089	23,858	10,231
Other cost	35,823	117,509	114,273	3,236
Kitchen operations	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Utility Assistance	-	-	-	-
Total expenditures	<u>452,078</u>	<u>576,405</u>	<u>816,817</u>	<u>(240,412)</u>
Deficiency of revenues over expenditures	<u>-</u>	<u>(59,507)</u>	<u>(167,648)</u>	<u>(108,141)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	167,648	167,648
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>167,648</u>	<u>167,648</u>
Net increase in fund balance	<u>-</u>	<u>(59,507)</u>	<u>-</u>	<u>59,507</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 -
NSIP

For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final	Modified Accrual Basis	Favorable (Unfavorable)
REVENUES				
Intergovernmental:				
Governor's Office of Elderly Affairs:				
City of Baton Rouge	138,156	138,156	138,156	-
Ad Valorem Taxes	-	-	-	-
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	138,156	138,156	138,156	-
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	138,156	138,156	138,156	-
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	(138,156)	(138,156)	(138,156)	(138,156)
Total other financing sources (uses)	(138,156)	(138,156)	(138,156)	(138,156)
Net increase in fund balance	-	-	-	(138,156)
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, 2015

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 where 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, 2015

	AAA Administration	Supplemental Senior Center	Title III D Wellness	Title III E Caregiver Support	Utility Assistance	Total
REVENUES						
Intergovernmental:						
City of Baton Rouge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Office of Elderly Affairs	103,289	59,307	10,419	101,105		274,120
Public Support (restricted):						-
Contributions	-	-	-	-		-
Public Support (unrestricted):						-
Contributions	-	-	-	-		-
Fund raising	-	-	-	-		-
Program Service Fees:						-
Paid meals	-	-	-	-		-
Interest income	-	-	-	-		-
Utility Assistance - Entergy	-	-	-	-	25,000	25,000
Other	-	-	-	-		-
In-kind Contributions	-	-	-	-		-
Total revenues	<u>103,289</u>	<u>59,307</u>	<u>10,419</u>	<u>101,105</u>	<u>25,000</u>	<u>299,120</u>
EXPENDITURES						
Health, Welfare, & Social Services:						
Current:						
Salaries and wages	39,038	-	-	71,241		110,279
Fringe	7,615	-	-	14,281		21,896
Travel	10	-	-	4,281		4,291
Operating services	40,149	-	-	13,498		53,647
Operating supplies	10,386	-	-	1,124		11,510
Other cost	6,091	-	9,000	2,297		17,388
Kitchen operations	-	-	-	-		-
Capital outlay	-	-	-	-		-
Debt service:						-
Principal retirement	-	-	-	-		-
Interest	-	-	-	-		-
Utility Assistance	-	-	-	-	16,381	16,381
In-kind services and facilities	-	-	-	-		-
Total expenditures	<u>103,289</u>	<u>-</u>	<u>9,000</u>	<u>106,722</u>	<u>16,381</u>	<u>235,392</u>
Excess (deficiency) of revenues over expenditures	-	59,307	1,419	(5,617)	8,619	63,728
OTHER FINANCING SOURCES						
(USES)						
Operating transfers in	-	-	-	5,617	-	5,617
Operating transfers out	-	(60,307)	(1,419)	-	-	(61,726)
EXCESS OF REVENUES AND OTHER						
SOURCES OVER EXPENDITURES						
AND OTHER USES						
	<u>\$ -</u>	<u>\$ (1,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,619</u>	<u>\$ 7,619</u>
Fund balances						
Beginning of year	-	1,000	-	-	87,665	88,665
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,284</u>	<u>\$ 96,284</u>

EAST BATON ROUGE COUNCIL ON AGING, INC.
COMPARATIVE SCHEDULE OF CAPITAL ASSETS
AND CHANGES IN CAPITAL ASSETS

Year ended June 30, 2015

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions/</u> <u>Adjustments</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2015</u>
CAPITAL ASSETS				
Vehicles	\$ 115,004	\$ 42,599	\$ -	\$ 157,603
Office furniture and equipment	341,131	83,628	-	424,759
Leasehold improvements	198,466	203,641	-	402,107
Buildings	127,535	-	-	127,535
TOTAL CAPITAL ASSETS	<u>\$ 782,136</u>	<u>\$ 329,868</u>	<u>\$ -</u>	<u>\$ 1,112,004</u>
 INVESTMENT IN CAPITAL ASSETS				
Property acquired with funds from:				
General fund	\$ 775,518	\$ 287,269	\$ -	\$ 1,062,787
RSVP	1,060		-	1,060
PCOA	3,558		-	3,558
Title III C-2	-	42,599		42,599
Donations from the general public	2,000		-	2,000
TOTAL INVESTMENT IN CAPITAL ASSETS	<u>\$ 782,136</u>	<u>\$ 329,868</u>	<u>\$ -</u>	<u>\$ 1,112,004</u>

SUPPLEMENTARY FINANCIAL INFORMATION REQUIRED BY THE OMB

EAST BATON ROUGE COUNCIL ON AGING, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2015

FEDERAL GRANTOR/PASS THROUGH GRANTOR/PROGRAM TITLE OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PROGRAM OR AWARD AMOUNT	REVENUE RECOGNIZED	TOTAL FEDERAL EXPENDITURES
<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	77,467	77,467	77,467
Title III, Part C-1 Nutrition Services Congregate Meals	93.045	720224	232,152	232,152	232,152
Title III, Part C-2 Nutrition Services Home Delivered Meals	93.045	720224	157,760	157,760	157,760
Total Title III, Part C			<u>467,379</u>	<u>467,379</u>	<u>467,379</u>
Nutrition Services Incentive Program	93.053	720106	138,156	138,156	138,156
Total Aging Cluster			<u>822,778</u>	<u>822,778</u>	<u>822,778</u>
Title III, Part D - Disease Prevention and Health Promotion Services	93.043	720224	10,419	10,419	10,419
Title III, Part E - National Family Caregiver Program	93.052	720224	75,829	75,829	75,829
			<u>\$ 909,026</u>	<u>\$ 909,026</u>	<u>\$ 909,026</u>

The accompanying notes are an integral part of this schedule.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

(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, 2015. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 OMB Circular A-87, *Cost Principles for States, Local, and Indian Tribal Governments*, 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, 2015.

(4) NON-CASH ASSISTANCE

No federal non-cash assistance was received or expended during the year ended June 30, 2015.

(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
Title III B	\$ 217,243
Title III C-1	322,152
Title III C-2	206,216
Non Major	163,715
	\$ 909,326

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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, 2015, 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 January 11, 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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2015-2 and 2015-3, which we consider to be significant deficiencies.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2015-1 and 2015-4.

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

January 11, 2016

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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 Circular A-133 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, 2015. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-5. 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 OMB Circular A-133, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However,

we identified a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2014-4, that we consider to be a significant deficiency.

The Council's response to the internal control over compliance finding 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.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Baton Rouge, Louisiana

January 11, 2016

EAST BATON ROUGE COUNCIL ON AGING, INC.
SUMMARY OF AUDIT RESULTS AND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2015

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. Two significant deficiencies in internal controls, 2015-2 and 2015-3, relating to the audit of the financial statements are included in the "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*." No items are reported as material weaknesses.
3. Two instances of noncompliance 2015-1 and 2015-4 material to the financial statements of East Baton Rouge Council on Aging were disclosed during the audit.
4. One significant deficiency in internal controls 2015-5 relating to the audit of the major federal award programs is included in the "Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133". No material weaknesses were reported.
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, 2015-5, 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 \$300,000.
10. East Baton Rouge Council on Aging was determined to be a high-risk auditee.

B: FINDINGS - FINANCIAL STATEMENTS AUDIT

COMPLIANCE

2015-1 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.

2015-4 Engagement Completion and Submission

Condition: The financial statements and reports were not timely filed with the Legislative Auditor.

Cause: The auditor required additional time to analyze financial data and resolve issues related to going concern matters.

Effect: According to the Legislative Auditor of the State of Louisiana, failure to comply with the six month statutory submission of the financial reports is a reportable instance of noncompliance with state law.

Criteria: L.R.S 24:513 provides that the financial statements are to be filed with the Legislative Auditor within six months of the close of the fiscal year.

Auditor's Recommendation: In the future, the Council and its auditors should allow sufficient time for all procedures and work to be completed in time to submit the financial statements and reports within the six month statutory deadline as required.

Management Response: Management acknowledges the condition as described above and agrees with the auditor's recommendation.

INTERNAL CONTROL

2015-2 Internal Control over Financial Reporting

Condition: We assisted management in the analysis and reclassification of various accounts in order to close the books at year end and in drafting the financial statements and related notes as part of our year-end audit process. ***This is a repeat finding from the prior year.***

Criteria: Internal controls over financial reporting are those policies and procedures that exist to assure an entity's ability to initiate, record, process, and report financial data consistent with assertions embodied in the annual financial statements, and that financial statements are prepared in accordance with generally accepted accounting principles (GAAP).

Effect: Because our involvement is so key to that process there is an indication that this deficiency in internal control over financial reporting of the Council meets the definition of a significant deficiency as defined below.

Cause: The Council does not have anyone available to draft the financial statements.

Auditor's Recommendation: At this time it is not feasible for the Council to acquire the expertise necessary to actually draft the year-end financial statements in accordance with GAAP. Therefore, we propose to continue to assist management in the drafting of those financial statements.

Management Response: Management acknowledges the condition as described above. Although the Council's management does not actually prepare and draft the financial statements, we have the capacity and experience to understand proposed adjustments and to oversee the drafting of financial statements prepared in accordance with generally accepted accounting principles. Management provides all of the information to support adjustments and reclassifications and other information to be included in the financial statements and they understand the financial statement presentation. It is not feasible to employ the expertise to prepare the financial reporting package. Therefore, management proposes to continue with the current arrangement for

financial statement preparation.

2015-3 Internal Control over Payroll Timesheet Information

Condition: We noted a lack of control related to the oversight, review, and verification of employee timesheet calculations. ***This is a repeat finding from the prior year.***

Criteria: In order to ensure accuracy throughout the payroll process, management must monitor internal controls and confirm that supervision and review procedures are being implemented correctly.

Effect: Without a system of checks and balances, there is a greater risk that intentional or unintentional errors including the overpayment of salaries to employees could be made and not detected in the ordinary course of business.

In our test of sixty-four payroll transactions, we noted three discrepancies in the calculation of employee hours on timesheets that had been signed by the supervisor. These errors resulted in both overpayments and underpayments to employees. Two of the instances occurred prior to the reporting of this matter in the 2014 audit. One instance occurred after the reporting of the matter and implementing of recommended policies and procedures.

Cause: Because procedures related to calculation and verification of timesheet data were not followed prior to previous reporting of the condition, incorrect payments occurred due to errors in calculating hours on employees timesheets.

Auditor's Recommendation: The Council should continue to employ the internal controls designed for oversight and review of employee timesheets.

Management Response: Management acknowledges the condition as described above. In February, 2015, the Council implemented recommended policies and procedures to insure proper supervisory review of employee timesheets. Errors have been reduced to a reasonable level.

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

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Special Programs for the Aging – Title IIIB- Supportive Services; CFDA 93.044, Title IIIC – Nutrition Services; CFDA 93.045, and N.S.I.P. – Nutrition Services Incentive Program; CFDA 93.053, year ended June 30, 2015

COMPLIANCE

2015-5 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 ten instances in 2,131 items tested where receipt of meals was not acknowledged by signature of the recipient on the Center sign in sheets.

In addition, reconciliation of the number of meals requested by seniors, referred to as the "potential" list, to the actual meals prepared with the actual meals served as tracked on the "count" sheet are not being performed.

These are repeat findings 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 reported units of service 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: In prior periods the Council did not have adequate policies and procedures with regards to its responsibility to properly document and support reported units of service provided. In the current period, the noted discrepancies on the sign in sheets are likely attributable to inadvertent oversight.

Questioned costs: Unable to determine the questioned costs.

Auditor's Recommendation: Council employees should continue to follow established policies and procedures for documenting the provision of congregate of meals at the field sites.

Management Response: Management acknowledges the condition as described above and will continue to adhere to the applicable policies and procedures relative to documenting the provision of meals to the elderly at the various field sites.



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January 11, 2016

East Baton Rouge Council on Aging respectfully submits the following corrective action plan for the year ended June 30, 2015.

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, 2015

The findings from the fiscal year ended June 30, 2015 schedule of findings are discussed below. The findings are numbered consistently with the number assigned to the schedule.

FINANCIAL STATEMENT FINDINGS

COMPLIANCE

2014-1 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.

2015-4 Engagement Completion and Submission

Condition: The financial statements and reports were not timely filed with the Legislative Auditor.

Management Response: Management acknowledges the condition as described above and agrees with the auditor's recommendation that the Council and its

INTERNAL CONTROL

2015-2 Internal Control over Financial Reporting

Condition: We assisted management in the analysis and reclassification of various accounts in order to close the books at year end and in drafting the financial statements and related notes as part of our year-end audit process.

Management Response: Management acknowledges the condition as described above. Although the Council's management does not actually prepare and draft the financial statements, we have the capacity and experience to understand proposed adjustments and to oversee the drafting of financial statements prepared in accordance with generally accepted accounting principles. Management provides all of the information to support adjustments and reclassifications and other information to be included in the financial statements and they understand the financial statement presentation. It is not feasible to employ the expertise to prepare the financial reporting package. Therefore, management proposes to continue with the current arrangement for financial statement preparation.

2015-3 Internal Control over Payroll timesheet information

Condition: We noted a lack of controls related to the oversight, review, and verification of employee timesheet calculations.

Management Response: Management acknowledges the condition as described above. In February, 2015, the Council implemented recommended policies and procedures to insure proper supervisory review of employee timesheets. Errors have been reduced to a reasonable level. This matter is considered resolved.

FEDERAL AWARD FINDINGS AND QUESTIONED COST

Special Programs for the Aging – Title IIIB- Supportive Services; CFDA 93.044, Title IIIC – Nutrition Services; CFDA 93.045, and N.S.I.P. – Nutrition Services Incentive Program; CFDA 93.053, year ended June 30, 2015

COMPLIANCE

2015-5 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 ten instances in 2,131 items tested where receipt of meals was not acknowledged by signature of the recipient on the Center sign in sheets.

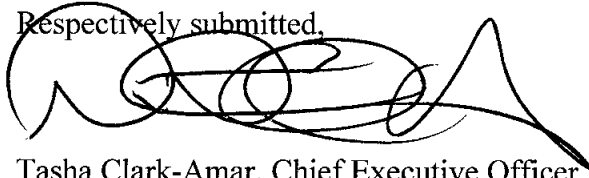
noted ten instances in 2,131 items tested where receipt of meals was not acknowledged by signature of the recipient on the Center sign in sheets.

In addition, reconciliation of the number of meals requested by seniors, referred to as the “potential” list, to the actual meals prepared with the actual meals served as tracked on the “count” sheet are not being performed.

Management Response: Management acknowledges the condition as described above and will continue to adhere to the applicable policies and procedures relative to documenting the provision of meals to the elderly at the various field sites.

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

Respectively submitted,

A handwritten signature in black ink, appearing to read 'Tasha Clark-Amar', written over the text '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, 2015

FINANCIAL STATEMENT FINDINGS

2014-1 Compliance with Operating Lease Terms

Repeated in current year findings as item 2015-1.

2014-2 Internal Control over Financial Reporting

Repeated in current year findings as item 2015-2. This matter cannot be resolved by implementing cost effective controls.

2014-3 Internal Control over Payroll Timesheet Information

Repeated in current year findings as item 2015-3. Controls implemented after the 2014 audit have reduced errors to a reasonable level. This matter is essentially resolved.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2014-4 Special Test and Provision

Repeated in current year findings as item 2015-5. However, controls have been implemented to assure that receipt of meals at congregate meal sites is properly documented by signature of the recipient. The number of discrepancies noted dropped from 433 in 2,964 items tested in 2014 to 10 instances in 2,131 items tested in 2015. This matter is essentially resolved.