

CHATHAM COUNTY COUNCIL ON AGING, INC.

2017 Audited Financial Statements

AUDITED FINANCIAL STATEMENTS

For The Years Ended June 30, 2017 and 2016

Chatham County Council on Aging, Inc.

2017 Board of Directors

Larry Ross

President

Mike Nowicki

Vice President

Jim Hackney

Treasurer

Nansi Greger-Holt

Secretary

Kathy Brommage

David Marty

Kirby B. Ellis

Kathleen Meredith

Stephanie K. Faris

Tamara Patterson

Lou Forrasi

Rev. James Wall

Emily Foushee

Pam Watrous

Kalyan Ghosh

CONTENTS

INDEPENDENT AUDITORS' REPORT	Page 2
FINANCIAL STATEMENTS:	
Statements of Financial Position.....	4
Statements of Activities	5
Statements of Cash Flows	6
Statements of Functional Expenses.....	7
Notes to Financial Statements.....	8
SUPPLEMENTARY INFORMATION:	
Independent Auditors' Report on Supplementary Information.....	16
Schedules of Activities by Program	17

INDEPENDENT AUDITORS' REPORT

October 30, 2017

The Board of Directors
Chatham County Council on Aging, Inc.
Pittsboro, North Carolina

We have audited the accompanying financial statements of Chatham County Council on Aging, Inc., which comprise the statement of financial position as of June 30, 2017 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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.

Auditors' Responsibility

Our responsibility is to express an opinion 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. 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 auditors' 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 auditors consider 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.

The Board of Directors
Chatham County Council on Aging, Inc.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chatham County Council on Aging, Inc. as of June 30, 2017 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter – 2016 Financial Statements

The financial statements of Chatham County Council on Aging, Inc., as of and for the year ended June 30, 2016, were audited by other auditors whose report thereon, dated November 8, 2016 expressed an unmodified opinion.

A handwritten signature in cursive script that reads "Gillian Cole & Moser, LLP".

Certified Public Accountants
Burlington, North Carolina
October 30, 2017

CHATHAM COUNTY COUNCIL ON AGING, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 347,769	\$ 494,117
Certificates of deposit	15,359	48,989
Grants and contracts receivable	136,322	178,985
Accounts receivable	1,391	50
Other receivable	2,493	5,948
Promises to give	32,000	32,000
Prepaid expenses and other assets	<u>2,699</u>	<u>10,303</u>
 Total current assets	 538,033	 770,392
 Investments	 244,285	 -
Property and equipment - net	<u>1,690,969</u>	<u>1,751,383</u>
 Total assets	 <u>\$ 2,473,287</u>	 <u>\$ 2,521,775</u>
Liabilities		
Current liabilities:		
Current maturity of note payable	\$ 12,000	\$ 12,000
Accounts payable	84,675	96,653
Accrued expenses	52,751	61,800
Deposits	<u>1,000</u>	<u>8,591</u>
 Total current liabilities	 <u>150,426</u>	 <u>179,044</u>
 Long-term debt	 <u>336,640</u>	 <u>348,038</u>
 Total liabilities	 <u>487,066</u>	 <u>527,082</u>
Net Assets		
Unrestricted	1,845,263	1,837,479
Temporarily restricted	<u>140,958</u>	<u>157,214</u>
 Total net assets	 <u>1,986,221</u>	 <u>1,994,693</u>
 Total liabilities and net assets	 <u>\$ 2,473,287</u>	 <u>\$ 2,521,775</u>

The accompanying notes are an integral part of these financial statements.

CHATHAM COUNTY COUNCIL ON AGING, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Changes in Unrestricted Net Assets		
Support and revenue:		
Contributions	\$ 58,973	\$ 18,545
In-kind contributions	251,087	232,947
Fundraising events	31,042	18,087
Grant income	1,712,151	1,663,733
Food services	40,850	38,805
Cost-sharing revenue	15,957	16,014
Rental income	30,435	32,775
Other income	15,258	14,751
Investment loss - net	(2,272)	-
Net assets released from restrictions	<u>117,262</u>	<u>197,386</u>
 Total support and revenue	 <u>2,270,743</u>	 <u>2,233,043</u>
 Expenses:		
Program services	1,924,939	1,776,826
Management & general	205,651	230,488
Fundraising	82,112	77,431
Food services	<u>50,257</u>	<u>38,488</u>
 Total expenses	 <u>2,262,959</u>	 <u>2,123,233</u>
 Increase in unrestricted net assets	 <u>7,784</u>	 <u>109,810</u>
Changes in Temporarily Restricted Net Assets		
Support and revenue:		
Contributions	2,818	34,815
Grant income	98,188	212,111
Net assets released from restrictions	<u>(117,262)</u>	<u>(197,386)</u>
 Increase (decrease) in temporarily restricted net assets	 <u>(16,256)</u>	 <u>49,540</u>
 Total net increase (decrease) in total net asset	 \$ (8,472)	 \$ 159,350
 Net assets - beginning of year	 <u>1,994,693</u>	 <u>1,835,343</u>
 Net assets - end of year	 <u>\$ 1,986,221</u>	 <u>\$ 1,994,693</u>

The accompanying notes are an integral part of these financial statements.

CHATHAM COUNTY COUNCIL ON AGING, INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (8,472)	\$ 159,350
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	92,768	88,716
Noncash contribution	-	(5,030)
Changes in operating assets and liabilities:		
Net unrealized loss on investments	3,060	-
Grants and contracts receivable	42,663	(14,158)
Accounts receivable	(1,341)	2,280
Other receivable	3,455	1,969
Prepaid expenses and other assets	7,604	(2,767)
Accounts payable	(11,978)	17,396
Accrued expenses	(9,049)	12,451
Deposits	<u>(7,591)</u>	<u>(3,285)</u>
Net cash provided by operating activities	<u>111,119</u>	<u>256,922</u>
Cash Flows From Investing Activities		
Redemption of certificates of deposit	33,630	-
Purchases of investments	(247,345)	-
Purchases of property and equipment	<u>(32,354)</u>	<u>(99,437)</u>
Net cash used in investing activities	<u>(246,069)</u>	<u>(99,437)</u>
Cash Flows From Financing Activities		
Principal payments on note payable	<u>(11,398)</u>	<u>(10,724)</u>
Net cash used in investing activities	<u>(11,398)</u>	<u>(10,724)</u>
Net increase (decrease) in cash and cash equivalents	(146,348)	146,761
Cash and cash equivalents at the beginning of the year	<u>494,117</u>	<u>347,356</u>
Cash and cash equivalents at the end of the year	<u>\$ 347,769</u>	<u>\$ 494,117</u>
Supplemental Disclosure of Cash Flows Information		
Interest paid	\$ 19,682	\$ 20,357
Income tax paid	\$ 300	\$ 2,764

The accompanying notes are an integral part of these financial statements.

CHATHAM COUNTY COUNCIL ON AGING, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2017 and 2016

	2017					2016				
	Program Services	Management & General	Fundraising	Food Services	Total	Program Services	Management & General	Fundraising	Food Services	Total
Contracted services	\$ 801,385	\$ -	\$ -	\$ -	\$ 801,385	\$ 733,033	\$ -	\$ -	\$ -	\$ 733,033
Staff salaries	409,526	35,251	35,753	109,660	590,190	380,157	30,881	32,682	108,910	552,630
In-kind salaries and benefits	83,431	76,094	34,585	6,838	200,948	86,735	59,828	29,729	10,229	186,521
Advertising and promotion	821	-	250	-	1,071	853	192	448	-	1,493
Building and ground maintenance	18,243	1,634	370	1,603	21,850	20,268	2,038	313	2,587	25,206
Communications	12,920	3,220	468	925	17,533	12,768	2,696	548	892	16,904
Depreciation	-	92,768	-	-	92,768	-	88,716	-	-	88,716
Dues and subscriptions	522	470	125	45	1,162	160	700	125	45	1,030
In-kind rent	41,070	4,476	1,013	3,580	50,139	36,212	5,571	2,786	1,857	46,426
Insurance	24,935	2,719	615	2,173	30,442	23,745	6,811	586	2,070	33,212
Interest	15,874	2,033	391	1,384	19,682	14,656	1,833	814	3,054	20,357
Miscellaneous	4,424	12,666	202	192	17,484	7,113	18,934	153	86	26,286
Payroll taxes	30,494	2,727	2,688	8,187	44,096	28,581	887	2,572	7,926	39,966
Professional fees	-	25,000	105	-	25,105	-	20,400	-	-	20,400
Rental expenses	2,700	-	-	-	2,700	4,060	-	-	-	4,060
Repairs and maintenance	7,465	16,058	35	3,989	27,547	5,146	11,759	-	3,049	19,954
Special events	-	-	1,705	-	1,705	-	-	840	-	840
Staff development	835	536	404	105	1,880	1,522	490	237	-	2,249
Staff fringe benefits	68,877	787	450	23,860	93,974	65,334	341	3,765	20,609	90,049
Supplementary personnel	10,045	-	-	5,028	15,073	9,731	6,893	-	4,488	21,112
Supplies and printing	27,672	9,756	343	121,991	159,762	17,146	8,751	16	124,322	150,235
Travel and mileage	1,864	361	-	-	2,225	1,856	479	85	-	2,420
Unrelated business income taxes	-	-	-	300	300	-	-	-	733	733
Utilities	36,277	3,613	735	3,313	43,938	32,334	3,313	664	3,090	39,401
Allocation of indirect costs	76,017	(84,518)	1,875	6,626	-	36,598	(41,025)	1,068	3,359	-
Allocation of meal costs	249,542	-	-	(249,542)	-	258,818	-	-	(258,818)	-
Total expenses	\$ 1,924,939	\$ 205,651	\$ 82,112	\$ 50,257	\$ 2,262,959	\$ 1,776,826	\$ 230,488	\$ 77,431	\$ 38,488	\$ 2,123,233

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 1: Summary of Significant Accounting Policies

Nature of organization- Chatham County Council on Aging, Inc. (the Organization) is a non-profit corporation dedicated to providing services to the elderly of Chatham County, North Carolina. The Organization promotes and encourages independent living, and physical and mental wellness through activities among the population over 60 years of age. These services include, but are not limited to, medical and nutritional transportation, home repair, legal services, nurses-aide home care services, and congregate and home-delivered meals. The Organization operates centers in Pittsboro and Siler City, North Carolina, both of which provide facilities for the various programs and services offered which are described below:

In-Home Services - This program provides support through personal care, meal preparation, and other tasks that clients may no longer be able to perform on their own. The goal is to keep older adults in their homes even in the face of deteriorating health and to help them maintain independence.

Transportation - This program provides an opportunity for clients to come to the Congregate Nutrition Centers via a transportation provider. Older adults needing a ride to the doctor or hospital are accommodated through the medical transportation program. Shopping opportunities are also made available through a transportation provider.

Information, Referral, and Legal Services - This program helps older adults and their families and friends get information about available services, and offers support in accessing those services. Staff coordinate care and follow up to ensure the clients' needs are being met. The program provides access to legal consultation and legal services, such as document preparation for older adults.

Home-Delivered Meals - This program provides both hot and frozen meals to clients who are homebound. Meals are delivered by volunteers.

Congregate Meals - This program provides a noontime meal at two centers in Chatham County.

Senior Center Operations - This program provides facilities in Pittsboro and Siler City for senior activities, nutrition programs, and community events.

Wellness and Health - This program provides older adults with an opportunity to stay healthy. The program helps them establish a regular routine of exercise and good eating habits. It also provides yoga, tai chi, and low impact and chair aerobic classes.

Activities - This program provides daily activities at both facilities as well as providing older adults the opportunity to take day and overnight trips to popular places in North Carolina and other states across the country. Special events are also held throughout the year.

Minor Home Repairs -This program offers minor repairs that address home safety issues. In addition, the program installs wheel chair ramps, handrails, grab bars, and other small assistive devices to increase the safety of the home.

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 1: Summary of Significant Accounting Policies (continued)

Financial statement presentation - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Use of accounting estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents - Cash and cash equivalents include all cash balances and highly liquid investments with an original maturity of three months or less. The Organization has credit risk exposure arising from cash deposits in excess of federally insured limits.

Accounts, Grants, Contracts, and Other Receivables - Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor, if the restrictions expire in the fiscal year in which the contributions are recognized, are reported as increases in unrestricted net assets. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Property and equipment – Property and equipment are stated at cost and include expenditures for major betterments and renewals. The Organization’s capitalization threshold is \$1,000. Maintenance, repairs and minor renewals are expensed as incurred. Donated assets are recorded at their estimated fair values at the time of donation, if readily determinable.

The following is a summary of costs and the accumulated depreciation:

	2017	2016
Building	\$ 2,470,732	\$ 2,470,732
Furniture and fixtures	68,275	68,275
Land improvements	51,596	51,596
Equipment	253,658	238,751
Vehicles	36,652	36,652
	2,880,913	2,866,006
Less accumulated depreciation	(1,189,944)	(1,114,623)
	\$ 1,690,969	\$ 1,751,383

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 1: Summary of Significant Accounting Policies (continued)

Depreciation - The cost of fixed assets is depreciated over the assets' estimated useful lives using the straight-line method. Depreciation expense was \$92,768 and \$88,716 for the years ended June 30, 2017 and 2016, respectively.

Revenue recognition - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and are reported in the statements of activities as net assets released from restrictions.

Advertising costs - The Company expenses advertising costs as incurred. Total advertising costs for the years ended June 30, 2017 and 2016 were \$1,071 and \$1,493, respectively.

Contributed services - Donated materials and services are reflected in the financial statements only if an objective basis is available to measure the value of such materials and services. Volunteers donated 12,784 and 11,812 hours to the Organization's operations and program services for years ended June 30, 2017 and 2016, the value of which cannot be objectively determined.

Note 2: Grants and Contracts Receivable

The following is a summary of grants and contracts receivable:

	2017	2016
Triangle J. Council of Governments	\$ 106,990	\$ 128,941
North Carolina Department of Transportation	26,006	50,044
Chatham County	3,326	-
	\$ 136,322	\$ 178,985

Note 3: Promise to Give

The promise to give consists of a pledge receivable from the United Way of Chatham County totaling \$32,000 as of June 30, 2017 and 2016. Based on historical experience, no allowance for uncollectible promises to give is deemed necessary. No discount is considered necessary as the unconditional promise to give is to be collected in less than one year.

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 4: Fair Value Measurements

Financial Accounting Standards Board (FASB) *Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures*, establishes a framework for measuring fair value. That framework provides fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 Valuation is based upon quoted prices in active markets for identical securities.
- Level 2 Valuation is based upon other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc).
- Level 3 Valuation is based upon significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments).

The Organization recognizes and discloses investments at fair value in the financial statements using level 1 inputs as described above. Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017.

Common stocks, corporate bonds, and U.S. government securities: Value at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the net asset value (NAV) of shares held by the Organization at year end.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ 99,738	\$ -	\$ -	\$ 99,738
Equities	71,978	-	-	71,978
Mutual funds	72,569	-	-	72,569
	\$ 244,285	\$ -	\$ -	\$ 244,285

The Organization did not hold investments as of June 30, 2016.

Investment income consists of the following:

	2017
Dividends and interest, net of expenses	\$ 788
Realized and unrealized gain	1,026
Investment fees	(4,086)
Investment loss -net	\$ (2,272)

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 5: Accrued Expenses

Accrued expenses consist of the following at June 30th:

	2017	2016
Accrued vacation	\$ 37,157	\$ 29,354
Accrued wages	11,345	28,629
Accrued payroll taxes	3,983	3,482
Other accrued expenses	266	335
	\$ 52,751	\$ 61,800

Note 6: Note Payable

A description of the note payable follows:

	2017	2016
Note payable for land and building with monthly payments of \$2,590, including interest at 5.4%, secured by land and building, maturing March 2025.	\$ 350,984	\$ 362,685
Less current maturities of long-term debt	12,000	12,000
Non-current portion of notes payable	\$ 338,984	\$ 350,685

Future maturities of the notes payable are as follows:

2018	\$ 12,000
2019	13,335
2020	14,065
2021	14,836
2022	15,650
Thereafter	281,098
	\$ 350,984

Unamortized debt issuance costs included in long-term debt on the Statements of Financial Position as of June 30, 2017 and 2016, totaled \$2,344 and \$2,647, respectively.

Note 7: Line of Credit

The Organization has available a line of credit with a borrowing limit of \$200,000 bearing interest at a variable rate of prime plus 2%. The line is secured by the Organization's deposit accounts. The outstanding balance on the line of credit at June 30, 2017 and 2016 was \$0.

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 8: Operating Lease

The Organization leases a copier under an operating lease expiring in March 2019, with monthly payments of \$556. In June 2015, the Organization entered into an operating lease of a postage meter, requiring monthly payments of \$60. The lease expires in June 2020.

Rent expense was \$7,396 and \$10,512 for the years ended June 30, 2017 and 2016, respectively, including monthly minimum payments and overage charges.

The following is a schedule of future minimum rental payments required under the above operating leases as of June 30, 2017:

2018	\$ 7,396
2019	5,726
2020	660

Note 9: Temporarily Restricted Net Assets

The total of temporarily restricted net assets as of June 30th consist of the following:

	2017	2016
Caregiver support	\$ 24,453	\$ 27,917
Carol Woods – workforce development	439	439
Equipment	-	2,000
Frozen meal program	22,799	16,355
Home Depot – small home repairs	-	8,460
In-home services	16,885	31,308
SAY YES	17,785	20,650
Senior Games	3,097	2,485
Senior Games Year Round	6,000	-
Seniors on the move	-	600
Stay at home	7,500	-
Supplemental emergency medical transportation	10,000	15,000
United Way of Chatham County:		
In-home services	17,000	26,000
Transportation	15,000	6,000
	<u>\$ 140,958</u>	<u>\$ 157,214</u>

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 10: Net Assets Released from Restrictions

The amounts of restricted net assets released during the years ended June 30, 2017 and 2016, were as follows:

	2017	2016
Caregiver support	\$ 13,464	\$ -
Information and assistance	-	11,457
In-home services	48,423	26,000
Meal programs	28,244	40,180
Senior Games	2,206	2,396
Transportation	11,000	51,000
Other program related expenses	13,925	66,353
	<u>\$ 117,262</u>	<u>\$ 197,386</u>

Note 11: Cafeteria Plan

The Organization has established a Cafeteria Plan as defined by Code Section 125 of the Internal Revenue Code. The plan allows employees to select and pay for group medical, disability, cancer, dental, and intensive care insurance with pre-tax earnings. Employees become eligible to participate in the plan after completing 180 days of employment.

Note 12: Retirement Plan

The Organization has adopted a 401(k) plan that covers virtually all employees on a non-restrictive, voluntary basis. Employees must be at least 21 years of age and have at least 1,000 hours of service in any twelve-month period in order to participate. All participant contributions are immediately and fully vested. Retirement plan expense totaled \$6,895 and \$5,784 for the years ending June 30, 2017 and 2016, respectively.

Note 13: Concentrations

The Organization received 82% and 83% of its total support and revenue from two government agencies for the years ended June 30, 2017 and 2016, respectively. The Organization primarily utilized three vendors in 2017 and four vendors in 2016 to provide its core services. Payments to these vendors comprised 94% and 100% of contracted services for the years ended June 30, 2017 and 2016, respectively. Additionally, 81% and 82% of the Organization's purchases of food supplies were from one vendor. A reduction in the level of support and revenue or services provided by the respective vendors could have a significant effect on the Council's programs and activities.

Note 14: In-kind Contributions

Two full-time employees are compensated by Chatham County for the years ended June 30, 2017 and 2016. All related salaries, payroll taxes, and benefits are recorded as in-kind contributions and in-kind salaries and benefits in the financial statements. This amount totaled \$200,948 and \$186,521, for the years ended June 30, 2017 and 2016, respectively.

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 14: In-kind Contributions (continued)

The Organization leases a two-acre parcel of land in Pittsboro, North Carolina, from Central Carolina Community College. The annual lease expense is one dollar for the term of the lease that will expire in June 2045. The fair market value of this property is recorded as in-kind contributions and in-kind rent of \$50,139 and \$46,426, for the years ended June 30, 2017 and 2016, respectively.

The Organization also receives donations of secondhand hospital beds, electric scooters, and other equipment, which it loans to its members on an as-needed basis. Such donations do not have readily identifiable values, and consequently the Council has not recognized any in-kind revenue related to them.

Note 15: Contingencies

The Organization is the recipient of federal, state, and private foundation grants for specific purposes that are subject to review and final audit by the grantor agencies. Such review and audit could lead to requests for reimbursement to the grantor agencies for expenditures disallowed under the compliance terms of the grant.

Note 16: Tax Exempt Organization

The Organization is a tax-exempt non-profit corporation organized under the laws of North Carolina. The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and the applicable state tax laws.

Note 17: Income Taxes

The Council records revenue for rental income and catering services. This revenue is considered unrelated business income. The Council files federal and state corporate income tax returns and records in the financial statements the corresponding income tax payable and expense for tax owed on the unrelated business income. Income tax expense for the years ended June 30, 2017 and 2016 totaled \$300 and \$733, respectively.

Note 18: Events Occurring After Report Date

The Organization has evaluated events and transactions that occurred between June 30, 2017 and October 30, 2017, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

The Board of Directors
Chatham County Council on Aging, Inc.
Pittsboro, North Carolina

The report on our audit of the basic financial statements of Chatham County Council on Aging, Inc. for the year ended June 30, 2017 appears on pages 2 and 3. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 17 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The financial statements of Chatham County Council on Aging, Inc. for the year ended June 30, 2016, were audited by other auditors and their report thereon dated November 8, 2016, which expressed an unmodified opinion on those financial statements, appears on page 3. Their report, as of the same date, on supplementary information on page 17 related to the 2016 financial statements stated that, in their opinion, such information was fairly stated in all material respects in relation to the financial statements for the year ended June 30, 2016, as a whole.



Certified Public Accountants
Burlington, North Carolina
October 30, 2017

CHATHAM COUNTY COUNCIL ON AGING, INC.
SCHEDULES OF ACTIVITIES BY PROGRAM
For the Years Ended June 30, 2017 and 2016

17

	In-Home Services	Transportation	Information, Referral, and Legal services	Home- Delivered Meals	Congregate Meals	Senior Center Operations	Wellness & Health	Activities	Minor Home Repairs	Total
Contracted services	\$ 398,299	\$ 319,283	\$ 50,678	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 33,125	\$ 801,385
Staff salaries	19,086	15,074	59,640	57,773	30,978	122,831	37,200	52,646	14,298	409,526
In-kind salaries and benefits	19,618	15,860	3,334	13,314	15,932	5,372	3,334	-	6,667	83,431
Advertising and promotion	250	233	-	-	-	125	177	-	36	821
Allocation of indirect costs	2,664	2,376	8,093	5,002	12,501	15,127	16,983	11,777	1,494	76,017
Allocation of meal costs	-	-	-	140,003	109,539	-	-	-	-	249,542
Building and ground maintenance	525	469	1,591	985	2,462	6,257	3,340	2,318	295	18,242
Communications	534	492	1,265	956	2,155	2,512	2,686	1,996	324	12,920
Dues and subscriptions	-	-	-	148	113	-	261	-	-	522
In-kind rent	1,439	1,284	4,372	2,703	6,754	8,173	9,176	6,363	807	41,071
Insurance	874	779	2,655	1,641	4,100	4,962	5,571	3,863	490	24,935
Interest	556	496	1,690	1,045	2,610	3,159	3,546	2,459	313	15,874
Miscellaneous	48	16	1,745	116	240	806	1,294	159	-	4,424
Payroll taxes	1,498	1,192	4,696	4,103	1,791	9,857	2,783	3,575	999	30,494
Rental expenses	-	-	-	-	-	2,700	-	-	-	2,700
Repairs and maintenance	78	70	298	147	400	4,831	1,228	386	27	7,465
Staff development	150	-	120	-	-	307	258	-	-	835
Staff fringe benefits	4,327	1,774	16,654	13,646	5,711	15,393	1,411	9,900	61	68,877
Supplementary personnel	738	-	-	-	-	-	3,881	-	5,426	10,045
Supplies and printing	-	10	557	-	5	9,463	2,307	2,346	12,984	27,672
Travel and mileage	139	-	1,107	99	-	242	177	-	100	1,864
Utilities	<u>1,173</u>	<u>1,047</u>	<u>3,834</u>	<u>2,202</u>	<u>5,650</u>	<u>8,474</u>	<u>7,946</u>	<u>5,366</u>	<u>585</u>	<u>36,277</u>
Total expenses - 2017	<u>\$ 451,996</u>	<u>\$ 360,455</u>	<u>\$ 162,329</u>	<u>\$ 243,883</u>	<u>\$ 200,941</u>	<u>\$ 220,591</u>	<u>\$ 103,559</u>	<u>\$ 103,154</u>	<u>\$ 78,031</u>	<u>\$ 1,924,939</u>
Total expenses - 2016	<u>\$ 434,757</u>	<u>\$ 353,292</u>	<u>\$ 128,658</u>	<u>\$ 256,357</u>	<u>\$ 189,151</u>	<u>\$ 200,416</u>	<u>\$ 116,196</u>	<u>\$ 85,404</u>	<u>\$ 12,595</u>	<u>\$ 1,776,826</u>