

CHATHAM COUNTY COUNCIL ON AGING, INC.

2018 Audited Financial Statements

AUDITED FINANCIAL STATEMENTS

For The Years Ended June 30, 2018 and 2017

Chatham County Council on Aging, Inc.

2018 Board of Directors

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INDEPENDENT AUDITORS' REPORT

November 5, 2018

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 statements of financial position as of June 30, 2018 and 2017 the related statements of activities, cash flows, and functional expenses for the years 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 audits. We conducted our audits 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, 2018 and 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.

Gillian Coble & Moser LLP

Certified Public Accountants
Burlington, North Carolina
November 5, 2018

CHATHAM COUNTY COUNCIL ON AGING, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 333,783	\$ 347,769
Certificates of deposit	-	15,359
Grants and contracts receivable	128,162	136,322
Accounts receivable	5,377	1,391
Other receivable	2,513	2,493
Promises to give	40,000	32,000
Prepaid expenses and other assets	675	2,699
 Total current assets	 510,510	 538,033
 Investments	 294,850	 244,285
Property and equipment - net	1,632,388	1,690,969
 Total assets	 \$ 2,437,748	 \$ 2,473,287
Liabilities		
Current liabilities:		
Current maturity of note payable	\$ 12,996	\$ 12,000
Accounts payable	57,366	84,675
Accrued expenses	48,259	52,751
Deposits	1,815	1,000
 Total current liabilities	 120,436	 150,426
 Long-term debt	 323,593	 336,640
 Total liabilities	 444,029	 487,066
Net Assets		
Unrestricted	1,823,802	1,845,263
Temporarily restricted	169,917	140,958
 Total net assets	 1,993,719	 1,986,221
 Total liabilities and net assets	 \$ 2,437,748	 \$ 2,473,287

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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Changes in Unrestricted Net Assets		
Support and revenue:		
Contributions	\$ 63,688	\$ 58,973
In-kind contributions	223,284	251,087
Fundraising events	42,138	31,042
Grant income	1,778,259	1,712,151
Food services	32,863	40,850
Cost-sharing revenue	18,300	15,957
Rental income	30,788	30,435
Other income	8,059	15,258
Investment income (loss) - net	10,353	(2,272)
Gain on disposal of fixed assets	850	-
Net assets released from restrictions	<u>95,157</u>	<u>117,262</u>
 Total support and revenue	 <u>2,303,739</u>	 <u>2,270,743</u>
 Expenses:		
Program services	1,975,917	1,924,939
Management & general	235,447	205,651
Fundraising	71,560	82,112
Food services	<u>42,276</u>	<u>50,257</u>
 Total expenses	 <u>2,325,200</u>	 <u>2,262,959</u>
 Increase (decrease) in unrestricted net assets	 <u>(21,461)</u>	 <u>7,784</u>
Changes in Temporarily Restricted Net Assets		
Support and revenue:		
Contributions	4,428	2,818
Grant income	119,688	98,188
Net assets released from restrictions	<u>(95,157)</u>	<u>(117,262)</u>
 Increase (decrease) in temporarily restricted net assets	 <u>28,959</u>	 <u>(16,256)</u>
 Total net increase (decrease) in total net asset	 \$ 7,498	 \$ (8,472)
 Net assets - beginning of year	 <u>1,986,221</u>	 <u>1,994,693</u>
 Net assets - end of year	 <u>\$ 1,993,719</u>	 <u>\$ 1,986,221</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, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 7,498	\$ (8,472)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation	92,241	92,768
Changes in operating assets and liabilities:		
Net unrealized (gain) loss on investments	(5,014)	3,060
Gain on disposal of fixed assets	(850)	-
Grants and contracts receivable	8,160	42,663
Accounts receivable	(3,986)	(1,341)
Other receivable	(20)	3,455
Prepaid expenses and other assets	2,024	7,604
Promises to give	(8,000)	-
Accounts payable	(27,309)	(11,978)
Accrued expenses	(4,492)	(9,049)
Deposits	<u>815</u>	<u>(7,591)</u>
Net cash provided by operating activities	<u>61,067</u>	<u>111,119</u>
Cash Flows From Investing Activities		
Redemption of certificates of deposit	15,359	33,630
Purchases of investments	(45,551)	(247,345)
Proceeds from disposal of fixed assets	850	-
Purchases of property and equipment	<u>(33,660)</u>	<u>(32,354)</u>
Net cash used in investing activities	<u>(63,002)</u>	<u>(246,069)</u>
Cash Flows From Financing Activities		
Principal payments on note payable	<u>(12,051)</u>	<u>(11,398)</u>
Net cash used in investing activities	<u>(12,051)</u>	<u>(11,398)</u>
Net decrease in cash and cash equivalents	(13,986)	(146,348)
Cash and cash equivalents at the beginning of the year	<u>347,769</u>	<u>494,117</u>
Cash and cash equivalents at the end of the year	<u>\$ 333,783</u>	<u>\$ 347,769</u>
Supplemental Disclosure of Cash Flows Information		
Interest paid	\$ 19,030	\$ 19,682
Income tax paid	\$ -	\$ 300

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, 2018 and 2017

	2018					2017				
	Program Services	Management & General	Fundraising	Food Services	Total	Program Services	Management & General	Fundraising	Food Services	Total
Contracted services	\$ 875,252	\$ -	\$ -	\$ -	\$ 875,252	\$ 801,385	\$ -	\$ -	\$ -	\$ 801,385
Staff salaries	424,133	36,804	36,478	104,901	602,316	409,526	35,251	35,753	109,660	590,190
In-kind salaries and benefits	82,242	92,968	19,785	6,290	201,285	83,431	76,094	34,585	6,838	200,948
Advertising and promotion	1,550	189	561	-	2,300	821	-	250	-	1,071
Building and ground maintenance	15,342	1,922	432	1,821	19,517	18,243	1,634	370	1,603	21,850
Communications	8,457	2,031	419	668	11,575	12,920	3,220	468	925	17,533
Depreciation	-	92,241	-	-	92,241	-	92,768	-	-	92,768
Dues and subscriptions	88	868	279	45	1,280	522	470	125	45	1,162
In-kind rent	18,020	1,965	444	1,571	22,000	41,070	4,476	1,013	3,580	50,139
Insurance	23,703	3,254	585	2,066	29,608	24,935	2,719	615	2,173	30,442
Interest	15,340	1,975	378	1,337	19,030	15,874	2,033	391	1,384	19,682
Miscellaneous	13,662	6,189	202	223	20,276	4,424	12,666	202	192	17,484
Payroll taxes	31,525	2,735	2,730	7,801	44,791	30,494	2,727	2,688	8,187	44,096
Professional fees	-	16,850	263	-	17,113	-	25,000	105	-	25,105
Rental expenses	3,075	-	-	-	3,075	2,700	-	-	-	2,700
Repairs and maintenance	6,497	15,079	1,009	7,375	29,960	7,465	16,058	35	3,989	27,547
Special events	-	-	4,458	-	4,458	-	-	1,705	-	1,705
Staff development	2,635	416	-	153	3,204	835	536	404	105	1,880
Staff fringe benefits	80,099	883	475	20,569	102,026	68,877	787	450	23,860	93,974
Supplementary personnel	3,651	2,500	-	6,404	12,555	10,045	-	-	5,028	15,073
Supplies and printing	21,276	8,749	1,155	135,138	166,318	27,672	9,756	343	121,991	159,762
Travel and mileage	1,627	303	-	-	1,930	1,864	361	-	-	2,225
Unrelated business income taxes	-	-	-	-	-	-	-	-	300	300
Utilities	35,160	4,190	650	3,090	43,090	36,277	3,613	735	3,313	43,938
Allocation of indirect costs	50,964	(56,664)	1,257	4,443	-	76,017	(84,518)	1,875	6,626	-
Allocation of meal costs	261,619	-	-	(261,619)	-	249,542	-	-	(249,542)	-
Total expenses	\$ 1,975,917	\$ 235,447	\$ 71,560	\$ 42,276	\$ 2,325,200	\$ 1,924,939	\$ 205,651	\$ 82,112	\$ 50,257	\$ 2,262,959

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

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, 2018 and 2017

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:

	<u>2018</u>	<u>2017</u>
Building	\$ 2,485,682	\$ 2,470,732
Furniture and fixtures	82,410	68,275
Land improvements	51,596	51,596
Equipment	255,948	253,658
Vehicles	<u>29,252</u>	<u>36,652</u>
	2,904,888	2,880,913
Less accumulated depreciation	<u>(1,272,500)</u>	<u>(1,189,944)</u>
	<u>\$ 1,632,388</u>	<u>\$ 1,690,969</u>

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
 June 30, 2018 and 2017

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 \$92,241 and \$92,768 for the years ended June 30, 2018 and 2017, 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, 2018 and 2017 were \$2,300 and \$1,071, 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 15,254 and 12,784 hours to the Organization's operations and program services for years ended June 30, 2018 and 2017, the value of which cannot be objectively determined.

Note 2: Grants and Contracts Receivable

The following is a summary of grants and contracts receivable:

	2018	2017
Triangle J. Council of Governments	\$ 114,046	\$ 106,990
North Carolina Department of Transportation	14,116	26,006
Chatham County	-	3,326
	\$ 128,162	\$ 136,322

Note 3: Promise to Give

The promise to give consists of a pledge receivable from the United Way of Chatham County totaling \$40,000 and \$32,000 as of June 30, 2018 and 2017, respectively. 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, 2018 and 2017

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: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2: Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity. Level 3 assets are those whose values are determined using pricing models, discounted cash flow methodologies, or similar techniques with significant unobservable inputs, as well as instruments for which the determination of fair value requires significant judgement or estimation.

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, 2018.

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, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of Deposit	\$ 99,038	\$ -	\$ -	\$ 99,038
Corporate bonds	18,008	-	-	18,008
Equities	105,612	-	-	105,612
Mutual funds	<u>72,192</u>	<u>-</u>	<u>-</u>	<u>72,192</u>
	<u>\$ 294,850</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,850</u>

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

Note 4: Fair Value Measurements (continued)

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

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

Investment income consists of the following:

	<u>2018</u>	<u>2017</u>
Dividends and interest, net of expenses	\$ 5,340	788
Realized and unrealized gain	5,255	1,026
Investment fees	<u>(242)</u>	<u>(4,086)</u>
Investment income (loss) -net	<u>\$ 10,353</u>	<u>\$ (2,272)</u>

Note 5: Accrued Expenses

Accrued expenses consist of the following at June 30th:

	<u>2018</u>	<u>2017</u>
Accrued vacation	\$ 33,104	\$ 37,157
Accrued wages	11,711	11,345
Accrued payroll taxes	2,962	3,983
Other accrued expenses	<u>482</u>	<u>266</u>
	<u>\$ 48,259</u>	<u>\$ 52,751</u>

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

Note 6: Note Payable

A description of the note payable follows:

	2018	2017
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.	\$ 338,631	\$ 350,984
Less current maturities of long-term debt	12,996	12,000
Less unamortized debt issuance costs	2,042	2,344
Non-current portion of notes payable	\$ 323,593	\$ 336,640

Future maturities of the notes payable are as follows:

2019	\$ 12,996
2020	14,065
2021	14,836
2022	15,650
2023	16,508
Thereafter	264,576
	\$ 338,631

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, 2018 and 2017 was \$0.

Note 8: Operating Lease

The Organization leases a copier under an operating lease expiring in June 2023, with monthly payments of \$490. 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.

The following is a schedule of future minimum rental payments required under the above operating leases as of June 30, 2018:

2019	\$ 8,398
2020	6,538
2021	5,878
2022	5,878
2023	5,878

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

Note 9: Temporarily Restricted Net Assets

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

	<u>2018</u>	<u>2017</u>
Caregiver support	\$ 21,135	\$ 24,453
Carol Woods – workforce development	439	439
Frozen meal program	21,914	22,799
In-home services	24,385	16,885
E-signage	2,500	-
Porch Upgrade	32,000	-
SAY YES	17,785	17,785
Senior Games	4,759	3,097
Senior Games Year Round	-	6,000
Stay at home	-	7,500
Supplemental emergency medical transportation	5,000	10,000
United Way of Chatham County:		
In-home services	25,000	17,000
Transportation	<u>15,000</u>	<u>15,000</u>
	<u>\$ 169,917</u>	<u>\$ 140,958</u>

Note 10: Net Assets Released from Restrictions

The amounts of restricted net assets released during the years ended June 30, 2018 and 2017, were as follows:

	<u>2018</u>	<u>2017</u>
Caregiver support	\$ 11,318	\$ 13,464
In-home services	17,000	48,423
Meal programs	38,073	28,244
Senior Games	8,766	2,206
Transportation	20,000	11,000
Other program related expenses	<u>-</u>	<u>13,925</u>
	<u>\$ 95,157</u>	<u>\$ 117,262</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.

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

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 \$6,772 and \$6,895 for the years ending June 30, 2018 and 2017, respectively.

Note 13: Concentrations

The Organization received 83% and 82% of its total support and revenue from two government agencies for the years ended June 30, 2018 and 2017, respectively. The Organization primarily utilized four vendors in 2018 and three vendors in 2017 to provide its core services. Payments to these vendors comprised 89% and 94% of contracted services for the years ended June 30, 2018 and 2017, respectively. Additionally, 96% and 81% 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, 2018 and 2017. 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 \$201,284 and \$200,948, for the years ended June 30, 2018 and 2017, respectively.

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 \$22,000 and \$50,139, for the years ended June 30, 2018 and 2017, 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.

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

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, 2018 and 2017 totaled \$0 and \$300, respectively.

Note 18: Events Occurring After Report Date

The Organization has evaluated events and transactions that occurred between June 30, 2018 and November 5, 2018, 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 audits of the basic financial statements of Chatham County Council on Aging, Inc. for the years ended June 30, 2018 and 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 18 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.



Certified Public Accountants
Burlington, North Carolina
November 5, 2018

CHATHAM COUNTY COUNCIL ON AGING, INC.
SCHEDULES OF ACTIVITIES BY PROGRAM
For the Years Ended June 30, 2018 and 2017

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	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	\$ 412,353	\$ 341,361	\$ 53,295	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 68,243	\$ 875,252
Staff salaries	19,644	15,677	67,149	59,181	29,289	111,741	49,520	56,604	15,328	424,133
In-kind salaries and benefits	12,580	6,291	-	12,580	6,291	31,918	6,291	-	6,291	82,242
Advertising and promotion	209	150	585	-	-	606	-	-	-	1,550
Building and ground maintenance	618	552	1,883	1,159	2,903	1,198	3,949	2,736	344	15,342
Communications	421	414	765	682	1,386	1,626	1,650	1,275	238	8,457
Dues and subscriptions	-	-	-	-	88	-	-	-	-	88
In-kind rent	631	563	1,918	1,186	2,963	3,586	4,027	2,792	354	18,020
Insurance	831	741	2,524	1,560	3,898	4,718	5,296	3,673	462	23,703
Interest	537	479	1,633	1,009	2,523	3,053	3,427	2,377	302	15,340
Miscellaneous	52	55	4,860	1,109	243	1,590	5,753	-	-	13,662
Payroll taxes	1,827	1,390	4,802	4,092	1,779	8,124	2,788	4,352	2,371	31,525
Rental expenses	-	-	-	-	-	3,075	-	-	-	3,075
Repairs and maintenance	197	175	688	370	972	1,262	1,816	930	87	6,497
Staff development	-	-	1,040	-	-	439	1,156	-	-	2,635
Staff fringe benefits	5,642	1,592	17,978	14,144	7,218	11,565	7,675	14,285	-	80,099
Supplementary personnel	613	-	-	-	-	720	2,318	-	-	3,651
Supplies and printing	-	-	3,677	-	13	11,238	3,162	2,258	928	21,276
Travel and mileage	-	-	943	31	-	398	255	-	-	1,627
Utilities	796	951	3,538	2,001	5,162	9,969	7,314	4,911	518	35,160
Allocation of indirect costs	1,786	1,593	5,426	3,354	8,381	10,142	11,384	7,896	1,002	50,964
Allocation of meal costs	-	-	-	142,811	118,808	-	-	-	-	261,619
Total expenses - 2018	\$ 458,737	\$ 371,984	\$ 172,704	\$ 245,269	\$ 191,917	\$ 216,968	\$ 117,781	\$ 104,089	\$ 96,468	\$ 1,975,917
Total expenses - 2017	\$ 451,996	\$ 360,455	\$ 162,329	\$ 243,883	\$ 200,941	\$ 220,591	\$ 103,559	\$ 103,154	\$ 78,031	\$ 1,924,939