

**CHATHAM COUNTY COUNCIL ON AGING, INC.**

2019 Audited Financial Statements

*(Including Supplementary Information)*

**AUDITED FINANCIAL STATEMENTS**

For The Years Ended June 30, 2019 and 2018

Chatham County Council on Aging, Inc.

2019 Board of Directors

Larry Ross

President

Linda Ellington

Vice President

Emily Foushee

Treasurer

Latonya Brown

Secretary

Kathy Brommage

Mike Nowicki

Dale Chodorow

Renee Paschal

Neriah Edwards-Boone

Johnny Shaw

Nansi Greger-Holt

Gregory Vassie

Robin Leto

Brenda White

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 .....	17
Schedules of Activities by Program.....	18

## INDEPENDENT AUDITORS' REPORT

October 24, 2019

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. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, the related statements of activities, functional expenses, and cash flows 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 audits 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.

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

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

*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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*William Cole & Moore, LLP*

Certified Public Accountants  
Burlington, North Carolina  
October 24, 2019

**CHATHAM COUNTY COUNCIL ON AGING, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2019 and 2018

	2019	2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 545,227	\$ 333,783
Grants and contracts receivable	190,924	128,162
Accounts receivable	1,680	5,377
Other receivable	3,448	2,513
Promises to give	36,334	40,000
Prepaid expenses and other assets	22,090	675
 Total current assets	 799,703	 510,510
Investments	293,154	294,850
Property and equipment - net	1,645,334	1,632,388
 Total assets	 \$ 2,738,191	 \$ 2,437,748
<b>Liabilities</b>		
Current liabilities:		
Current maturity of long-term debt	\$ 14,065	\$ 12,996
Accounts payable	110,912	32,736
Accrued expenses	51,451	48,259
Deposits	25,858	26,445
 Total current liabilities	 202,286	 120,436
Long-term debt	309,788	323,593
 Total liabilities	 512,074	 444,029
<b>Net Assets</b>		
Without donor restrictions	2,101,001	1,823,802
With donor restrictions	125,116	169,917
 Total net assets	 2,226,117	 1,993,719
 Total liabilities and net assets	 \$ 2,738,191	 \$ 2,437,748

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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Changes In Net Assets Without Donor Restrictions</b>		
Support and revenue:		
Contributions	\$ 155,673	\$ 63,688
In-kind contributions	219,519	223,284
Fundraising events	43,204	42,138
Grant income	1,882,880	1,778,259
Food services	30,637	32,863
Cost-sharing revenue	15,342	18,300
Rental income	25,404	30,788
Other income	5,700	8,059
Investment income - net	20,995	10,353
Gain on disposal of property and equipment	-	850
Net assets released from restrictions	<u>153,623</u>	<u>95,157</u>
 Total support and revenue	 <u>2,552,977</u>	 <u>2,303,739</u>
 Expenses:		
Program services	1,858,407	1,975,917
Management & general	321,505	235,447
Fundraising	70,775	71,560
Food services	<u>25,091</u>	<u>42,276</u>
 Total expenses	 <u>2,275,778</u>	 <u>2,325,200</u>
 Increase (decrease) in net assets without donor restrictions	 <u>277,199</u>	 <u>(21,461)</u>
<b>Changes In Net Assets With Donor Restrictions</b>		
Support and revenue:		
Contributions	-	4,428
Grant income	108,822	119,688
Net assets released from restrictions	<u>(153,623)</u>	<u>(95,157)</u>
 Increase (decrease) in net assets with donor restrictions	 <u>(44,801)</u>	 <u>28,959</u>
 Net increase in total net assets	 \$ 232,398	 \$ 7,498
 Net assets - beginning of year	 <u>1,993,719</u>	 <u>1,986,221</u>
 Net assets - end of year	 <u>\$ 2,226,117</u>	 <u>\$ 1,993,719</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, 2019 and 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 232,398	\$ 7,498
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	91,153	92,241
Changes in operating assets and liabilities:		
Net unrealized gain on investments	(13,865)	(5,014)
Gain on disposal of property and equipment	-	(850)
Grants and contracts receivable	(62,762)	8,160
Accounts receivable	3,697	(3,986)
Other receivable	(935)	(20)
Prepaid expenses and other assets	(21,415)	2,024
Promises to give	3,666	(8,000)
Accounts payable	78,176	(27,309)
Accrued expenses	3,192	(4,492)
Deposits	<u>(587)</u>	<u>815</u>
Net cash provided by operating activities	<u>312,718</u>	<u>61,067</u>
<b>Cash Flows From Investing Activities</b>		
Redemption of certificates of deposit	20,000	15,359
Purchases of investments	(4,439)	(45,551)
Proceeds from disposal of property and equipment	-	850
Purchases of property and equipment	<u>(104,099)</u>	<u>(33,660)</u>
Net cash used in investing activities	<u>(88,538)</u>	<u>(63,002)</u>
<b>Cash Flows From Financing Activities</b>		
Principal payments on long-term debt	<u>(12,736)</u>	<u>(12,051)</u>
Net cash used in financing activities	<u>(12,736)</u>	<u>(12,051)</u>
Net increase (decrease) in cash and cash equivalents	211,444	(13,986)
Cash and cash equivalents - beginning of year	<u>333,783</u>	<u>347,769</u>
Cash and cash equivalents - end of year	<u>\$ 545,227</u>	<u>\$ 333,783</u>
<b>Supplemental Disclosure Of Cash Flows Information</b>		
Interest paid	\$ 18,344	\$ 19,030

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, 2019 and 2018

	2019					2018				
	Program Services	Management & General	Fundraising	Food Services	Total	Program Services	Management & General	Fundraising	Food Services	Total
Contracted services	\$ 749,861	\$ 23,805	\$ -	\$ -	\$ 773,666	\$ 875,252	\$ -	\$ -	\$ -	\$ 875,252
Staff salaries	443,799	46,183	34,326	108,752	633,060	424,133	36,804	36,478	104,901	602,316
In-kind salaries and benefits	77,993	87,715	18,301	6,009	190,018	82,242	92,968	19,785	6,290	201,285
Advertising and promotion	531	-	1,126	-	1,657	1,550	189	561	-	2,300
Building and ground maintenance	21,323	2,325	526	1,860	26,034	15,342	1,922	432	1,821	19,517
Communications	8,576	1,688	884	503	11,651	8,457	2,031	419	668	11,575
Depreciation	-	91,153	-	-	91,153	-	92,241	-	-	92,241
Dues and subscriptions	37	1,167	-	-	1,204	88	868	279	45	1,280
In-kind rent	24,164	2,634	596	2,106	29,500	18,020	1,965	444	1,571	22,000
Insurance	14,855	3,336	366	3,295	21,852	23,703	3,254	585	2,066	29,608
Interest	14,778	1,914	364	1,288	18,344	15,340	1,975	378	1,337	19,030
Miscellaneous	13,353	2,760	100	120	16,333	13,662	6,189	202	223	20,276
Payroll taxes	32,824	3,035	2,849	7,789	46,497	31,525	2,735	2,730	7,801	44,791
Professional fees	-	19,600	-	-	19,600	-	16,850	263	-	17,113
Rental expenses	2,444	-	-	-	2,444	3,075	-	-	-	3,075
Repairs and maintenance	12,140	19,584	399	6,749	38,872	6,497	15,079	1,009	7,375	29,960
Special events	-	-	3,710	-	3,710	-	-	4,458	-	4,458
Staff development	2,205	409	112	-	2,726	2,635	416	-	153	3,204
Staff fringe benefits	98,555	-	686	14,701	113,942	80,099	883	475	20,569	102,026
Supplementary personnel	4,186	3,000	-	5,606	12,792	3,651	2,500	-	6,404	12,555
Supplies and printing	17,498	7,372	5,673	140,418	170,961	21,276	8,749	1,155	135,138	166,318
Travel and mileage	1,807	14	-	-	1,821	1,627	303	-	-	1,930
Utilities	39,781	3,811	757	3,592	47,941	35,160	4,190	650	3,090	43,090
Allocation of indirect costs	-	-	-	-	-	50,964	(56,664)	1,257	4,443	-
Allocation of meal costs	<u>277,697</u>	<u>-</u>	<u>-</u>	<u>(277,697)</u>	<u>-</u>	<u>261,619</u>	<u>-</u>	<u>-</u>	<u>(261,619)</u>	<u>-</u>
Total expenses	<u>\$ 1,858,407</u>	<u>\$ 321,505</u>	<u>\$ 70,775</u>	<u>\$ 25,091</u>	<u>\$ 2,275,778</u>	<u>\$ 1,975,917</u>	<u>\$ 235,447</u>	<u>\$ 71,560</u>	<u>\$ 42,276</u>	<u>\$ 2,325,200</u>

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

**CHATHAM COUNTY COUNCIL ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

**Note 1: Summary of Significant Accounting Policies**

**Nature of organization** - Chatham County Council on Aging, Inc. ("the Organization") is a nonprofit 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 noon-time 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, 2019 and 2018

**Note 1: Summary of Significant Accounting Policies (continued)**

**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.

**Receivables** - Grants, contracts and other 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 net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**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 less accumulated depreciation 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.

**Depreciation** - The cost of fixed assets is depreciated over the assets' estimated useful lives using the straight-line method. Depreciation expense was \$91,153 and \$92,241 for the years ended June 30, 2019 and 2018, respectively.

**Advertising and promotion costs** - The Company expenses advertising costs as incurred. Total advertising costs for the years ended June 30, 2019 and 2018 were \$1,657 and \$2,300, 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 11,926 and 15,254 hours to the Organization's operations and program services for years ended June 30, 2019 and 2018, the value of which cannot be objectively determined.

**Functional allocation of expenses** - The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**CHATHAM COUNTY COUNCIL ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

**Note 1: Summary of Significant Accounting Policies (continued)**

**Net assets** - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net assets with donor restrictions - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (i.e., when a stipulated time restriction ends or a purpose restriction is accomplished) in the year in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When the restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**Change in accounting principle** - On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented.

**Note 2: Available Resources and Liquidity**

The following reflects the Organization's financial assets as of year-end, reduced by amounts not available for general use due to the board designations or donor-imposed restrictions.:

	2019	2018
Cash and cash equivalents	\$ 545,227	\$ 333,783
Receivables	232,386	176,052
	777,613	509,835
Less debt and interest payments due within one year	31,080	31,080
Less assets to fund donor restrictions	125,116	169,917
	\$ 621,417	\$ 308,838

The Organization routinely receives support from various donors that is more than sufficient to fund operating expenses. Furthermore, management and the Board monitor support through review of the annual budget. Additionally, the Organization has access to an unused line of credit to support operations.

**CHATHAM COUNTY COUNCIL ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

**Note 3: Property and Equipment**

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

	2019	2018
Building	\$ 2,579,234	\$ 2,485,682
Furniture and fixtures	82,410	82,410
Land improvements	51,596	51,596
Equipment	266,494	255,948
Vehicles	29,252	29,252
	3,008,986	2,904,888
Less accumulated depreciation	1,363,652	1,272,500
	\$ 1,645,334	\$ 1,632,388

**Note 4: Grants and Contracts Receivable**

The following is a summary of grants and contracts receivable:

	2019	2018
Triangle J. Council of Governments	\$ 168,880	\$ 114,046
North Carolina Department of Transportation	22,044	14,116
	\$ 190,924	\$ 128,162

**Note 5: Promise to Give**

The promise to give consists of a pledge receivable from the United Way of Chatham County totaling \$36,334 and \$40,000 as of June 30, 2019 and 2018, 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.

**Note 6: 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.

**CHATHAM COUNTY COUNCIL ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

**Note 6: Fair Value Measurements (continued)**

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. The 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, 2019.

Certificates of deposit: Valued at the maturity value.

Common stocks, corporate bonds, and U.S. government securities: Valued 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, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of Deposit	\$ 80,115	\$ -	\$ -	\$ 80,115
Corporate bonds	19,556	-	-	19,556
Equities	116,055	-	-	116,055
Mutual funds	<u>77,428</u>	<u>-</u>	<u>-</u>	<u>77,428</u>
	<u>\$ 293,154</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 293,154</u>

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>

Investment income consists of the following:

	<u>2019</u>	<u>2018</u>
Dividends and interest	\$ 7,130	\$ 5,340
Realized and unrealized gains	14,049	5,255
Less investment fees	<u>(184)</u>	<u>(242)</u>
Investment income - net	<u>\$ 20,995</u>	<u>\$ 10,353</u>

**CHATHAM COUNTY COUNCIL ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

June 30, 2019 and 2018

**Note 7: Accrued Expenses**

Accrued expenses consist of the following:

	2019	2018
Accrued vacation	\$ 35,451	\$ 33,104
Accrued wages	11,711	11,711
Accrued payroll taxes	2,984	2,962
Other accrued expenses	1,305	482
	\$ 51,451	\$ 48,259

**Note 8: Long - Term Debt**

The following is a summary of long-term debt:

	2019	2018
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.	\$ 325,593	\$ 338,631
Less current maturities of long-term debt	14,065	12,996
Less unamortized debt issuance costs	1,740	2,042
Non-current portion of long-term debt	\$ 309,788	\$ 323,593

Future maturities of long-term debt are as follows:

2020	\$ 14,065
2021	14,836
2022	15,650
2023	16,508
2024	17,413
Thereafter	247,121
	\$ 325,593

**Note 9: 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, 2019 and 2018 was \$0.

**Note 10: 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 \$7,305 and \$6,772 for the years ending June 30, 2019 and 2018, respectively.

**CHATHAM COUNTY COUNCIL ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

**Note 11: Operating Leases**

The Organization has various lease agreements for equipment. The leases mature at various dates from May 2020 - June 2023.

Rent expense was \$8,398 and \$7,396 for the years ended June 30, 2019 and 2018, respectively.

The following is a schedule of future minimum rental payments required under the above operating leases as of June 30, 2019:

2020	\$	8,338
2021		5,878
2022		5,878
2023		5,878

**Note 12: Net Assets With Donor Restrictions**

The total of net assets with donor restrictions consist of the following:

	<u>2019</u>	<u>2018</u>
Aging Plan intern support	\$ 7,000	\$ -
Caregiver support	19,550	21,135
Carol Woods – workforce development	439	439
Frozen meal program	18,775	21,914
In-home services	13,705	24,385
E-signage	2,500	2,500
Porch Upgrade	-	32,000
Rebuilding grant – Hurricane Florence	7,500	-
SAY YES	8,357	17,785
Senior Games	3,956	4,759
Stairs	2,000	-
Supplemental emergency medical transportation	5,000	5,000
United Way of Chatham County:		
In-home services	25,000	25,000
Transportation	<u>11,334</u>	<u>15,000</u>
	<u>\$ 125,116</u>	<u>\$ 169,917</u>

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

	<u>2019</u>	<u>2018</u>
Caregiver support	\$ 11,385	\$ 11,318
In-home services	45,680	17,000
Meal programs	34,327	38,073
Porch upgrade	32,000	-
SAY YES	9,428	-
Senior Games	803	8,766
Transportation	15,000	20,000
Other program related expenses	<u>5,000</u>	<u>-</u>
	<u>\$ 153,623</u>	<u>\$ 95,157</u>



**CHATHAM COUNTY COUNCIL ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

**Note 13: 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 14: Concentrations**

The Organization received 80% and 83% of its total support and revenue from two government agencies for the years ended June 30, 2019 and 2018, respectively. The Organization primarily utilized four vendors in 2019 and four vendors in 2018 to provide its core services. Payments to these vendors comprised 96% and 89% of contracted services for the years ended June 30, 2019 and 2018, respectively. Additionally, 96% of the Organization's purchases of food supplies were from two vendors for both years. 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 15: In-kind Contributions**

Two full-time employees are compensated by Chatham County for the years ended June 30, 2019 and 2018. 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 \$190,018 and \$201,285, for the years ended June 30, 2019 and 2018, 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 \$29,500 and \$22,000, for the years ended June 30, 2019 and 2018, 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 16: 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 17: Tax-Exempt Organization**

The Organization is a tax-exempt nonprofit 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.

**CHATHAM COUNTY COUNCIL ON AGING, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

**Note 18: Income Taxes**

The Organization 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, 2019 and 2018 totaled \$0.

**Note 19: Functional Expenses**

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include facilities costs, which are allocated on a square footage basis, as well as contracted services, staff salaries, in-kind salaries and benefits, advertising and promotion, building and ground maintenance, communications, dues and subscriptions, in-kind rent, insurance, interest, miscellaneous, payroll taxes, repairs and maintenance, staff development, staff fringe benefits, supplementary personnel, supplies and printing, travel and mileage and utilities which are allocated on the basis of estimates of time and effort to both management and fundraising efforts.

**Note 20: Reclassification**

Certain items in the 2018 statement of financial position have been reclassified to conform to current year presentation. These reclassifications had no effect on the statements of activities or net assets at year-end.

**Note 21: Subsequent Events**

The Organization has evaluated events and transactions that occurred between June 30, 2019 and October 24, 2019, 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, 2019 and 2018 appears on pages 2 and 3. Our audits were 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.

*Gilliam Coble & Moser, LLP*

Certified Public Accountants  
Burlington, North Carolina  
October 24, 2019

**CHATHAM COUNTY COUNCIL ON AGING, INC.**  
**SCHEDULES OF ACTIVITIES BY PROGRAM**  
For the Years Ended June 30, 2019 and 2018

	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	\$ 304,107	\$ 320,516	\$ 52,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,784	\$ 749,861
Staff salaries	17,939	17,778	104,150	49,423	27,307	102,334	35,492	69,559	19,817	443,799
In-kind salaries and benefits	11,997	5,999	-	11,997	6,000	29,994	6,005	-	6,001	77,993
Advertising and promotion	76	-	26	-	-	-	408	21	-	531
Building and ground maintenance	747	666	2,270	1,403	3,506	4,244	4,764	3,304	419	21,323
Communications	422	351	814	690	1,420	1,723	1,614	1,303	239	8,576
Dues and subscriptions	-	-	-	-	-	-	-	37	-	37
In-kind rent	847	755	2,572	1,590	3,974	4,809	5,398	3,744	475	24,164
Insurance	521	465	1,582	978	2,443	2,955	3,318	2,301	292	14,855
Interest	518	462	1,573	972	2,430	2,941	3,302	2,290	290	14,778
Miscellaneous	52	-	5,334	130	254	418	6,909	256	-	13,353
Payroll taxes	1,285	1,310	7,027	4,312	2,141	6,649	4,280	4,373	1,447	32,824
Rental expenses	-	-	-	-	-	2,444	-	-	-	2,444
Repairs and maintenance	471	421	1,317	882	2,097	1,334	3,359	1,942	317	12,140
Staff development	-	-	255	-	-	557	1,085	308	-	2,205
Staff fringe benefits	4,561	1,911	20,074	14,610	7,195	9,533	12,490	19,724	8,457	98,555
Supplementary personnel	175	-	-	-	-	599	605	-	2,807	4,186
Supplies and printing	-	-	2,140	2,952	354	7,424	2,781	1,847	-	17,498
Travel and mileage	91	-	564	186	-	541	41	384	-	1,807
Utilities	1,240	1,206	4,114	2,328	6,005	10,067	8,506	5,712	603	39,781
Allocation of meal costs	-	-	-	159,285	118,412	-	-	-	-	277,697
<b>Total expenses - 2019</b>	<b>\$ 345,049</b>	<b>\$ 351,840</b>	<b>\$ 206,266</b>	<b>\$ 251,738</b>	<b>\$ 183,538</b>	<b>\$ 188,566</b>	<b>\$ 100,357</b>	<b>\$ 117,105</b>	<b>\$ 113,948</b>	<b>\$ 1,858,407</b>
<b>Total expenses - 2018</b>	<b>\$ 458,737</b>	<b>\$ 371,984</b>	<b>\$ 172,704</b>	<b>\$ 245,269</b>	<b>\$ 191,917</b>	<b>\$ 216,968</b>	<b>\$ 117,781</b>	<b>\$ 104,089</b>	<b>\$ 96,468</b>	<b>\$ 1,975,917</b>