

CHATHAM COUNTY COUNCIL ON AGING, INC.

2020 Audited Financial Statements

(Including Supplementary Information)

For The Years Ended June 30, 2020 and 2019

Chatham County Council on Aging, Inc.

2020 Board of Directors

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Gilliam Bell Moser^{LLP}
we hear you

INDEPENDENT AUDITORS' REPORT

November 3, 2020

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, 2020 and 2019, 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, 2020 and 2019, 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.

Dillion Bell Moser LLP

Certified Public Accountants
Burlington, North Carolina
November 3, 2020

CHATHAM COUNTY COUNCIL ON AGING, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,028,907	\$ 545,227
Grants and contracts receivable	185,765	190,924
Accounts receivable	-	1,680
Other receivable	3,778	3,448
Promise to give	-	36,334
Prepaid expenses and other assets	<u>16,988</u>	<u>22,090</u>
 Total current assets	 1,235,438	 799,703
 Investments	 407,391	 293,154
Property and equipment - net	<u>1,583,236</u>	<u>1,645,334</u>
 Total assets	 <u>\$ 3,226,065</u>	 <u>\$ 2,738,191</u>
Liabilities		
Current liabilities:		
Current maturities of long-term debt	\$ 14,836	\$ 14,065
Accounts payable	116,332	110,912
Accrued expenses	61,067	51,451
Deposits	2,315	25,858
SBA Paycheck Protection Program loan	<u>150,332</u>	<u>-</u>
 Total current liabilities	 344,882	 202,286
 Long-term debt	 <u>295,597</u>	 <u>309,788</u>
 Total liabilities	 <u>640,479</u>	 <u>512,074</u>
Net Assets		
Without donor restrictions	2,290,378	2,101,001
With donor restrictions	<u>295,208</u>	<u>125,116</u>
 Total net assets	 <u>2,585,586</u>	 <u>2,226,117</u>
 Total liabilities and net assets	 <u>\$ 3,226,065</u>	 <u>\$ 2,738,191</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Changes In Net Assets Without Donor Restrictions		
Support and revenue:		
Contributions	\$ 84,871	\$ 155,673
In-kind contributions	234,890	219,519
Fundraising events	43,972	43,204
Grant income	2,047,424	1,882,880
Food services	19,261	30,637
Cost-sharing revenue	10,927	15,342
Rental income	20,665	25,404
Other income	10,025	5,700
Investment return - net	11,457	20,995
Net assets released from restrictions	<u>131,615</u>	<u>153,623</u>
 Total support and revenue	 <u>2,615,107</u>	 <u>2,552,977</u>
 Expenses:		
Program services	2,004,555	1,858,407
Management & general	301,554	321,505
Fundraising	82,311	70,775
Food services	<u>37,310</u>	<u>25,091</u>
 Total expenses	 <u>2,425,730</u>	 <u>2,275,778</u>
 Increase in net assets without donor restrictions	 <u>189,377</u>	 <u>277,199</u>
Changes In Net Assets With Donor Restrictions		
Grant income	301,707	108,822
Net assets released from restrictions	<u>(131,615)</u>	<u>(153,623)</u>
 Increase (decrease) in net assets with donor restrictions	 <u>170,092</u>	 <u>(44,801)</u>
 Net increase in total net assets	 \$ 359,469	 \$ 232,398
 Net assets - beginning of year	 <u>2,226,117</u>	 <u>1,993,719</u>
 Net assets - end of year	 <u>\$ 2,585,586</u>	 <u>\$ 2,226,117</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, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Increase in net assets	\$ 359,469	\$ 232,398
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	93,327	91,153
Changes in operating assets and liabilities:		
Net unrealized gain on investments	(4,705)	(13,865)
Grants and contracts receivable	5,159	(62,762)
Accounts receivable	1,680	3,697
Other receivable	(330)	(935)
Prepaid expenses and other assets	5,102	(21,415)
Promise to give	36,334	3,666
Accounts payable	5,420	78,176
Accrued expenses	9,616	3,192
Deposits	<u>(23,543)</u>	<u>(587)</u>
Net cash provided by operating activities	<u>487,529</u>	<u>312,718</u>
Cash Flows From Investing Activities		
Redemption of certificates of deposit	36,000	20,000
Purchases of investments	(145,532)	(4,439)
Purchases of property and equipment	<u>(31,229)</u>	<u>(104,099)</u>
Net cash used in investing activities	<u>(140,761)</u>	<u>(88,538)</u>
Cash Flows From Financing Activities		
Proceeds from SBA Paycheck Protection Program loan	150,332	-
Principal payments on long-term debt	<u>(13,420)</u>	<u>(12,736)</u>
Net cash provided by (used in) financing activities	<u>136,912</u>	<u>(12,736)</u>
Net increase in cash and cash equivalents	483,680	211,444
Cash and cash equivalents - beginning of year	<u>545,227</u>	<u>333,783</u>
Cash and cash equivalents - end of year	<u>\$ 1,028,907</u>	<u>\$ 545,227</u>
Supplemental Disclosure of Cash Flows Information		
Interest paid	\$ 17,661	\$ 18,344

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, 2020 and 2019

	2020					2019				
	Program Services	Management & General	Fundraising	Food Services	Total	Program Services	Management & General	Fundraising	Food Services	Total
Contracted services	\$ 859,293	\$ 8,157	\$ -	\$ -	\$ 867,450	\$ 749,861	\$ 23,805	\$ -	\$ -	\$ 773,666
Staff salaries	468,827	36,288	41,005	104,845	650,965	443,799	46,183	34,326	108,752	633,060
In-kind salaries and benefits	84,273	94,559	20,000	6,553	205,385	77,993	87,715	18,301	6,009	190,018
Advertising and promotion	420	52	128	-	600	531	-	1,126	-	1,657
Building and ground maintenance	8,470	936	338	591	10,335	21,323	2,325	526	1,860	26,034
Communications	9,835	2,137	1,391	553	13,916	8,576	1,688	884	503	11,651
Depreciation	-	93,327	-	-	93,327	-	91,153	-	-	91,153
Dues and subscriptions	-	1,324	-	-	1,324	37	1,167	-	-	1,204
Grant expense	46,790	-	-	-	46,790	-	-	-	-	-
In-kind rent	24,168	2,634	596	2,106	29,504	24,164	2,634	596	2,106	29,500
Insurance	17,137	2,471	423	1,494	21,525	14,855	3,336	366	3,295	21,852
Interest	14,521	1,550	351	1,239	17,661	14,778	1,914	364	1,288	18,344
Miscellaneous	6,103	18,879	113	120	25,215	13,353	2,760	100	120	16,333
Payroll taxes	33,800	2,128	3,004	7,761	46,693	32,824	3,035	2,849	7,789	46,497
Professional fees	-	20,200	-	-	20,200	-	19,600	-	-	19,600
Rental expenses	1,855	-	-	-	1,855	2,444	-	-	-	2,444
Repairs and maintenance	23,665	2,560	634	12,222	39,081	12,140	19,584	399	6,749	38,872
Special events	-	-	4,434	-	4,434	-	-	3,710	-	3,710
Staff development	2,209	100	-	124	2,433	2,205	409	112	-	2,726
Staff fringe benefits	112,847	-	3,693	17,568	134,108	98,555	-	686	14,701	113,942
Supplementary personnel	3,899	6,094	-	5,942	15,935	4,186	3,000	-	5,606	12,792
Supplies and printing	12,378	4,193	5,185	111,097	132,853	17,498	7,372	5,673	140,418	170,961
Travel and mileage	854	-	-	-	854	1,807	14	-	-	1,821
Unrelated business income taxes	-	-	-	1,835	1,835	-	-	-	-	-
Utilities	33,941	3,965	1,016	2,530	41,452	39,781	3,811	757	3,592	47,941
Allocation of meal costs	239,270	-	-	(239,270)	-	277,697	-	-	(277,697)	-
Total expenses	\$ 2,004,555	\$ 301,554	\$ 82,311	\$ 37,310	\$ 2,425,730	\$ 1,858,407	\$ 321,505	\$ 70,775	\$ 25,091	\$ 2,275,778

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

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

June 30, 2020 and 2019

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 wheelchair ramps, handrails, grab bars, and other small assistive devices to increase the safety of the home.

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.

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 1: Summary of Significant Accounting Policies (continued)

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 of \$250,000.

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 \$93,327 and \$91,153 for the years ended June 30, 2020 and 2019, respectively.

Advertising and promotion costs - The Company expenses advertising costs as incurred. Total advertising costs for the years ended June 30, 2020 and 2019 were \$600 and \$1,657, 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 9,479 and 11,926 hours to the Organization's operations and program services for years ended June 30, 2020 and 2019, 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.

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.

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 1: Summary of Significant Accounting Policies (continued)

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.

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 donor-imposed restrictions.:

	2020	2019
Cash and cash equivalents	\$ 1,028,908	\$ 545,227
Receivables	189,543	232,386
	1,218,451	777,613
Less assets to fund donor restrictions	295,208	125,116
Less assets to fund building improvement commitments	325,000	-
	\$ 598,243	\$ 652,497

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.

Note 3: Property and Equipment

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

	2020	2019
Building	\$ 2,593,692	\$ 2,579,234
Furniture and fixtures	82,410	82,410
Land improvements	51,596	51,596
Equipment	272,094	266,494
Vehicles	29,252	29,252
	3,029,044	3,008,986
Less accumulated depreciation	1,445,808	1,363,652
	\$ 1,583,236	\$ 1,645,334

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 4: Grants and Contracts Receivable

The following is a summary of grants and contracts receivable:

	2020	2019
Triangle J. Council of Governments	\$ 140,765	\$ 168,880
Meals on Wheels – Homebound Heroes	45,000	-
North Carolina Department of Transportation	-	22,044
	\$ 185,765	\$ 190,924

Note 5: Promise to Give

The promise to give consists of a pledge receivable from the United Way of Chatham County totaling \$0 and \$36,334 as of June 30, 2020 and 2019, 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 was 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.
- 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 and 2 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, 2020.

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.

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 6: Fair Value Measurements (continued)

Mutual funds: Valued at the daily closing price as reported by the fund. These funds are required to publish their daily net asset value (NAV) and to transact at that price.

Pooled funds: The Organization's pooled funds are held and managed by the Triangle Community Foundation. It is part of a pooled fund in which the Organization does not directly hold the underlying shares of funds in which it is invested. This is considered a level 2 investment. The underlying funds held by the Triangle Community Foundation are readily observable by quoted prices in active markets.

The following table sets forth, by level within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Certificates of Deposit	\$ 44,273	\$ -	\$ -	\$ 44,273
Corporate bonds	19,236	-	-	19,236
Equities	160,046	-	-	160,046
Mutual funds	83,471	-	-	83,471
Pooled funds	<u>-</u>	<u>100,365</u>	<u>-</u>	<u>100,365</u>
	<u>\$ 307,026</u>	<u>\$ 100,365</u>	<u>\$ -</u>	<u>\$ 407,391</u>

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>

Note 7: Investment Income

Investment income consists of the following:

	<u>2020</u>	<u>2019</u>
Dividends and interest	\$ 6,752	\$ 7,130
Realized and unrealized gains	5,644	14,049
Less investment fees	<u>(939)</u>	<u>(184)</u>
Investment return - net	<u>\$ 11,457</u>	<u>\$ 20,995</u>

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 8: Accrued Expenses

Accrued expenses consist of the following:

	2020	2019
Accrued vacation	\$ 39,615	\$ 35,451
Accrued wages	17,466	11,711
Accrued payroll taxes	3,417	2,984
Other accrued expenses	569	1,305
	\$ 61,067	\$ 51,451

Note 9: Long-Term Debt

The following is a summary of long-term debt:

	2020	2019
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 and requires a final lump-sum payment consisting of all outstanding principal and accrued interest estimated at \$247,463.	\$ 311,870	\$ 325,593
Less current maturities of long-term debt	14,836	14,065
Less unamortized debt issuance costs	1,437	1,740
Long-term debt	\$ 295,597	\$ 309,788

Future maturities of long-term debt are as follows:

2021	\$ 14,836
2022	15,650
2023	16,508
2024	17,413
2025	247,463
	\$ 311,870

Note 10: 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, 2020 and 2019 was \$0.

Note 11: 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 \$12,748 and \$7,305 for the years ending June 30, 2020 and 2019, respectively.

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 12: SBA Payroll Protection Program Loan

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security ("CARES") Act was passed into law. One of the provisions of this law is the Paycheck Protection Program ("PPP"), which provides loans from the Small Business Administration ("SBA") for company payroll and other, qualifying business expenses. If certain requirements are met, these loans can be forgiven.

In June 2020, the Organization received an SBA PPP loan totaling \$150,332 with an interest rate of 1% and a scheduled maturity of June 2025. Management expects the total loan amount to be forgiven considering the proceeds are being used for qualifying expenses and payroll has not been reduced. Management has elected to record the loan as debt despite the use of proceeds for qualifying expenses and expected forgiveness. Therefore, the PPP loan will not be recorded as income until the Organization is released from repayment and the loan is legally forgiven.

Note 13: Net Assets With Donor Restrictions

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

	2020	2019
Aging Plan support	\$ 25,383	\$ 7,000
Building repairs	22,984	-
Caregiver support	7,476	19,550
Carol Woods – workforce development	439	439
Community support	250	-
Emergency medical transportation	5,000	5,000
Frozen meal and shelf stable meal programs	29,853	18,775
E-signage	1,500	2,500
Fitness equipment	1,787	-
Food and nutrition	7,000	-
Home modification and repair	82,866	-
In-home services / home health	44,337	13,705
Meals on Wheels	55,975	-
Rebuilding grant – Hurricane Florence	-	7,500
SAY YES	6,403	8,357
Senior Games	3,955	3,956
Stairs	-	2,000
United Way of Chatham County:		
In-home services	-	25,000
Transportation	-	11,334
	\$ 295,208	\$ 125,116

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 13: Net Assets With Donor Restrictions (continued)

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

	<u>2020</u>	<u>2019</u>
Aging Plan support	\$ 6,617	\$ -
Building repairs	12,416	-
Caregiver support	12,075	11,385
In-home services	25,000	45,680
Meal programs	49,585	34,327
Porch upgrade	-	32,000
Rebuilding grant – Hurricane Florence	7,500	-
SAY YES	1,954	9,428
Senior Games	-	803
Transportation	11,334	15,000
Other program related expenses	<u>5,134</u>	<u>5,000</u>
	<u>\$ 131,615</u>	<u>\$ 153,623</u>

Note 14: Operating Leases

The Organization has various lease agreements for equipment. The leases mature at various dates from July 2021 - June 2023.

Rent expense was \$8,530 and \$8,398 for the years ended June 30, 2020 and 2019, respectively.

The following is a schedule of future minimum rental payments required under the above operating leases as of June 30, 2020:

2021	\$ 8,530
2022	6,730
2023	6,659

Note 15: 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 16: Concentrations

The Organization received 80% of its total support and revenue from two government agencies for the years ended June 30, 2020 and 2019. The Organization primarily utilized three vendors in 2020 and four vendors in 2019 to provide its core services. Payments to these vendors comprised 92% and 96% of contracted services for the years ended June 30, 2020 and 2019, respectively. Additionally, 90% and 96% of the Organization's purchases of food supplies were from three vendors and two vendors for June 30, 2020 and 2019, respectively. A reduction in the level of support and revenue or services provided by the respective donors and vendors could have a significant effect on the Council's programs and activities.

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 17: In-Kind Contributions

Two full-time employees are compensated by Chatham County for the years ended June 30, 2020 and 2019. 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 \$205,385 and \$190,018, for the years ended June 30, 2020 and 2019, 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 \$29,504, for the years ended June 30, 2020 and 2019.

The Organization also receives donations of second-hand 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 18: 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 19: 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.

Note 20: 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, 2020 and 2019 totaled \$1,835 and \$0, respectively.

Note 21: 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.

CHATHAM COUNTY COUNCIL ON AGING, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

Note 22: Commitments

In August 2020, a proposal for capital improvement work and spending of \$325,000 on the Eastern Chatham center was approved. As of the date of the financial statements, a commitment for architectural work has been made totaling \$12,350.

Note 23: Subsequent Events

The Organization has evaluated events and transactions that occurred between June 30, 2020 and November 3, 2020, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements. As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen. Negative financial impact could occur though such potential impact is unknown at this time.

SUPPLEMENTARY INFORMATION



Gilliam Bell Moser LLP
we hear you

**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, 2020 and 2019 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 19 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 Bell Moser LLP

Certified Public Accountants
Burlington, North Carolina
November 3, 2020



CHATHAM COUNTY COUNCIL ON AGING, INC.
SCHEDULES OF ACTIVITIES BY PROGRAM

For the Years Ended June 30, 2020 and 2019

	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	\$ 454,144	\$ 251,911	\$ 50,939	\$ -	\$ -	\$ 29,880	\$ -	\$ -	\$ 72,419	\$ 859,293
Staff salaries	20,200	18,914	100,801	57,704	30,426	113,163	40,808	66,849	19,962	468,827
In-kind salaries and benefits	13,106	6,553	-	12,179	6,554	32,766	6,555	-	6,560	84,273
Advertising and promotion	35	-	108	-	-	-	277	-	-	420
Building and ground maintenance	300	268	887	562	1,424	1,675	1,869	1,309	176	8,470
Communications	433	323	1,054	773	1,507	1,809	1,930	1,506	500	9,835
Grant expense	-	-	780	43,749	-	-	-	126	2,135	46,790
In-kind rent	847	755	2,572	1,590	3,974	4,809	5,402	3,744	475	24,168
Insurance	601	536	1,825	1,128	2,818	3,409	3,828	2,655	337	17,137
Interest	498	747	1,514	936	2,338	2,829	3,177	2,203	279	14,521
Miscellaneous	38	50	609	141	266	-	4,701	298	-	6,103
Payroll taxes	1,318	1,368	7,338	4,497	2,291	6,129	4,673	4,686	1,500	33,800
Rental expenses	-	-	-	-	-	1,855	-	-	-	1,855
Repairs and maintenance	815	729	2,284	1,527	3,720	4,411	5,672	4,002	505	23,665
Staff development	-	-	335	-	-	260	1,614	-	-	2,209
Staff fringe benefits	4,914	2,466	26,361	16,289	7,985	11,077	12,389	20,309	11,057	112,847
Supplementary personnel	-	-	-	-	-	2,025	200	-	1,674	3,899
Supplies and printing	-	-	320	-	-	8,767	1,558	1,733	-	12,378
Travel and mileage	-	-	659	-	-	47	118	30	-	854
Utilities	1,258	1,174	3,409	2,354	5,677	6,677	7,300	5,283	809	33,941
Allocation of meal costs	-	-	-	154,446	84,824	-	-	-	-	239,270
Total expenses - 2020	\$ 498,507	\$ 285,794	\$ 201,795	\$ 297,875	\$ 153,804	\$ 231,588	\$ 102,071	\$ 114,733	\$ 118,388	\$ 2,004,555
Total expenses - 2019	\$ 345,049	\$ 351,840	\$ 206,266	\$ 251,738	\$ 183,538	\$ 188,566	\$ 100,357	\$ 117,105	\$ 113,948	\$ 1,858,407

*Revenue and expenses were affected by the COVID-19 pandemic in the second half of the year, beginning March. This is evident, for example, in the shift between years 2019 and 2020 for the meals services.