

**Chatham County Council on Aging, Inc.**

2021 Audited Financial Statements

*(Including Supplementary Information)*

For The Years Ended June 30, 2021 and 2020

Chatham County Council on Aging, Inc.

2021 Board of Directors

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## Independent Auditors' Report

October 22, 2021

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, 2021 and 2020, 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.

**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, 2021 and 2020, 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.

*Gillian Bell Moser LLP*

Certified Public Accountants  
Burlington, North Carolina  
October 22, 2021

**Chatham County Council on Aging, Inc.**  
**Statements of Financial Position**  
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,397,509	\$ 1,028,907
Grants and contracts receivable	314,220	185,765
Other receivable	2,971	3,778
Prepaid expenses and other assets	43,881	16,988
Total current assets	<u>1,758,581</u>	<u>1,235,438</u>
Investments	486,582	407,391
Property and equipment - net	<u>1,591,985</u>	<u>1,583,236</u>
<b>Total assets</b>	<u><u>\$ 3,837,148</u></u>	<u><u>\$ 3,226,065</u></u>
<b>Liabilities</b>		
Current liabilities:		
Current maturities of long-term debt	\$ 21,524	\$ 14,836
Accounts payable	98,655	116,332
Accrued expenses	55,946	61,067
Deposits	1,815	2,315
SBA Paycheck Protection Program loan	-	150,332
Total current liabilities	<u>177,940</u>	<u>344,882</u>
Long-term debt	<u>283,476</u>	<u>295,597</u>
Total liabilities	<u>461,416</u>	<u>640,479</u>
<b>Net Assets</b>		
Without donor restrictions	3,074,990	2,290,378
With donor restrictions	<u>300,742</u>	<u>295,208</u>
Total net assets	<u>3,375,732</u>	<u>2,585,586</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 3,837,148</u></u>	<u><u>\$ 3,226,065</u></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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Changes In Net Assets Without Donor Restrictions</b>		
<b>Support and revenue:</b>		
Contributions	\$ 85,493	\$ 84,871
In-kind contributions	244,142	234,890
Fundraising events	50,846	43,972
Grant income	2,275,692	2,047,424
Food services	932	19,261
Cost-sharing revenue	1,069	10,927
Rental income	-	20,665
Debt forgiveness income	150,332	-
Other income	27,931	10,025
Investment return - net	99,466	11,457
Net assets released from restrictions	<u>256,872</u>	<u>131,615</u>
 Total support and revenue	 <u>3,192,775</u>	 <u>2,615,107</u>
 <b>Expenses:</b>		
Program services	1,982,666	2,004,555
Management & general	339,077	301,554
Fundraising	80,907	82,311
Food services	<u>5,513</u>	<u>37,310</u>
 Total expenses	 <u>2,408,163</u>	 <u>2,425,730</u>
 Increase in net assets without donor restrictions	 <u>784,612</u>	 <u>189,377</u>
 <b>Changes In Net Assets With Donor Restrictions</b>		
Grant income	262,406	301,707
Net assets released from restrictions	<u>(256,872)</u>	<u>(131,615)</u>
 Increase in net assets with donor restrictions	 <u>5,534</u>	 <u>170,092</u>
 Net increase in total net assets	 \$ 790,146	 \$ 359,469
 Net assets - beginning of year	 <u>2,585,586</u>	 <u>2,226,117</u>
 <b>Net assets - end of year</b>	 <u><u>\$ 3,375,732</u></u>	 <u><u>\$ 2,585,586</u></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, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 790,146	\$ 359,469
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	97,706	93,650
Forgiveness of SBA Paycheck Protection Program loan	(150,332)	-
Net realized and unrealized gains on investments	(93,800)	(4,705)
Changes in operating assets and liabilities:		
Grants and contracts receivable	(128,455)	5,159
Accounts receivable	-	1,680
Other receivable	807	(330)
Prepaid expenses and other assets	(26,893)	5,102
Promise to give	-	36,334
Accounts payable	(17,677)	5,420
Accrued expenses	(5,121)	9,616
Deposits	(500)	(23,543)
Net cash provided by operating activities	<u>465,881</u>	<u>487,852</u>
<b>Cash Flows From Investing Activities</b>		
Redemption of certificates of deposit	40,000	36,000
Purchases of investments	(308,519)	(145,532)
Proceeds from sale of investments	283,128	-
Purchases of property and equipment	(105,018)	(31,229)
Net cash used in investing activities	<u>(90,409)</u>	<u>(140,761)</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds from SBA Paycheck Protection Program loan	-	150,332
Proceeds from long-term debt	305,000	-
Principal payments on long-term debt	(311,870)	(13,743)
Net cash provided by (used in) financing activities	<u>(6,870)</u>	<u>136,589</u>
Net increase in cash and cash equivalents	368,602	483,680
Cash and cash equivalents - beginning of year	<u>1,028,907</u>	<u>545,227</u>
<b>Cash and cash equivalents - end of year</b>	<u>\$ 1,397,509</u>	<u>\$ 1,028,907</u>
<b>Supplemental Disclosure of Cash Flows Information</b>		
Interest paid	\$ 20,817	\$ 17,661
Taxes paid	\$ -	\$ 1,835

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, 2021 and 2020

	2021					2020				
	Program Services	Management & General	Fundraising	Food Services	Total	Program Services	Management & General	Fundraising	Food Services	Total
Contracted services	\$ 785,206	\$ 648	\$ -	\$ -	\$ 785,854	\$ 859,293	\$ 8,157	\$ -	\$ -	\$ 867,450
Staff salaries	430,248	38,308	31,860	75,445	575,861	468,827	36,288	41,005	104,845	650,965
In-kind salaries and benefits	85,185	93,294	31,079	5,082	214,640	84,273	94,559	20,000	6,553	205,385
Advertising and promotion	924	55	-	-	979	420	52	128	-	600
Building and ground maintenance	8,760	922	203	762	10,647	8,470	936	338	591	10,335
Communications	5,466	949	461	541	7,417	9,835	2,137	1,391	553	13,916
Depreciation	-	96,269	-	-	96,269	-	93,327	-	-	93,327
Dues and subscriptions	1,500	1,273	-	-	2,773	-	1,324	-	-	1,324
Grant expense	165,300	-	-	-	165,300	46,790	-	-	-	46,790
In-kind rent	24,165	2,635	596	2,106	29,502	24,168	2,634	596	2,106	29,504
Insurance	19,400	2,722	478	1,691	24,291	17,137	2,471	423	1,494	21,525
Interest	17,051	1,860	420	1,486	20,817	14,521	1,550	351	1,239	17,661
Miscellaneous	13,685	23,483	200	121	37,489	6,103	18,879	113	120	25,215
Payroll taxes	45,954	3,172	3,282	6,831	59,239	33,800	2,128	3,004	7,761	46,693
Professional fees	-	25,730	-	-	25,730	-	20,200	-	-	20,200
Rental expenses	1,555	-	-	-	1,555	1,855	-	-	-	1,855
Repairs and maintenance	25,842	2,843	673	3,061	32,419	23,665	2,560	634	12,222	39,081
Special events	-	-	750	-	750	-	-	4,434	-	4,434
Staff development	85	290	-	-	375	2,209	100	-	124	2,433
Staff fringe benefits	114,031	1,176	6,525	18,143	139,875	112,847	-	3,693	17,568	134,108
Supplementary personnel	14,020	34,693	-	6,638	55,351	3,899	6,094	-	5,942	15,935
Supplies and printing	9,590	2,081	3,362	62,420	77,453	12,378	4,193	5,185	111,097	132,853
Travel and mileage	68	-	-	-	68	854	-	-	-	854
Unrelated business income taxes	-	-	-	-	-	-	-	-	1,835	1,835
Utilities	34,517	6,674	1,018	1,300	43,509	33,941	3,965	1,016	2,530	41,452
Allocation of meal costs	180,114	-	-	(180,114)	-	239,270	-	-	(239,270)	-
<b>Total expenses</b>	<b>\$ 1,982,666</b>	<b>\$ 339,077</b>	<b>\$ 80,907</b>	<b>\$ 5,513</b>	<b>\$ 2,408,163</b>	<b>\$ 2,004,555</b>	<b>\$ 301,554</b>	<b>\$ 82,311</b>	<b>\$ 37,310</b>	<b>\$ 2,425,730</b>

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

**Chatham County Council on Aging, Inc.**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**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 senior center transportation, home repair, legal services, in-home aide 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 in which major programs, but not all, are described below:

*In-Home Aide 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 (otherwise known as Meals on Wheels)* - This program provides both hot, frozen, and shelf-stable 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, 2021 and 2020

**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 \$96,269 and \$93,327 for the years ended June 30, 2021 and 2020, respectively.

**Advertising and promotion costs** - The Company expenses advertising costs as incurred. Total advertising costs for the years ended June 30, 2021 and 2020 were \$979 and \$600, 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 2,667 and 9,479 hours to the Organization's operations and program services for years ended June 30, 2021 and 2020, 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, 2021 and 2020

**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.:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 1,397,509	\$ 1,028,907
Receivables	<u>317,191</u>	<u>189,543</u>
	1,714,700	1,218,450
Less assets to fund donor restrictions	300,742	295,208
Less assets to fund building improvement commitments	<u>684,306</u>	<u>325,000</u>
	<u>\$ 729,652</u>	<u>\$ 598,242</u>

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.

**Note 3: Property and Equipment**

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

	<u>2021</u>	<u>2020</u>
Building	\$ 2,608,132	\$ 2,593,692
Furniture and fixtures	93,463	82,410
Land improvements	51,596	51,596
Equipment	286,080	272,094
Vehicles	29,252	29,252
Construction in process	<u>65,539</u>	<u>-</u>
	3,134,062	3,029,044
Less accumulated depreciation	<u>1,542,077</u>	<u>1,445,808</u>
	<u>\$ 1,591,985</u>	<u>\$ 1,583,236</u>

**Chatham County Council on Aging, Inc.**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**Note 4: Grants and Contracts Receivable**

The following is a summary of grants receivable:

	<u>2021</u>	<u>2020</u>
Triangle J. Council of Governments	\$ 237,458	\$ 140,765
Meals on Wheels – Homebound Heroes	50,000	45,000
North Carolina Department of Transportation	19,361	-
Other	<u>7,401</u>	<u>-</u>
	<u>\$ 314,220</u>	<u>\$ 185,765</u>

**Note 5: 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, 2021.

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, 2021 and 2020

**Note 5: 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, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equities	\$ 138,326	\$ -	\$ -	\$ 138,326
Mutual funds	219,319	-	-	219,319
Pooled funds	<u>-</u>	<u>128,937</u>	<u>-</u>	<u>128,937</u>
	<u>\$ 357,645</u>	<u>\$ 128,937</u>	<u>\$ -</u>	<u>\$ 486,582</u>

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>

**Note 6: Investment Income**

Investment income consists of the following:

	<u>2021</u>	<u>2020</u>
Dividends and interest	\$ 5,666	\$ 6,752
Realized and unrealized gains	95,418	5,644
Less investment fees	<u>(1,618)</u>	<u>(939)</u>
Investment return - net	<u>\$ 99,466</u>	<u>\$ 11,457</u>

**Chatham County Council on Aging, Inc.**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**Note 7: Accrued Expenses**

Accrued expenses consist of the following:

	<u>2021</u>	<u>2020</u>
Accrued vacation	\$ 35,919	\$ 39,615
Accrued wages	16,202	17,466
Accrued payroll taxes	3,248	3,417
Other accrued expenses	<u>577</u>	<u>569</u>
	<u>\$ 55,946</u>	<u>\$ 61,067</u>

**Note 8: Long-Term Debt**

The following is a summary of long-term debt:

	<u>2021</u>	<u>2020</u>
Note payable for land and building with monthly payments of \$2,590, including interest at 5.4%, secured by land and building, refinanced June 30, 2021.	\$ -	\$ 311,870
Note payable for land and building with monthly payments of \$2,529, including interest at 2.99%, secured by land and building, maturing June 2033.	<u>305,000</u>	<u>-</u>
	305,000	311,870
Less current maturities of long-term debt	21,524	14,836
Less unamortized debt issuance costs	<u>-</u>	<u>1,437</u>
Long-term debt	<u>\$ 283,476</u>	<u>\$ 295,597</u>

Future maturities of long-term debt are as follows:

2022	\$ 21,524
2023	22,176
2024	22,828
2025	23,540
2026	24,254
Thereafter	<u>190,678</u>
	<u>\$ 305,000</u>

**Note 9: Line of Credit**

The Organization had available a line of credit with a borrowing limit of \$200,000 bearing interest at a variable rate of prime plus 2%. This account was closed during the year ended June 30, 2021. The outstanding balance on the line of credit at June 30, 2020 was \$0.

**Chatham County Council on Aging, Inc.**  
**Notes to Financial Statements**  
 June 30, 2021 and 2020

**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 \$12,876 and \$12,748 for the years ending June 30, 2021 and 2020, respectively.

**Note 11: SBA Paycheck 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. The Organization incurred eligible expenses and received notification of satisfaction by the SBA on February 16, 2021. As such, the Organization has recorded \$150,332 as debt forgiveness income.

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

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

	<u>2021</u>	<u>2020</u>
Aging Plan support	\$ 36,413	\$ 25,383
Building repairs	-	22,984
Caregiver support	3,015	7,476
Carol Woods – workforce development	439	439
Community support	250	250
Covid-19	2,201	-
Emergency Assistance	2,225	-
Emergency medical transportation	5,000	5,000
E-signage	-	1,500
Fitness equipment	-	1,787
Food and nutrition	8,000	7,000
Frozen meal and shelf stable meal programs	61,655	85,828
Home modification and repair	85,308	82,866
In-home services / home health	58,141	44,337
IT	5,500	-
Respite care	15,000	-
SAY YES	6,403	6,403
Senior Games	7,192	3,955
Senior Health Insurance Information Program	<u>4,000</u>	<u>-</u>
	<u>\$ 300,742</u>	<u>\$ 295,208</u>



**Chatham County Council on Aging, Inc.**  
**Notes to Financial Statements**  
 June 30, 2021 and 2020

**Note 12: Net Assets With Donor Restrictions (continued)**

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

	<u>2021</u>	<u>2020</u>
Aging Plan support	\$ 8,970	\$ 6,617
Building repairs	22,984	12,416
Caregiver support	4,462	12,075
Food and nutrition	7,000	-
Frozen meal and shelf stable meal	90,364	49,585
Home modification and repair	97,558	-
In-home services	9,000	25,000
IT	5,000	-
Rebuilding grant – Hurricane Florence	-	7,500
SAY YES	-	1,954
Transportation	-	11,334
Other program related expenses	<u>11,534</u>	<u>5,134</u>
	<u>\$ 256,872</u>	<u>\$ 131,615</u>

**Note 13: 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 for the years ended June 30, 2021 and 2020.

The following is a schedule of future minimum rental payments required under the above operating leases as of June 30, 2021:

2022	\$ 6,730
2023	6,659

**Note 14: 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 15: Concentrations**

The Organization received 83% and 80% of its total support and revenue from two government agencies for the years ended June 30, 2021 and 2020, respectively. Additionally, one agency represented 76% of receivables at June 30, 2021 and 2020. The Organization primarily utilized three vendors in 2021 and 2020 to provide its core services. Payments to these vendors comprised 92% of contracted services for the years ended June 30, 2021 and 2020. Additionally, 92% and 90% of the Organization's purchases of food supplies were from three vendors for June 30, 2021 and 2020, 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 Organization's programs and activities.

**Chatham County Council on Aging, Inc.**  
**Notes to Financial Statements**  
June 30, 2021 and 2020

**Note 16: In-Kind Contributions**

Two full-time employees are compensated by Chatham County for the years ended June 30, 2021 and 2020. 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 \$214,640 and \$205,388, for the years ended June 30, 2021 and 2020, 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 \$29,502, for the years ended June 30, 2021 and 2020.

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 Organization has not recognized any in-kind revenue related to them.

**Note 17: 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 18: 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 19: 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, 2021 and 2020 totaled \$0 and \$1,835, respectively.

**Note 20: 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, 2021 and 2020

**Note 21: Commitments**

The Organization has a commitment for construction in connection with building renovation for the Eastern Center. The estimated cost of the project is \$751,345 of which \$65,539 had been spent as of June 30, 2021.

**Note 22: Subsequent Events**

The Organization has evaluated events and transactions that occurred between June 30, 2021 and October 22, 2021, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

## **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, 2021 and 2020 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  
October 22, 2021



**Chatham County Council on Aging, Inc.**

**Schedules of Activities by Program**

For the Years Ended June 30, 2021 and 2020

	In-Home Services	Transportation	Information, Referral, and Legal Services	Volunteer Coordinator	Home-Delivered Meals	Congregate Meals	Senior Center Operations	Wellness & Health	Activities	Minor Home Repairs	Total
Contracted services	\$ 458,213	\$ 169,225	\$ 66,535	\$ -	\$ -	\$ -	\$ 29,880	\$ -	\$ -	\$ 61,353	\$ 785,206
Staff salaries	17,854	12,219	59,266	35,577	45,860	21,421	132,065	30,811	54,333	20,842	430,248
In-kind salaries and benefits	7,572	10,732	7,177	7,341	5,366	10,732	21,464	5,366	4,859	4,576	85,185
Advertising and promotion	-	-	-	-	-	-	21	903	-	-	924
Building and ground maintenance	297	265	459	459	557	1,614	1,703	1,920	1,323	163	8,760
Communications	195	196	346	564	304	664	983	1,316	729	169	5,466
Dues and subscriptions	-	-	-	-	-	-	-	1,500	-	-	1,500
Grant expense	-	-	-	-	28,037	-	22,132	-	4,958	110,173	165,300
In-kind rent	847	755	1,286	1,286	1,590	3,974	4,809	5,399	3,744	475	24,165
Insurance	679	606	1,032	1,032	1,276	3,191	3,861	4,333	3,005	385	19,400
Interest	597	533	908	908	1,122	2,804	3,393	3,809	2,642	335	17,051
Miscellaneous	35	-	4,484	105	72	182	40	8,692	-	75	13,685
Payroll taxes	1,925	2,018	6,203	2,591	6,574	3,053	8,360	5,348	7,694	2,188	45,954
Rental expenses	-	-	-	-	-	-	1,555	-	-	-	1,555
Repairs and maintenance	910	813	1,329	1,329	1,705	4,210	5,044	6,019	3,949	534	25,842
Staff development	-	-	20	-	-	-	-	65	-	-	85
Staff fringe benefits	5,122	2,601	17,882	4,749	16,915	8,274	10,963	11,477	22,453	13,595	114,031
Supplementary personnel	-	-	-	-	-	-	12,488	220	-	1,312	14,020
Supplies and printing	-	-	1,396	1,096	-	-	2,764	3,799	87	448	9,590
Travel and mileage	-	-	-	-	-	-	-	20	-	48	68
Utilities	1,246	1,114	1,670	1,670	2,331	5,602	7,171	7,166	5,159	1,388	34,517
Allocation of meal costs	-	-	-	-	122,342	57,772	-	-	-	-	180,114
<b>Total expenses - 2021</b>	<b>\$ 495,492</b>	<b>\$ 201,077</b>	<b>\$ 169,993</b>	<b>\$ 58,707</b>	<b>\$ 234,051</b>	<b>\$ 123,493</b>	<b>\$ 268,696</b>	<b>\$ 98,163</b>	<b>\$ 114,935</b>	<b>\$ 218,059</b>	<b>\$ 1,982,666</b>
<b>Total expenses - 2020</b>	<b>\$ 498,507</b>	<b>\$ 285,794</b>	<b>\$ 201,795</b>	<b>\$ -</b>	<b>\$ 297,875</b>	<b>\$ 153,804</b>	<b>\$ 231,588</b>	<b>\$ 102,071</b>	<b>\$ 114,733</b>	<b>\$ 118,388</b>	<b>\$ 2,004,555</b>