

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

Pittsboro, North Carolina

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016
(With Comparative Totals for the
Year Ended June 30, 2015)



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Carla G. Daniel, EA
Andrea Woodell Eason, CPA
Robin H. McDuffie, CPA
M. Neely McLaughlin, CPA, MBA
Joan C. Pharr, CPA



MEMBERS:

American Institute of
Certified Public Accountants

North Carolina Association of
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Chatham County Council on Aging, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 auditor considers 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.

BLACKMAN & SLOOP, CPAs, P.A.

Phone/919.942.8700 • Fax/919.968.4766 • Toll Free/877.854.7530
The Exchange West at Meadowmont • 1414 Raleigh Road, Suite 300 • Chapel Hill, North Carolina 27517
www.blackmansloop.com • email: cpa@blackmansloop.com

Opinion

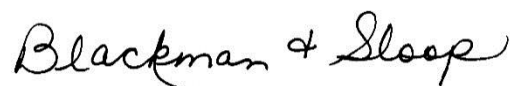
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chatham County Council on Aging, Inc., as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Chatham County Council on Aging, Inc.'s 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 18, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of activities by program 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.



Chapel Hill, North Carolina
November 8, 2016

CHATHAM COUNTY COUNCIL ON AGING, INC.

STATEMENTS OF FINANCIAL POSITION

EXHIBIT A

June 30, 2016 and 2015

ASSETS

	<u>2016</u>	<u>2015</u>
CURRENT ASSETS:		
Cash and equivalents	\$ 494,117	\$ 347,356
Certificates of deposit	48,989	48,989
Grants and contracts receivable	178,985	164,827
Accounts receivable	50	2,330
Other accounts receivable	5,948	7,917
Promise to give	32,000	32,000
Prepaid expenses and other assets	10,303	7,536
TOTAL CURRENT ASSETS	<u>770,392</u>	<u>610,955</u>
PROPERTY AND EQUIPMENT:		
Building	2,470,732	2,425,992
Furniture and fixtures	68,275	68,275
Land improvements	51,596	-
Equipment	238,751	235,651
Vehicles	36,652	31,622
	<u>2,866,006</u>	<u>2,761,540</u>
Less accumulated depreciation	(1,114,623)	(1,025,907)
TOTAL PROPERTY AND EQUIPMENT	<u>1,751,383</u>	<u>1,735,633</u>
TOTAL ASSETS	<u>\$ 2,521,775</u>	<u>\$ 2,346,588</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 96,653	\$ 79,257
Accrued expenses	61,800	49,349
Deposits	8,591	11,876
Current portion of long-term debt	12,000	11,361
TOTAL CURRENT LIABILITIES	<u>179,044</u>	<u>151,843</u>
LONG-TERM LIABILITIES:		
Long-term debt, net of current portion	<u>348,038</u>	<u>359,402</u>
TOTAL LIABILITIES	<u>527,082</u>	<u>511,245</u>
NET ASSETS:		
Unrestricted	1,837,479	1,727,669
Temporarily restricted	157,214	107,674
TOTAL NET ASSETS	<u>1,994,693</u>	<u>1,835,343</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,521,775</u>	<u>\$ 2,346,588</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

CHATHAM COUNTY COUNCIL ON AGING, INC.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

EXHIBIT B

For the Year Ended June 30, 2016

(With Comparative Totals for the Year Ended June 30, 2015)

	Unrestricted	Temporarily Restricted	2016 Totals	2015 Totals
SUPPORT AND REVENUE:				
Contributions	\$ 18,545	\$ 34,815	\$ 53,360	\$ 40,023
In-kind contributions	232,947	-	232,947	223,251
Fundraising events	18,087	-	18,087	31,434
Grants and contracts:				
Federal and state grants and contracts	854,035	49,373	903,408	855,833
Chatham County appropriations/TAP	782,823	17,188	800,011	724,894
United Way of Chatham County	5,675	32,000	37,675	42,996
Private foundations	21,200	113,550	134,750	58,000
Food services	38,805	-	38,805	36,697
Senior meals	-	-	-	13,552
Cost-sharing revenue	16,014	-	16,014	18,250
Rental income	32,775	-	32,775	33,194
Other	14,751	-	14,751	15,097
	<u>2,035,657</u>	<u>246,926</u>	<u>2,282,583</u>	<u>2,093,221</u>
Net assets released from restrictions	197,386	(197,386)	-	-
TOTAL SUPPORT AND REVENUE	<u>2,233,043</u>	<u>49,540</u>	<u>2,282,583</u>	<u>2,093,221</u>
EXPENSES:				
PROGRAM SERVICES:				
In-home services	434,757	-	434,757	450,509
Transportation	353,292	-	353,292	348,802
Information, referral, and legal services	128,658	-	128,658	136,643
Home-delivered meals	256,357	-	256,357	226,263
Congregate meals	189,151	-	189,151	186,131
Senior center operations	200,416	-	200,416	209,431
Wellness and health	116,196	-	116,196	109,586
Activities	85,404	-	85,404	77,113
Minor home repairs	12,595	-	12,595	8,675
	<u>1,776,826</u>	<u>-</u>	<u>1,776,826</u>	<u>1,753,153</u>
TOTAL PROGRAM SERVICES	<u>1,776,826</u>	<u>-</u>	<u>1,776,826</u>	<u>1,753,153</u>
SUPPORTING SERVICES:				
General and administrative	230,488	-	230,488	183,878
Fundraising	77,431	-	77,431	81,876
Food services	38,488	-	38,488	29,215
	<u>346,407</u>	<u>-</u>	<u>346,407</u>	<u>294,969</u>
TOTAL SUPPORTING SERVICES	<u>346,407</u>	<u>-</u>	<u>346,407</u>	<u>294,969</u>
TOTAL EXPENSES	<u>2,123,233</u>	<u>-</u>	<u>2,123,233</u>	<u>2,048,122</u>
CHANGES IN NET ASSETS	109,810	49,540	159,350	45,099
NET ASSETS - BEGINNING OF YEAR	<u>1,727,669</u>	<u>107,674</u>	<u>1,835,343</u>	<u>1,790,244</u>
NET ASSETS - END OF YEAR	<u>\$ 1,837,479</u>	<u>\$ 157,214</u>	<u>\$ 1,994,693</u>	<u>\$ 1,835,343</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

CHATHAM COUNTY COUNCIL ON AGING, INC.

STATEMENTS OF CASH FLOWS

EXHIBIT C

For the Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 159,350	\$ 45,099
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Noncash contribution	(5,030)	-
Depreciation	88,716	84,987
Increase (decrease) in cash arising from changes in assets and liabilities:		
Grants and contracts receivable	(14,158)	(27,481)
Accounts receivable	2,280	4,624
Other accounts receivable	1,969	(443)
Promise to give	-	(1,000)
Prepaid expenses and other assets	(2,767)	3,167
Accounts payable	17,396	(1,037)
Accrued expenses	12,451	1,362
Deposits	<u>(3,285)</u>	<u>(2,555)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>256,922</u>	<u>106,723</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(99,437)</u>	<u>(34,476)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	(10,723)	(394,792)
Advances on long term-debt	<u>-</u>	<u>378,437</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(10,724)</u>	<u>(16,355)</u>
NET INCREASE IN CASH AND EQUIVALENTS	146,761	55,892
CASH AND EQUIVALENTS, BEGINNING OF YEAR	<u>347,356</u>	<u>291,464</u>
CASH AND EQUIVALENTS, END OF YEAR	<u>\$ 494,117</u>	<u>\$ 347,356</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid during the year for interest	<u>\$ 20,357</u>	<u>\$ 26,807</u>
Cash paid during the year for income tax	<u>\$ 2,764</u>	<u>\$ 5,692</u>
Noncash donations	<u>\$ 237,977</u>	<u>\$ 223,251</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

CHATHAM COUNTY COUNCIL ON AGING, INC.

STATEMENT OF FUNCTIONAL EXPENSES

EXHIBIT D

For the Year Ended June 30, 2016
 (With Comparative Totals for the Year Ended June 30, 2015)

	Program Services	General and Administrative	Fundraising	Food Services	2016 Totals	2015 Totals
Contracted services	\$ 733,033	\$ -	\$ -	\$ -	\$ 733,033	\$ 729,645
Staff salaries	380,157	30,882	32,682	108,910	552,631	530,106
In-kind salaries and benefits	86,736	59,827	29,729	10,229	186,521	180,264
Supplies and printing	17,146	8,751	16	124,322	150,235	142,943
Staff fringe benefits	65,333	341	3,765	20,609	90,048	69,055
Depreciation	-	88,716	-	-	88,716	84,987
In-kind rent	36,212	5,571	2,786	1,857	46,426	42,987
Payroll taxes	28,580	888	2,572	7,926	39,966	38,856
Utilities	32,334	3,313	664	3,090	39,401	41,431
Insurance	23,746	6,809	586	2,070	33,211	27,581
Miscellaneous	7,112	18,936	153	86	26,287	14,984
Building and ground maintenance	20,268	2,039	313	2,587	25,207	16,878
Supplementary personnel	9,732	6,892	-	4,488	21,112	16,750
Professional fees	-	20,400	-	-	20,400	25,355
Interest	14,656	1,833	814	3,054	20,357	26,807
Repairs and maintenance	5,146	11,759	-	3,049	19,954	23,835
Communications	12,768	2,695	548	892	16,903	16,013
Rental expenses	4,060	-	-	-	4,060	5,390
Travel and mileage	1,855	479	85	-	2,419	4,680
Staff development	1,522	490	237	-	2,249	2,603
Advertising and promotion	854	192	448	-	1,494	2,347
Unrelated business income taxes	-	-	-	733	733	2,633
Dues and subscriptions	160	700	125	45	1,030	1,411
Special events	-	-	840	-	840	581
Allocation of indirect costs	36,598	(41,025)	1,068	3,359	-	-
Allocation of meal costs	258,818	-	-	(258,818)	-	-
TOTAL EXPENSES	\$ 1,776,826	\$ 230,488	\$ 77,431	\$ 38,488	\$ 2,123,233	\$ 2,048,122

The accompanying Notes to Financial Statements are an integral part of these statements.

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

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NATURE OF ORGANIZATION

Chatham County Council on Aging, Inc. (the "Council") is a nonprofit organization dedicated to providing services to the elderly of Chatham County, North Carolina. The Council 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 Council operates centers in Pittsboro and Siler City, North Carolina, both of which provide facilities for the various programs and services offered.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Description of Program Services.****In-Home Services.**

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

Transportation.

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

Information, Referral, and Legal Services.

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

Home-Delivered Meals.

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

Congregate Meals.

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

Senior Center Operations.

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

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

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**A. Description of Program Services (Continued).**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.

B. Basis of Accounting.

The Council's financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the use of certain estimates made by the Council's management. Accordingly, revenues are recognized when earned, and expenses are recognized when the obligation is incurred.

The Council reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

C. Cash and Equivalents.

Cash and equivalents consist of monies on deposit at financial institutions, and other highly liquid investments with maturities of three months or less. At times, the Council places deposits with high-quality financial institutions that may be in excess of federally insured amounts. The Council has not experienced any financial loss related to such deposits.

CHATHAM COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Accounts, Grants, Contracts, and Other Receivables.

Accounts, grants, contracts, and other receivables are recorded at net realizable value. The Council provides an allowance for doubtful accounts equal to the estimated losses that are expected to be incurred in collection. The allowance is based on historical collection experience and review by management of the current status of existing receivables. As of June 30, 2016 and 2015, management deemed all receivables fully collectible.

E. Promise to Give.

Unconditional promises to give are recorded at net realizable value and are recognized as support and assets in the period received. Conditional promises to give are recognized when the conditions upon which they depend are substantially met. The Council provides an allowance for doubtful accounts equal to the estimated losses that are expected to be incurred in collection. The allowance is based on historical collection experience and a review by management of the current status of the existing promises to give. As of June 30, 2016 and 2015, management deemed the promise to give fully collectible.

F. Property and Equipment.

Property and equipment are stated at cost for purchased assets and at market value on the date of the gift for donated assets. Property and equipment are capitalized if the life is expected to be greater than one year and if the cost exceeds \$500. Effective July 1, 2015, this threshold was raised to \$1,000. Depreciation is calculated using the straight-line method over estimated useful lives of five to forty years. Maintenance, repairs, and small equipment purchases are charged to expense when incurred.

The Council reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Council reports expirations of donor restrictions as the donated or acquired long-lived assets are constructed or placed in service.

G. Net Assets.

Unrestricted - Resources of the Council that are not restricted by donors or grantors as to use or purpose. These resources include amounts generated from operations, undesignated gifts, and investments in property and equipment.

CHATHAM COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Net Assets (continued).

Temporarily Restricted - Resources that carry a donor-imposed restriction that permits the Council to use or expend the donated assets for a specific purpose. The restrictions can be satisfied by the passage of time or by actions of the Council.

Permanently Restricted - Resources that carry a donor-imposed restriction that stipulates that donated assets be maintained in perpetuity, but may permit the Council to use or expend part or all of the income derived from the donated assets.

H. Advertising and Promotion Costs.

Advertising and promotion costs are expensed as incurred and totaled \$1,494 and \$2,347, for the years ended June 30, 2016 and 2015, respectively.

I. Donated Services.

The Council recognizes donated services as services which create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Council records in-kind contributions of supplies and use of property, building, and equipment at their approximate fair market value. The Council is also the recipient of services donated by volunteers. No amounts have been reflected in the financial statements for volunteer hours, as these services do not meet the requirements for recognition in the financial statements.

J. Estimates.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

K. Income Taxes.

The Council is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is classified as other than a private foundation. It is also exempt from North Carolina income and franchise taxes under the North Carolina Non-Profit Corporation Act. If applicable, penalties and interest assessed by income taxing authorities related to uncertain tax positions are included as expenses in the statement of activities and changes in net assets.

CHATHAM COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

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GRANTS AND CONTRACTS RECEIVABLE

Grants and contracts receivable consist of the following as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Triangle J. Council of Governments	\$ 128,941	\$ 129,576
North Carolina Department of Transportation	<u>50,044</u>	<u>35,251</u>
	<u>\$ 178,985</u>	<u>\$ 164,827</u>

PROMISE TO GIVE

The promise to give consists of a pledge receivable from the United Way of Chatham County totaling \$32,000 as of June 30, 2016 and 2015. 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.

ACCRUED EXPENSES

Accrued expenses consist of the following as of June 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Accrued vacation	\$ 29,354	\$ 21,355
Accrued wages	28,629	23,659
Accrued payroll taxes	3,482	2,975
Other accrued expenses	<u>335</u>	<u>1,360</u>
	<u>\$ 61,800</u>	<u>\$ 49,349</u>

OPERATING LEASES

The Council leased a copier under an operating lease expiring in March 2019, with monthly payments of \$556. In June 2015, the Council entered into an operating lease of a postage meter, requiring monthly payments of \$60. The lease expires in June 2020. Lease expenses totaled \$10,512 and \$7,942, for the years ended June 30, 2016 and 2015, respectively, including monthly minimum payments and overage charges.

CHATHAM COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

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OPERATING LEASES (CONTINUED)

Minimum future lease payments under these agreements as of June 30, 2016, are scheduled as follows:

<u>Year Ending June 30,</u>	
2017	\$ 7,396
2018	7,396
2019	5,726
2020	<u>660</u>
	<u>\$ 21,178</u>

LONG-TERM DEBT

Long-term debt relates to the financing of land and a building in Siler City, North Carolina, used as the Council's Western Chatham Senior Center. In March 2015, the debt was refinanced in order to obtain the benefit of lower interest rates. Long-term debt consists of the following as of June 30:

	<u>2016</u>	<u>2015</u>
Note payable to a financial institution with monthly payments of \$2,590, including interest at 5.35% through March 2025. This note is secured by land and building.	\$ 362,685	\$ 373,712
Less current maturities	<u>(12,000)</u>	<u>(11,361)</u>
Long-term portion of debt	<u>\$ 350,685</u>	<u>\$ 362,351</u>

The schedule of maturities of long-term debt is as follows:

<u>Year Ending June 30,</u>	
2017	\$ 12,000
2018	12,641
2019	13,334
2020	14,065
2021	14,836
Thereafter	<u>295,809</u>
	<u>\$ 362,685</u>

CHATHAM COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

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LONG-TERM DEBT (CONTINUED)

Management has decided to early adopt ASU 2015-03, which requires that debt issuance costs be presented in the Statement of Financial Position as a reduction of the carrying amount of the long-term debt, and that they be amortized and reported as interest expense. This policy has been applied retroactively to the year ended June 30, 2015. Long-term debt as of June 30, 2015, was previously reported on the Statement of Financial Position as \$373,712, with the associated \$2,949 of unamortized debt issuance costs included in other assets. Unamortized debt issuance costs included in long-term debt on the Statement of Financial Position as of June 30, 2016, totaled \$2,647.

LINE OF CREDIT

The Council has a line of credit with a financial institution for \$200,000. The line bears interest at a variable rate of the prime rate plus 2.00%, and is secured by the Organization's deposit accounts. The Council had no outstanding balance on the line of credit at June 30, 2016 and 2015.

TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following as of June 30:

	<u>2016</u>	<u>2015</u>
In-home services	\$ 31,308	\$ 26,308
Care giver support	27,917	17,000
United Way of Chatham County:		
In-home services	26,000	26,000
Transportation	6,000	6,000
SAY YES	20,650	-
Frozen meal program	16,355	17,847
Supplemental emergency medical transportation	15,000	-
Home Depot - small home repairs	8,460	-
Senior games	2,485	1,701
Equipment	2,000	116
Seniors on the Move	600	1,752
Carol Woods - workforce development	439	439
Storage shed and bathroom repairs	-	6,524
Meels on Wheels	-	1,500
Siler City building - trail and senior storage	-	1,407
Emergency assistance	-	1,000
Piano contributions	-	80
	<u>\$ 157,214</u>	<u>\$ 107,674</u>

CHATHAM COUNTY COUNCIL ON AGING, INC.

NOTES TO FINANCIAL STATEMENTS

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NET ASSETS RELEASED FROM RESTRICTION

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. The amounts released during the years ended June 30, 2016 and 2015, were as follows:

	2016	2015
Other program related expenses	\$ 66,353	\$ 43,050
Transportation	51,000	49,883
Meal programs	40,180	54,327
In-home services	26,000	26,000
Information and assistance	11,457	19,597
Senior games	2,396	2,312
	\$ 197,386	\$ 195,169

CAFETERIA PLAN

The Council 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.

RETIREMENT PLAN

The Council 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 \$5,784 and \$6,007, for the years ending June 30, 2016 and 2015, respectively.

CONCENTRATIONS

The Council received 83% and 84% of its total support and revenue from two government agencies for the years ended June 30, 2016 and 2015, respectively. The Council primarily utilized four vendors in 2016 and 2015 to provide its core services. Payments to these vendors comprised 100% and 96% of contracted services for the years ended June 30, 2016 and 2015, respectively. Additionally, 82% of the Council's purchases of food supplies were from one vendor. A reduction in the level of support and revenue or services provided by the respective vendors could have a significant effect on the Council's programs and activities.

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

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IN-KIND CONTRIBUTIONS

Two full-time employees are compensated by Chatham County for the years ended June 30, 2016 and 2015. 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 \$186,521 and \$180,264, for the years ended June 30, 2016 and 2015, respectively.

The Council 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 \$46,426 and \$42,987, for the years ended June 30, 2016 and 2015, respectively.

The Council 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.

CONTINGENCIES

The Council 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.

INCOME TAXES

The Council records revenue for rental income and catering services. This revenue is considered unrelated business income. The Council files federal and state corporate income tax returns and records in the financial statements the corresponding income tax payable and expense for tax owed on the unrelated business income. Income tax expense for the years ended June 30, 2016 and 2015, totaled \$733 and \$2,633, respectively. The income tax payable totaled \$1,061, for the year ended June 30, 2015, and is included in accrued expenses on the statements of financial position. There was no income tax payable for the year ended June 30, 2016.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates.

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

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RECLASSIFICATIONS

Certain reclassifications have been made to the 2015 financial statements in order to conform to the 2016 presentation. Such reclassifications had no effect on net assets.

PRIOR YEAR INFORMATION

The statements of activities and changes in net assets and functional expenses include certain prior year summarized comparative information in total but not by net asset class and functional category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Council's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

SUBSEQUENT EVENTS

The Council has evaluated subsequent events for recognition or disclosure through November 8, 2016, the date the financial statements were available to be issued. Management did not identify any events that occurred subsequent to year-end that require disclosure in these financial statements.

ADDITIONAL FINANCIAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016

CHATHAM COUNTY COUNCIL ON AGING, INC.

SCHEDULE OF ACTIVITIES BY PROGRAM

SCHEDULE 1

For the Year Ended June 30, 2016

	In-Home Services	Transportation	Information, Referral, and Legal Services	Home- Delivered Meals	Congregate Meals	Senior Center Operations	Wellness and Health	Activities	Minor Home Repairs	Total Program Services
Contracted services	\$ 387,459	\$ 310,552	\$ 33,622	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,400	\$ 733,033
Staff salaries	20,485	9,650	54,738	55,295	31,753	113,846	48,055	46,139	196	380,157
In-kind salaries and benefits	12,661	16,879	3,928	14,698	16,536	7,343	8,247	5,720	724	86,736
Supplies and printing	-	10	818	77	-	5,839	2,678	3,402	4,322	17,146
Staff fringe benefits	4,234	3,290	12,528	11,955	7,249	14,424	5,238	5,869	546	65,333
In-kind rent	1,857	1,857	1,857	1,857	7,892	8,821	8,357	1,857	1,857	36,212
Payroll taxes	2,174	1,474	3,547	4,539	2,860	7,881	3,413	2,566	126	28,580
Utilities	1,077	961	3,554	2,022	5,205	6,685	7,353	4,948	529	32,334
Insurance	832	742	2,528	1,563	3,905	4,725	5,305	3,679	467	23,746
Miscellaneous	42	-	2,076	123	229	3,343	1,149	150	-	7,112
Building and ground maintenance	623	-	2,274	1,172	3,129	5,178	4,633	3,009	250	20,268
Supplementary personnel	-	5,144	-	-	-	-	4,563	-	25	9,732
Interest	1,018	814	814	1,018	1,629	3,664	4,071	814	814	14,656
Repairs and maintenance	-	-	-	-	-	4,287	859	-	-	5,146
Communications	582	534	1,218	983	2,122	2,438	2,597	1,957	337	12,768
Rental expenses	-	-	-	-	-	4,060	-	-	-	4,060
Travel and mileage	131	20	1,094	156	19	-	284	3	148	1,855
Staff development	-	-	240	115	50	312	760	45	-	1,522
Advertising and promotion	200	135	150	-	-	15	354	-	-	854
Dues and subscriptions	-	-	-	160	-	-	-	-	-	160
Allocation of indirect costs	1,382	1,230	3,672	2,380	5,999	7,555	8,280	5,246	854	36,598
Allocation of meal costs	-	-	-	158,244	100,574	-	-	-	-	258,818
TOTAL PROGRAM EXPENSES	\$ 434,757	\$ 353,292	\$ 128,658	\$ 256,357	\$ 189,151	\$ 200,416	\$ 116,196	\$ 85,404	\$ 12,595	\$ 1,776,826

See independent auditor's report.