

COUNCIL ON AGING OF CENTRAL OREGON

FINANCIAL STATEMENTS AND

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2018

COUNCIL ON AGING OF CENTRAL OREGON

COUNCIL ON AGING OF CENTRAL OREGON

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COUNCIL ON AGING OF CENTRAL OREGON

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Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Council on Aging of Central Oregon
Bend, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the Council on Aging of Central Oregon (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Council on Aging of Central Oregon as of June 30, 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2019, on our consideration of the Council on Aging of Central Oregon's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Council on Aging of Central Oregon's basic financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and directly relates to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion, is fairly stated in all material respects when considered in relation to the financial statements taken as a whole.

Stuart Katter, CPA, LLP
Certified Public Accountant



By: Stuart D. Katter – a partner
January 31, 2019

FINANCIAL STATEMENTS

COUNCIL ON AGING OF CENTRAL OREGON

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2018

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2017

ASSETS	<i>Unrestricted</i>	<i>Temporarily</i>	<i>Permanently</i>	<i>Totals</i>	
	<i>Funds</i>	<i>Restricted</i>	<i>Restricted</i>	<i>2018</i>	<i>2017</i>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Current assets</i>					
Cash and cash equivalents	\$ 681,214	\$ 306,547	\$	\$ 987,761	\$ 1,421,513
Restricted cash		200,341		200,341	
Grants receivable	279,530			279,530	383,617
Prepaid expenses	5,950			5,950	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total current assets</i>	966,694	506,888		1,473,582	1,805,130
Investments		22,338	65,868	88,206	80,855
Property and Equipment - Net	1,246,060			1,246,060	356,059
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total assets</i>	<u>\$ 2,212,754</u>	<u>\$ 529,226</u>	<u>\$ 65,868</u>	<u>\$ 2,807,848</u>	<u>\$ 2,242,044</u>
 LIABILITIES AND NET ASSETS					
<i>Current liabilities</i>					
Accounts payable	\$ 75,772	\$	\$	\$ 75,772	\$ 147,353
Accrued expenses	80,391			80,391	55,313
Current portion of note payable	26,733			26,733	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total current liabilities</i>	182,896			182,896	202,666
Note Payable - net of current portion	566,767			566,767	
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total liabilities</i>	<u>749,663</u>	<u> </u>	<u> </u>	<u>749,663</u>	<u>202,666</u>
 <i>Net assets</i>					
Unrestricted	1,463,091			1,463,091	934,694
Temporarily restricted		529,226		529,226	
Permently restricted			65,868	65,868	1,104,684
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<i>Total net assets</i>	<u>1,463,091</u>	<u>529,226</u>	<u>65,868</u>	<u>2,058,185</u>	<u>2,039,378</u>
 <i>Total liabilities and net assets</i>	<u>\$ 2,212,754</u>	<u>\$ 529,226</u>	<u>\$ 65,868</u>	<u>\$ 2,807,848</u>	<u>\$ 2,242,044</u>

The accompanying notes are an integral part
of these financial statements

COUNCIL ON AGING OF CENTRAL OREGON
STATEMENT OF ACTIVITIES AND NET ASSETS
YEAR ENDED JUNE 30, 2018
WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

	<i>Unrestricted Funds</i>	<i>Temporarily Restricted Funds</i>	<i>Permanently Restricted Funds</i>	<i>Totals</i>	
				<u>2018</u>	<u>2017</u>
SUPPORT AND REVENUE					
Grants	\$ 1,883,144			\$ 1,883,144	\$ 1,804,574
Contributions	173,275	25		173,300	282,690
Program income	34,081			34,081	31,481
Investment income	2,984	7,351		10,335	9,813
Other program reveune	28,608			28,608	23,168
Net assets, released from restrictions	516,966	(516,966)			
<i>Total support</i>	<u>2,639,058</u>	<u>(509,590)</u>		<u>2,129,468</u>	<u>2,151,726</u>
EXPENSES					
<i>Program services</i>					
Nutrition and welfare	1,981,793			1,981,793	1,826,278
<i>Supporting services</i>					
Management and general	128,868			128,868	114,065
<i>Total expenses</i>	<u>2,110,661</u>			<u>2,110,661</u>	<u>1,940,343</u>
CHANGE IN NET ASSETS	528,397	(509,590)		18,807	211,383
NET ASSETS - beginning of year	<u>934,694</u>	<u>1,038,816</u>	<u>65,868</u>	<u>2,039,378</u>	<u>1,827,995</u>
NET ASSETS - end of year	<u>\$ 1,463,091</u>	<u>\$ 529,226</u>	<u>\$ 65,868</u>	<u>\$ 2,058,185</u>	<u>\$ 2,039,378</u>

The accompanying notes are an integral part
of these financial statements

COUNCIL ON AGING OF CENTRAL OREGON

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

	<u>Program</u>	<u>Supporting</u>	<u>Totals</u>	
	<u>Services</u>	<u>Services</u>	<u>2018</u>	<u>2017</u>
	<u>Nutrition</u>	<u>Management</u>		
	<u>and Welfare</u>	<u>and General</u>		
Salaries and wages	\$ 638,161	\$ 48,033	\$ 686,194	\$ 696,802
Payroll taxes and benefits	181,025	13,626	194,651	131,671
Total personnel	819,186	61,659	880,845	828,473
Food and other supplies	273,566		273,566	217,852
Office expenses	11,472	3,826	15,298	19,520
Travel and meetings	25,621	1,929	27,550	20,441
Employee recognition	11,195	2,800	13,995	4,974
Professional fees	93,143	13,995	107,138	16,819
Insurance	10,737	16,105	26,842	16,288
Outside services	667,804		667,804	719,600
Occupancy	30,938	2,690	33,628	27,199
Advertising	13,776	3,226	17,002	17,156
Dues and training	9,386	21,536	30,922	38,827
Total materials and services	1,147,638	66,107	1,213,745	1,098,676
Total expenses before depreciation	1,966,824	127,766	2,094,590	1,927,149
Depreciation	14,969	1,102	16,071	13,194
Total expenses	\$ 1,981,793	\$ 128,868	\$ 2,110,661	\$ 1,940,343

The accompanying notes are an integral part of these financial statements

COUNCIL ON AGING OF CENTRAL OREGON

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

	<i>Totals</i>	
	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 18,807	\$ 211,383
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	16,071	13,194
Unrealized (gain) loss on investments	(7,351)	(5,205)
Change in Current assets and liabilities:		
Grants receivable	104,087	(18,846)
Restricted cash	(200,341)	
Prepaid expenses	(5,950)	
Accounts payable	(71,581)	16,081
Accrued expenses	<u>25,078</u>	<u>(1,100)</u>
 <i>Net cash provided by (used in) operating activities</i>	 <u>(121,180)</u>	 <u>215,507</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(906,072)</u>	<u>(32,894)</u>
 <i>Net cash provided by (used in) investing activities</i>	 <u>(906,072)</u>	 <u>(32,894)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	600,000	
Principal paid on long-term debt	<u>(6,500)</u>	
 <i>Net cash provided by (used in) financing activities</i>	 <u>593,500</u>	
 NET CHANGE IN CASH AND CASH EQUIVALENTS	 (433,752)	 182,613
CASH AND CASH EQUIVALENTS - beginning of year	<u>1,421,513</u>	<u>1,238,900</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 987,761</u>	<u>\$ 1,421,513</u>

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Council on Aging of Central Oregon (the Council) is responsible for planning, coordinating and implementing the administration of federal, state and local grants designed to meet the health and welfare needs of the elderly in the Deschutes, Jefferson and Crook Counties of Central Oregon.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles.

Income Taxes

The financial statements do not reflect the effects of income taxes. The Council is a not-for-profit corporation which has been granted tax exempt status under code section 501(c)(3). In addition, the Council has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code. The Council's Forms 990 for the years ended 2018, 2017 and 2016 are subject to examination by the IRS, generally for three years after they were filed.

Support and Revenue

Grants and other contributions of cash and other assets are reported as temporarily 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 the purpose of the 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 in satisfaction of program restrictions. Releases aggregated \$516,966 for the year ended June 30, 2018. The majority of temporary restrictions are related to the Council's grants and contributions related to the health and welfare needs of the elderly. As actual funds are expended for the program, contributions are released from temporary restrictions.

Endowment contributions and investments that are permanently restricted by donor are recorded as permanently restricted assets. Investment earnings available for distribution are recorded as temporary or unrestricted net assets.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, and would typically need to be purchased if not provided by the donation, are recorded at their fair values in the period received.

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash Equivalents

Cash equivalents are stated at cost which approximates market value. For purposes of the statement of cash flows, Council on Aging of Central Oregon, considers all cash investments with maturities of three months or less to be cash and cash equivalents.

Fair Values of Financial Instruments

The following methods and assumptions were used by the Council in estimating its fair value disclosures for financial instruments:

Cash and cash equivalents: The carrying amounts reported in the statement of financial position approximate fair values because of short term maturities of those instruments.

Investments

Investments are composed of money markets, certificates of deposit, stocks, and mutual funds. Stocks and mutual funds invest in debt and equity securities and are carried at fair value. Investment income is recorded as earned. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. At June 30, 2018 and June 30, 2017, aggregate market value of the investments was \$88,206 and \$81,349, respectively. Investments at June 30, 2018 and June 30, 2017 are considered Level II investments.

Equipment

Equipment acquired by the Council is considered to be owned by the Council. However, State funding sources may maintain an equitable interest in the equipment purchased with grant monies as well as the right to determine the use of any proceeds from the sale of such assets. Equipment is stated at cost if purchased or fair value if contributed. Equipment is being depreciated over an estimated useful life of three to thirty-nine years using the straight-line method of depreciation. Depreciation expense amounted to \$16,071 for the year ended June 30, 2018.

Functional Allocation of Expenses

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

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Comparative Financial Information

The financial statements and notes to the financial statements contain certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the financial statements for the year ended June 30, 2017, from which the summarized information was derived.

Reclassifications

Certain amounts in the year ended June 30, 2017 financial statements have been reclassified to conform with the year ended June 30, 2018 financial statements.

Subsequent Events

Subsequent events have been evaluated through January 31, 2019, which is the date the financial statements were issued.

NOTE 2 - FUND STRUCTURE

A brief description of the various funds used by the Council in accounting for their activities is as follows:

Unrestricted Funds

These funds account for unrestricted contributions and provide for administration and operation of the Council. Equipment acquisitions, including the recording of their cost and depreciation are also included in the unrestricted funds.

Temporarily Restricted Funds

These funds are used to account for the proceeds of specific revenue sources that are legally or contractually restricted to expenditures for specified purposes. At June 30, 2018 and 2017, these funds consisted of temporarily restricted net assets in the amount of \$529,226 and \$604,566, respectively, restricted for specific purposes under grants as well as individual donor contributions. The majority of temporary restrictions are related to the Council's health and welfare programs for the elderly.

Permanently Restricted Funds

These funds account for the collection and disbursement of restricted contributions of which the income portion is, if not specifically required to be added to the capital, transferred to the temporarily restricted or unrestricted funds.

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 3 - SUMMARY OF CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents consisted of the following at June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Petty cash	\$ 150	\$ 200
Demand accounts	<u>987,611</u>	<u>1,421,313</u>
	<u>\$ 987,761</u>	<u>\$ 1,421,513</u>

NOTE 4 – PROPERTY AND EQUIPMENT

The following is a summary of Property and Equipment as of June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land	\$ 475,059	\$ 185,098
Buildings	763,173	147,062
Furniture and equipment	145,642	145,642
Less accumulated depreciation	<u>(137,814)</u>	<u>(121,743)</u>
<i>Property and Equipment - Net</i>	<u>\$ 1,246,060</u>	<u>\$ 356,059</u>

NOTE 5 – NOTE PAYABLE

The Council obtained a Note Payable with U.S. Bank in connection with the acquisition of new operating facilities. The original amount of the loan at March 16, 2018 was \$600,000. The balance of the Note Payable as of June 30, 2018 was \$593,500. Payments for the loan are \$4,913 monthly including interest at 5.45%. The loan is secured by the acquired land and building. Future principal payments for the year ended June 30, are as follows:

2019	\$ 26,733
2020	25,919
2021	29,944
2022	31,641
2023	33,434
2024 - 2028	153,715
2029 - 2033	<u>292,114</u>
	<u>\$ 593,500</u>

NOTE 6 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Council to concentrations of credit risk consist principally of cash in excess of FDIC coverage in the amount of 737,761 at June 30, 2018.

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 7 - CONTINGENCY

Grant Audit

The Council receives grants from various federal, state, and local agencies that are subject to review and audit by these agencies. Such audits could result in a request for reimbursement by these agencies for expenditures disallowed under the terms and conditions of the appropriate agency. In the opinion of the Council's management, such disallowances, if any, will not be significant.

NOTE 8 - ADVERTISING COSTS

The Council advertising costs as incurred.

NOTE 9 - RECONCILIATION OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLE BASIS TO BUDGETARY BASIS

The combining individual program statements presented as supplemental information have been prepared using the Council's budgetary basis which differs from generally accepted accounting principles. The following is a reconciliation of the change in net assets to the excess of revenues over expenditures:

Change in net assets	\$ 18,807
Depreciation	16,071
Proceeds from long-term debt	600,000
Principal payments on long-term debt	(6,500)
Net capital outlay	<u>(906,072)</u>
Excess of revenues over expenditures - budgetary basis	<u>\$ (277,694)</u>

NOTE 10 - EMPLOYEE RETIREMENT PROGRAM

The Council offers an employee retirement program under internal revenue code section 403(b) which is available to all employees after a minimum employment period. Employees may contribute a portion of their qualified wages subject to a ceiling prescribed by law. The Council matches the employee's contribution at a fixed amount as determined by management. The Council's contributions to the plan for the years ended June 30, 2018 and June 30, 2017 were \$18,489 and \$13,773, respectively.

NOTE 11 - INCOME TAXES AND UNCERTAIN TAX POSITIONS

The Council will recognize in the financial statements the benefit of the tax position when it believes that the tax position will more likely than not be sustained in an audit based on the technical merits of the position. For an exempt organization, uncertain tax positions could result from unrelated business income activities or actions that jeopardize its status as tax-exempt, such as political activities, substantial lobbying expenditures or excessive unrelated business activities. The Council has concluded that it had no unrecognized income tax liability as of June 30, 2018 and it has no tax positions for which it estimates a significant change over the next twelve months.

SUPPLEMENTAL INFORMATION

COUNCIL ON AGING OF CENTRAL OREGON

COMBINING SCHEDULES OF FINANCIAL POSITION - BUDGETARY BASIS

JUNE 30, 2018

WITH COMPARATIVE TOTALS JUNE 30, 2017

	<u>Title III B</u>	<u>Title III C-1</u>	<u>Title III C-2</u>	<u>Title III D</u>	<u>Title III E</u>	<u>Title VII B</u>	<u>Oregon Project Independence</u>
ASSETS							
Cash	\$ 1,170	\$ (66,972)	\$ 317,650	\$ (2,245)	\$ (21,249)	\$ 3,401	\$ 23,891
Restricted cash							
Grant funds receivable							
Prepaid expenses							
Investments							
<i>Total assets</i>	<u>\$ 1,170</u>	<u>\$ (66,972)</u>	<u>\$ 317,650</u>	<u>\$ (2,245)</u>	<u>\$ (21,249)</u>	<u>\$ 3,375</u>	<u>\$ 23,891</u>
LIABILITIES							
Accounts payable	\$	\$	\$	\$	\$	\$	\$
Accrued expense							
<i>Total liabilities</i>							
FUND BALANCES							
Fund balances	<u>1,170</u>	<u>(66,972)</u>	<u>317,650</u>	<u>(2,245)</u>	<u>(21,249)</u>	<u>3,401</u>	<u>23,891</u>
<i>Total liabilities and fund balances</i>	<u>\$ 1,170</u>	<u>\$ (66,972)</u>	<u>\$ 343,980</u>	<u>\$ (2,245)</u>	<u>\$ (21,249)</u>	<u>\$ 3,375</u>	<u>\$ 23,891</u>

<u>Other State</u>	<u>Evidence Based</u>	<u>SHIBA SMP</u>	<u>NWD & ADRC</u>	<u>Designated Funds</u>	<u>Unrestricted</u>	<u>Totals</u>	
						<u>2018</u>	<u>2017</u>
\$	\$ 2,233	\$ 13,094	\$ 7,399	\$ 28,175 200,341	\$ 681,214 279,530 5,950	\$ 987,761 200,341 279,530 5,950 88,206	\$ 1,421,513 383,617 80,855
<u>\$ -</u>	<u>\$ 2,233</u>	<u>\$ 13,094</u>	<u>\$ 7,399</u>	<u>\$ 316,722</u>	<u>\$ 966,694</u>	<u>\$ 1,561,788</u>	<u>\$ 1,885,985</u>
\$	\$	\$	\$	\$	\$ 75,772 80,391	\$ 75,772 80,391	\$ 147,353 55,313
					156,163	156,163	202,666
	2,233	13,094	7,399	316,722	810,531	1,405,625	1,683,319
<u>\$ -</u>	<u>\$ 2,233</u>	<u>\$ 13,094</u>	<u>\$ 7,399</u>	<u>\$ 316,722</u>	<u>\$ 966,694</u>	<u>\$ 1,561,788</u>	<u>\$ 1,885,985</u>

COUNCIL ON AGING OF CENTRAL OREGON

**COMBINING SCHEDULES OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGETARY BASIS**

YEAR ENDED JUNE 30, 2018

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017

	<i>Title III</i>	<i>Title III</i>	<i>Title III</i>	<i>Title III</i>	<i>Title III</i>	<i>Title VII</i>	<i>Project</i>
	<u>B</u>	<u>C-1</u>	<u>C-2</u>	<u>D</u>	<u>E</u>	<u>B</u>	<u>Independence</u>
REVENUE							
Federal	\$ 270,615	\$ 277,900	\$ 202,700	\$ 5,499	\$ 107,368	\$ 2,043	\$
State							530,408
NSIP - Federal		15,977	63,909				
Title XIX contract			123,371				
Emergency food shelter			10,765				
United Way			27,140				
County contributions	900	7,250	24,500				
Klamath contract	1,603		14,683		86		
Donations and fundraising	11,335	5,603	53,140		5,000		
Program income		10,158	22,253				1,670
Investment income							
Other revenue	<u>24,733</u>						
<i>Total revenue</i>	<u>309,186</u>	<u>316,888</u>	<u>542,461</u>	<u>5,499</u>	<u>112,454</u>	<u>2,043</u>	<u>532,078</u>
EXPENDITURES							
Administration	22,710	29,757	18,058		12,775		54,063
Advocacy	25,755						
Elderly prevention						2,017	
Information and assistance	30,299						
Outreach	40,809						
Transportation	79,506						
Legal assistance	15,488						
Nutrition education	20,308						
Congregate meals		324,381					
Home delivered meals			550,733				4,521
Health	162						7,628
Home repair	3,120						470
Family caregiver					71,865		
Case management	40,356				30,228		231,799
Home care							126,417
Registered nurse							830
Personal care							82,459
Assisted transportation							
ADRC/NWD							
Volunteer services	7,179						
SHIBA/SMP							
IT other state							
Health programs				5,499			
News letter	440						
Public outreach	15,208						
Other allocations	2,348						
Building 5th Street							
<i>Total expenditures</i>	<u>303,688</u>	<u>354,138</u>	<u>568,791</u>	<u>5,499</u>	<u>114,868</u>	<u>2,017</u>	<u>508,187</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	5,498	(37,250)	(26,330)		(2,414)	26	23,891
FUND BALANCE, beginning of year	<u>(3,788)</u>	<u>(29,722)</u>	<u>343,980</u>	<u>(2,245)</u>	<u>(18,835)</u>	<u>3,375</u>	
FUND BALANCE, end of year	<u>\$ 1,710</u>	<u>\$ (66,972)</u>	<u>\$ 317,650</u>	<u>\$ (2,245)</u>	<u>\$ (21,249)</u>	<u>\$ 3,401</u>	<u>\$ 23,891</u>

<i>Sequestration Other State</i>	<i>Evidence Based</i>	<i>SHIBA SMP</i>	<i>ADRC & NWD</i>	<i>Designated Funds</i>	<i>Unrestricted</i>	<i>2018</i>	<i>2017</i>
\$	\$	\$	\$	\$	\$	\$	\$
61,157	30,976	26,529	100,762			866,125	858,879
						749,832	753,168
						79,886	85,322
						123,371	136,155
						10,765	
					3,039	30,179	47,650
	4,143					36,793	30,000
						16,372	15,538
					68,043	143,121	204,764
						34,081	31,653
				7,351	2,984	10,335	10,184
				25	3,850	28,608	53,630
<u>61,157</u>	<u>35,119</u>	<u>26,529</u>	<u>100,762</u>	<u>7,376</u>	<u>77,916</u>	<u>2,129,468</u>	<u>2,226,943</u>
5,910	3,070					146,343	134,899
						25,755	27,531
						2,017	3,677
				8,048		38,347	30,431
						40,809	43,996
				2,996		82,502	106,562
						15,488	12,998
						20,308	
						324,381	304,842
53,185				18,606		627,045	483,711
						7,790	51,434
				76		3,666	10,581
				500		72,365	95,963
						302,383	262,207
						126,417	96,996
						830	44,650
						82,459	51,084
				48		48	730
			93,363			93,363	119,384
						7,179	3,361
		13,435				13,435	3,571
2,062						2,062	1,610
	29,816					35,315	644
						440	1,770
				8,687		23,895	8,449
						4,100	134,179
						<u>306,072</u>	<u>306,072</u>
<u>61,157</u>	<u>32,886</u>	<u>13,435</u>	<u>93,363</u>	<u>38,961</u>	<u>310,172</u>	<u>2,407,162</u>	<u>2,035,260</u>
	2,233	13,094	7,399	(31,585)	(232,256)	(277,694)	191,683
				<u>348,307</u>	<u>1,042,247</u>	<u>1,683,319</u>	<u>1,491,636</u>
<u>\$ -</u>	<u>\$ 2,233</u>	<u>\$ 13,094</u>	<u>\$ 7,399</u>	<u>\$ 316,722</u>	<u>\$ 809,991</u>	<u>\$ 1,405,625</u>	<u>\$ 1,683,319</u>

COUNCIL ON AGING OF CENTRAL OREGON

SINGLE AUDIT COMPLIANCE

COUNCIL ON AGING OF CENTRAL OREGON

STUART KATTER, CPA, LLP

Certified Public Accountant

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Officials
Council on Aging of Central Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the Council on Aging of Central Oregon as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Council on Aging of Central Oregon's basic financial statements, and have issued our report thereon dated January 31, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council on Aging of Central Oregon's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council on Aging of Central Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council on Aging of Central Oregon's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (CONTINUED)**


Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council on Aging of Central Oregon's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Stuart Katter, CPA, LLP
Certified Public Accountant



By: Stuart D. Katter – a partner
January 31, 2019

STUART KATTER, CPA, LLP

Certified Public Accountant

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**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Council on Aging of Central Oregon

Report on Compliance for Each Major Federal Program

We have audited the Council on Aging of Central Oregon’s compliance with the types of compliance requirements described in the Compliance Supplement that could have a direct and material effect on each of the Council on Aging of Central Oregon’s major federal programs for the year ended June 30, 2018. Council on Aging of Central Oregon’s major federal programs are identified in the Schedule of Findings and Questioned Costs.

Management’s Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the Council on Aging of Central Oregon’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council on Aging of Central Oregon’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Council on Aging of Central Oregon’s compliance.

Opinion on Each Major Federal Program

In our opinion, the Council on Aging of Central Oregon, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED
BY THE UNIFORM GUIDANCE (CONTINUED)**

Report on Internal Control Over Compliance

Management of the Council on Aging of Central Oregon is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council on Aging of Central Oregon’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council on Aging of Central Oregon’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Stuart Katter, CPA, LLP
Certified Public Accountant



By: Stuart D. Katter – a partner
January 31, 2019

COUNCIL ON AGING OF CENTRAL OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Council on Aging of Central Oregon (the Council).
2. No material weaknesses in internal control over financial reporting were identified during the audit of the financial statements.
3. No instances of noncompliance required to be reported under Government Auditing Standards were identified during the audit of the financial statements.
4. No deficiencies in internal control over compliance considered to be material weaknesses were identified during the audit of the major program award program cluster.
5. The auditors' report on compliance for the major federal award program for the Council expresses an unqualified opinion on the major federal award program cluster.
6. No audit findings relative to the major federal award programs for the Council are reported in this Schedule.
7. The programs tested as major programs were the U.S. Department of Health and Human Services, Special Programs for Aging Cluster Title III-C, CFDA #93.045, Title III-B# 93.044 and Nutrition Services Program #93.053.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The Council was determined to be a low-risk auditee.
10. There were no findings or questioned costs in the year ended June 30, 2017 Single Audit.
11. The Council did not use the 10% de minimis cost rate.

Findings - Financial Statements Audit

None

Findings and Questioned Costs - Major Federal Programs Audit

None

COUNCIL ON AGING OF CENTRAL OREGON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

<i>Federal Grantor/ Pass-through Grantor/Program Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor's Number</i>	<i>Federal Expenditures</i>
<i>U.S. Department of Health and Human Services</i>			
Passed through the State of Oregon			
Health and Human Resources:			
Special Programs for Aging:			
Title III-B	93.044	148985	\$ 270,615
Title III-C	93.045	148985	480,600
Nutrition Services Incentive Program	93.053	148985	<u>79,886</u>
Total Aging Cluster			831,101
Title III-D	93.043	148985	5,499
Title III-E	93.052	148985	107,368
Title VII-B	93.041	148985	<u>2,043</u>
<i>Total</i>			<u>\$ 946,011</u>

Note: The accompanying schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

COUNCIL ON AGING OF CENTRAL OREGON