

COUNCIL ON AGING OF CENTRAL OREGON

FINANCIAL STATEMENTS AND

SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2019

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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INDEPENDENT AUDITOR'S REPORT

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

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 December 18, 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
December 18, 2019

FINANCIAL STATEMENTS

COUNCIL ON AGING OF CENTRAL OREGON

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2019

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2018

ASSETS	<i>Without</i>	<i>With</i>	<i>Totals</i>	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>2019</u>	<u>2018</u>
<i>Current assets</i>				
Cash and cash equivalents	\$ 651,620	\$ 118,297	\$ 769,917	\$ 987,761
Restricted cash		201,043	201,043	200,341
Grants receivable	439,870		439,870	279,530
Pledges receivable		33,130	33,130	
Prepaid expenses	5,950		5,950	5,950
<i>Total current assets</i>	1,097,440	352,470	1,449,910	1,473,582
Investments		93,739	93,739	88,206
Property and equipment - net	1,392,921		1,392,921	1,246,060
<i>Total assets</i>	<u>\$ 2,490,361</u>	<u>\$ 446,209</u>	<u>\$ 2,936,570</u>	<u>\$ 2,807,848</u>
LIABILITIES AND NET ASSETS				
<i>Current liabilities</i>				
Accounts payable	\$ 125,723	\$	\$ 125,723	\$ 75,772
Accrued expenses	117,761		117,761	80,391
Current portion of note payable	25,919		25,919	26,733
<i>Total current liabilities</i>	269,403		269,403	182,896
Note Payable - net of current portion	540,848		540,848	566,767
<i>Total liabilities</i>	<u>810,251</u>		<u>810,251</u>	<u>749,663</u>
<i>Net Position</i>				
Without restrictions	1,680,110		1,680,110	1,463,091
With restrictions		446,209	446,209	595,094
<i>Total net position</i>	<u>1,680,110</u>	<u>446,209</u>	<u>2,126,319</u>	<u>2,058,185</u>
<i>Total liabilities and net position</i>	<u>\$ 2,490,361</u>	<u>\$ 446,209</u>	<u>\$ 2,936,570</u>	<u>\$ 2,807,848</u>

The accompanying notes are an integral part
of these financial statements

COUNCIL ON AGING OF CENTRAL OREGON

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

	<i>Without</i>	<i>With</i>	<i>Totals</i>	
	<u><i>Restrictions</i></u>	<u><i>Restrictions</i></u>	<u><i>2019</i></u>	<u><i>2018</i></u>
<i>SUPPORT AND REVENUE</i>				
Grants	\$ 2,273,553		\$ 2,273,553	\$ 1,883,144
Contributions	215,025	33,130	248,155	173,300
Program income	25,860		25,860	34,081
Investment income	10,881		10,881	10,335
Other program revenue	76,615		76,615	28,608
Net assets, released from restrictions	<u>182,015</u>	<u>(182,015)</u>		
<i>Total support</i>	<u>2,783,949</u>	<u>(148,885)</u>	<u>2,635,064</u>	<u>2,129,468</u>
<i>EXPENSES</i>				
<i>Program services</i>				
Nutrition and welfare	2,407,163		2,407,163	1,981,793
<i>Supporting services</i>				
Management and general	<u>159,767</u>		<u>159,767</u>	<u>128,868</u>
<i>Total expenses</i>	<u>2,566,930</u>		<u>2,566,930</u>	<u>2,110,661</u>
<i>CHANGE IN NET POSITION</i>	217,019	(148,885)	68,134	18,807
<i>NET POSITION - beginning of year</i>	<u>1,463,091</u>	<u>595,094</u>	<u>2,058,185</u>	<u>2,039,378</u>
<i>NET POSITION - end of year</i>	<u>\$ 1,680,110</u>	<u>\$ 446,209</u>	<u>\$ 2,126,319</u>	<u>\$ 2,058,185</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, 2019

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

	<u>Program Services</u>	<u>Supporting Services</u>	<u>Totals</u>	
	<u>Nutrition and Welfare</u>	<u>Management and General</u>	<u>2019</u>	<u>2018</u>
Salaries and wages	\$ 866,633	\$ 65,230	\$ 931,863	\$ 686,194
Payroll taxes and benefits	240,775	18,122	258,897	194,651
<i>Total personnel</i>	<u>1,107,408</u>	<u>83,352</u>	<u>1,190,760</u>	<u>880,845</u>
Food and other supplies	249,370		249,370	273,566
Office expenses	26,794	4,472	31,266	15,298
Travel and meetings	45,380	3,416	48,796	27,550
Employee recognition	14,548	3,638	18,186	13,995
Professional fees	44,271	13,995	58,266	107,138
Insurance	11,833	17,750	29,583	26,842
Outside services	705,867		705,867	667,804
Occupancy	90,074	6,683	96,757	33,628
Advertising	42,521	9,957	52,478	17,002
Interest expense	32,544		32,544	
Dues and training	6,220	14,273	20,493	30,922
<i>Total materials and services</i>	<u>1,269,422</u>	<u>74,184</u>	<u>1,343,606</u>	<u>1,213,745</u>
<i>Total expenses before depreciation</i>	<u>2,376,830</u>	<u>157,536</u>	<u>2,534,366</u>	<u>2,094,590</u>
Depreciation	30,333	2,231	32,564	16,071
<i>Total expenses</i>	<u>\$ 2,407,163</u>	<u>\$ 159,767</u>	<u>\$ 2,566,930</u>	<u>\$ 2,110,661</u>

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, 2019

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

	<i>Totals</i>	
	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 68,134	\$ 18,807
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation expense	32,564	16,071
Unrealized (gain) loss on investments	(2,793)	(7,351)
Change in Current assets and liabilities:		
Grants receivable	(160,340)	104,087
Pledges receivable	(33,130)	
Restricted cash	(702)	(200,341)
Prepaid expenses		(5,950)
Accounts payable	49,951	(71,581)
Accrued expenses	37,370	25,078
	<u> </u>	<u> </u>
<i>Net cash provided by (used in) operating activities</i>	<u>(8,946)</u>	<u>(121,180)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments	(2,740)	
Acquisition of property and equipment	(179,425)	(906,072)
	<u> </u>	<u> </u>
<i>Net cash provided by (used in) investing activities</i>	<u>(182,165)</u>	<u>(906,072)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt		600,000
Principal paid on long-term debt	(26,733)	(6,500)
	<u> </u>	<u> </u>
<i>Net cash provided by (used in) financing activities</i>	<u>(26,733)</u>	<u>593,500</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(217,844)	(433,752)
CASH AND CASH EQUIVALENTS - beginning of year	<u>987,761</u>	<u>1,421,513</u>
CASH AND CASH EQUIVALENTS - end of year	<u>\$ 769,917</u>	<u>\$ 987,761</u>

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 2019, 2018 and 2017 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 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, 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 \$182,015 for the year ended June 30, 2019. The majority of 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 net assets with restrictions.

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, 2019

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, 2019, the aggregate market value and related cost of the investments was \$93,739 and \$82,191, respectively. Investments at June 30, 2019 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 \$32,564 for the year ended June 30, 2019.

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, 2019

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, 2018, from which the summarized information was derived.

Reclassifications

Certain amounts in the year ended June 30, 2018 financial statements have been reclassified to conform with the year ended June 30, 2019 financial statements.

Subsequent Events

Subsequent events have been evaluated through December 18, 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:

Without Restrictions

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.

With Restrictions

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, 2019 and 2018, these funds consisted of restricted net assets in the amount of \$446,209 and \$595,094, respectively, restricted for specific purposes under grants as well as individual donor contributions. The majority of restrictions at June 30, 2019 are related to the Council's health and welfare programs for the elderly and restricted for the new building capital campaign in the amount of \$137,149 and \$309,060, respectively.

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

NOTE 3 - SUMMARY OF CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents consisted of the following at June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Petty cash	\$ 150	\$ 150
Demand accounts	769,767	987,611
	<u>\$ 769,917</u>	<u>\$ 987,761</u>

NOTE 4 – PROPERTY AND EQUIPMENT

The following is a summary of Property and Equipment as of June 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Land	\$ 475,059	\$ 475,059
Buildings	900,109	763,173
Furniture and equipment	188,131	145,642
Less accumulated depreciation	<u>(170,378)</u>	<u>(137,814)</u>
<i>Property and Equipment - Net</i>	<u>\$ 1,392,921</u>	<u>\$ 1,246,060</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, 2019 was \$600,000. The balance of the Note Payable as of June 30, 2019 was \$566,767. 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:

2020	\$ 25,919
2021	29,944
2022	31,641
2022	33,434
2023	35,288
2025 - 2029	153,715
2030 - 2033	<u>256,826</u>
	<u>\$ 566,767</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 530,347 at June 30, 2019.

COUNCIL ON AGING OF CENTRAL OREGON

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019

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 - 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, 2019 and June 30, 2018 were \$13,199 and \$12,489, respectively.

NOTE 10 – 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, 2019 and it has no tax positions for which it estimates a significant change over the next twelve months.

NOTE 11 – LIQUIDITY

The Council's financial assets at June 30, 2019 available for general expenditure within one year of the balance sheet date are as follows:

Cash and cash equivalents	\$	695,030
Accounts receivable		439,870
Accounts payable		(125,723)
Accrued expenses		(117,761)
	\$	<u>891,416</u>

SUPPLEMENTAL INFORMATION

COUNCIL ON AGING OF CENTRAL OREGON

COMBINING SCHEDULES OF FINANCIAL POSITION - BUDGETARY BASIS

JUNE 30, 2019

WITH COMPARATIVE TOTALS JUNE 30, 2018

	<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	\$ 19,125	\$ (116,617)	\$ 158,408	\$ (2,245)	\$ (7,854)	\$ 3,401	\$ 42,340
Restricted cash							
Grants receivable							
Pledges receivable							
Prepaid expenses							
Investments							
Capital assets							
<i>Total assets</i>	<u>\$ 19,125</u>	<u>\$ (116,617)</u>	<u>\$ 158,408</u>	<u>\$ (2,245)</u>	<u>\$ (7,854)</u>	<u>\$ 3,375</u>	<u>\$ 42,340</u>
LIABILITIES							
Accounts payable	\$	\$	\$	\$	\$	\$	\$
Accrued expense							
Notes payable							
<i>Total liabilities</i>							
FUND BALANCES							
Fund balances	<u>19,125</u>	<u>(116,617)</u>	<u>158,408</u>	<u>(2,245)</u>	<u>(7,854)</u>	<u>3,401</u>	<u>42,340</u>
<i>Total liabilities and fund balances</i>	<u>\$ 19,125</u>	<u>\$ (116,617)</u>	<u>\$ 158,408</u>	<u>\$ (2,245)</u>	<u>\$ (7,854)</u>	<u>\$ 3,375</u>	<u>\$ 42,340</u>

<u>Other State</u>	<u>Evidence Based</u>	<u>SHIBA SMP</u>	<u>NWD & ADRC</u>	<u>Designated Funds</u>	<u>Undesignated</u>	<u>Totals</u>	
						<u>2019</u>	<u>2018</u>
\$	\$ 8,039	\$ 6,480	\$ 7,220	\$	\$ 651,620	\$ 769,917	\$ 987,761
				201,043		201,043	200,341
					439,870	439,870	279,530
				33,130		33,130	
					5,950	5,950	5,950
				93,739		93,739	88,206
					1,392,921	1,392,921	1,246,060
<u>\$ -</u>	<u>\$ 8,039</u>	<u>\$ 6,480</u>	<u>\$ 7,220</u>	<u>\$ 327,912</u>	<u>\$ 2,490,361</u>	<u>\$ 2,936,570</u>	<u>\$ 2,807,848</u>
\$	\$	\$	\$	\$	\$ 125,723	\$ 125,723	\$ 75,772
					117,761	117,761	80,391
					566,767	566,767	593,500
					810,251	810,251	749,663
	8,039	6,480	7,220	337,912	1,680,110	2,126,319	2,058,185
<u>\$ -</u>	<u>\$ 8,039</u>	<u>\$ 6,480</u>	<u>\$ 7,220</u>	<u>\$ 337,912</u>	<u>\$ 2,490,361</u>	<u>\$ 2,936,570</u>	<u>\$ 2,807,848</u>

COUNCIL ON AGING OF CENTRAL OREGON

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

YEAR ENDED JUNE 30, 2019

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2018

	<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>
	<i>B</i>	<i>C-1</i>	<i>C-2</i>	<i>D</i>	<i>E</i>	<i>B</i>	<i>Independence</i>
REVENUE							
Federal	\$ 337,826	\$ 328,801	\$ 268,122	\$ 27,954	\$ 140,187	\$ 3,885	\$
State							674,744
NSIP - Federal		15,660	62,644				
Title XIX contract			121,214				
Emergency food shelter			12,111				
United Way			27,700				
County contributions	1,500	6,000	24,000				
Klamath contract	1,253		17,493		1,200		
Donations and fundraising	3,175	5,178	104,469		13,250		
Program income		9,037	16,058				765
Capital campaign donations							
Capital campaign pledges							
Investment income							
Other revenue	750	250					
<i>Total revenue</i>	<u>344,504</u>	<u>364,926</u>	<u>653,811</u>	<u>27,954</u>	<u>154,637</u>	<u>3,885</u>	<u>675,509</u>
EXPENDITURES							
Administration	24,137	37,066	25,195		17,000		66,234
Advocacy	24,409						
Elderly prevention						3,885	
Information and assistance	23,335						
Outreach	36,278						
Transportation	75,655						
Legal assistance	19,520						
Nutrition education	30,151						
Congregate meals		377,505					
Home delivered meals			628,763				6,234
Health	2,383						19,357
Home repair	5,942						2,675
Family caregiver					80,626		
Case management	40,854				43,616		318,772
Home care							143,868
Registered nurse							411
Personal care							99,509
Assisted transportation							
ADRC/NWD							
Volunteer services	14,833						
SHIBA/SMP							
IT other state							
Health programs				27,954			
News letter	4,144						
Public outreach	24,843						
Other allocations	605						
Interest expense							
Depreciation							
<i>Total expenditures</i>	<u>327,089</u>	<u>414,571</u>	<u>653,958</u>	<u>27,954</u>	<u>141,242</u>	<u>3,885</u>	<u>657,060</u>
CHANGE IN NET POSITION	17,415	(49,645)	(147)		13,395	-	18,449
NET POSITION - beginning of year	1,710	(66,972)	148,555	(2,245)	(21,249)	3,401	23,891
NET POSITION - end of year	<u>\$ 19,125</u>	<u>\$ (116,617)</u>	<u>\$ 148,408</u>	<u>\$ (2,245)</u>	<u>\$ (7,854)</u>	<u>\$ 3,401</u>	<u>\$ 42,340</u>

<i>Sequestration Other State</i>	<i>Evidence Based</i>	<i>SHIBA SMP</i>	<i>ADRC & NWD</i>	<i>Designated Funds</i>	<i>Undesignated</i>	<i>2019</i>	<i>2018</i>
\$	\$	\$	\$	\$	\$	\$	\$
59,946	34,146	28,000	79,062			1,106,775	866,125
						875,898	749,832
						78,304	79,886
						121,214	123,371
						12,111	10,765
					1,326	29,026	30,179
	7,806			20,000		59,306	36,793
						19,946	16,372
					60,426	186,498	143,121
						25,860	34,081
				74,890		74,890	34,081
				33,130		33,130	34,081
						10,881	10,335
						225	28,608
						1,225	
<u>59,946</u>	<u>41,952</u>	<u>28,000</u>	<u>79,062</u>	<u>128,020</u>	<u>72,858</u>	<u>2,635,064</u>	<u>2,197,630</u>
5,792						175,424	146,291
						24,409	25,755
						3,885	2,017
				15,211		38,546	38,347
						36,278	40,809
				423		76,078	82,502
						19,520	15,488
						30,151	20,308
				5,000		382,505	324,381
52,132				25,222		712,351	627,045
						21,740	7,790
						8,617	3,666
				6,055		86,681	72,365
						403,242	302,383
						143,868	126,417
						411	830
						99,509	82,459
							48
			79,241			79,241	93,363
						14,833	7,179
		34,614				34,614	13,435
2,022						2,022	2,062
	36,146					64,100	35,315
						4,144	440
						24,843	23,895
					14,205	14,810	
					32,544	32,544	
					32,564	32,564	16,071
<u>59,946</u>	<u>36,146</u>	<u>34,614</u>	<u>79,241</u>	<u>51,911</u>	<u>79,313</u>	<u>2,566,930</u>	<u>2,110,661</u>
	5,806	(6,614)	(179)	76,109	(6,455)	68,134	86,969
	2,233	13,094	7,399	261,803	1,686,565	2,058,185	2,039,378
<u>\$ -</u>	<u>\$ 8,039</u>	<u>\$ 6,480</u>	<u>\$ 7,220</u>	<u>\$ 337,912</u>	<u>\$ 1,680,110</u>	<u>\$ 2,126,319</u>	<u>\$ 2,126,347</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 Directors
Council on Aging of Central Oregon
Bend, 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, 2019, 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 December 18, 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
December 18, 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**

Board of Directors
Council on Aging of Central Oregon
Bend, 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, 2019. 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, 2019.

**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

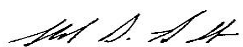
Management of the Council on Aging of Central Oregon is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council on Aging of Central 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
December 18, 2019

COUNCIL ON AGING OF CENTRAL OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

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 not to be a low-risk auditee.
10. There were no findings or questioned costs in the year ended June 30, 2018 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, 2019

<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	\$ 337,826
Title III-C	93.045	148985	596,923
Nutrition Services Incentive Program	93.053	148985	<u>78,304</u>
Total Aging Cluster			1,013,053
Title III-D	93.043	148985	27,954
Title III-E	93.052	148985	140,187
Title VII-B	93.041	148985	<u>3,885</u>
<i>Total</i>			<u>\$ 1,185,079</u>

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

COUNCIL ON AGING OF CENTRAL OREGON