
SENIOR CENTER, INCORPORATED
CHARLOTTESVILLE, VIRGINIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2010

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY CERTIFIED PUBLIC ACCOUNTANTS

CHARLOTTESVILLE □ RICHMOND □ FREDERICKSBURG □ VERONA □ CHRISTIANSBURG

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-13

ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

INDEPENDENT AUDITORS' REPORT

**TO THE BOARD OF DIRECTORS
SENIOR CENTER, INCORPORATED
CHARLOTTESVILLE, VIRGINIA**

We have audited the accompanying statement of financial position of the Senior Center, Incorporated (a nonprofit organization) as of March 31, 2010, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Senior Center, Incorporated (a nonprofit organization) as of March 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Robinson, Farmer, Cox Associates

Charlottesville, Virginia
August 19, 2010

Financial Statements

SENIOR CENTER, INCORPORATED

Statement of Financial Position

At March 31, 2010

Assets:

Cash and cash equivalents	\$	60,581
Investments		344,496
Grants receivable		18,000
Pledges receivable		121,200
Room rental receivable		2,805
Prepaid expenses		9,595
Land, buildings and equipment, net of accumulated depreciation of \$1,010,852		<u>1,409,980</u>
Total assets	\$	<u><u>1,966,657</u></u>

Liabilities:

Accrued expenses	\$	8,867
Travel deposits		30,151
Dues and other items received in advance		<u>89,813</u>
Total liabilities	\$	<u>128,831</u>

Net assets: (Note 5)

Unrestricted	\$	1,634,919
Temporarily restricted		<u>202,907</u>
Total net assets	\$	<u><u>1,837,826</u></u>
Total liabilities and net assets	\$	<u><u>1,966,657</u></u>

The accompanying notes to financial statements are an integral part of this statement.

SENIOR CENTER, INCORPORATED

Statement of Activities Year Ended March 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains and other support:			
Contributions	\$ 221,164	\$ 327,687	\$ 548,851
Dues	136,848	-	136,848
Program fees	88,993	-	88,993
Special events - net of direct expenses of \$34,185	80,929	-	80,929
Grants	68,650	-	68,650
Rentals	26,417	-	26,417
Travel program - net of direct expenses (Note 3)	25,717	-	25,717
Investment returns - net of direct expenses of \$1,980 (Note 7)	67,623	-	67,623
Newsletter	33,415	-	33,415
In-kind revenue	92,277	-	92,277
Miscellaneous	18,050	-	18,050
Net assets released from restrictions:			
Restrictions satisfied by payments	203,409	(203,409)	-
 Total revenues, gains and other support	 \$ 1,063,492	 \$ 124,278	 \$ 1,187,770
Expenses:			
Program services	\$ 790,503	\$ -	\$ 790,503
Administration and general	81,157	-	81,157
Fundraising	281,100	-	281,100
 Total expenses	 \$ 1,152,760	 \$ -	 \$ 1,152,760
 Change in net assets	 \$ (89,268)	 \$ 124,278	 \$ 35,010
 Net assets at beginning of year	 \$ 1,724,187	 \$ 78,629	 \$ 1,802,816
 Net assets at end of year	 \$ 1,634,919	 \$ 202,907	 \$ 1,837,826

The accompanying notes to financial statements are an integral part of this statement.

SENIOR CENTER, INCORPORATED

Statement of Functional Expenses
Year Ended March 31, 2010

	<u>Program Services</u>	<u>Administration and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and related benefits:				
Salaries	\$ 342,143	\$ 46,235	\$ 73,978	\$ 462,356
Payroll taxes	32,623	4,409	7,054	44,086
Retirement and life insurance	26,419	3,570	5,712	35,701
Health, dental and disability insurance	24,916	3,367	5,387	33,670
 Total salaries and related benefits	 \$ 426,101	 \$ 57,581	 \$ 92,131	 \$ 575,813
Professional fees	4,070	550	880	5,500
Program expenses	79,936	-	-	79,936
Office supplies	11,769	1,590	2,545	15,904
Telephone	4,101	554	887	5,542
Postage	1,203	163	260	1,626
Capital campaign	-	-	100,087	100,087
Utilities	24,600	3,324	5,319	33,243
Bookkeeping services	6,790	918	1,468	9,176
Insurance	9,678	1,308	2,093	13,079
Equipment maintenance and repair	11,810	1,596	2,553	15,959
Buildings and grounds maintenance	19,426	2,625	4,200	26,251
Staff training/recruitment	144	19	31	194
Newsletter	9,775	1,321	2,114	13,210
Fundraising	-	-	52,148	52,148
Promotion and membership	7,462	1,008	1,613	10,083
In-kind expenses	89,193	-	-	89,193
Depreciation	46,772	6,321	10,113	63,206
Scholarships	5,688	-	-	5,688
Café	17,934	-	-	17,934
Other	14,051	2,279	2,658	18,988
 Total expenses	 \$ <u>790,503</u>	 \$ <u>81,157</u>	 \$ <u>281,100</u>	 \$ <u>1,152,760</u>

The accompanying notes to financial statements are an integral part of this statement.

SENIOR CENTER, INCORPORATED

Statement of Cash Flows Year Ended March 31, 2010

Cash flows from operating activities:	
Change in net assets	\$ 35,010
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	63,206
Investment return	(67,286)
In-kind revenues	(92,277)
In-kind expenses	89,193
Capitalized costs written off	9,375
(Increase) decrease in:	
Receivables	(96,790)
Prepaid expenses	(4,071)
Increase (decrease) in:	
Accrued expenses	7,118
Travel deposits	18,879
Dues and other items received in advance	<u>10,247</u>
Net cash provided (used) by operating activities	<u>\$ (27,396)</u>
Cash flows from investing activities:	
Purchase of fixed assets	\$ (9,807)
Purchase of investments	(72,288)
Proceeds from redemption of investments	<u>85,000</u>
Net cash provided (used) by investing activities	<u>\$ 2,905</u>
Net change in cash and cash equivalents	\$ (24,491)
Cash and cash equivalents at beginning of year	<u>85,072</u>
Cash and cash equivalents at end of year	<u><u>\$ 60,581</u></u>
Supplemental disclosure:	
Non-cash investing and financing transaction:	
Value of contributed fixed assets	\$ 3,084

The accompanying notes to financial statements are an integral part of this statement.

SENIOR CENTER, INCORPORATED

Notes to Financial Statements
As of March 31, 2010

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Description and Purpose of Organization:

The Senior Center is a non-profit organization which principally serves the population of those age 50 and over in the Thomas Jefferson Planning District Ten. The purpose of the Organization is to enrich the lives of seniors through opportunities for achievement and service.

The Senior Center, Incorporated is a non-profit organization exempt from income tax under section 501(c) (3) of the U. S. Internal Revenue Code and comparable State law. Contributions to the Organization are tax deductible within the limitations prescribed by the Code. The Organization has been classified as a publicly supported organization that is not a private foundation under Section 509 (a) of the Code.

B. Contributions:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions. 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.

The Organization reports gifts of land, buildings, 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 these long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Organization maintains an endowment fund as a component of its unrestricted funds, where special or unanticipated gifts are contributed. The goal of the fund is to provide an adequate reserve and smooth flow of distributions to supplement the organization's operating budget. Distribution guidelines permit withdrawals in an amount equal to 4% of the average of the fair market value of the fund.

C. Financial Statement Presentation:

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted net assets: Net assets that are not subject to donor-imposed stipulations. At March 31, 2010, the Organization had \$1,634,919 in unrestricted net assets.

SENIOR CENTER, INCORPORATED

Notes to Financial Statements
As of March 31, 2010 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

C. Financial Statement Presentation: (continued)

Temporarily restricted net assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. At March 31, 2010, the Organization had \$202,907 of temporarily restricted net assets.

Permanently restricted net assets: Net assets subject to donor-imposed or other legal restrictions requiring that all principal be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned for either general or donor-specific purposes. At March 31, 2010, the Organization had no permanently restricted net assets.

D. Promises to Give:

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Unconditional promises to give totaled \$139,200 at March 31, 2010, and are recorded in the financial statements as grants receivable of \$18,000 and pledges receivable of \$121,200. Of this amount, \$62,650 is due from members of the board of directors and the executive director. All amounts are expected to be collected within one year.

E. Cash and Cash Equivalents:

Cash and cash equivalents consist of all cash, certificates of deposit and highly liquid investments with maturities of three months or less.

F. Investments:

Investments are carried at fair market or appraised value and consist primarily of equities in mutual funds managed by Mutual of America and the Charlottesville-Albemarle Community Foundation. Realized and unrealized gains and losses are reflected in the statement of activities. The following is a summary of investments at market value at March 31, 2010.

	<u>Mutual of America</u>	<u>Elizabeth A. Seabrook Endowment</u>	<u>Total</u>
Bond Securities	\$ 17,023	\$ -	\$ 17,023
Mutual Fund	12,009	307,801	319,810
Money Market	7,663	-	7,663
Total	<u>\$ 36,695</u>	<u>\$ 307,801</u>	<u>\$ 344,496</u>

SENIOR CENTER, INCORPORATED

Notes to Financial Statements
As of March 31, 2010 (Continued)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

G. Property, Furniture and Equipment:

Property (which includes the building and improvements), furniture, equipment and land are recorded at cost and, if donated, the estimated fair value at the date of donation. Depreciation is computed using the straight line method over the estimated useful lives of the assets, which are summarized below:

Furniture, fixtures and equipment	5-10 Years
Building	40 Years

Depreciation expense totaled \$63,206 for 2010.

H. Donated Services:

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Organization's program services and administrative functions. The value of this contributed time is reflected in these statements as in-kind revenues and expenses for the year ended March 31, 2010. In addition, many individuals volunteer their time and perform a variety of tasks that are vital to the Organization but do not meet the criteria for financial statement recognition.

I. Rental Income:

Rental income is generated from the lease of certain areas of the Organization's facilities to individuals, private companies and other organizations on a one-time or short-term basis.

J. Use of 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.

NOTE 2—PROPERTY, FURNITURE AND EQUIPMENT:

Property, furniture and equipment consisted of the following at March 31, 2010:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Basis Remaining</u>
Land	\$ 358,123	\$ -	\$ 358,123
Building	1,798,274	796,957	1,001,317
Furniture and equipment	196,118	169,966	26,152
Computers and software	68,317	43,929	24,388
Total	<u>\$ 2,420,832</u>	<u>\$ 1,010,852</u>	<u>\$ 1,409,980</u>

SENIOR CENTER, INCORPORATED

Notes to Financial Statements
As of March 31, 2010 (Continued)

NOTE 3—MEMBERSHIP TRAVEL PROGRAM:

The Senior Center Membership Travel Program was established by the Senior Center as a separate member service activity. This is a self supporting program but was not organized to produce a profit but instead to offer a service to its members. The Center staff arranges tours and travel activities for groups of member senior citizens. The Fund's activities were previously reported as a separate function and not included in the Organization's financial statements. The Travel Fund's equity and net revenues for 2010 have been included in the statement of activities as an unrestricted revenue source.

A summary of Travel Fund financial position and activities follows:

Assets:	
Cash	\$ 4,918
Deposits	<u>9,595</u>
Total Assets	<u>\$ 14,513</u>
Liabilities:	
Travel deposits	\$ 30,151
Gift Certificates	<u>163</u>
Total Liabilities	<u>\$ 30,314</u>
Equity:	
Fund Balance	<u>\$ (15,801)</u>
Total Liabilities and Equity	<u>\$ 14,513</u>
Revenues:	
Trips and tours, less refunds	<u>\$ 154,975</u>
Expenses:	
Trip and tour expenses	<u>\$ 129,258</u>
Net travel income:	<u>\$ 25,717</u>
Transfers to Senior Center Operations	<u>\$ 35,563</u>

Note: Direct salaries and commissions are not included in the above expenses.

SENIOR CENTER, INCORPORATED

Notes to Financial Statements
As of March 31, 2010 (Continued)

NOTE 4—RETIREMENT PLAN:

All eligible employees participate in a defined contribution retirement plan with Mutual of America. The Senior Center contributes 10% of each eligible employee's salary to the plan. Each employee may contribute up to 20% of their salaries to a separate plan. The plan is fully insured. Total payroll for covered employees was approximately \$307,400 and total payroll for all employees was \$462,356 for 2010. Total employer contributions for the 2010 plan year were \$30,740.

NOTE 5—RESTRICTED/DESIGNATED NET ASSETS:

Temporarily restricted net assets are available for the following purposes:

Program activities:		
Capital campaign	\$	155,973
Part-time to full-time coordinator of volunteer resources		28,068
Scholarships		10,739
Other program		<u>8,127</u>
Total	\$	<u><u>202,907</u></u>

Unrestricted net assets include endowment funds in the amount of \$307,801. These funds are designated for activities as outlined in the endowment fund guidelines.

NOTE 6—CONTRIBUTED SERVICES:

The Senior Center recognized contribution revenue for contributed services. Contribution revenue from services was measured based on the fair value of those services, and the amounts recognized were as follows:

Website and database administration 464 hours at \$50/hour	\$	23,200
Plumbing services		306
Legal counsel		14,138
Other - 2,021 hours at \$20.85/hour		<u>42,138</u>
Total	\$	<u><u>79,782</u></u>

In addition, approximately 33,000 of volunteer hours were provided to Organization for which no value has been assigned.

SENIOR CENTER, INCORPORATED

Notes to Financial Statements
As of March 31, 2010 (Continued)

NOTE 7—INVESTMENTS:

A summary of investment return of the investments held by the Senior Center, Inc. as of March 31, 2010 follows:

	<u>Mutual of America</u>	<u>Elizabeth A. Seabrook Endowment</u>	<u>VNB</u>
Dividend and Interest Income	\$ 606	\$ 4,100	\$ 337
Unrealized gain/(loss)	2,569	61,991	-
Investment expense	<u>-</u>	<u>(1,980)</u>	<u>-</u>
Net Investment returns	\$ <u>3,175</u>	\$ <u>64,111</u>	\$ <u>337</u>

NOTE 8—BOARD DESIGNATED ENDOWMENT:

The Senior Center's endowment consists of an individual fund established for a variety of purposes. Its endowment includes funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Senior Center have interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Senior Center classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulation to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization.

SENIOR CENTER, INCORPORATED

Notes to Financial Statements
As of March 31, 2010 (Continued)

NOTE 8—BOARD DESIGNATED ENDOWMENT: (CONTINUED)

Return Objectives and Risk Parameters

The Senior Center had adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets that are board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to accommodate investment styles and strategies that are considered reasonable and prudent, while providing long-term growth.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Senior Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Senior Center has a spending policy based on the total return concept that governs the rate at which funds are transferred from the Endowment Fund to the operating budget. The spending policy permits withdrawals in an amount equal to 4% of the average of the fair value of the fund.

Composition of and change in endowment net assets for the year ended March 31, 2010 were as follows:

Board-designated endowment net assets, beginning of year	\$	226,403
Contributions		17,287
Dividend income		4,100
Net Appreciation		61,991
Management Fees		(1,980)
		<hr/>
Board-designated endowment net assets, end of year	\$	<u>307,801</u>

NOTE 9—FAIR VALUE MEASUREMENTS:

Fair value for investments is determined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. The three-level fair value hierarchy prioritizes the inputs used to measure fair value. This hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.

SENIOR CENTER, INCORPORATED

Notes to Financial Statements
As of March 31, 2010 (Continued)

NOTE 9—FAIR VALUE MEASUREMENTS: (CONTINUED)

- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Senior Center is providing the following information related to its investments:

	<u>Fair Value Measurements at 3/31/2010</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments	\$ <u>344,496</u>	\$ <u>36,695</u>	\$ <u>307,801</u>	\$ <u>-</u>
Total	\$ <u><u>344,496</u></u>	\$ <u><u>36,695</u></u>	\$ <u><u>307,801</u></u>	\$ <u><u>-</u></u>

NOTE 10—SUBSEQUENT EVENTS:

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through August 19, 2010, the date the financial statements were available to be issued.