
SENIOR CENTER, INCORPORATED
CHARLOTTESVILLE, VIRGINIA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2011

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY CERTIFIED PUBLIC ACCOUNTANTS

CHARLOTTESVILLE □ RICHMOND □ FREDERICKSBURG □ VERONA □ CHRISTIANSBURG

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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, 2011, 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, 2011, 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
June 22, 2011

Financial Statements

SENIOR CENTER, INCORPORATED

Statement of Financial Position

At March 31, 2011

Assets:

| | |
|----------------------------------------------------------------------------------|---------------------|
| Cash and cash equivalents | \$ 158,301 |
| Investments | 374,511 |
| Pledges receivable | 195,679 |
| Room rental receivable | 2,460 |
| Prepaid expenses | 17,678 |
| Land, buildings and equipment, net of accumulated depreciation of \$1,075,557 | <u>1,391,856</u> |
| Total assets | <u>\$ 2,140,485</u> |

Liabilities:

| | |
|------------------------------------------|-------------------|
| Accrued expenses | \$ 17,237 |
| Travel deposits | 30,294 |
| Charitable gift annuity | 34,711 |
| Dues and other items received in advance | <u>93,576</u> |
| Total liabilities | <u>\$ 175,818</u> |

Net assets: (Note 5)

| | |
|----------------------------------|---------------------|
| Unrestricted | \$ 1,683,993 |
| Temporarily restricted | <u>280,674</u> |
| Total net assets | <u>\$ 1,964,667</u> |
| Total liabilities and net assets | <u>\$ 2,140,485</u> |

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

SENIOR CENTER, INCORPORATED

Statement of Activities Year Ended March 31, 2011

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--------------------------------------------------------------------|---------------------|-----------------------------------|------------------|
| Revenues, gains and other support: | | | |
| Contributions | \$ 313,531 | \$ 269,492 | \$ 583,023 |
| Dues | 138,650 | - | 138,650 |
| Program fees | 88,671 | - | 88,671 |
| Special events - net of direct expenses of \$4,220 | 33,513 | - | 33,513 |
| Grants | 97,950 | - | 97,950 |
| Rentals | 28,740 | - | 28,740 |
| Travel program - net of direct expenses (Note 3) | 46,405 | - | 46,405 |
| Investment returns - net of direct expenses of \$2,352 (Note 7) | 43,986 | - | 43,986 |
| Newsletter | 26,559 | - | 26,559 |
| In-kind revenue | 128,892 | - | 128,892 |
| Miscellaneous | 16,597 | - | 16,597 |
| Net assets released from restrictions: | | | |
| Restrictions satisfied by payments | 191,725 | (191,725) | - |
| Total revenues, gains and other support | \$ 1,155,219 | \$ 77,767 | \$ 1,232,986 |
| Expenses: | | | |
| Program services | \$ 869,700 | \$ - | \$ 869,700 |
| Administration and general | 72,429 | - | 72,429 |
| Fundraising | 164,016 | - | 164,016 |
| Total expenses | \$ 1,106,145 | \$ - | \$ 1,106,145 |
| Change in net assets | \$ 49,074 | \$ 77,767 | \$ 126,841 |
| Net assets at beginning of year | \$ 1,634,919 | \$ 202,907 | \$ 1,837,826 |
| Net assets at end of year | \$ 1,683,993 | \$ 280,674 | \$ 1,964,667 |

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

SENIOR CENTER, INCORPORATED

Statement of Functional Expenses
Year Ended March 31, 2011

| | <u>Program Services</u> | <u>Administration and General</u> | <u>Fundraising</u> | <u>Total</u> |
|-----------------------------------------|-----------------------------|---------------------------------------|--------------------|------------------|
| Salaries and related benefits: | | | | |
| Salaries | \$ 366,561 | \$ 48,081 | \$ 61,411 | \$ 476,053 |
| Payroll taxes | 31,841 | 4,176 | 5,335 | 41,352 |
| Retirement and life insurance | 35,330 | 4,634 | 5,919 | 45,883 |
| Health, dental and disability insurance | 26,789 | 3,514 | 4,488 | 34,791 |
| Total salaries and related benefits | \$ 460,521 | \$ 60,405 | \$ 77,153 | \$ 598,079 |
| Professional fees | \$ 5,613 | \$ 230 | \$ 58 | \$ 5,901 |
| Program expenses | 80,728 | - | - | 80,728 |
| Office supplies | 14,258 | 600 | 150 | 15,008 |
| Telephone | 4,254 | 179 | 45 | 4,478 |
| Postage | 1,557 | 66 | 16 | 1,639 |
| Capital campaign | - | - | 17,250 | 17,250 |
| Utilities | 33,725 | 1,420 | 355 | 35,500 |
| Bookkeeping services | 10,530 | 443 | 111 | 11,084 |
| Insurance | 10,351 | 436 | 109 | 10,896 |
| Equipment maintenance and repair | 33 | 1 | - | 34 |
| Buildings and grounds maintenance | 17,808 | 750 | 187 | 18,745 |
| Staff training/recruitment | 3,351 | - | - | 3,351 |
| Newsletter | 11,714 | - | - | 11,714 |
| Fundraising | - | - | 66,608 | 66,608 |
| Promotion and membership | 7,557 | - | - | 7,557 |
| In-kind expenses | 122,447 | 5,156 | 1,289 | 128,892 |
| Depreciation | 61,470 | 2,588 | 647 | 64,705 |
| Scholarships | 6,719 | - | - | 6,719 |
| Café | 13,463 | - | - | 13,463 |
| Other | 3,601 | 155 | 38 | 3,794 |
| Total expenses | \$ 869,700 | \$ 72,429 | \$ 164,016 | \$ 1,106,145 |

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

SENIOR CENTER, INCORPORATED

Statement of Cash Flows Year Ended March 31, 2011

| | |
|-------------------------------------------------------------------------------------------------------|--------------------------|
| Cash flows from operating activities: | |
| Change in net assets | \$ 126,841 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | |
| Depreciation | 64,705 |
| Investment return | (36,030) |
| In-kind revenues | (128,892) |
| In-kind expenses | 128,892 |
| (Increase) decrease in: | |
| Receivables | (56,134) |
| Prepaid expenses | (8,083) |
| Increase (decrease) in: | |
| Accrued expenses | 8,370 |
| Travel deposits | 143 |
| Charitable gift annuity | 34,711 |
| Dues and other items received in advance | <u>3,763</u> |
| Net cash provided (used) by operating activities | \$ <u>138,286</u> |
| Cash flows from investing activities: | |
| Purchase of fixed assets | \$ (46,581) |
| Purchase of investments | (18,485) |
| Proceeds from redemption of investments | <u>24,500</u> |
| Net cash provided (used) by investing activities | \$ <u>(40,566)</u> |
| Net change in cash and cash equivalents | \$ 97,720 |
| Cash and cash equivalents at beginning of year | <u>60,581</u> |
| Cash and cash equivalents at end of year | \$ <u><u>158,301</u></u> |

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

SENIOR CENTER, INCORPORATED

Notes to Financial Statements
As of March 31, 2011

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 City of Charlottesville, the County of Albemarle, and the surrounding area. The purpose of the Organization is to involve, enrich, and empower seniors in our community.

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. Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other assets/liabilities.

C. 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 on an annual basis.

D. 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, 2011, the Organization had \$1,683,992 in unrestricted net assets.

SENIOR CENTER, INCORPORATED

Notes to Financial Statements
As of March 31, 2011 (Continued)

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

D. 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, 2011, the Organization had \$280,674 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, 2011, the Organization had no permanently restricted net assets.

E. 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 \$195,679 at March 31, 2011, and are recorded in the financial statements as pledges receivable. Of this amount, \$41,051 is due from members of the board of directors and the executive director. All amounts are expected to be collected within five years.

F. 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.

G. 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, 2011.

| | <u>Mutual of America</u> | <u>Elizabeth A. Seabrook Endowment</u> | <u>Total</u> |
|-----------------|------------------------------|------------------------------------------------|--------------|
| Bond Securities | \$ 2,944 | \$ - | \$ 2,944 |
| Mutual Fund | 5,193 | 361,210 | 366,403 |
| Money Market | 5,164 | - | 5,164 |
| | <hr/> | <hr/> | <hr/> |
| Total | \$ 13,301 | \$ 361,210 | \$ 374,511 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

SENIOR CENTER, INCORPORATED

Notes to Financial Statements
As of March 31, 2011 (Continued)

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

H. 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 \$64,705 for 2011.

I. 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, 2011. 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.

J. 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.

K. 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.

L. Assets Held Under Split-Interest Agreements:

The Organization receives contributions of property in which the donor or donor-designated beneficiary may retain a life interest. The assets are invested and administered by the Organization and distributions are made to the beneficiaries under the terms of the agreement. These funds are held in a certificate of deposit account and the Organization records its interest at fair value. Initial recognition and subsequent adjustments to the assets' carrying values are reported as a change in value of split-interest agreements in the accompanying financial statements.

Obligations under split-interest agreements, including charitable gift annuities, are recorded when incurred at the present value of the anticipated distributions to be made to the donor-designated beneficiaries. Distributions are paid over the lives of the beneficiaries or another specific period. Present values are determined using appropriate discount rates and actuarially determined life expectancies. Obligations under split-interest agreements are revalued annually at March 31 to reflect actuarial experience; the discount rate is not changed. The net revaluations, together with any remaining recorded obligations after all trust or gift obligations under terminated agreements have been satisfied, are recorded as net changes in the value of split-interest agreements.

SENIOR CENTER, INCORPORATED

Notes to Financial Statements
As of March 31, 2011 (Continued)

NOTE 2—PROPERTY, FURNITURE AND EQUIPMENT:

Property, furniture and equipment consisted of the following at March 31, 2011:

| | <u>Cost</u> | <u>Accumulated Depreciation</u> | <u>Basis Remaining</u> |
|--------------------------|---------------------|-------------------------------------|----------------------------|
| Land | \$ 358,123 | \$ - | \$ 358,123 |
| Construction in progress | 40,919 | - | 40,919 |
| Building | 1,798,274 | 846,320 | 951,954 |
| Computers and software | 68,317 | 53,021 | 15,296 |
| Furniture and equipment | 201,780 | 176,216 | 25,564 |
| Total | <u>\$ 2,467,413</u> | <u>\$ 1,075,557</u> | <u>\$ 1,391,856</u> |

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 2011 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 | \$ 2,779 |
| Deposits | 17,678 |
| Total Assets | <u>\$ 20,457</u> |
| Liabilities: | |
| Accounts payable | \$ 1,400 |
| Travel deposits | 30,294 |
| Gift Certificates | 163 |
| Total Liabilities | <u>\$ 31,857</u> |
| Equity: | |
| Fund Balance | <u>\$ (11,400)</u> |
| Total Liabilities and Equity | <u>\$ 20,457</u> |
| Revenues: | |
| Trips and tours, less refunds | <u>\$ 195,112</u> |
| Expenses: | |
| Trip and tour expenses | <u>\$ 148,707</u> |
| Net travel income: | <u>\$ 46,405</u> |
| Transfers to Senior Center Operations | <u>\$ 42,000</u> |

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

SENIOR CENTER, INCORPORATED

Notes to Financial Statements
As of March 31, 2011 (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 \$417,041 and total payroll for all employees was \$476,053 for 2011. Total employer contributions for the 2011 plan year were \$40,578.

NOTE 5—RESTRICTED/DESIGNATED NET ASSETS:

Temporarily restricted net assets are available for the following purposes:

| | | |
|---------------------|----|-----------------------|
| Program activities: | | |
| Capital campaign | \$ | 270,091 |
| Second-wind band | | 825 |
| Scholarships | | 6,383 |
| Other program | | <u>3,375</u> |
| Total | \$ | <u><u>280,674</u></u> |

Unrestricted net assets include endowment funds in the amount of \$361,210. 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 397.5 hours at \$50/hour | \$ | 19,875 |
| Other - 2,429 hours at \$21.36/hour | | <u>51,890</u> |
| Total | \$ | <u><u>71,765</u></u> |

In addition, approximately 45,500 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, 2011 (Continued)

NOTE 7—INVESTMENTS:

A summary of investment return of the investments held by the Senior Center, Inc. as of March 31, 2011 follows:

| | <u>Mutual of America</u> | <u>Suntrust Investments</u> | <u>Elizabeth A. Seabrook Endowment</u> | <u>VNB</u> |
|------------------------------|------------------------------|---------------------------------|------------------------------------------------|---------------|
| Dividend and Interest Income | \$ - | \$ - | \$ 4,443 | \$ 938 |
| Realized gain/(loss) | - | 4,927 | - | - |
| Unrealized gain/(loss) | 1,106 | - | 34,924 | - |
| Investment expense | - | - | (2,352) | - |
| Net Investment returns | \$ <u>1,106</u> | \$ <u>4,927</u> | \$ <u>37,015</u> | \$ <u>938</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, 2011 (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, 2011 were as follows:

| | | |
|----------------------------------------------------------|----|-----------------------|
| Board-designated endowment net assets, beginning of year | \$ | 307,801 |
| Contributions | | 15,820 |
| Dividend income | | 4,443 |
| Net Appreciation | | 35,498 |
| Management Fees | | <u>(2,352)</u> |
| Board-designated endowment net assets, end of year | \$ | <u><u>361,210</u></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, 2011 (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>Total 3/31/2011</u> | <u>Fair Value Measurements at Reporting Date Using</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> |
| Cash and cash equivalents reported as investments | \$ 5,164 | \$ 5,164 | \$ - | \$ - |
| Equity securities | 5,193 | 5,193 | - | - |
| Bonds | 2,944 | 2,944 | - | - |
| Investment pool | 361,210 | - | - | 361,210 |
| Total | <u>\$ 374,511</u> | <u>\$ 13,301</u> | <u>\$ -</u> | <u>\$ 361,210</u> |

The Level 3 assets represent amounts invested in Charlottesville Area Community Foundation’s (CACF) investment pool. The valuation of this investment is based upon the inputs used by CACF to value the underlying assets. The following table provides further details of the Level 3 fair value measurements.

| | <u>Investment Pool</u> |
|-------------------------------|----------------------------|
| Beginning balance | \$ 307,801 |
| Additional investments | 15,820 |
| Interest and dividends | 4,443 |
| Realized and unrealized gains | 35,498 |
| Administration fees | <u>(2,352)</u> |
| Ending balance | <u>\$ 361,210</u> |

SENIOR CENTER, INCORPORATED

Notes to Financial Statements
As of March 31, 2011 (Continued)

NOTE 10—CHARITABLE GIFT ANNUITY:

During 2011 the Organization received a contribution in the form of a charitable gift annuity. The contribution totaled \$103,888 and was recorded at fair market value when contributed. Under the agreement, the Organization is required to make quarterly payments to the beneficiary in the amount of \$2,467 beginning January 2011. The present value of estimated future payments, \$34,711 at March 31, 2011, was calculated using a discount rate of 3.25% (the prime rate on the contribution date) and applicable mortality tables obtained from the Code of Virginia.

NOTE 11—SUBSEQUENT EVENTS:

In preparing these financial statements, management of the Organization has evaluated events and transactions for potential recognition or disclosure through June 22, 2011, the date the financial statements were available to be issued. The following event was identified as necessary to disclose:

On April 22, 2011 the Organization entered into a contract to purchase a property for the construction of a new location in the amount of \$2,400,000. The contract is contingent upon the outcome of due diligence which, as of the date of issue, has not been completed.