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SENIOR CENTER, INCORPORATED  
CHARLOTTESVILLE, VIRGINIA  
FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2018

ROBINSON, FARMER, COX ASSOCIATES

*A PROFESSIONAL LIMITED LIABILITY COMPANY      CERTIFIED PUBLIC ACCOUNTANTS*

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CHARLOTTESVILLE   □   RICHMOND   □   FREDERICKSBURG   □   LOUISA   □   STAUNTON   □   BLACKSBURG

SENIOR CENTER, INCORPORATED  
CHARLOTTESVILLE, VIRGINIA  
FINANCIAL STATEMENTS  
YEAR ENDED MARCH 31, 2018

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# ROBINSON, FARMER, COX ASSOCIATES

CERTIFIED PUBLIC ACCOUNTANTS

A PROFESSIONAL LIMITED LIABILITY COMPANY

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Senior Center, Incorporated (a nonprofit organization), which comprise the statement of financial position as of March 31, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 Senior Center, Incorporated as of March 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 15 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

## Report on Summarized Comparative Information

We have previously audited the Senior Center, Incorporated's 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 30, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Robinson, Farmer, Cox Associates*  
Charlottesville, Virginia  
June 21, 2018

- Financial Statements -

**SENIOR CENTER, INCORPORATED**

Statement of Financial Position

At March 31, 2018

(With Comparative Totals for 2017)

|   | 2018         | 2017         |
|---|--------------|--------------|
| <b>Assets:</b>  |              |              |
| Cash and cash equivalents   | \$ 1,246,497 | \$ 1,112,363 |
| Investments   | 10,118       | 30,615       |
| Pledges receivable, net of allowance of \$13,688 and \$108,955  | 787,285      | 327,164      |
| Other receivables   | 12,638       | 14,496       |
| Prepaid expenses  | 4,548        | 89,925       |
| Beneficial interest in agency fund held by third party  | 389,632      | 344,107      |
| Property, furniture, and equipment, net of<br>accumulated depreciation of \$1,550,671 and \$1,485,938 | 4,226,468    | 3,782,113    |
| Total assets  | \$ 6,677,186 | \$ 5,700,783 |
| <b>Liabilities:</b>   |              |              |
| Accounts payable  | \$ 18,838    | \$ 60,969    |
| Payroll liabilities   | 1,729        | 10,992       |
| Compensated absences  | 24,807       | 17,184       |
| Travel deposits   | 21,601       | 113,860      |
| Dues and other items received in advance  | 102,288      | 105,318      |
| Total liabilities   | \$ 169,263   | \$ 308,323   |
| <b>Net assets:</b>  |              |              |
| Unrestricted  | \$ 3,756,162 | \$ 3,941,742 |
| Temporarily restricted  | 2,751,761    | 1,450,718    |
| Total net assets  | \$ 6,507,923 | \$ 5,392,460 |
| Total liabilities and net assets  | \$ 6,677,186 | \$ 5,700,783 |

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

**SENIOR CENTER, INCORPORATED**

Statement of Activities  
Year Ended March 31, 2018  
(With Comparative Totals for 2017)

|   | Temporarily         |                     | Totals              |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | Unrestricted        | Restricted          | 2018                | 2017                |
| Revenues, gains and other support:                                    |                     |                     |                     |                     |
| Contributions   | \$ 375,638          | \$ 1,410,567        | \$ 1,786,205        | \$ 718,039          |
| Dues  | 217,128             | -                   | 217,128             | 206,452             |
| Program fees  | 80,261              | -                   | 80,261              | 82,979              |
| Special events - net of direct expenses<br>of \$72,717 and \$48,691   | 113,973             | -                   | 113,973             | 119,999             |
| Grants  | 73,500              | 81,000              | 154,500             | 103,761             |
| Rentals   | 52,562              | -                   | 52,562              | 55,950              |
| Travel program - net of direct<br>expenses of \$246,051 and \$71,802  | 88,735              | -                   | 88,735              | 21,739              |
| Investment returns - net of direct<br>expenses of \$2,761 and \$3,285 | 49,168              | -                   | 49,168              | 27,974              |
| Realized gain on sale of land   | -                   | -                   | -                   | 206,754             |
| In-kind revenue   | 88,557              | -                   | 88,557              | 33,975              |
| Miscellaneous   | 4,219               | -                   | 4,219               | 13,233              |
| Net assets released from restrictions:                                |                     |                     |                     |                     |
| Restrictions satisfied by payments                                    | 190,524             | (190,524)           | -                   | -                   |
| Total revenues, gains and<br>other support                            | <u>\$ 1,334,265</u> | <u>\$ 1,301,043</u> | <u>\$ 2,635,308</u> | <u>\$ 1,590,855</u> |
| Expenses:   |                     |                     |                     |                     |
| Program services:   |                     |                     |                     |                     |
| Healthy aging   | \$ 996,700          | \$ -                | \$ 996,700          | \$ 894,684          |
| Supporting services:  |                     |                     |                     |                     |
| Management and general  | 110,017             | -                   | 110,017             | 99,254              |
| Fundraising   | 413,128             | -                   | 413,128             | 237,777             |
| Total expenses  | <u>\$ 1,519,845</u> | <u>\$ -</u>         | <u>\$ 1,519,845</u> | <u>\$ 1,231,715</u> |
| Change in net assets  | <u>\$ (185,580)</u> | <u>\$ 1,301,043</u> | <u>\$ 1,115,463</u> | <u>\$ 359,140</u>   |
| Net assets at beginning of year                                       | <u>\$ 3,941,742</u> | <u>\$ 1,450,718</u> | <u>\$ 5,392,460</u> | <u>\$ 5,033,320</u> |
| Net assets at end of year   | <u>\$ 3,756,162</u> | <u>\$ 2,751,761</u> | <u>\$ 6,507,923</u> | <u>\$ 5,392,460</u> |

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

SENIOR CENTER, INCORPORATED

Statement of Functional Expenses

Year Ended March 31, 2018

(With Comparative Totals for 2017)

|   | Program Services |                        | Supporting Services |              | Totals       |  |
|---|------------------|------------------------|---------------------|--------------|--------------|--|
|   | Healthy Aging    | Management and General | Fundraising         | 2018         | 2017         |  |
|   |                  |                        |                     |              |              |  |
| Salaries and related benefits:          |                  |                        |                     |              |              |  |
| Salaries                                | \$ 383,545       | \$ 60,271              | \$ 250,229          | \$ 694,045   | \$ 583,944   |  |
| Payroll taxes                           | 29,712           | 4,669                  | 19,978              | 54,359       | 47,738       |  |
| Retirement and life insurance           | 48,120           | 7,562                  | 13,061              | 68,743       | 56,496       |  |
| Health, dental and disability insurance | 28,216           | 4,434                  | 7,659               | 40,309       | 40,154       |  |
| Total salaries and related benefits     | \$ 489,593       | \$ 76,936              | \$ 290,927          | \$ 857,456   | \$ 728,332   |  |
| Professional fees                       | -                | 21,245                 | -                   | 21,245       | 9,443        |  |
| Program expenses                        | 87,086           | -                      | -                   | 87,086       | 61,470       |  |
| Office expenses                         | 36,235           | 1,526                  | 381                 | 38,142       | 32,713       |  |
| Bookkeeping                             | 18,440           | 776                    | 194                 | 19,410       | 3,792        |  |
| Marketing research and branding         | 47,595           | 2,004                  | 501                 | 50,100       | -            |  |
| Telephone                               | 6,375            | 268                    | 67                  | 6,710        | 4,779        |  |
| Postage                                 | 3,237            | 136                    | 34                  | 3,407        | 5,589        |  |
| Utilities                               | 27,745           | 1,168                  | 292                 | 29,205       | 25,151       |  |
| Property taxes                          | 19,834           | -                      | -                   | 19,834       | 19,925       |  |
| Insurance                               | 13,725           | 578                    | 144                 | 14,447       | 10,609       |  |
| Buildings and grounds maintenance       | 27,610           | 1,163                  | 291                 | 29,064       | 46,340       |  |
| Staff training/recruitment              | 1,739            | 273                    | 472                 | 2,484        | 3,632        |  |
| Newsletter                              | 16,558           | -                      | -                   | 16,558       | 2,983        |  |
| Fundraising                             | -                | -                      | 64,819              | 64,819       | 75,655       |  |
| Promotion                               | 28,498           | -                      | -                   | 28,498       | 30,421       |  |
| In-kind expenses                        | 34,537           | -                      | 54,020              | 88,557       | 33,975       |  |
| Depreciation                            | 61,496           | 2,589                  | 647                 | 64,732       | 67,462       |  |
| Interest expense                        | -                | -                      | -                   | -            | 62           |  |
| Scholarships                            | 34,443           | -                      | -                   | 34,443       | 25,905       |  |
| Café                                    | 9,761            | -                      | -                   | 9,761        | 7,583        |  |
| Other                                   | 32,193           | 1,355                  | 339                 | 33,887       | 35,894       |  |
| Total expenses                          | \$ 996,700       | \$ 110,017             | \$ 413,128          | \$ 1,519,845 | \$ 1,231,715 |  |

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



**SENIOR CENTER, INCORPORATED**

Statement of Cash Flows  
Year Ended March 31, 2018  
(With Comparative Totals for 2017)

|   | 2018         | 2017         |
|---|--------------|--------------|
| Cash flows from operating activities:   |              |              |
| Change in net assets  | \$ 1,115,463 | \$ 359,140   |
| Adjustments to reconcile change in net assets<br>to net cash provided by (used for) operating activities: |              |              |
| Depreciation  | 64,732       | 67,462       |
| Realized and unrealized (gains) losses  | (46,703)     | (12,029)     |
| In-kind revenues  | (88,557)     | (33,975)     |
| In-kind expenses  | 88,557       | 33,975       |
| (Increase) decrease in:   |              |              |
| Pledges receivable  | (460,121)    | 32,729       |
| Other receivables   | 1,858        | (11,235)     |
| Prepaid expenses  | 85,377       | (84,489)     |
| Increase (decrease) in:   |              |              |
| Accounts payable  | (42,131)     | 40,942       |
| Payroll liabilities   | (9,263)      | (125)        |
| Compensated absences  | 7,623        | 1,460        |
| Travel deposits   | (92,259)     | 99,797       |
| Dues and other items received in advance  | (3,030)      | (22,593)     |
| Net cash provided by (used for) operating activities  | \$ 621,546   | \$ 471,059   |
| Cash flows from investing activities:   |              |              |
| Purchase of property, furniture, and equipment  | \$ (12,977)  | \$ (15,154)  |
| Additions to construction in progress   | (496,110)    | (89,056)     |
| Purchase of investments   | -            | (2,740)      |
| Proceeds from redemption of investments   | 21,675       | -            |
| Net cash provided by (used for) investing activities  | \$ (487,412) | \$ (106,950) |
| Net change in cash and cash equivalents   | \$ 134,134   | \$ 364,109   |
| Cash and cash equivalents at beginning of year  | 1,112,363    | 748,254      |
| Cash and cash equivalents at end of year  | \$ 1,246,497 | \$ 1,112,363 |
| Supplemental disclosure:  |              |              |
| Cash paid for interest  | \$ -         | \$ 62        |
| Cash paid for income taxes  | 59           | -            |

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

## SENIOR CENTER, INCORPORATED

Notes to Financial Statements  
As of March 31, 2018

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### A. Description and Purpose of Organization:

The Senior Center is a nonprofit 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 positively impact its community by creating opportunities for healthy aging through social engagement, physical well-being, civic involvement, creativity, and lifelong learning.

#### 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. Concentrations of Credit Risk:

The Organization maintains its cash and cash equivalent balances at one financial institution located in Virginia. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At March 31, 2018, the Organization had uninsured cash balances in the amount of \$599,156.

#### D. Contributions:

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets 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 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.

#### E. Donated Property and Equipment:

Donations of property and equipment are recorded as contributions at fair value of the date of donation. The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Donations of long-lived assets with explicit restrictions that specify how the assets are to be used and donations 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 as instructed by the donor.

## SENIOR CENTER, INCORPORATED

Notes to Financial Statements  
As of March 31, 2018 (Continued)

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

#### F. Financial Statement Presentation:

The Organization is required to report information regarding its financial position and activities according to three classes of net assets, based on the existence or absence of donor-imposed restrictions: 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, 2018, the Organization had \$3,756,162 in unrestricted net assets.

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, 2018, the Organization had \$2,751,761 in 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, 2018, the Organization had no permanently restricted net assets.

#### G. Pledges Receivable:

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. The allowance for uncollectible pledges is estimated based upon historical collection rates and specific identification of uncollectible amounts. Unconditional pledges, net of the allowance of \$13,688, totaled \$787,285 at March 31, 2018. Of this amount, \$58,513 is due from members of the board of directors and the executive director.

As of March 31, 2018, the Organization had received five conditional pledges, totaling \$5,530,000. These conditional pledges will not be recognized as an asset or revenue until the conditions are substantially met.

#### H. Cash and Cash Equivalents:

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

SENIOR CENTER, INCORPORATED

Notes to Financial Statements  
As of March 31, 2018 (Continued)

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

I. Investments:

Investments are carried at fair market or appraised value and consist primarily of equities in mutual funds managed by Mutual of America. 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, 2018:

|            |                   |
|------------|-------------------|
|            | <u>Ameritrade</u> |
| Bond Funds | \$ <u>10,118</u>  |

J. 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. The threshold for capitalization is \$2,500. 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 \$64,732 for 2018.

K. Contributed 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, 2018. 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.

L. 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.

M. 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.

N. Functional Allocation of Expenses:

Certain expenses are allocated among functions based on direct expenses incurred; others are allocated among program and supporting services based on the time spent in the activities.

## SENIOR CENTER, INCORPORATED

Notes to Financial Statements  
As of March 31, 2018 (Continued)

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

#### O. Income Taxes:

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.

#### P. Compensated Absences:

The Organization's liability for compensated absences of their employees was \$24,807. This represents amounts owed to employees under the Organization's paid leave policies.

### NOTE 2 - PROPERTY, FURNITURE, AND EQUIPMENT:

Property, furniture, and equipment consisted of the following at March 31, 2018:

|                          | <u>Cost</u>         | <u>Accumulated<br/>Depreciation</u> | <u>Basis<br/>Remaining</u> |
|--------------------------|---------------------|-------------------------------------|----------------------------|
| Land                     | \$ 2,753,628        | \$ -                                | \$ 2,753,628               |
| Construction in progress | 749,485             | -                                   | 749,485                    |
| Building                 | 1,948,123           | 1,242,119                           | 706,004                    |
| Computers and software   | 111,129             | 103,455                             | 7,674                      |
| Furniture and equipment  | 214,774             | 205,097                             | 9,677                      |
|                          | <u>\$ 5,777,139</u> | <u>\$ 1,550,671</u>                 | <u>\$ 4,226,468</u>        |
| Total                    |                     |                                     |                            |

### NOTE 3 - CONSTRUCTION IN PROGRESS:

The Organization is engaged in a major capital campaign and initial phases of an approximately \$24 million construction project, The Center at Belvedere, that will relocate the organization to a new 50,000 sq ft building. Construction drawings are in process of being developed and county approvals are being sought. The organization has commitments from Albemarle County and the City of Charlottesville for funding some of the project. \$749,485 of preconstruction costs (primarily architects and consultants) are noted as Construction in Progress.

### NOTE 4 - TRAVEL PROGRAM:

The Senior Center Travel Program was established by the Senior Center as a separate service program. This is a self-supporting program; it was not organized to produce a profit, but instead to offer a service to its members and others. The Center staff and volunteers arrange tours and travel activities for groups and individuals. The Travel Fund's equity and net revenues for 2018 have been included in the statement of activities as an unrestricted revenue source.

## SENIOR CENTER, INCORPORATED

Notes to Financial Statements  
As of March 31, 2018 (Continued)

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### NOTE 5 - RETIREMENT PLAN:

All eligible employees participate in a defined contribution retirement plan with Principal Financial Group. The Senior Center contributes 10% of each eligible employee's salary to the plan. Each employee may contribute up to 20% of their salary to a separate account. The plan is fully insured. Total payroll for covered employees was \$501,203 and total payroll for all employees was \$694,046 for 2018. Total employer contributions for the 2018 plan year were \$63,738.

### NOTE 6 - RESTRICTED/DESIGNATED NET ASSETS:

Temporarily restricted net assets are available for the following purposes:

|                            |    |                         |
|----------------------------|----|-------------------------|
| Capital Campaign           | \$ | 2,649,523               |
| Second Wind Band           |    | 2,633                   |
| Scholarship                |    | 1,160                   |
| Matter of Balance          |    | 4,057                   |
| Financial Wellness Program |    | 73,826                  |
| Program Fund               |    | <u>20,562</u>           |
| Total                      | \$ | <u><u>2,751,761</u></u> |

Unrestricted net assets include endowment funds in the amount of \$389,632. These funds are board designated for activities as outlined in the endowment fund guidelines.

### NOTE 7 - BENEFICIAL INTEREST IN AGENCY FUND HELD BY THIRD PARTY:

The Senior Center is the beneficiary under a Designated Agency Fund Agreement with Charlottesville Area Community Foundation. The agency fund has been recorded in accordance with generally accepted accounting principles which state that if a community foundation receives assets from a nonprofit organization that specifies itself or its affiliate as the beneficiary, those assets are not considered a contribution to the foundation, regardless of the variance power of the foundation. The assets of the fund are included in the Statement of Financial Position of the Senior Center as a beneficial interest in agency fund held by third party. Distributions are to be paid upon the request of the Senior Center and the approval of the foundation, the latter not withheld without significant cause. In addition, the fund is charged a 1.0% administrative fee on the fund balance, to be paid quarterly.

The changes in the agency fund are detailed in Note 8 for year ended March 31, 2018.

## SENIOR CENTER, INCORPORATED

Notes to Financial Statements  
As of March 31, 2018 (Continued)

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### NOTE 8 - INVESTMENT RETURNS:

A summary of investment return of the investments held by the Senior Center, Inc. as of March 31, 2018, follows:

|                                     |    |                |
|-------------------------------------|----|----------------|
| Dividend and interest income        | \$ | 5,225          |
| Realized and unrealized gain/(loss) |    | 46,704         |
| Administration expense              |    | <u>(2,761)</u> |
| Net investment returns              | \$ | <u>49,168</u>  |

### NOTE 9 - BOARD-DESIGNATED ENDOWMENT:

The Senior Center's endowment consists of an individual fund, the Elizabeth A. Seabrook Endowment, established for a variety of purposes. Its endowment is made up solely of funds designated by the Board of Directors to function as endowments. As required by Generally Accepted Accounting Principles, 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. As stated in Note 1(D), the Senior Center had no donor-imposed restrictions on its fund, thereby resulting in its having no permanently restricted net assets.

#### Return Objectives and Risk Parameters:

The Senior Center has adopted investment and spending policies, approved by the Board of Directors, that are intended to provide for reasonable long-term capital growth, while mitigating undue risk to the principal. The policies cover its endowment assets, including those assets that are board-designated funds.

#### 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.

## SENIOR CENTER, INCORPORATED

Notes to Financial Statements  
As of March 31, 2018 (Continued)

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### NOTE 9 - BOARD-DESIGNATED ENDOWMENT: (Continued)

#### Spending Policy and How the Investment Objectives Relate to Spending Policy: (Continued)

Composition of and change in endowment net assets for the year ended March 31, 2018, were as follows:

|  |                   |
|--|-------------------|
| Board-designated endowment net assets, beginning of year | \$ 344,107        |
| Contributions  | 155               |
| Interest and dividends                                   | 4,256             |
| Realized and unrealized gains (losses)                   | 44,831            |
| Administration fees                                      | <u>(3,717)</u>    |
| Board-designated endowment net assets, end of year       | <u>\$ 389,632</u> |

### NOTE 10 - 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 – Unadjusted quoted prices in active markets for identical assets or liabilities.
- 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.



SENIOR CENTER, INCORPORATED

Notes to Financial Statements  
As of March 31, 2018 (Continued)

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**NOTE 10 - FAIR VALUE MEASUREMENTS: (Continued)**

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

|   | Total<br>3/31/2018 | Fair Value Measurements at Reporting Date Using                               |   |  |
|---|--------------------|---|---|--|
|   |                    | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| Bond funds  | \$ 10,118          | \$ 10,118   | \$ -  | \$ -   |
| Beneficial interest in agency<br>fund held by third party | 389,632            | -   | 389,632   | -  |
| Total   | \$ 399,750         | \$ 10,118   | \$ 389,632  | \$ -   |

The Level 2 assets represent a beneficial interest in 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.

**NOTE 11 - LINE OF CREDIT:**

The Senior Center has a revolving line of credit with Virginia National Bank, providing for borrowings up to \$100,000, with a variable interest rate (3% at March 31, 2018). The credit line is collateralized by Senior Center bank accounts held at Virginia National Bank, which totals \$849,156 and is renewable annually. The balance as of March 31, 2018 was \$0.

**NOTE 12 - DATE OF MANAGEMENT'S REVIEW:**

Management has evaluated events and transactions for potential recognition or disclosure through June 21, 2018, the date the financial statements were available to be issued. There were no subsequent events to be disclosed.

- Supplementary Information -

**SENIOR CENTER, INCORPORATED**

Schedule of Revenues and Expenses - Operating Fund and Capital Fund  
Year Ended March 31, 2018

|   | <u>Operating</u> | <u>Capital</u>   | <u>Total</u>     |
|---|------------------|------------------|------------------|
| Revenues, gains and other support:                                    |                  |                  |                  |
| Contributions   | \$ 330,479       | \$ 1,455,726     | \$ 1,786,205     |
| Dues  | 217,128          | -                | 217,128          |
| Program fees  | 80,261           | -                | 80,261           |
| Special events - net of direct expenses<br>of \$72,717 and \$48,691   | 113,973          | -                | 113,973          |
| Grants  | 154,500          | -                | 154,500          |
| Rentals   | 52,562           | -                | 52,562           |
| Travel program - net of direct<br>expenses of \$246,051 and \$71,802  | 88,735           | -                | 88,735           |
| Investment returns - net of direct<br>expenses of \$2,761 and \$3,285 | 49,168           | -                | 49,168           |
| In-kind revenue   | 88,557           | -                | 88,557           |
| Miscellaneous   | 4,219            | -                | 4,219            |
|   | <u>1,179,582</u> | <u>1,455,726</u> | <u>2,635,308</u> |
| Total revenues, gains and<br>other support                            |                  |                  |                  |
|   | \$               | \$               | \$               |
| Salaries and related benefits:  |                  |                  |                  |
| Salaries  | \$ 549,998       | \$ 144,047       | \$ 694,045       |
| Payroll taxes   | 49,606           | 4,753            | 54,359           |
| Retirement and life insurance   | 44,743           | 24,000           | 68,743           |
| Health, dental and disability insurance                               | 40,309           | -                | 40,309           |
|   | <u>684,656</u>   | <u>172,800</u>   | <u>857,456</u>   |
| Total salaries and related benefits                                   |                  |                  |                  |
|   | \$               | \$               | \$               |
| Professional fees   | 11,701           | 9,544            | 21,245           |
| Program expenses  | 87,086           | -                | 87,086           |
| Office expenses   | 36,242           | 1,900            | 38,142           |
| Bookkeeping   | 19,410           | -                | 19,410           |
| Marketing research and branding                                       | -                | 50,100           | 50,100           |
| Telephone   | 6,710            | -                | 6,710            |
| Postage   | 2,917            | 490              | 3,407            |
| Utilities   | 29,205           | -                | 29,205           |
| Property taxes  | -                | 19,834           | 19,834           |
| Insurance   | 14,447           | -                | 14,447           |
| Buildings and grounds maintenance                                     | 26,539           | 2,525            | 29,064           |
| Staff training/recruitment  | 2,484            | -                | 2,484            |
| Newsletter  | 16,558           | -                | 16,558           |
| Fundraising   | 58,183           | 6,636            | 64,819           |
| Promotion   | 28,498           | -                | 28,498           |
| In-kind expenses  | 88,557           | -                | 88,557           |
| Depreciation  | 64,732           | -                | 64,732           |
| Scholarships  | 34,443           | -                | 34,443           |
| Café  | 9,761            | -                | 9,761            |
| Other   | 33,572           | 315              | 33,887           |
|   | <u>1,255,701</u> | <u>264,144</u>   | <u>1,519,845</u> |
| Total expenses  |                  |                  |                  |
|   | \$               | \$               | \$               |