

SENIOR CENTER, INCORPORATED
CHARLOTTESVILLE, VIRGINIA
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Senior Center, Incorporated (a nonprofit organization), which comprise the consolidated statement of financial position as of March 31, 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Senior Center, Incorporated as of March 31, 2022, and the consolidated 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Senior Center, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Senior Center, Inc.'s ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Consolidated Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Senior Center, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Senior Center, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Senior Center, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 28, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 17 is presented for purposes of additional analysis and is not a required part of the financial statements. The consolidating information on pages 18-20 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies and it is not a required part of the consolidated 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.

Robinson, Farmer, Cox, Associates
Charlottesville, Virginia
September 21, 2022

- Financial Statements -

SENIOR CENTER, INCORPORATED

Consolidated Statement of Financial Position

At March 31, 2022

(With Comparative Totals for 2021)

	2022	2021
Assets:		
Cash and cash equivalents	\$ 647,400	\$ 1,130,497
Cash and cash equivalents - restricted	-	260,639
Contributions receivable, net of allowance of \$0 and \$47,500	501,854	1,155,801
Other receivables	5,643	2,949
Prepaid expenses	189,986	112,693
Other assets	4,063	-
Inventory	5,434	-
Beneficial interest in agency fund held by third party	689,244	691,697
Intangible assets, net of accumulated amortization of \$1,250 and \$0	11,250	12,500
Property, furniture, and equipment, net of accumulated depreciation of \$1,207,491 and \$711,220	20,554,799	21,035,166
Total assets	\$ 22,609,673	\$ 24,401,942
Liabilities:		
Accounts payable	\$ 21,083	\$ 17,261
Payroll liabilities	4,579	12,501
Compensated absences	21,873	33,673
Travel deposits	277,934	182,681
Dues and other items received in advance	205,987	104,947
Paycheck Protection Program (PPP) loan	-	140,295
Interest payable	20,915	25,682
Note payable	5,635,791	6,935,823
Total liabilities	\$ 6,188,162	\$ 7,452,863
Net assets:		
Net assets without donor restrictions	\$ 16,096,908	\$ 13,308,911
Net assets with donor restrictions	324,603	3,640,168
Total net assets	\$ 16,421,511	\$ 16,949,079
Total liabilities and net assets	\$ 22,609,673	\$ 24,401,942

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

SENIOR CENTER, INCORPORATED

Consolidated Statement of Activities

Year Ended March 31, 2022

(With Comparative Totals for 2021)

	Without Donor	With Donor	Totals	
	Restrictions	Restrictions	2022	2021
Revenues, gains and other support:				
Contributions	\$ 1,270,388	\$ 26,305	\$ 1,296,693	\$ 1,387,211
Dues	293,354	-	293,354	268,861
Program fees	87,235	-	87,235	56,352
Special events - net of direct expenses of \$1,142 and \$6,449	12,148	-	12,148	(3,439)
Grants	66,625	-	66,625	116,521
Short term rentals	44,804	-	44,804	2,095
Lease revenue	97,850	-	97,850	86,767
Café sales - net of direct expenses of \$151,465 and \$133,592	(31,706)	-	(31,706)	(79,430)
Travel program - net of direct expenses of \$37,963 and \$22,114	27,734	-	27,734	(16,612)
Investment returns - net of direct expenses of \$14,908 and \$5,914	(2,453)	-	(2,453)	227,570
Realized gain on sale of assets	-	-	-	1,530,792
Newsletter	1,850	-	1,850	275
In-kind revenue	-	-	-	5,172
PPP loan forgiveness	140,295	-	140,295	140,295
Miscellaneous	2,692	-	2,692	449
Net assets released from restrictions: Restrictions satisfied by payments	3,341,870	(3,341,870)	-	-
 Total revenues, gains and other support	 \$ 5,352,686	 \$ (3,315,565)	 \$ 2,037,121	 \$ 3,722,879
Expenses:				
Program services:				
Healthy aging	\$ 2,043,660	\$ -	\$ 2,043,660	\$ 1,849,346
Supporting services:				
Management and general	209,451	-	209,451	180,999
Fundraising	311,579	-	311,579	278,263
Total expenses	\$ 2,564,689	\$ -	\$ 2,564,689	\$ 2,308,608
Change in net assets	\$ 2,787,997	\$ (3,315,565)	\$ (527,568)	\$ 1,414,271
Net assets at beginning of year	\$ 13,308,911	\$ 3,640,168	\$ 16,949,079	\$ 15,534,808
Net assets at end of year	\$ 16,096,908	\$ 324,603	\$ 16,421,511	\$ 16,949,079

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

SENIOR CENTER, INCORPORATED

Consolidated Statement of Functional Expenses
Year Ended March 31, 2022
(With Comparative Totals for 2021)

	Program Services			Supporting Services		Totals	
	Healthy	Management		Fundraising	2022	2021	
	Aging	and General					
Salaries and related benefits:							
Salaries	\$ 660,907	\$ 102,983	\$ 211,330	\$ 975,221	\$ 854,175		
Payroll taxes	51,937	8,093	16,607	76,637	65,982		
Retirement	65,448	10,198	20,928	96,574	74,626		
Health, dental, life and disability insurance	57,857	9,015	18,500	85,373	71,556		
Total salaries and related benefits	\$ 836,150	\$ 130,290	\$ 267,366	\$ 1,233,805	\$ 1,066,339		
Program expenses	74,112	-	-	74,112	45,521		
Bad debt	10,000	-	-	10,000	3,462		
Amortization	1,188	50	12	1,250	-		
Depreciation	470,589	20,728	4,954	496,271	492,192		
Interest	253,591	10,678	2,669	266,938	329,199		
In-kind expenses	-	-	-	-	5,172		
Fundraising	-	-	31,542	31,542	33,323		
Office expenses	46,143	1,943	486	48,572	50,440		
Other	42,865	1,805	451	45,121	15,625		
Janitorial contractual services	58,116	2,447	612	61,175	39,752		
Promotion	22,216	-	-	22,216	23,960		
Utilities	58,055	2,444	611	61,110	63,990		
Scholarships	38,992	-	-	38,992	35,222		
Buildings and grounds maintenance	45,778	1,927	482	48,187	13,633		
Newsletter	22,749	-	-	22,749	10,145		
Insurance	35,194	1,482	370	37,046	34,447		
Professional fees	-	16,914	-	16,914	13,001		
Café	-	16,805	-	16,805	12,968		
Telephone	16,292	686	171	17,149	16,183		
Postage	3,977	167	42	4,186	2,878		
Staff training/recruitment	6,632	1,042	1,800	9,474	637		
Membership	1,021	43	11	1,075	519		
Total expenses	\$ 2,043,660	\$ 209,451	\$ 311,579	\$ 2,564,689	\$ 2,308,608		

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

SENIOR CENTER, INCORPORATED

Consolidated Statement of Cash Flows
Year Ended March 31, 2022
(With Comparative Totals for 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (527,568)	\$ 1,414,271
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Amortization	1,250	-
Depreciation	496,271	492,192
Realized and unrealized (gains) losses	38,812	(214,905)
Realized gain on sale of assets	-	(1,530,792)
Forgiveness of PPP loan	(140,295)	(140,295)
Investment income	(36,359)	(3,573)
In-kind revenues	-	(5,172)
In-kind expenses	-	5,172
(Increase) decrease in:		
Contributions receivable	653,947	898,729
Other receivables	(2,694)	22,756
Prepaid expenses	(77,293)	(536)
Inventory	(5,434)	-
Other assets	101,084	143,645
Increase (decrease) in:		
Accounts payable	3,822	(948,482)
Payroll liabilities	(7,922)	(9,747)
Compensated absences	(11,800)	(1,672)
Travel deposits	95,253	(67,390)
Other liabilities	(105,147)	(15,055)
Dues and other items received in advance	101,040	(32,745)
Interest payable	(4,767)	(4,072)
Net cash provided by (used for) operating activities	<u>\$ 572,200</u>	<u>\$ 2,329</u>
Cash flows from investing activities:		
Purchase of property, furniture, and equipment	\$ (15,904)	\$ (182,546)
Proceeds from sale of assets	-	2,456,765
Increase (decrease) of retainage payable	-	(398,453)
Purchase of investments	-	(18,313)
Net cash provided by (used for) investing activities	<u>\$ (15,904)</u>	<u>\$ 1,857,453</u>
Cash flows from financing activities:		
Proceeds from note payable	\$ -	\$ 280,590
Payments on note payable	(1,300,032)	(2,109,712)
Net cash provided by (used for) financing activities	<u>\$ (1,300,032)</u>	<u>\$ (1,829,122)</u>
Net change in cash and cash equivalents	\$ (743,736)	\$ 30,660
Cash, cash equivalents, and restricted cash at beginning of year (including restricted cash of \$260,639)	<u>1,391,136</u>	<u>1,360,476</u>
Cash, cash equivalents, and restricted cash at end of year	<u>\$ 647,400</u>	<u>\$ 1,391,136</u>
Reconciliation of cash from Consolidated Statement of Financial Position to Consolidated Statement of Cash Flows:		
Consolidated Statement of Financial Position:		
Cash and cash equivalents	\$ 647,400	\$ 1,130,497
Cash and cash equivalents - restricted	-	260,639
Total cash	<u>\$ 647,400</u>	<u>\$ 1,391,136</u>

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

SENIOR CENTER, INCORPORATED

Notes to Consolidated Financial Statements
As of March 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Description and Purpose of Organization:

Senior Center, Inc. (“The Center”) dba The Center and The Center at Belvedere 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 Center is to positively impact its community by creating opportunities for healthy aging through social engagement, physical well-being, civic involvement, creativity, and lifelong learning.

The Center is a franchisee of Greenberry’s Coffee Co. which opened a location in June, 2020 at The Center at Belvedere. In an effort to manage liability risk to the corporation an LLC has been created (The Center Café LLC). This entity is fully controlled by The Center as the sole owner. The Executive Director is named as the LLC’s Manager as identified in the Operating Agreement between the LLC and Senior Center Inc.

The LLC has a separate tax ID, separate chart of accounts, separate bank account, separate insurance and is managed as an enterprise of The Center Café. Upfit and start-up costs to build and equip Greenberry’s were incurred by the Capital Campaign as part of construction.

Greenberry’s at The Center operates as a lessee of the space from The Center.

B. Basis of Accounting:

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

C. Principles of Consolidation:

The accompanying consolidated financial statements include the account of Senior Center, Inc. and The Center Café LLC. All intercompany balances and significant intercompany transaction have been eliminated.

D. Concentrations of Credit Risk:

The Center maintains its cash and cash equivalent balances at two financial institutions located in Virginia. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. At March 31, 2022, The Center had uninsured cash balances in the amount of \$311,014.

E. Contributions:

The Center maintains two endowment funds as components of its funds without donor restriction, where planned or unanticipated gifts are contributed. The goal of the funds is to provide an adequate reserve and smooth flow of distributions to supplement The Center’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.

SENIOR CENTER, INCORPORATED

Notes to Consolidated Financial Statements
As of March 31, 2022 (Continued)

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

F. Donated Property and Equipment:

Donations of property and equipment are recorded as contributions at fair value of the date of donation. The Center reports gifts of land, buildings, and equipment as support without donor restriction 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 support with donor restriction. Absent explicit donor stipulations about how long these long-lived assets must be maintained, The Center reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service as instructed by the donor.

G. Financial Statement Presentation:

The Center is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed stipulations. At March 31, 2022 The Center had net assets without donor restrictions of \$16,096,908.

Net assets with donor restrictions: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of The Center and/or the passage of time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. At March 31, 2022 The Center had net assets with donor restrictions of \$324,603.

H. Contributions Receivable:

Contributions are recognized when the donor makes a promise to give to The Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The allowance for uncollectible contributions is estimated based upon historical collection rates and specific identification of uncollectible amounts. Unconditional contributions, net of the allowance of \$0, totaled \$501,854 at March 31, 2022. \$406,462 of the balance at March 31, 2022 is expected to be paid to The Center within one year (FY2023), \$52,000 is expected in FY2024, and the remaining \$43,392 is expected in FY2025.

I. 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 Consolidated Financial Statements
As of March 31, 2022 (Continued)

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

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, computers and equipment	5-10 Years
Building	40 Years

Depreciation expense totaled \$496,271 for the year ended March 31, 2022.

K. Contributed Services:

A substantial number of unpaid volunteers have made significant contributions of their time to develop The Center's program services and administrative functions. The value of this contributed time is not reflected in these statements as in-kind revenues and expenses for the year ended March 31, 2022. In addition, many individuals volunteer their time and perform a variety of tasks that are vital to The Center but do not meet the criteria for financial statement recognition. The Center had 24,708 total volunteer hours recorded for the year ended March 31, 2022. The estimated value of these services received by The Center totaled \$761,006.

L. Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires because the contributed resources are spent in accordance with the donor's instructions or because of passage of time, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Center's revenue within the scope of ASC 606 consists of revenue from membership dues. The contract obligation for membership dues is performed over the membership period.

Revenues from membership dues are recognized in the period covered by the membership. Any dues collected in advance for a future membership year are reflected in the Center's current liabilities as deferred revenues and excluded from current year revenues.

M. Rental Income:

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

N. 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.

SENIOR CENTER, INCORPORATED

Notes to Consolidated Financial Statements
As of March 31, 2022 (Continued)

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

O. Functional Allocation of Expenses:

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

P. Income Taxes:

The Senior Center, Incorporated, is a nonprofit 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.

Q. Compensated Absences:

The Center's liability for compensated absences of their employees was \$21,873. This represents amounts owed to employees under The Center's paid leave policies.

R. Comparative Totals:

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended March 31, 2021, from which the summarized information was derived.

NOTE 2 - PROPERTY, FURNITURE, AND EQUIPMENT:

Property, furniture, and equipment consisted of the following at March 31, 2022:

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Basis Remaining</u>
Land	\$ 2,412,988	\$ -	\$ 2,412,988
Building	18,978,140	973,080	18,005,060
Computers	20,073	14,489	5,584
Furniture and equipment	351,089	219,922	131,167
Total	<u>\$ 21,762,290</u>	<u>\$ 1,207,491</u>	<u>\$ 20,554,799</u>

NOTE 3 - TRAVEL PROGRAM:

The Center's Travel Program was established by The 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 2022 have been included in the statement of activities as a revenue source without donor restriction.

SENIOR CENTER, INCORPORATED

Notes to Consolidated Financial Statements
As of March 31, 2022 (Continued)

NOTE 4 - RETIREMENT PLAN:

All eligible employees participate in a defined contribution retirement plan with Principal Financial Group. The 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 all employees was \$975,221 for 2022. Total employer contributions for the 2022 plan year were \$96,574.

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS:

These net assets are restricted for specific purposes or until specific events occur. The following schedule summarizes net assets with donor restrictions to the following purposes as of March 31, 2022:

Capital Campaign	\$	248,682
Second Wind Band		179
Financial Wellness Program		74,711
Program Fund		<u>1,031</u>
Total	\$	<u><u>324,603</u></u>

NOTE 6 - BOARD DESIGNATED NET ASSETS WITHOUT DONOR RESTRICTIONS:

Net assets without donor restrictions include endowment funds in the amount of \$689,244, which includes the Ralph L. Feil Scholarship Fund in the amount of \$117,627. These funds are board designated for specific activities as outlined in the fund guidelines.

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

The 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 Center as a beneficial interest in agency fund held by third party. Distributions are to be paid upon the request of The Center and the approval of the foundation; the latter not withheld without significant cause. In addition, the fund is charged an annual 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, 2022.

SENIOR CENTER, INCORPORATED

Notes to Consolidated Financial Statements
As of March 31, 2022 (Continued)

NOTE 8 - INVESTMENT RETURNS:

A summary of investment return of the investments held by The Center as of March 31, 2022, follows:

Dividend and interest income	\$	51,267
Realized and unrealized gain/(loss)		(38,812)
Administration expense		<u>(14,908)</u>
Net investment returns	\$	<u><u>(2,453)</u></u>

NOTE 9 - BOARD-DESIGNATED ENDOWMENT:

The Center's endowment consists of two individual funds. The first fund, Elizabeth A. Seabrook Endowment, was established to help ensure the continued vitality of The Center and its ability to be responsive to the needs of the Community while carrying out its mission. The other separate fund established is the Ralph L. Feil Scholarship Fund, which is to be used to subsidize individual membership fees and program fees. 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(E), The Center had no donor-imposed restrictions on its board-designated fund, thereby resulting in it having no net assets with donor restrictions.

Return Objectives and Risk Parameters:

The 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 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 Center 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 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 Consolidated Financial Statements
As of March 31, 2022 (Continued)

NOTE 9 - BOARD-DESIGNATED ENDOWMENT: (CONTINUED)

Composition of and change in endowment net assets for the year ended March 31, 2022, were as follows:

Board-designated endowment net assets, beginning of year	\$ 691,697
Interest and dividends	51,267
Realized and unrealized gains (losses)	(38,812)
Administration fees	<u>(14,908)</u>
Board-designated endowment net assets, end of year	<u>\$ 689,244</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.

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

	Total 3/31/2022	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in agency fund held by third party	\$ 689,244	\$ -	\$ -	\$ 689,244
Total	<u>\$ 689,244</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 689,244</u>

The Level 3 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.

SENIOR CENTER, INCORPORATED

Notes to Consolidated Financial Statements
As of March 31, 2022 (Continued)

NOTE 11 - LINE OF CREDIT:

The Center has a revolving line of credit with Carter Bank, providing for borrowings up to \$100,000, with a fixed interest rate (5.25% at March 31, 2022). The credit line is renewable annually and is collateralized by the Center's operating bank account held at Carter Bank, which had a year-end balance of \$128,739. The balance as of March 31, 2022 was \$0.

NOTE 12 - LIQUIDITY AND AVAILABILITY:

The Center monitors its liquidity so that it can meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Center has the following financial assets that could readily be made available within one year of the statement of financial position to fund expenses without limitations:

	<u>2022</u>
Cash and cash equivalents	\$ 647,400
Contributions receivable	464,354
Accounts receivable	5,643
Beneficial interest in agency fund held by third party	<u>689,244</u>
Total	<u>\$ 1,806,641</u>

In addition to financial assets available to meet general expenditures over the year, The Center anticipates covering its general expenditures by collecting sufficient donations and other revenues and by utilizing donor-restricted resources from current and prior years' donations, as needed. The statement of cash flows identifies the sources and uses of The Center's cash and shows negative cash flow of \$743,736 for the fiscal year ending March 31, 2022.

NOTE 13 - NOTE PAYABLE:

Notes payable at March 31, 2022 consist of one financial agreement for the property located at The Center at Belvedere in Charlottesville, Virginia. The long-term note matures in December 2043, with amounts required to amortize as follows:

<u>Year Ended</u>	<u>Principal</u>
2023	\$ 162,901
2024	170,045
2025	177,503
2026	185,288
2027	193,414
2028-2032	1,102,001
2033-2037	1,365,804
2038-2042	1,692,758
2043	<u>586,077</u>
Total	<u>\$ 5,635,791</u>

SENIOR CENTER, INCORPORATED

Notes to Consolidated Financial Statements
As of March 31, 2022 (Continued)

NOTE 13 - NOTE PAYABLE: (Continued)

Terms of the note and balance due at March 31, 2022 are as follows:

\$5,688,078 note payable to Carter Bank & Trust, original issuance of December 1, 2021, secured by the deed of trust on 540 Belvedere Boulevard, due in full on December 1, 2043, with an interest rate of 4.30%. \$ 5,635,791

*Variable interest rate is subject to rate change in November 2023.

NOTE 14 - PAYCHECK PROTECTION PROGRAM (PPP) LOAN:

In FY2021, the Organization received \$280,590 as part of the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The proceeds of this loan may be fully forgiven in the event that at least 60% is used for payroll and utilities within the first 24 weeks of receipt of the proceeds. The Organization has elected to account for the loan as debt under FASB ASC Topic 470. The term of the PPP loan, less any forgiven portion, is for two years at an annual rate of interest at 1%. The Organization has received full forgiveness of both rounds of PPP proceeds: \$140,295 was forgiven in the year ended March 31, 2021, and \$140,295 was forgiven in the year ended March 31, 2022.

The PPP loan and forgiveness of that loan are subject to audit by the SBA for six years after the date the loan is forgiven or repaid in full. The possible disallowance by the SBA of any item charged to the program cannot be determined until such time when an audit occurs. Therefore, no provision for any potential disallowances that may result from such audit has been made in the accompanying financial statements. Management is of the opinion that disallowances, if any, will not be material to the accompanying financial statements.

NOTE 15 - LEASE REVENUE:

The Center entered into a lease agreement with Sentara Martha Jefferson Medical Group ("Sentara") in which The Center is renting building space to Sentara at The Center at Belvedere location. The lease was signed into effect on March 8, 2019, with a commencement date of April 2020 for a three-year period, and the option of renewing the lease for two periods of five years each. For the year ended March 31, 2022, monthly lease revenues were \$8,154. Lease payments due to The Center will increase on annual basis by CPI.

NOTE 16 - DATE OF MANAGEMENT'S REVIEW:

Management has evaluated events and transactions for potential recognition or disclosure through September 21, 2022, the date the financial statements were available to be issued.

- Supplementary Information -

SENIOR CENTER, INCORPORATED

Schedule of Revenues, Expenses, and Capital Activity - Operating Fund and Capital Fund
Year Ended March 31, 2022

	<u>Operating</u>	<u>Capital</u>	<u>Total</u>
Revenues, gains and other support:			
Contributions	\$ 1,008,560	\$ 288,133	\$ 1,296,693
Dues	293,354	-	293,354
Program fees	87,235	-	87,235
Special events - net of direct expenses of \$1,142	12,148	-	12,148
Grants	66,625	-	66,625
Short term rentals	44,804	-	44,804
Lease revenue	97,850	-	97,850
Travel program - net of direct expenses of \$37,963	27,734	-	27,734
Investment returns, net of direct expenses	(2,453)	-	(2,453)
Newsletter	1,850	-	1,850
PPP loan forgiveness	140,295	-	140,295
Miscellaneous	2,692	-	2,692
	<u>\$ 1,780,694</u>	<u>\$ 288,133</u>	<u>\$ 2,068,827</u>
Total revenues, gains and other support			
Expenses:			
Salaries and related benefits:			
Salaries	\$ 975,221	\$ -	\$ 975,221
Payroll taxes	76,637	-	76,637
Retirement	96,574	-	96,574
Health, dental, life and disability insurance	85,373	-	85,373
	<u>\$ 1,233,805</u>	<u>\$ -</u>	<u>\$ 1,233,805</u>
Total salaries and related benefits			
Program expenses	74,112	-	74,112
Bad debt	10,000	-	10,000
Depreciation	496,271	-	496,271
Interest	266,938	-	266,938
Fundraising	31,542	-	31,542
Office expenses	48,572	-	48,572
Other	45,121	-	45,121
Janitorial contractual services	61,175	-	61,175
Promotion	22,216	-	22,216
Utilities	61,110	-	61,110
Scholarships	38,992	-	38,992
Building maintenance and repairs	48,187	-	48,187
Newsletter	22,749	-	22,749
Insurance	37,046	-	37,046
Professional fees	16,914	-	16,914
Café	16,805	-	16,805
Telephone	17,149	-	17,149
Postage	4,186	-	4,186
Staff training/recruitment	9,474	-	9,474
Membership	1,075	-	1,075
	<u>\$ 2,563,439</u>	<u>\$ -</u>	<u>\$ 2,563,439</u>
Total expenses			
Capitalized costs	\$ 15,904	\$ -	\$ 15,904
	<u>\$ 2,579,343</u>	<u>\$ -</u>	<u>\$ 2,579,343</u>
Total expenses and capitalized costs			

SENIOR CENTER, INCORPORATED

Consolidating Statement of Financial Position
At March 31, 2022
(With Comparative Totals for 2021)

	The Center	Center Café LLC	Eliminations	Totals	
				2022	2021
Assets:					
Cash and cash equivalents	\$ 643,470	\$ 3,930	\$ -	\$ 647,400	\$ 1,130,497
Cash and cash equivalents - restricted	-	-	-	-	260,639
Contributions receivable, net of allowance of \$0 and \$47,500	501,854	-	-	501,854	1,155,801
Other receivables	5,643	-	-	5,643	2,949
Prepaid expenses	188,310	1,676	-	189,986	112,693
Other assets	153,916	-	(149,853)	4,063	-
Inventory	-	5,434	-	5,434	-
Beneficial interest in agency fund held by third party	689,244	-	-	689,244	691,697
Intangible assets, net of accumulated amortization of \$1,250 and \$0	11,250	-	-	11,250	12,500
Property, furniture, and equipment, net of accumulated depreciation of \$1,207,491 and \$711,220	20,551,141	3,658	-	20,554,799	21,035,166
Total assets	\$ 22,744,828	\$ 14,698	\$ (149,853)	\$ 22,609,673	\$ 24,401,942
Liabilities:					
Accounts payable	\$ 8,507	\$ 12,576	\$ -	\$ 21,083	\$ 17,261
Payroll liabilities	2,522	2,057	-	4,579	12,501
Compensated absences	21,873	-	-	21,873	33,673
Travel deposits	277,934	-	-	277,934	182,681
Dues and other items received in advance	205,987	-	-	205,987	104,947
Other liabilities	-	149,853	(149,853)	-	-
Paycheck Protection Program (PPP) loan	-	-	-	-	140,295
Interest payable	20,915	-	-	20,915	25,682
Note payable	5,635,791	-	-	5,635,791	6,935,823
Total liabilities	\$ 6,173,529	\$ 164,486	\$ (149,853)	\$ 6,188,162	\$ 7,452,863
Net assets:					
Net assets without donor restrictions	\$ 16,246,696	\$ (149,788)	\$ -	\$ 16,096,908	\$ 13,308,911
Net assets with donor restrictions	324,603	-	-	324,603	3,640,168
Total net assets	\$ 16,571,299	\$ (149,788)	\$ -	\$ 16,421,511	\$ 16,949,079
Total liabilities and net assets	\$ 22,744,828	\$ 14,698	\$ (149,853)	\$ 22,609,673	\$ 24,401,942

SENIOR CENTER, INCORPORATED

Consolidating Statement of Activities
Year Ended March 31, 2022
(With Comparative Totals for 2021)

	The Center	Center Café LLC	Eliminations	Without Donor Restrictions	With Donor Restrictions	Totals	
						2022	2021
Revenues, gains and other support:							
Contributions	\$ 1,270,388	\$ -	\$ -	\$ 1,270,388	\$ 26,305	\$ 1,296,693	\$ 1,387,211
Dues	293,354	-	-	293,354	-	293,354	268,861
Program fees	87,235	-	-	87,235	-	87,235	56,352
Special events - net of direct expenses of \$1,142 and \$6,449	12,148	-	-	12,148	-	12,148	(3,439)
Grants	66,625	-	-	66,625	-	66,625	116,521
Short term rentals	44,804	-	-	44,804	-	44,804	2,095
Lease revenue	97,850	-	-	97,850	-	97,850	86,767
Café sales - net of direct expenses of \$151,465 and \$133,592	-	(31,706)	-	(31,706)	-	(31,706)	(79,430)
Travel program - net of direct expenses of \$37,963 and \$22,114	27,734	-	-	27,734	-	27,734	(16,612)
Investment returns - net of direct expenses of \$14,908 and \$5,914	(2,453)	-	-	(2,453)	-	(2,453)	227,570
Realized gain on sale of assets	-	-	-	-	-	-	1,530,792
Newsletter	1,850	-	-	1,850	-	1,850	275
In-kind revenue	-	-	-	-	-	-	5,172
PPP loan forgiveness	140,295	-	-	140,295	-	140,295	140,295
Miscellaneous	2,692	-	-	2,692	-	2,692	449
Net assets released from restrictions: Restrictions satisfied by payments	3,341,870	-	-	3,341,870	(3,341,870)	-	-
Total revenues, gains and other support	\$ 5,384,392	\$ (31,706)	\$ -	\$ 5,352,686	\$ (3,315,565)	\$ 2,037,121	\$ 3,722,879
Expenses:							
Program services:							
Healthy aging	\$ 2,043,660	\$ -	\$ -	\$ 2,043,660	\$ -	\$ 2,043,660	\$ 1,849,346
Supporting services:							
Management and general	191,732	17,719	-	209,451	-	209,451	180,999
Fundraising	311,579	-	-	311,579	-	311,579	278,263
Total expenses	\$ 2,546,970	\$ 17,719	\$ -	\$ 2,564,689	\$ -	\$ 2,564,689	\$ 2,308,608
Change in net assets	\$ 2,837,422	\$ (49,425)	\$ -	\$ 2,787,997	\$ (3,315,565)	\$ (527,568)	\$ 1,414,271
Net assets at beginning of year	\$ 13,409,274	\$ (100,363)	\$ -	\$ 13,308,911	\$ 3,640,168	\$ 16,949,079	\$ 15,534,808
Net assets at end of year	\$ 16,246,696	\$ (149,788)	\$ -	\$ 16,096,908	\$ 324,603	\$ 16,421,511	\$ 16,949,079

SENIOR CENTER, INCORPORATED

Consolidating Statement of Cash Flows
Year Ended March 31, 2022
(With Comparative Totals for 2021)

	The Center	Center Café LLC	Eliminations	Totals	
				2022	2021
Cash flows from operating activities:					
Change in net assets	\$ (478,143)	\$ (49,425)	\$ -	\$ (527,568)	\$ 1,414,271
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:					
Amortization	1,250	-	-	1,250	-
Depreciation	495,357	914	-	496,271	492,192
Realized and unrealized (gains) losses	38,812	-	-	38,812	(214,905)
Realized gain on sale of assets	-	-	-	-	(1,530,792)
Forgiveness of PPP loan	(140,295)	-	-	(140,295)	(140,295)
Investment income	(36,359)	-	-	(36,359)	(3,573)
In-kind revenues	-	-	-	-	(5,172)
In-kind expenses	-	-	-	-	5,172
(Increase) decrease in:					
Contributions receivable	653,947	-	-	653,947	898,729
Other receivables	(2,694)	-	-	(2,694)	22,756
Prepaid expenses	(75,617)	(1,676)	-	(77,293)	(536)
Inventory	-	(5,434)	-	(5,434)	-
Other assets	(48,769)	-	149,853	101,084	143,645
Increase (decrease) in:					
Accounts payable	(6,836)	10,658	-	3,822	(948,482)
Payroll liabilities	(8,382)	460	-	(7,922)	(9,747)
Compensated absences	(11,800)	-	-	(11,800)	(1,672)
Travel deposits	95,253	-	-	95,253	(67,390)
Other liabilities	-	44,706	(149,853)	(105,147)	(15,055)
Dues and other items received in advance	101,040	-	-	101,040	(32,745)
Interest payable	(4,767)	-	-	(4,767)	(4,072)
Net cash provided by (used for) operating activities	\$ 571,997	\$ 203	\$ -	\$ 572,200	\$ 2,329
Cash flows from investing activities:					
Purchase of property, furniture, and equipment	\$ (15,904)	\$ -	\$ -	\$ (15,904)	\$ (182,546)
Proceeds from sale of assets	-	-	-	-	2,456,765
Increase (decrease) of retainage payable	-	-	-	-	(398,453)
Purchase of investments	-	-	-	-	(18,313)
Net cash provided by (used for) investing activities	\$ (15,904)	\$ -	\$ -	\$ (15,904)	\$ 1,857,453
Cash flows from financing activities:					
Proceeds from note payable	\$ -	\$ -	\$ -	\$ -	\$ 280,590
Payments on note payable	(1,300,032)	-	-	(1,300,032)	(2,109,712)
Net cash provided by (used for) financing activities	\$ (1,300,032)	\$ -	\$ -	\$ (1,300,032)	\$ (1,829,122)
Net change in cash and cash equivalents	\$ (743,939)	\$ 203	\$ -	\$ (743,736)	\$ 30,660
Cash and cash equivalents at beginning of year (including restricted cash of \$260,639)	1,387,409	3,727	-	1,391,136	1,360,476
Cash and cash equivalents at end of year (including restricted cash of \$0)	\$ 643,470	\$ 3,930	\$ -	\$ 647,400	\$ 1,391,136