SENIOR CENTER, INCORPORATED

CHARLOTTESVILLE, VIRGINIA

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

ROBINSON, FARMER, COX ASSOCIATES

A PROFESSIONAL LIMITED LIABILITY COMPANY CERTIFIED PUBLIC ACCOUNTANTS

CHARLOTTESVILLE ▫ RICHMOND ▫ FREDERICKSBURG ▫ LOUISA ▫ STAUNTON ▫ BLACKSBURG

SENIOR CENTER, INCORPORATED

CHARLOTTESVILLE, VIRGINIA

FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

Table of Contents

	Page
Independent Auditors' Report	1-2
Financial Statements:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-14

INDEPENDENT AUDITORS' REPORT

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, 2017, 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, 2017, 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 Summarized Comparative Information

We have previously audited the Senior Center, Incorporated's 2016 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 3, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended March 31, 2016, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Charlottesville, Virginia
June 30, 2017

- Financial Statements -

SENIOR CENTER, INCORPORATED

Statement of Financial Position
At March 31, 2017
(With Comparative Totals for 2016)

	2017	2016
Assets:		
Cash and cash equivalents	$ 1,112,363	$ 748,254
Investments	30,615	17,675
Pledges receivable, net of allowance of $108,955 and $113,566	327,164	359,893
Other receivables	14,496	3,261
Prepaid expenses	89,925	5,436
Beneficial interest in agency fund held by third party	344,107	319,995
Property, furniture, and equipment, net of accumulated depreciation of $1,485,938 and $1,421,145	3,782,113	3,767,648
Total assets	$ 5,700,783	$ 5,222,162
Liabilities:		
Accounts payable	$ 60,969	$ 20,027
Payroll liabilities	10,992	11,117
Compensated absences	17,184	15,724
Travel deposits	113,860	14,063
Dues and other items received in advance	105,318	127,911
Total liabilities	$ 308,323	$ 188,842
Net assets:		
Unrestricted	$ 3,941,742	$ 3,734,201
Temporarily restricted	1,450,718	1,299,119
Total net assets	$ 5,392,460	$ 5,033,320
Total liabilities and net assets	$ 5,700,783	$ 5,222,162

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

SENIOR CENTER, INCORPORATED

Statement of Activities
Year Ended March 31, 2017
(With Comparative Totals for 2016)

	Unrestricted	Temporarily Restricted	Totals 2017	Totals 2016
Revenues, gains and other support:				
Contributions	$ 408,168	$ 309,871	$ 718,039	$ 909,380
Dues	206,452	-	206,452	180,524
Program fees	82,979	-	82,979	88,265
Special events - net of direct expenses of $48,691 and $54,050	119,999	-	119,999	152,949
Grants	103,761	-	103,761	108,156
Rentals	55,950	-	55,950	54,379
Travel program - net of direct expenses of $71,802 and $65,577	21,739	-	21,739	44,559
Investment returns - net of direct expenses of $3,285 and $3,237	27,974	-	27,974	(5,257)
Realized gain on sale of land	206,754	-	206,754	-
Newsletter	-	-	-	5,256
In-kind revenue	33,975	-	33,975	28,935
Miscellaneous	13,233	-	13,233	10,278
Net assets released from restrictions:				
Restrictions satisfied by payments	158,272	(158,272)	-	-
Total revenues, gains and other support	$ 1,439,256	$ 151,599	$ 1,590,855	$ 1,577,424
Expenses:				
Program services	$ 894,684	$ -	$ 894,684	$ 903,463
Supporting services:				
Management and general	99,255	-	99,255	165,859
Fundraising	237,777	-	237,777	221,817
Total expenses	$ 1,231,715	$ -	$ 1,231,715	$ 1,291,139
Change in net assets	$ 207,541	$ 151,599	$ 359,140	$ 286,285
Net assets at beginning of year	$ 3,734,201	$ 1,299,119	$ 5,033,320	$ 4,747,035
Net assets at end of year	$ 3,941,742	$ 1,450,718	$ 5,392,460	$ 5,033,320

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

SENIOR CENTER, INCORPORATED

Statement of Functional Expenses
Year Ended March 31, 2017
(With Comparative Totals for 2016)

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	Totals 2017	Totals 2016
Salaries and related benefits:					
Salaries	$ 408,761	$ 64,234	$ 110,949	$ 583,944	$ 595,535
Payroll taxes	33,417	5,251	9,070	47,738	47,906
Retirement and life insurance	39,547	6,215	10,734	56,496	50,986
Health, dental and disability insurance	28,108	4,417	7,629	40,154	46,012
Total salaries and related benefits	$ 509,832	$ 80,117	$ 138,383	$ 728,332	$ 740,439
Professional fees	-	9,443	-	9,443	8,624
Program expenses	61,470	-	-	61,470	85,696
Office expenses	31,077	1,309	327	32,713	23,288
Bookkeeping	3,602	152	38	3,792	-
Telephone	4,540	191	48	4,779	4,197
Postage	5,310	224	56	5,589	3,698
Utilities	23,893	1,006	252	25,151	29,574
Property taxes	19,925	-	-	19,925	20,418
Insurance	10,079	424	106	10,609	10,493
Buildings and grounds maintenance	44,023	1,854	463	46,340	28,572
Staff training/recruitment	2,542	400	690	3,632	3,533
Newsletter	2,983	-	-	2,983	5,293
Fundraising	-	-	75,655	75,655	60,575
Promotion and membership	30,421	-	-	30,421	40,272
In-kind expenses	13,250	-	20,725	33,975	28,935
Depreciation	64,089	2,698	675	67,462	69,205
Interest expense	59	2	1	62	15,761
Scholarships	25,905	-	-	25,905	19,008
Café	7,583	-	-	7,583	8,679
Bad debt	-	-	-	-	66,452
Other	34,099	1,436	359	35,894	18,427
Total expenses	$ 894,684	$ 99,255	$ 237,777	$ 1,231,715	$ 1,291,139

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

SENIOR CENTER, INCORPORATED

Statement of Cash Flows
Year Ended March 31, 2017
(With Comparative Totals for 2016)

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ 359,140	$ 286,285
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	67,462	69,205
Realized and unrealized (gains) losses	(12,029)	13,291
In-kind revenues	(33,975)	(28,935)
In-kind expenses	33,975	28,935
(Increase) decrease in:		
Pledges receivable	32,729	621,649
Other receivables	(11,235)	(612)
Prepaid expenses	(84,489)	(2,693)
Increase (decrease) in:		
Accounts payable	40,942	(14,067)
Payroll liabilities	(125)	(2,555)
Compensated absences	1,460	799
Travel deposits	99,797	(101)
Dues and other items received in advance	(22,593)	28,487
Net cash provided by (used for) operating activities	$ 471,059	$ 999,688
Cash flows from investing activities:		
Purchase of property, furniture, and equipment	$ (15,154)	$ (10,641)
Purchase of construction	(89,056)	-
Purchase of investments	(2,740)	(8,066)
Proceeds from redemption of investments	-	14,235
Net cash provided by (used for) investing activities	$ (106,950)	$ (4,472)
Cash flows from financing activities:		
Principal payments on note payable	$ -	$ (456,294)
Net change in cash and cash equivalents	$ 364,109	$ 538,922
Cash and cash equivalents at beginning of year	748,254	209,332
Cash and cash equivalents at end of year	$ 1,112,363	$ 748,254
Supplemental disclosure:		
Cash paid for interest	$ 62	$ 15,761
Cash paid for income taxes	-	140

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

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 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, 2017, the Organization had uninsured cash balances in the amount of $849,804.

D. 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.

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

E. 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, 2017, the Organization had $3,941,742 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, 2017, the Organization had $1,450,718 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, 2017, the Organization had no permanently restricted net assets.

F. 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 $108,955, totaled $327,164 at March 31, 2017. Of this amount, $188,719 is due from members of the board of directors and the executive director. $97,469 is expected to be collected within one year and $229,695 is expected to be collected within one to five years.

As of March 31, 2017, the Organization had received four conditional pledges, totaling $410,000. These conditional pledges will not be recognized as an asset or revenue until the conditions are substantially met.

G. 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.

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

H. 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, 2017:

	Mutual of America	Scottrade	Total
Bond Funds	$ 3,641	$ -	$ 3,641
Equity Funds	10,462	11,325	21,787
Money Market	5,187	-	5,187
Total	$ 19,290	$ 11,325	$ 30,615

I. 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 $67,462 for 2017.

J. 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, 2017. 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.

K. 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.

L. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

M. 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.

N. 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.

O. Compensated Absences:

The Organization's liability for compensated absences of their employees was $17,184. 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, 2017:

	Cost	Accumulated Depreciation	Basis Remaining
Land	$ 2,753,628	$ -	$ 2,753,628
Construction in progress	253,377	-	253,377
Building	1,938,065	1,183,966	754,099
Computers and software	108,207	100,082	8,125
Furniture and equipment	214,774	201,890	12,884
Total	$ 5,268,051	$ 1,485,938	$ 3,782,113

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; it 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 Travel Fund's equity and net revenues for 2017 have been included in the statement of activities as an unrestricted revenue source.

NOTE 4 - 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 plan. The plan is fully insured. Total payroll for covered employees was $501,203 and total payroll for all employees was $583,944 for 2017. Total employer contributions for the 2017 plan year were $53,051.

NOTE 5 - RESTRICTED/DESIGNATED NET ASSETS:

Temporarily restricted net assets are available for the following purposes:

Capital Campaign	$ 1,409,317
Second Wind Band	4,056
Program Fund	37,345
Total	$ 1,450,718

Unrestricted net assets include endowment funds in the amount of $344,107. These funds are board 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:

Media services	$ 17,500

Contributed services are reported on the Statement of Activities as in-kind revenue, along with contributed facilities usage in the amount of $5,000 and contributed materials in the amount of $4,550. There were also donated consulting services of $6,925.

In addition, approximately 58,173 of volunteer hours were provided to the Organization for which no value has been assigned.

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 9 for year ended March 31, 2017.

NOTE 8 - INVESTMENT RETURNS:

A summary of investment return of the investments held by the Senior Center, Inc. as of March 31, 2017, follows:

Dividend and interest income	$	3,234
Realized and unrealized gain/(loss)		28,025
Administration expense		(3,285)
Net investment returns	$	27,974

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.

NOTE 9 - BOARD-DESIGNATED ENDOWMENT: (continued)

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, 2017, were as follows:

Board-designated endowment net assets, beginning of year	$ 319,995
Contributions	175
Distributions	-
Interest and dividends	3,256
Realized and unrealized gains (losses)	23,966
Administration fees	(3,285)
Board-designated endowment net assets, end of year	$ 344,107

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 — 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.

NOTE 10 - FAIR VALUE MEASUREMENTS: (continued)

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

		Fair Value Measurements at Reporting Date Using		
	Total 3/31/2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market	$ 5,187	$ 5,187	$ -	$ -
Equity funds	21,787	21,787	-	-
Bond funds	3,641	3,641	-	-
Beneficial interest in agency fund held by third party	344,107	-	344,107	-
Total	$ 374,722	$ 30,615	$ 344,107	$ -

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 $50,000, with a variable interest rate (3% at March 31, 2017). The credit line is collateralized by certificates of deposit and is renewable annually. The balance as of March 31, 2017 was $0.

NOTE 12 - SUBSEQUENT EVENTS:

Management has evaluated events and transactions for potential recognition or disclosure through June 30, 2017, the date the financial statements were available to be issued. There were no subsequent events to be disclosed.