LIFELONG LEARNING INSTITUTE IN CHESTERFIELD COUNTY, VA, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2013 AND 2012

CONTENTS

HARRIS, HARDY & JOHNSTONE, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
Lifelong Learning Institute in Chesterfield County, VA, Inc.
Richmond, Virginia

We have reviewed the accompanying statements of financial position of Lifelong Learning Institute in Chesterfield County, VA, Inc. (the "Institute") (a nonprofit organization) as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Institute's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the reviews in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Harris, Hardy & Johnstone, P.C.

Richmond, Virginia
November 11, 2013

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LIFELONG LEARNING INSTITUTE IN CHESTERFIELD COUNTY, VA, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2013 AND 2012

	2013	2012
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 73,332	$ 176,482
INVESTMENT IN MARKETABLE SECURITIES	114,195	-
PROPERTY AND EQUIPMENT		
Furniture and equipment	26,351	25,801
Less: Accumulated depreciation	19,466	16,324
NET PROPERTY AND EQUIPMENT	6,885	9,477
	$ 194,412	$ 185,959
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 16,327	$ 27,725
Deferred membership fees	39,027	35,678
TOTAL CURRENT LIABILITIES	55,354	63,403
NET ASSETS		
Unrestricted		
Designated by the Board for endowment purposes	114,195	-
Undesignated	24,864	122,556
TOTAL NET ASSETS	139,059	122,556
	$ 194,412	$ 185,959

See Independent Accountant's Review Report and Notes to Financial Statements

LIFELONG LEARNING INSTITUTE IN CHESTERFIELD COUNTY, VA, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
SUPPORT AND REVENUE		
In-kind contributions	$ 345,886	$ 341,901
Membership fees, net of refunds	75,109	70,132
Other income	24,588	37,059
Contributions - Individuals and County of Chesterfield, VA	32,379	25,019
Contributions - other	8,497	9,127
Dividends and interest	2,399	-
Realized loss on sale of investments	(573)	-
Unrealized gains on investments	4,894	-
Fundraising	752	1,318
TOTAL SUPPORT AND REVENUE	493,931	484,556
EXPENSES		
Program services		
Facilities	190,527	191,114
Faculty	159,800	152,773
Contract labor	85,212	71,625
Classroom materials	11,248	9,351
Exercise program	9,749	8,750
Travel	4,993	20,029
Supplies	4,421	2,727
Printing	3,504	2,571
Depreciation	3,142	3,556
Postage	907	930
Miscellaneous	638	642
Telephone and website	203	249
Donations	-	1,600
Marketing	-	205
Total Program Services	474,344	466,122
Support Services		
Professional services	2,854	3,126
Fundraising		
Raffle	231	828
Total Support Services and Fundraising	3,085	3,954
TOTAL EXPENSES	477,429	470,076
INCREASE IN NET ASSETS	16,502	14,480
Net assets, beginning of year	122,556	108,076
NET ASSETS, END OF YEAR	$ 139,059	$ 122,556

See Independent Accountant's Review Report and Notes to Financial Statements

LIFELONG LEARNING INSTITUTE IN CHESTERFIELD COUNTY, VA, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ 16,502	$ 14,480
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	3,142	3,556
Realized loss on investments	573	-
Unrealized gains on investments	(4,894)	-
Decrease in accounts payable	(11,398)	11,621
Increase in deferred membership fees	3,349	4,396
NET CASH PROVIDED BY OPERATING ACTIVITIES	7,274	34,053
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in marketable securities	(107,498)	-
Reinvestment of dividends	(2,376)	-
Purchase of property and equipment	(550)	(701)
NET CASH USED IN INVESTING ACTIVITIES	(110,424)	(701)
NET INCREASE (DECREASE) IN CASH	(103,150)	33,352
Cash and cash equivalents, beginning of year	176,482	143,130
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 73,332	$ 176,482

See Independent Accountant's Review Report and Notes to Financial Statements

LIFELONG LEARNING INSTITUTE IN CHESTERFIELD COUNTY, VA, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Lifelong Learning Institute in Chesterfield County, VA, Inc. (the "Institute") was organized as a non-profit corporation under the laws of Virginia for the purpose of providing a curriculum of intellectually stimulating learning opportunities and special activities for persons fifty (50) years of age or older.

Basis of presentation - The accounts of the Institute are maintained, and the financial statements are prepared, on the accrual basis of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred. The financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) ASC 958. Under FASB ASC 958, the Institute is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. The Institute has no temporarily or permanently restricted net assets at June 30, 2013 and 2012.

Cash and cash equivalents - Cash equivalents consist of highly liquid investments with an initial maturity of three months or less.

Property and equipment - Property and equipment are recorded at cost and are depreciated using the straight-line method over the estimated useful lives (ranging from five to seven years).

Revenue recognition - Amounts received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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.

Membership fees cover classes for twelve months from date of receipt. Deferred membership fees represent unearned income as of year end.

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

Investments - Investments with readily determinable fair values are reflected at fair market value. To adjust the carrying value of the investments, unrealized gains and losses are reported in the accompanying Statements of Activities as a component of income.

NOTE B - INVESTMENTS

Investments consist of the following at June 30, 2013:

	Cost	Fair Value
Closed end mutual funds	$ 33,424	$ 32,439
Financial exchange traded funds	10,924	10,642
Mutual funds	64,953	71,114
	$ 109,301	$ 114,195

NOTE C - FAIR VALUE MEASUREMENTS

The Institute applies FASB ASC 820-10, "*Fair Value Measurements and Disclosures*". FASB ASC 820-10 defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. FASB ASC 820-10 uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1 - Quoted prices in active markets for identical assets or liabilities at the measurement date

Level 2 - Directly or indirectly observable valuations in the marketplace at the measurement date other than Level 1 inputs

Level 3 - Valuations unobservable in the marketplace at the measurement date

The following table provides fair value measurement information for financial assets and liabilities measured at fair value on a recurring basis as of June 30, 2013:

Description	Investment in Marketable Securities
Level 1: Quoted prices	$ 114,195
Level 2: Other significant observable inputs	-
Level 3: Significant unobservable inputs	-
Total fair value	$ 114,195

See Independent Accountant's Review Report

NOTE D - ENDOWMENT FUND

In August, 2012, the Board of Directors created a board-designated endowment fund and instituted an investment policy for it. The purpose of the Institute's Endowment Fund is to (1) ensure the long-term financial stability of the Institute and (2) provide for supplemental revenue for required and necessary resources that exceed annual budget constraints.

The Endowment Fund's primary objective is to ensure continuous operation of the Institute even when normal sources of funding are interrupted or canceled. Under emergency conditions, the Board of Directors could authorize the use the Endowment Fund to avoid a financial collapse of the Institute.

A second objective of the Endowment Fund is to generate income that would be used to (1) increase the emergency portion of the Endowment Fund as necessary and (2) provide revenue for necessary, but unfunded, requirements for the Institute. This could take the form of scholarship awards, staffing requirements, equipment purchases or other critical needs as approved by the Board of Directors.

Although the two objectives stated above are the foreseeable objectives and intent of the Endowment Fund, other unforeseen conditions may arise, of similar nature, which the Board of Directors may deem as an appropriate use of the Endowment Fund. In any case, the criteria for the use of the Endowment Fund shall be consistent with those indicated above.

To manage the Endowment Fund, the Institute formed an Investment Committee and adopted an investment policy. In general, the Institute would like the portfolio to earn at least a targeted return 3.0%. Furthermore, the objective is to earn a long-term rate of return that is at least 1.0% greater than the rate of inflation as measured by the Consumer Price Index (CPI). The percentage allocation to each asset class may vary as much as plus or minus 5% depending upon market conditions. When necessary and/or available, cash inflows/outflows will be deployed in a manner consistent with the strategic asset allocation of the Portfolio. If there are no cash flows, the allocation of the Portfolio will be reviewed quarterly. If the Institute judges cash flows to be insufficient to bring the Portfolio within the strategic allocation ranges, the Institute shall decide whether to effect transactions to bring the strategic allocation within the threshold ranges.

Activity in the Endowment Fund for the year ended June 30, 2013 is as follows:

Beginning balance	$ -
Board designation	107,498
Reinvested dividends	2,376
Realized loss on sale of investments	(573)
Unrealized gain on investments	4,894
Ending balance	$ 114,195

See Independent Accountant's Review Report

NOTE E - INCOME TAXES

The Institute is a qualified non-profit charitable organization as defined by the Internal Revenue Code Section 501(c)(3) and is thus exempt from federal income taxes. In addition, the Institute qualifies for charitable contributions deductions under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(1). Income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. The Institute did not have any net unrelated business income for the years ended June 30, 2013 and 2012.

The Institute applies FASB ASC 740-10, "*Accounting for Uncertainty in Income Taxes*", related to accounting for uncertainty in income taxes, which clarifies the accounting for income taxes by prescribing the minimum recognition threshold that a tax position is required to meet before being recognized in the financial statements. The standard also provides guidance on penalties and interest, classification, and disclosure. The Institute has not identified any uncertain tax positions. The Institute's income tax returns for years since fiscal 2010 remain open for examination by tax authorities.

NOTE F - CONTRIBUTED SERVICES AND MATERIALS

The Institute provides a variety of classes to its members. All instructors, who are experts in their field, contribute their time to teach the classes. During the years ended June 30, 2013 and 2012, the value of the instructors' hours contributed is $ 159,800 and $151,582, respectively, and is recorded as unrestricted support and expenses.

Chesterfield County Public Schools provide the classroom space for the Institute to hold its classes. The value of contributed facilities for both years ended June 30, 2013 and 2012 is $186,086 and is recorded as unrestricted support and expenses.

A local computer technology company provided computers for use at the Institute for a portion of the year ending June 30, 2012. The value of this donation was $4,233.

NOTE G - CONTRACT LABOR

The Institute's Executive Director is a part of the Virginia Center on Aging, Virginia Commonwealth University's payroll and benefits program. The Virginia Center bills the Institute quarterly for the costs associated with its Executive Director's services.

NOTE H - SUBSEQUENT EVENTS

In the preparation of its financial statements, Lifelong Learning Institute in Chesterfield County, VA, Inc. considered subsequent events through November 11, 2013, which was the date the financial statements were available to be issued.