

**LIFELONG LEARNING INSTITUTE IN
CHESTERFIELD COUNTY, VA, INC.**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2015 AND 2014

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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, 2015 and 2014, 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 5, 2015

LIFELONG LEARNING INSTITUTE IN CHESTERFIELD COUNTY, VA, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	<u>\$ 85,390</u>	<u>\$ 68,345</u>
INVESTMENT IN MARKETABLE SECURITIES	<u>211,511</u>	<u>131,026</u>
PROPERTY AND EQUIPMENT		
Furniture and equipment	35,085	27,719
Less: Accumulated depreciation	<u>25,247</u>	<u>22,836</u>
NET PROPERTY AND EQUIPMENT	<u>9,838</u>	<u>4,883</u>
	<u><u>\$ 306,739</u></u>	<u><u>\$ 204,254</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 24,195	\$ 21,752
Deferred membership fees	<u>46,910</u>	<u>41,803</u>
TOTAL CURRENT LIABILITIES	<u>71,105</u>	<u>63,555</u>
NET ASSETS		
Unrestricted		
Designated by the Board for endowment purposes	211,511	131,026
Undesignated	<u>24,123</u>	<u>9,673</u>
TOTAL NET ASSETS	<u>235,634</u>	<u>140,699</u>
	<u><u>\$ 306,739</u></u>	<u><u>\$ 204,254</u></u>

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, 2015 AND 2014

	2015	2014
SUPPORT AND REVENUE		
In-kind contributions	\$ 351,081	\$ 380,295
Contributions - Individuals and County of Chesterfield, VA	122,378	24,916
Membership fees, net of refunds	92,832	83,076
Other income	35,763	26,105
Contributions - other	13,682	11,540
Dividends and interest	6,747	7,597
Fundraising	743	6,484
Unrealized gains (losses) on investments	(1,192)	9,248
TOTAL SUPPORT AND REVENUE	622,034	549,261
EXPENSES		
Program services		
Facilities	187,518	187,288
Faculty	166,046	194,209
Contract labor	69,539	67,071
Travel	20,041	12,997
Exercise program	12,034	8,355
Classroom materials	9,987	9,987
Printing	4,348	3,136
Supplies	3,354	4,064
Depreciation	2,411	3,370
Miscellaneous	1,809	2,150
Postage	499	916
Telephone and website	347	118
Marketing	-	200
Total Program Services	477,933	493,861
Support Services		
Contract services	45,818	44,714
Professional services	3,348	2,901
Fundraising		
Cookbooks	-	6,145
Total Support Services and Fundraising	49,166	53,760
TOTAL EXPENSES	527,099	547,621
INCREASE IN NET ASSETS	94,935	1,640
Net assets, beginning of year	140,699	139,059
NET ASSETS, END OF YEAR	\$ 235,634	\$ 140,699

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, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 94,935	\$ 1,640
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	2,411	3,370
Unrealized (gains) losses on investments	1,192	(9,248)
Increase in accounts payable	2,443	5,425
Increase in deferred membership fees	<u>5,107</u>	<u>2,776</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>106,088</u>	<u>3,963</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of marketable securities	(81,677)	(7,583)
Purchase of property and equipment	<u>(7,366)</u>	<u>(1,367)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(89,043)</u>	<u>(8,950)</u>
NET INCREASE (DECREASE) IN CASH	17,045	(4,987)
Cash and cash equivalents, beginning of year	<u>68,345</u>	<u>73,332</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 85,390</u></u>	<u><u>\$ 68,345</u></u>

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, 2015 AND 2014

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 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 had no temporarily or permanently restricted net assets at June 30, 2015 and 2014.

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

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.

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

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 accompanying statements of activities as net assets released from restrictions.

See Independent Accountant's Review Report

LIFELONG LEARNING INSTITUTE IN CHESTERFIELD COUNTY, VA, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2015 AND 2014

Revenue recognition (continued) - 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.

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, 2015 and 2014.

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 2012 remain open for examination by tax authorities.

NOTE B - INVESTMENTS

Investments consist of the following at June 30, 2015 and 2014:

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Closed end mutual funds	\$ 75,290	\$ 73,766	\$ 33,954	\$ 33,546
Financial exchange traded funds	32,005	30,783	10,918	10,694
Mutual funds	91,385	106,962	72,012	86,786
	<u>\$ 198,680</u>	<u>\$ 211,511</u>	<u>\$ 116,884</u>	<u>\$ 131,026</u>

See Independent Accountant's Review Report

LIFELONG LEARNING INSTITUTE IN CHESTERFIELD COUNTY, VA, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2015 AND 2014

NOTE C - FAIR VALUE MEASUREMENTS

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, 2015 and 2014:

	Investment in Marketable Securities	
	2015	2014
Level 1: Quoted prices	\$ 211,511	\$ 131,026
Level 2: Other significant observable inputs	-	-
Level 3: Significant unobservable inputs	-	-
Total fair value	<u>\$ 211,511</u>	<u>\$ 131,026</u>

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.

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LIFELONG LEARNING INSTITUTE IN CHESTERFIELD COUNTY, VA, INC.

NOTES TO FINANCIAL STATEMENTS - Continued

JUNE 30, 2015 AND 2014

NOTE D - ENDOWMENT FUND (CONTINUED)

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 of 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 years ended June 30, 2015 and 2014 is as follows:

	2015	2014
Beginning balance	\$ 131,026	\$ 114,195
Board designation of contributions	75,000	-
Reinvested dividends	6,677	7,583
Unrealized gains (losses) on investments	(1,192)	9,248
Ending balance	<u>\$ 211,511</u>	<u>\$ 131,026</u>

NOTE E - 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. Other volunteers contribute significant time as well. During the years ended June 30, 2015 and 2014, the value of the volunteers' hours contributed is \$166,046 and \$194,209, respectively, and is recorded as unrestricted support and expenses in the accompanying statements of activities.

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, 2015 and 2014 is \$186,086 and is recorded as unrestricted support and expenses in the accompanying statements of activities.

NOTE F - 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 G - SUBSEQUENT EVENTS

In the preparation of its financial statements, Lifelong Learning Institute in Chesterfield County, VA, Inc. considered subsequent events through November 5, 2015, which was the date the financial statements were available to be issued.

See Independent Accountant's Review Report