

**SENIOR FRIENDSHIP CENTERS, INC. AND  
SENIOR FRIENDSHIP CENTERS FOUNDATION, INC.**

**COMBINED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**YEARS ENDED DECEMBER 31, 2019 AND 2018**



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**SENIOR FRIENDSHIP CENTERS, INC. AND  
SENIOR FRIENDSHIP CENTERS FOUNDATION, INC.  
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YEARS ENDED DECEMBER 31, 2019 AND 2018**

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## INDEPENDENT AUDITORS' REPORT

Board of Governors  
Senior Friendship Centers, Inc. and  
Senior Friendship Centers Foundation, Inc.  
Sarasota, Florida

### **Report on the Financial Statements**

We have audited the accompanying combined financial statements of Senior Friendship Centers, Inc. and Senior Friendship Centers Foundation, Inc., which comprise the combined statements of financial position as of December 31, 2019 and 2018, and the related combined statements of activities, cash flows, and statement of functional expenses for the years then ended, and the related notes to the combined financial statements.

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

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined 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 combining 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 combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Governors  
Senior Friendship Centers, Inc. and  
Senior Friendship Centers Foundation, Inc.

### **Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Senior Friendship Centers, Inc. and Senior Friendship Centers Foundations, Inc. as of December 31, 2019 and 2018, changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining statements of financial position, activities, and cash flows are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

### **Emphasis-of-Matter Regarding a Change in Accounting Principle**

As discussed in Note 2 to the consolidated financial statements, Senior Friendship Centers, Inc. and Senior Friendship Centers Foundation, Inc. adopted a provision of Financial Accounting Standards Board Accounting Standards Updates 2014-09, *Revenue from Contracts with Customers*. The new accounting standard clarifies how revenue is to be recognized and requires expanded disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Our opinion is not modified with respect to that matter.

As discussed in Note 2 to the consolidated financial statements, Senior Friendship Centers, Inc. and Senior Friendship Centers Foundation, Inc. adopted a provision of Financial Accounting Standards Board Accounting Standards Updates 2018-08 Not-for-Profit-Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions made* as management believes the standard improves the usefulness and understandability of the Organization's financial reporting. Our opinion is not modified with respect to that matter.



**CliftonLarsonAllen LLP**

Naples, Florida  
April 30, 2020

**SENIOR FRIENDSHIP CENTERS, INC. AND  
SENIOR FRIENDSHIP CENTERS FOUNDATION, INC.  
COMBINED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019**

**ASSETS**

Cash and Cash Equivalents	\$ 227,515
Investments	5,419,771
Grants and Other Receivables	2,050,627
Prepaid Expenses	112,265
Contributions Receivable from Split-Interest Agreements	111,644
Beneficial Interest in Perpetual Trust	134,035
Trust Receivable, Net	782,263
Property and Equipment, Net	<u>3,251,958</u>
Total Assets	<u><u>\$ 12,090,078</u></u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable	\$ 1,425,709
Accrued Expenses	266,141
Refundable Advances	<u>243,211</u>
Total Liabilities	1,935,061

**NET ASSETS**

Without Donor Restrictions:	
Investment in Property and Equipment	3,251,958
Board-Designated	<u>3,704,587</u>
Total Without Donor Restrictions	6,956,545
With Donor Restrictions:	
Subject to Expenditure for Specific Purposes or Passage of Time	3,127,215
Held in Perpetuity	<u>71,257</u>
Total With Donor Restrictions	<u>3,198,472</u>
Total Net Assets	<u>10,155,017</u>
Total Liabilities and Net Assets	<u><u>\$ 12,090,078</u></u>

*See accompanying Notes to Combined Financial Statements.*

**SENIOR FRIENDSHIP CENTERS, INC. AND  
SENIOR FRIENDSHIP CENTERS FOUNDATION, INC.  
COMBINED STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018**

**ASSETS**

Cash and Cash Equivalents	\$ 725,944
Investments	4,990,633
Grants and Other Receivables	1,553,047
Prepaid Expenses	72,091
Contributions Receivable from Split-Interest Agreements	109,103
Beneficial Interest in Perpetual Trust	141,826
Trust Receivable, Net	686,929
Property and Equipment, Net	<u>3,686,027</u>
Total Assets	<u><u>\$ 11,965,600</u></u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable	\$ 1,362,991
Accrued Expenses	268,596
Refundable Advances	<u>452,631</u>
Total Liabilities	2,084,218

**NET ASSETS**

Without Donor Restrictions:	
Investment in Property and Equipment	3,686,027
Board-Designated	<u>2,891,055</u>
Total Without Donor Restrictions	6,577,082
With Donor Restrictions:	
Subject to Expenditure for Specific Purposes or Passage of Time	3,233,043
Held in Perpetuity	<u>71,257</u>
Total With Donor Restrictions	<u>3,304,300</u>
Total Net Assets	<u>9,881,382</u>
Total Liabilities and Net Assets	<u><u>\$ 11,965,600</u></u>

*See accompanying Notes to Combined Financial Statements.*

**SENIOR FRIENDSHIP CENTERS, INC. AND  
SENIOR FRIENDSHIP CENTERS FOUNDATION, INC.  
COMBINED STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

	With Donor Restrictions			Total
	Without Donor Restrictions	Subject to Donor Restriction	Held in Perpetuity	
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 185,014	\$ 596,291	\$ -	\$ 781,305
In-Kind Contributions	2,133,509	-	-	2,133,509
Special Events Revenue	479,948	-	-	479,948
Federal and State Grants/Contracts	10,117,970	-	-	10,117,970
Local Assistance	541,428	-	-	541,428
Private Grants	786,203	-	-	786,203
Program Income	162,325	-	-	162,325
Investment Income	163,883	-	-	163,883
Fees for Services	1,982,863	-	-	1,982,863
Other Income, Net	19,805	-	-	19,805
Realized/Unrealized Gain on Investments, Net	756,922	-	-	756,922
Change in Value of Split- Interest Agreements	-	2,544	-	2,544
Change In Value of Trust Receivable	149,234	-	-	149,234
Total Support and Revenue	<u>17,479,104</u>	<u>598,835</u>	<u>-</u>	<u>18,077,939</u>
Net Assets Released from Restrictions	<u>704,663</u>	<u>(704,663)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	18,183,767	(105,828)	-	18,077,939
<b>EXPENSES</b>				
Program Services	16,562,630	-	-	16,562,630
Management and General	1,147,840	-	-	1,147,840
Fundraising	93,833	-	-	93,833
Total Expenses	<u>17,804,303</u>	<u>-</u>	<u>-</u>	<u>17,804,303</u>
<b>CHANGE IN NET ASSETS</b>	379,464	(105,828)	-	273,636
Net Assets - Beginning of Year	<u>6,577,082</u>	<u>3,233,043</u>	<u>71,257</u>	<u>9,881,382</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 6,956,546</u>	<u>\$ 3,127,215</u>	<u>\$ 71,257</u>	<u>\$ 10,155,018</u>

See accompanying Notes to Combined Financial Statements.

**SENIOR FRIENDSHIP CENTERS, INC. AND  
SENIOR FRIENDSHIP CENTERS FOUNDATION, INC.  
COMBINED STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

	Without Donor Restrictions	With Donor Restrictions		Total
		Subject to Donor Restriction	Held in Perpetuity	
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 30,549	\$ 542,967	\$ -	\$ 573,516
In-Kind Contributions	2,431,199	-	-	2,431,199
Special Events Revenue	372,453	-	-	372,453
Federal and State Grants/Contracts	8,782,353	-	-	8,782,353
Local Assistance	551,634	-	-	551,634
Private Grants	777,098	-	-	777,098
Program Income	167,395	-	-	167,395
Investment Income	211,269	-	-	211,269
Fees for Services	2,073,493	-	-	2,073,493
Other Income (Loss), Net	(38,177)	-	-	(38,177)
Realized/Unrealized Loss on Investments, Net	(579,816)	-	-	(579,816)
Change in Value of Split- Interest Agreements	-	(24,720)	-	(24,720)
Change In Value of Trust Receivable	(43,042)	-	-	(43,042)
Total Support and Revenue	14,736,408	518,247	-	15,254,655
Net Assets Released from Restrictions	845,941	(845,941)	-	-
Total Support and Revenue	15,582,349	(327,694)	-	15,254,655
<b>EXPENSES</b>				
Program Services	16,150,646	-	-	16,150,646
Management and General	1,084,309	-	-	1,084,309
Fundraising	166,419	-	-	166,419
Total Expenses	17,401,374	-	-	17,401,374
<b>CHANGE IN NET ASSETS</b>	(1,819,025)	(327,694)	-	(2,146,719)
Net Assets - Beginning of Year	8,396,007	3,560,737	71,257	12,028,001
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 6,576,982</u>	<u>\$ 3,233,043</u>	<u>\$ 71,257</u>	<u>\$ 9,881,282</u>

See accompanying Notes to Combined Financial Statements.



**SENIOR FRIENDSHIP CENTERS, INC. AND  
SENIOR FRIENDSHIP CENTERS FOUNDATION, INC.  
COMBINED STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2019**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	\$ 273,635
Adjustments to Reconcile Change in Net Assets to	
Net Cash Used by Operating Activities:	
Depreciation	513,060
Realized/Unrealized Gain on Investments, Net	(756,922)
Loss on Disposal of Assets	43,906
Change in Value of Split-Interest Agreements	(2,544)
Change in Value of Trust Receivable	(149,234)
Change in Operating Assets:	
Grants and Other Receivables	(296,205)
Prepaid Expenses	(40,174)
Trust Receivable	53,900
Change in Operating Liabilities:	
Accounts Payable	(138,638)
Accrued Expenses	(2,455)
Refundable Advances	(209,420)
Total Adjustments	<u>(984,726)</u>
Net Cash Used by Operating Activities	(711,091)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Purchases of Property and Equipment	(122,895)
Purchases of Investments	(1,584,223)
Proceeds from Sales of Investments	<u>1,919,780</u>
Net Cash Provided by Investing Activities	<u>212,662</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(498,429)
Cash and Cash Equivalents - Beginning of Year	<u>725,944</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><u>\$ 227,515</u></u>

*See accompanying Notes to Combined Financial Statements.*

**SENIOR FRIENDSHIP CENTERS, INC. AND  
SENIOR FRIENDSHIP CENTERS FOUNDATION, INC.  
COMBINED STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2018**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ (2,146,619)
Adjustments to Reconcile Change in Net Assets to	
Net Cash Used by Operating Activities:	
Depreciation	542,295
Realized/Unrealized Gain on Investments, Net	579,816
Change In Value of Split-Interest Agreements	24,720
Change In Value of Trust Receivable	43,042
Change In Operating Assets:	
Grants and Other Receivables	(403,905)
Prepaid Expenses	346
Trust Receivable	48,400
Change in Operating Liabilities:	
Accounts Payable	469,845
Accrued Expenses	10,408
Refundable Advances	61,247
Total Adjustments	1,376,214
 Net Cash Used by Operating Activities	 (770,405)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchases of Property and Equipment	(220,166)
Purchases of Investments	(790,421)
Proceeds from Sales of Investments	889,802
Net Cash Used by Investing Activities	(120,785)

**NET DECREASE IN CASH AND CASH EQUIVALENTS**

(891,190)

Cash and Cash Equivalents - Beginning of Year

1,617,134

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 725,944

*See accompanying Notes to Combined Financial Statements.*

**SENIOR FRIENDSHIP CENTERS, INC. AND  
SENIOR FRIENDSHIP CENTERS FOUNDATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2019**

	Eldercare Nutrition Services	Supportive Aging Services	Healthy Aging Services	Education, Advocacy, and Engagement Services	Total Program Services	Management and General	Fundraising	Total Support Services	2019 Total
Personnel	\$ 653,889	\$ 2,440,655	\$ 855,258	\$ 210,580	\$ 4,160,382	\$ 623,433	\$ -	\$ 623,433	\$ 4,783,815
In-Kind Professional	-	-	1,497,861	-	1,497,861	-	-	-	1,497,861
Travel	14,383	44,110	10,601	5,882	74,976	12,686	192	12,878	87,854
Rent	14,615	-	126,268	-	140,884	13,631	-	13,631	154,514
In-Kind Building Space	97,470	37,787	-	-	135,258	-	-	-	135,258
Communications and Utilities	79,034	19,209	178,586	1,673	278,501	20,594	3,795	24,389	302,890
Program Supplies	18,898	56,575	146,716	4,699	226,889	13,070	1,194	14,264	241,152
Equipment	7,653	55,775	37,914	707	102,048	8,736	-	8,736	110,784
Food - Contracted and Other	1,451,473	75,010	1,946	-	1,528,429	8,764	194	8,958	1,537,387
Maintenance and Repairs	36,430	128,005	46,277	-	210,712	108,930	-	108,930	319,643
Insurance	30,800	-	2,346	51,560	84,706	5,678	-	5,678	90,384
Service Subcontracts	-	6,479,328	4,728	491,063	6,975,119	-	-	-	6,975,119
In-Kind Vendor	-	500,214	-	-	500,214	-	-	-	500,214
Professional Fees	31,790	123,285	80,278	67,205	302,558	64,883	8,532	73,415	375,973
Fundraising Events	-	2,146	3,600	-	5,746	1,584	79,017	80,601	86,347
Grants to Others	-	-	81,978	-	81,978	290,658	43,200	333,858	415,836
Other	267	1,765	6,942	1,080	10,054	81,084	910	81,994	92,049
<b>Total Expenses Before Depreciation</b>	<b>2,436,701</b>	<b>9,963,866</b>	<b>3,081,298</b>	<b>834,450</b>	<b>16,316,315</b>	<b>1,253,731</b>	<b>137,033</b>	<b>1,390,764</b>	<b>17,707,079</b>
Depreciation and Amortization	9,708	9,460	177,762	-	196,929	316,131	-	316,131	513,060
Eliminations	-	-	(81,978)	-	(81,978)	(290,658)	(43,200)	(333,858)	(415,836)
Interfund Charges:									
Use of Facilities	10,992	88,752	26,760	4,860	131,364	(131,364)	-	(131,364)	-
<b>Total Expenses</b>	<b>\$ 2,457,400</b>	<b>\$ 10,062,078</b>	<b>\$ 3,203,842</b>	<b>\$ 839,310</b>	<b>\$ 16,562,630</b>	<b>\$ 1,147,840</b>	<b>\$ 93,833</b>	<b>\$ 1,241,673</b>	<b>\$ 17,804,303</b>

See accompanying Notes to Combined Financial Statements.

**SENIOR FRIENDSHIP CENTERS, INC. AND  
SENIOR FRIENDSHIP CENTERS FOUNDATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2018**

	Eldercare Nutrition Services	Supportive Aging Services	Healthy Aging Services	Education, Advocacy, and Engagement Services	Total Program Services	Management and General	Fundraising	Total Support Services	2018 Total
Personnel	\$ 618,792	\$ 1,893,138	\$ 1,405,589	\$ 204,693	\$ 4,122,212	\$ 633,973	\$ -	\$ 633,973	\$ 4,756,185
In-Kind Professional	-	-	1,947,911	-	1,947,911	-	-	-	1,947,911
Travel	19,687	42,673	13,428	4,270	80,058	9,082	10,142	19,224	99,282
Rent	35,073	51,232	95,989	3,849	186,143	20,845	-	20,845	206,988
In-Kind Building Space	-	-	-	-	-	-	-	-	-
Communications and Utilities	51,208	74,170	140,475	10,046	275,899	38,906	1,167	40,073	315,972
Program Supplies	13,447	47,929	241,820	8,411	311,607	24,599	6	24,605	336,212
Equipment	6,317	3,334	33,880	400	43,931	2,979	-	2,979	46,910
Food - Contracted and Other	1,384,234	62,030	21,162	2	1,467,428	8,204	56	8,260	1,475,688
Maintenance and Repairs	45,257	114,999	129,099	16,130	305,485	62,936	-	62,936	368,421
Insurance	16,584	37,632	35,532	8,238	97,986	13,885	-	13,885	111,871
Service Subcontracts	-	6,134,223	6,623	396,896	6,537,742	848	-	848	6,538,590
In-Kind Vendor	-	-	-	-	-	-	-	-	-
Professional Fees	47,717	143,371	110,983	42,454	344,525	84,910	22,224	107,134	451,659
Fundraising Events	-	1,834	-	-	1,834	-	176,023	176,023	177,857
Grants to Others	-	-	185,000	-	185,000	645,541	-	645,541	830,541
Other	5,136	15,468	92,408	16,543	129,555	7,252	-	7,252	136,807
<b>Total Expenses Before Depreciation</b>	<b>2,243,452</b>	<b>8,622,033</b>	<b>4,459,899</b>	<b>711,932</b>	<b>16,037,316</b>	<b>1,553,960</b>	<b>209,618</b>	<b>1,763,578</b>	<b>17,800,894</b>
Depreciation and Amortization	8,178	7,178	151,610	-	166,966	307,254	-	307,254	474,220
Eliminations	-	-	(185,000)	-	(185,000)	(645,541)	(43,199)	(688,740)	(873,740)
Interfund Charges:									
Use of Facilities	10,992	39,420	76,092	4,860	131,364	(131,364)	-	(131,364)	-
<b>Total Expenses</b>	<b>\$ 2,262,622</b>	<b>\$ 8,668,631</b>	<b>\$ 4,502,601</b>	<b>\$ 716,792</b>	<b>\$ 16,150,646</b>	<b>\$ 1,084,309</b>	<b>\$ 166,419</b>	<b>\$ 1,250,728</b>	<b>\$ 17,401,374</b>

See accompanying Notes to Combined Financial Statements.

**SENIOR FRIENDSHIP CENTERS, INC. AND  
SENIOR FRIENDSHIP CENTERS FOUNDATION, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 1 ORGANIZATION AND NATURE OF OPERATIONS**

The accompanying combined financial statements include the accounts of Senior Friendship Centers, Inc. and Senior Friendship Centers Foundation, Inc., (collectively, the "Organization"). All material inter-company accounts and transactions have been eliminated.

Senior Friendship Centers, Inc. (the Center) was founded in 1973 with the mission of assisting seniors in maintaining their self-sufficiency and independence, and the goal of preventing premature institutionalization. This mission is achieved through a variety of services to seniors which address physical and emotional health needs such as meal and nutrition programs, transportation, case management, senior centers dedicated to senior socialization, adult day care, Alzheimer's services, in-home services, dental services, health services provided by a unique retired physician program, and many volunteer opportunities for participants.

Funding for these programs is provided through federal, state, and local contracts and grants, fees for services, contributions, and volunteer support.

The Senior Friendship Centers Foundation, Inc. (the Foundation) was organized in 1992 for the purpose of supporting the long-term mission of Senior Friendship Centers, Inc.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Combining Financial Statements**

The combining financial statements and notes are representations of the Center's and Foundation's management who are responsible for their integrity and objectivity. The accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the combining financial statements.

**Financial Statement Presentation**

Net assets and revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

**SENIOR FRIENDSHIP CENTERS, INC. AND  
SENIOR FRIENDSHIP CENTERS FOUNDATION, INC.  
NOTES TO COMBINED FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Financial Statement Presentation (Continued)**

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Use of Estimates and Assumptions**

The preparation of combining 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combining financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Center and Foundation consider all cash on hand, bank accounts and certificates of deposit with an original maturity of less than three months as cash and cash equivalents.

**Grants and Other Receivables**

Grants and other receivables pertain primarily to amounts due to the Center from federal, state, and local contracts and grants for which the Center has incurred expenses at December 31, 2019 and 2018. Management believes these receivables are fully collectible and therefore has made no provision for uncollectible amounts.

**Property and Equipment**

Property and equipment is stated at cost if purchased and fair market value at the date of gift if donated. Major renewals, betterments, and replacements in excess of \$2,500 are capitalized.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets. A summary of depreciable lives follows:

Buildings and Improvements	3 to 35 Years
Equipment and Transportation Vehicles	3 to 5 Years
Furniture and Fixtures	3 to 15 Years
Leasehold Improvements	3 to 15 Years
Computer and Phone Equipment	3 to 15 Years

Several of the Center's assets were purchased with grant funds. The grantor maintains a reversionary interest in these assets.

**SENIOR FRIENDSHIP CENTERS, INC. AND  
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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Refundable Advances**

Refundable advances consist of advances received from government contracts for services to be provided in the subsequent fiscal year.

**Revenue Recognition**

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions and grants received with donor and grantor stipulations that limit the use of donated assets are treated as net assets with donor restrictions. When the purpose of the restriction is accomplished, the donor restricted net assets are reclassified to net assets without restrictions and reported in the combining statement of activities as net assets released from restrictions. All donor restricted contributions and grants whose restrictions are met in the same fiscal year as the donation is received are recorded as support without restriction.

Grants or contributions restricted for the purpose of acquiring or constructing long-lived assets are recorded net assets with donor restrictions until the long-lived asset is acquired or constructed; at such time the net assets are released from the restriction and reclassified to net assets without restriction. Absent donor restrictions as to how long long-lived assets must be maintained, expirations of donor restrictions are reported when donated or acquired long-lived assets are placed in service.

Contributions subject to donor-imposed restrictions that they must be maintained permanently are treated as net assets with donor restrictions. The donor of those assets permits the use of income earned on related investments for general purposes.

The Organization recognizes fees from medical services as the services are provided. Fees for services are nonrefundable and are comprised of an exchange element based on the medical service provided.

**Donated Services**

A substantial number of volunteers have made significant contributions of their time to support the programs of the Center. The Center has recorded the revenue and expense relating to medical services and dental services donated by physicians and dentists. The value of these services recorded in the accompanying combined financial statements amounted to \$1,497,861 and \$1,947,911 for the years ended December 31, 2019 and 2018, respectively.

The value of all other volunteer hours has not been recorded in the accompanying combined financial statements because they did not meet the criteria for recognition as revenue under accounting principles generally accepted in the United States of America. However, management estimates that the fair value of these services contributed to the Center during the years ended December 31, 2019 and 2018 amounted to \$654,335 and \$722,457, respectively.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Taxes**

The Internal Revenue Service has determined that the Center and Foundation are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Center and Foundation are nonprofit Florida corporations and, therefore, are not subject to state income taxes. Donations to the Center and Foundation qualify as a charitable contribution.

Under the Income Taxes Topic of the FASB Accounting Standards Codification, the Center and Foundation have reviewed and evaluated the relevant technical merits of each of its tax positions in accordance with accounting principles generally accepted in the United States of America for accounting for uncertainty in income taxes, and determined that there are no uncertain tax positions that would have a material impact on the combined financial statements.

**Functional Allocation of Expenses**

The costs of programs and activities have been summarized on a functional basis in the combined statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

**Trust Receivable, Net**

In 1998, the Center was listed as a beneficiary of a trust agreement (the Trust). The agreement states that 22% of the Trust's annual net income will be distributed to the Center for a period of 50 years. In the year which includes the 50<sup>th</sup> anniversary of the donor's date of death (Year 2048), the Trust will terminate and the Center will receive 25% of the remaining principal and any accrued income. The trust receivable, discounted to present value at a rate of 1.70%, totaled \$782,263 and \$686,929 as of December 31, 2019 and 2018, respectively. Distributions received from the Trust in 2019 and 2018 totaled \$53,900 and \$48,400, respectively.

**Split-Interest Agreements**

The Foundation is a beneficiary of a perpetual trust agreement whereby the Foundation has the irrevocable right to receive the income earned on trust assets in perpetuity. The principal may be distributed pursuant to the discretion of the trustee. Also, the Foundation and Center entered into a charitable remainder unitrust, and a gift annuity, whereby the donor's designated beneficiary receives payments for the remainder of their life with any remainder at death reverting to the Foundation and Center. The amount of contribution recorded as revenue is the fair value of the trust assets and is classified as support with donor restriction. The Center and Foundation did not recognize any new contributions during 2019 and 2018.

**Bequests**

The Center and Foundation have been named beneficiary in a number of bequests. Bequests that have not been recorded in the accompanying combined financial statements are those where the donors' wills have not yet been declared valid by the probate court and the value of the amounts to be received is not yet determinable.



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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Interfund Charges**

During the course of the year, certain programs require the use of the Center's facilities. Each program is charged, based on use and pre-established fees that reflect the costs of operations.

**Financial Instruments Not Measured at Fair Value**

Certain of the Center's and Foundation's financial instruments are not measured at fair value on a recurring basis. However, they are recorded at amounts that approximate fair value due to their liquid or short-term nature. Such financial assets and financial liabilities include cash and cash equivalents, grants and other receivables, prepaid expenses, accounts payable, accrued expenses, and refundable advances.

**New Accounting Pronouncements – ASU 2014-09**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The guidance requires the Center and Foundation to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the Network expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract.

ASU 2014-09 requires organizations to exercise more judgment and recognize revenue using a five-step process. The Center and Foundation adopted ASU 2014-09 using the modified retrospective method for all contracts effective January 1, 2019, and is using a portfolio approach to group contracts with similar characteristics and analyze historical cash collections trends. Modified retrospective adoption requires entities to apply the standard retrospectively to the most current period presented in the financial statements, requiring the cumulative effect of the retrospective application as an adjustment to the opening balance of net assets at the date of initial application. Prior periods have not been adjusted. No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Network's reported historical revenue. In addition, retrospective application of ASU 2014-09 would not have resulted in a change in revenue as previously presented.

The adoption of ASU 2014-09 has no impact on the Center and Foundation's accounts receivable as it was historically recorded net of allowance for doubtful accounts and contractual adjustments, and the Center and Foundation have eliminated the presentation of allowance for doubtful accounts on the combined statements of financial position. The adoption of ASU 2014-09 did not have a significant impact on the Center and Foundation's combined statements of activities for the years ended December 31, 2019 and 2018.

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**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New Accounting Pronouncements – ASU 2018-08**

The Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. There was no material impact on the Organization's financial position or change in net assets upon adoption of the new standard.

**NOTE 3 INVESTMENTS**

Investments are recorded in the accompanying combining financial statements at fair market value. The combined cost, market value, and provision for unrealized gains on investments in the aggregate are summarized as follows at December 31, 2019:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gains</u>
Commodities	\$ 144,967	\$ 154,833	\$ 9,866
Equity Funds	2,329,296	2,882,285	552,989
Corporate/Government Bonds	2,062,637	2,147,041	84,404
Real Estate Funds	198,242	235,612	37,370
Total	<u>\$ 4,735,142</u>	<u>\$ 5,419,771</u>	<u>\$ 684,629</u>

The combined cost, market value, and provision for unrealized gains on investments in the aggregate are summarized as follows at December 31, 2018:

	<u>Cost</u>	<u>Market Value</u>	<u>Unrealized Gains (Loss)</u>
Common Stocks	\$ 392,227	\$ 487,250	\$ 95,023
Equity Funds	2,030,378	2,283,304	252,926
Corporate/Government Bonds	2,263,609	2,202,287	(61,322)
Real Estate Funds	15,872	17,792	1,920
Total	<u>\$ 4,702,086</u>	<u>\$ 4,990,633</u>	<u>\$ 288,547</u>

**NOTE 4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

The Organization values certain assets and liabilities in accordance with the *Fair Value Measurements and Disclosures* Topic of the FASB Accounting Standards Codification. The *Fair Value Measurements and Disclosures* Topic provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions. The Organization has adopted Accounting Standards Update No. 2010-06, *Improving Disclosures about Fair Value Measurements*, which requires the Organization to present fair value measurements separately for each class of assets and liabilities held as of December 31, 2019.

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**NOTE 4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

The three levels for measuring fair value are based on the reliability of inputs and are as follows:

*Level 1* – Unadjusted quoted prices in active markets for identical assets or liabilities, such as publicly traded equity securities.

*Level 2* – Inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quotes prices (interest rates, yield curves, etc.), or inputs derived principally from or corroborated by observable market data by correlation or other means.

*Level 3* – Inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. The inputs reflect the Organization’s assumptions based on the best information available in the circumstance.

The following table presents information about the classes of assets and liabilities that are measured at fair value on a recurring bases, and indicates the fair value hierarchy of the valuation techniques used to determine such fair value.

As of December 31, 2019

<u>Description</u>	<u>Balance</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Commodities	\$ 154,833	\$ 154,833	\$ -	\$ -
Mutual Funds - Equity	2,882,285	2,882,285	-	-
Corporate/Government Bonds	2,147,041	2,147,041	-	-
Real Estate Funds	235,612	235,612	-	-
Total Investments	<u>5,419,771</u>	<u>5,419,771</u>	-	-
Contributions Receivable from Split-Interest Agreements	111,644	-	-	111,644
Beneficial Interest in Perpetual Trust	134,035	-	-	134,035
Trust Receivable, Net	<u>782,263</u>	-	-	<u>782,263</u>
Total Assets and Liabilities at Fair Value	<u><u>\$ 6,447,713</u></u>	<u><u>\$ 5,419,771</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,027,942</u></u>

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**NOTE 4 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)**

As of December 31, 2018:

<u>Description</u>	<u>Balance</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments:				
Common Stock	\$ 487,250	\$ 487,250	\$ -	\$ -
Mutual Funds - Equity	2,283,304	2,283,304	-	-
Corporate/Government Bonds	2,202,287	2,202,287	-	-
Real Estate Funds	17,792	17,792	-	-
Total Investments	<u>4,990,633</u>	<u>4,990,633</u>	-	-
Contributions Receivable from Split-Interest Agreements	109,104	-	-	109,104
Beneficial Interest in Perpetual Trust	141,826	-	-	141,826
Trust Receivable, Net	<u>686,929</u>	<u>-</u>	<u>-</u>	<u>686,929</u>
Total Assets and Liabilities at Fair Value	<u><u>\$ 5,928,492</u></u>	<u><u>\$ 4,990,633</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 937,859</u></u>

Level 3 assets represent interests in assets or nonliquid assets. The change in fair value of the Organization's assets valued using significant unobservable inputs (Level 3) is shown below:

	<u>Contribution Receivable from Split-Interest Agreements</u>	<u>Beneficial Interest in Perpetual Trust</u>	<u>Trust Receivables, Net</u>	<u>Total</u>
Balance - December 31, 2017	\$ 133,824	\$ 149,414	\$ 778,371	\$ 1,061,609
Change in Value	(24,720)	-	(43,042)	(67,762)
Distributions Received	<u>-</u>	<u>(7,588)</u>	<u>(48,400)</u>	<u>(55,988)</u>
Balance - December 31, 2018	109,104	141,826	686,929	937,859
Change in Value	2,543	-	149,234	151,777
Distributions Received	<u>-</u>	<u>(7,791)</u>	<u>(53,900)</u>	<u>(61,691)</u>
Balance - December 31, 2019	<u><u>\$ 111,647</u></u>	<u><u>\$ 134,035</u></u>	<u><u>\$ 782,263</u></u>	<u><u>\$ 1,027,945</u></u>

The fair value of Level 3 assets and liabilities is based on the fair value of the underlying assets. Where applicable, distributions and payments are based on terms of the underlying agreements and have been discounted to present value at a rate of 1.31% and 1.31% for the year ended December 31, 2019. All changes in value in such assets and liabilities are included in the combining statement of activities as change in value of split interest agreements and change in value of trust receivable.

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**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Center:		
Land and Buildings	\$ 7,481,621	\$ 7,941,637
Equipment and Transportation Vehicles	1,288,370	1,936,014
Furniture and Fixtures	202,140	220,395
Leasehold Improvements	1,314,527	1,335,886
Total	<u>10,286,658</u>	<u>11,433,932</u>
Less: Accumulated Depreciation and Amortization	<u>(7,034,700)</u>	<u>(7,747,905)</u>
Center Property and Equipment, Net	3,251,958	3,686,027
Foundation:		
Computer and Phone Equipment	19,897	19,897
Furniture and Fixtures	<u>6,265</u>	<u>6,265</u>
Total	<u>26,162</u>	<u>26,162</u>
Less: Accumulated Depreciation and Amortization	<u>(26,162)</u>	<u>(26,162)</u>
Foundation Property and Equipment, Net	<u>-</u>	<u>-</u>
Combined Property and Equipment, Net	<u>\$ 3,251,958</u>	<u>\$ 3,686,027</u>

Depreciation expense for the years ended December 31, 2019 and 2018 amounted to \$513,060 and \$542,295, respectively.

**NOTE 6 BOARD-DESIGNATED NET ASSETS**

The board has designated assets without donor restrictions as of December 31 for the following purposes:

	<u>2019</u>	<u>2018</u>
Center:		
Operating Reserves	\$ (452,102)	\$ (555,584)
Property and Equipment Reserves	482,794	482,794
Cash Match for Federal and State Contracts	<u>15,851</u>	<u>15,851</u>
Subtotal	46,543	(56,939)
Foundation:		
Endowment	<u>3,658,044</u>	<u>2,947,994</u>
Combined Board-Designated Net Assets	<u>\$ 3,704,587</u>	<u>\$ 2,891,055</u>

During 2000, the Foundation's Board decided to designate its net assets without donor restrictions as a board-designated endowment. The Foundation contributed \$372,636 and \$830,641 to the Center during the years ended December 31, 2019 and 2018, respectively.

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**NOTE 7 RESTRICTIONS ON NET ASSETS**

Net assets subject to donor restriction for a specific purpose are at December 31:

	2019	2018
Center:		
Community Engagement - Charlotte	\$ 1,856	\$ -
Doorways	28,435	28,435
Fundraising - Sarasota	148,878	67,756
Fundraising - Collier	-	11,950
Healthy Aging Services - Lee	-	29,941
Healthy Aging Services - Collier	-	117,700
Healthy Aging Services - Sarasota	989,390	1,020,468
Hurricane Relief	10,303	-
Legacy Event	3,500	-
Nutrition Services - Lee	6,074	8,311
Supportive Aging Services - Sarasota	71,279	134,905
Senior Center	129,474	-
Subtotal	1,389,189	1,419,466
Foundation:		
Health Services	4,152	4,152
Venice Senior Center	400,811	393,960
Sarasota Center	-	77,151
Venice Transportation	55,121	55,121
Collier Nutrition	10,325	10,325
Contributions Receivable from Split-Interest Agreements	111,644	109,104
Beneficial Interest in Perpetual Trust	134,035	141,826
Center for Health Aging	697,707	697,707
Naples health Services	15,000	15,000
Lee County Adult Services	102,974	102,974
Transportation Services - Sarasota	206,257	206,257
Subtotal	1,738,026	1,813,577
Combined Net Assets Subject to Purpose Restriction	\$ 3,127,215	\$ 3,233,043

**SENIOR FRIENDSHIP CENTERS, INC. AND  
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**NOTE 7 RESTRICTION ON NET ASSETS (CONTINUED)**

Net assets to be held in perpetuity for the following purposes at December 31:

	<u>2019</u>	<u>2018</u>
Center:		
Emergency Funds	\$ 34,148	\$ 34,148
Foundation:		
Health Services	10,000	10,000
Dr. Arthur Sandler Dental Endowment	27,109	27,109
Total Foundation	<u>37,109</u>	<u>37,109</u>
Combined Net Assets to be Held in Perpetuity	<u>\$ 71,257</u>	<u>\$ 71,257</u>

**NOTE 8 NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets released from donor restriction by incurring expenses satisfying the restricted purposes were as follows for the years ended December 31:

	<u>2019</u>	<u>2018</u>
Center:		
Corporate Administration - Sarasota	\$ -	\$ 167
Community Engagement - Charlotte	-	10,090
Fundraising - Sarasota	99,565	74,464
Fundraising - Collier	11,950	42,900
Healthy Aging Services - Collier	117,700	133,399
Healthy Aging Services - Lee	29,941	21,662
Healthy Aging Services - Sarasota	159,157	121,583
Nutrition Services - Lee	11,990	6,260
Nutrition Services - Sarasota	-	5,325
Supportive Aging Services - Sarasota	189,418	52,439
Supportive Aging Services - Desoto	-	15,028
Total	<u>\$ 619,721</u>	<u>\$ 468,289</u>
Foundation:		
Venice Senior Center	\$ -	\$ 27,151
Sarasota Senior Center	77,151	52,919
Beneficial Interest in Perpetual Trust	7,791	-
Center for Healthy Aging	-	282,554
Total	<u>\$ 84,942</u>	<u>\$ 362,624</u>

**SENIOR FRIENDSHIP CENTERS, INC. AND  
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**NOTE 9 OPERATING LEASE COMMITMENTS**

The Center has lease agreements with three municipalities for the rental of real property on which the Center has constructed its facilities and a building used to conduct its operations. One agreement requires the Center to pay the municipality one dollar per year until the agreement expires in the year 2037. Two other agreements include rent-free terms: one for an indefinite period of time and one on an annual renewal basis. The fair market value of the leasehold agreements is not determinable and therefore has not been recorded in these combining financial statements.

The Center leases certain equipment, as well as space in various locations in three counties in the state of Florida. Some of the lease agreements are for a term of one year and are renewed on an annual basis. Rent expense amounted to \$154,453 and \$166,424 for the years ended December 31, 2019 and 2018, respectively.

Minimum annual rental payments for leases in effect at December 31, 2019 and in the aggregate are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2021	\$ 93,108
2022	18,740
2023	18
Total	<u>\$ 111,866</u>

**NOTE 10 PENSION PLAN**

The Center has a defined contribution pension plan. The plan covers all full-time employees who are at least 21 years of age and have completed one year of service. The Center makes monthly contributions to the plan equal to 4% of each covered employee's compensation. In addition, the Center will match the lesser of one-half of the employee's deferral percentage up to 4%, or 2% of the employee's compensation. The Center's contribution to the plan for the years ended December 31, 2019 and 2018 amounted to \$159,627 and \$154,503, respectively.

**NOTE 11 CONCENTRATIONS OF RISK**

Financial instruments which potentially subject the Center to concentrations of credit risk consist of cash and cash equivalents. Cash accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC). The Center has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents, which at times, exceeds federally insured limits.



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**NOTE 11 CONCENTRATIONS OF RISK (CONTINUED)**

The Center invests in a variety of investment vehicles that are exposed to interest rate, market, credit, and other risks depending on the nature of the specific investment. Accordingly, it is reasonably possible that these factors may result in changes in the value of the Center's investments, which could materially affect the amounts reported in the combining financial statements.

**NOTE 12 ENDOWMENTS**

As of December 31, 2019, the Foundation's endowment consisted of funds designated by the board of governors to function as an endowment (quasi-endowments). As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to generate growth of the assets over the long-term horizon sufficient to provide endowment funding for Senior Friendship Centers, Inc.'s operations. The endowment assets are invested in a manner that is intended to earn a target return rate between 6% – 8%. Furthermore, the objective is to earn a long-term rate of return that is at least 4% greater than the rate of inflation as measured by the Consumer Price Index, while assuming a conservative to moderate risk tolerance. Actual returns in any given year may vary from this amount.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through capital appreciation and a current yield. The Foundation targets a diversified asset allocation that focuses on maximizing returns within reasonable and prudent levels of risk, while minimizing the costs of administering and managing the portfolio.

**Spending Policy**

Prior to 2014, 5% of the endowment was to be contributed annually to the Center. Due to special considerations related to the funding of services, the board authorized an additional allocation of 1.5%, bringing the total allocation from the Foundation to the Center to 6.5% in 2015. During 2017, the Endowment contribution represented 4.6% based on balances in funds within the Endowment. In establishing this policy, the Foundation expects the current spending policy to allow its endowment to grow between 1% and 3%, and continue to generate sufficient income and maintain sufficient liquidity to fund the annual operating budget of the Foundation.

**SENIOR FRIENDSHIP CENTERS, INC. AND  
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**NOTE 13 LIQUIDITY**

The Center and Foundation's financial assets that could be readily made available within one year of the date of the combined statement of financial position to meet general expenditures are as follows:

Cash and Cash Equivalents	\$ 227,515
Grants and Other Receivables	<u>2,050,627</u>
Total	<u><u>\$ 2,278,142</u></u>

The Center and Foundation hold investments for long-term purposes of \$5,419,771 and \$4,990,633 as of December 31, 2019 and 2018, respectively, which includes donor restricted assets. Although the Center and Foundation do not intend to spend from investments other than the amount budgeted during its annual budget approval and appropriation, amounts from its investments could be made available, if necessary.

The Center and Foundation routinely monitor liquidity to meet the organizations' operating needs and other contractual commitments. The Center and Foundation consider all expenditures related to its ongoing activities. In addition to financial assets available to meet general expenditure, the Center and Foundation operate with a board approved operating budget and anticipate collecting of sufficient revenue to cover general expenditures not covered by donor-restricted resources. For the immediate time period, the board has approved Foundation support in excess of its spending policy to ensure sufficient cash flows for center operations.

**NOTE 14 SUBSEQUENT EVENTS**

Subsequent to year-end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global markets, supply chains, businesses, and communities. Specific to the Network, COVID-19 may impact various parts of its 2020 operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of healthcare personnel, or loss of revenue due to reductions in certain revenue streams. Management believes the Network is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2019.

During the period from January 1, 2020 through April 30, 2020, both domestic and international equity markets have experienced large declines. These losses are not included in the consolidated financial statements as of and for the year ended December 31, 2019.

**SENIOR FRIENDSHIP CENTERS, INC. AND  
SENIOR FRIENDSHIP CENTERS FOUNDATION, INC.  
COMBINING STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019**

<b>ASSETS</b>	<u>Center</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined Total</u>
Cash and Cash Equivalents	\$ 132,829	\$ 94,686	\$ -	\$ 227,515
Investments	233,335	5,186,436	-	5,419,771
Grants and Other Receivables	2,144,249	128,572	(222,194)	2,050,627
Prepaid Expenses	112,265	-	-	112,265
Contributions Receivable from Split-Interest Agreements	-	111,644	-	111,644
Beneficial Interest in Perpetual Trust	-	134,035	-	134,035
Trust Receivable, Net	782,263	-	-	782,263
Property and Equipment, Net	<u>3,251,957</u>	<u>1</u>	<u>-</u>	<u>3,251,958</u>
 Total Assets	 <u>\$ 6,656,898</u>	 <u>\$ 5,655,374</u>	 <u>\$ (222,194)</u>	 <u>\$ 12,090,078</u>
 <b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,425,709	\$ 222,194	\$ (222,194)	\$ 1,425,709
Accrued Expenses	266,141	-	-	266,141
Refundable Advances	<u>243,211</u>	<u>-</u>	<u>-</u>	<u>243,211</u>
Total Liabilities	1,935,061	222,194	(222,194)	1,935,061
 <b>NET ASSETS</b>				
Without Donor Restrictions:				
Investment in Property and Equipment	3,251,957	1	-	3,251,958
Board-Designated	<u>46,543</u>	<u>3,658,044</u>	<u>-</u>	<u>3,704,587</u>
Total Without Donor Restrictions	3,298,500	3,658,045	-	6,956,545
 With Donor Restrictions:				
Subject to Expenditure for Specific Purposes or Passage of Time				
	1,389,189	1,738,026	-	3,127,215
Held in Perpetuity	<u>34,148</u>	<u>37,109</u>	<u>-</u>	<u>71,257</u>
Total With Donor Restrictions	<u>1,423,337</u>	<u>1,775,135</u>	<u>-</u>	<u>3,198,472</u>
Total Net Assets	<u>4,721,837</u>	<u>5,433,180</u>	<u>-</u>	<u>10,155,017</u>
 Total Liabilities and Net Assets	 <u>\$ 6,656,898</u>	 <u>\$ 5,655,374</u>	 <u>\$ (222,194)</u>	 <u>\$ 12,090,078</u>

**SENIOR FRIENDSHIP CENTERS, INC. AND  
SENIOR FRIENDSHIP CENTERS FOUNDATION, INC.  
COMBINING STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2018**

<b>ASSETS</b>	<u>Center</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined Total</u>
Cash and Cash Equivalents	\$ 529,087	\$ 196,857	\$ -	\$ 725,944
Investments	216,170	4,774,463	-	4,990,633
Grants and Other Receivables	1,976,616	-	(423,569)	1,553,047
Prepaid Expenses	72,091	-	-	72,091
Contributions Receivable from Split-Interest Agreements	-	109,103	-	109,103
Beneficial Interest in Perpetual Trust	-	141,826	-	141,826
Trust Receivable, Net	686,929	-	-	686,929
Property and Equipment, Net	<u>3,686,027</u>	<u>-</u>	<u>-</u>	<u>3,686,027</u>
<b>Total Assets</b>	<b><u>\$ 7,166,920</u></b>	<b><u>\$ 5,222,249</u></b>	<b><u>\$ (423,569)</u></b>	<b><u>\$ 11,965,600</u></b>
<b>LIABILITIES AND NET ASSETS</b>				
<b>LIABILITIES</b>				
Accounts Payable	\$ 1,362,991	\$ 423,569	\$ (423,569)	\$ 1,362,991
Accrued Expenses	268,596	-	-	268,596
Refundable Advances	<u>452,631</u>	<u>-</u>	<u>-</u>	<u>452,631</u>
<b>Total Liabilities</b>	<b><u>2,084,218</u></b>	<b><u>423,569</u></b>	<b><u>(423,569)</u></b>	<b><u>2,084,218</u></b>
<b>NET ASSETS</b>				
Without Donor Restrictions:				
Investment in Property and Equipment	3,686,027	-	-	3,686,027
Board-Designated	<u>(56,939)</u>	<u>2,947,994</u>	<u>-</u>	<u>2,891,055</u>
<b>Total Without Donor Restrictions</b>	<b><u>3,629,088</u></b>	<b><u>2,947,994</u></b>	<b><u>-</u></b>	<b><u>6,577,082</u></b>
With Donor Restrictions:				
Subject to Expenditure for Specific Purposes or Passage of Time	1,419,466	1,813,577	-	3,233,043
Held in Perpetuity	<u>34,148</u>	<u>37,109</u>	<u>-</u>	<u>71,257</u>
<b>Total With Donor Restrictions</b>	<b><u>1,453,614</u></b>	<b><u>1,850,686</u></b>	<b><u>-</u></b>	<b><u>3,304,300</u></b>
<b>Total Net Assets</b>	<b><u>5,082,702</u></b>	<b><u>4,798,680</u></b>	<b><u>-</u></b>	<b><u>9,881,382</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 7,166,920</u></b>	<b><u>\$ 5,222,249</u></b>	<b><u>\$ (423,569)</u></b>	<b><u>\$ 11,965,600</u></b>

**SENIOR FRIENDSHIP CENTERS, INC. AND  
SENIOR FRIENDSHIP CENTERS FOUNDATION, INC.  
COMBINING STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2019**

	Center			Total
	Without Donor Restrictions	With Donor Restrictions		
		Subject to Donor Restriction	Held in Perpetuity	
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 334,722	\$ 589,444	\$ -	\$ 924,166
In-Kind Contributions	2,133,509	-	-	2,133,509
Special Events Revenue	479,948	-	-	479,948
Federal and State Grants/Contracts	10,117,970	-	-	10,117,970
Local Assistance	541,428	-	-	541,428
Private Grants	786,203	-	-	786,203
Program Income	162,325	-	-	162,325
Investment Income	7,626	-	-	7,626
Fees for Services	1,982,863	-	-	1,982,863
Other Income (Loss), Net	63,005	-	-	63,005
Realized/Unrealized Gain on Investments, Net	17,159	-	-	17,159
Change in Value of Split- Interest Agreements	-	-	-	-
Change In Value of Trust Receivable	149,234	-	-	149,234
Total Support and Revenue	<u>16,775,992</u>	<u>589,444</u>	<u>-</u>	<u>17,365,436</u>
Net Assets Released from Restrictions	619,721	(619,721)	-	-
Total Support and Revenue	17,395,713	(30,277)	-	17,365,436
<b>EXPENSES</b>				
Program Services	16,562,630	-	-	16,562,630
Management and General	1,147,840	-	-	1,147,840
Fundraising	15,831	-	-	15,831
Program Support	-	-	-	-
Total Expenses	<u>17,726,301</u>	<u>-</u>	<u>-</u>	<u>17,726,301</u>
<b>CHANGE IN NET ASSETS</b>	(330,588)	(30,277)	-	(360,865)
Net Assets - Beginning of Year	<u>3,629,088</u>	<u>1,419,466</u>	<u>34,148</u>	<u>5,082,702</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,298,500</u>	<u>\$ 1,389,189</u>	<u>\$ 34,148</u>	<u>\$ 4,721,837</u>

**SENIOR FRIENDSHIP CENTERS, INC. AND  
SENIOR FRIENDSHIP CENTERS FOUNDATION, INC.  
COMBINING STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2019**

	Foundation			Total	Eliminations	Combined Total
	Without Donor Restrictions	With Donor Restrictions				
		Subject to Donor Restriction	Held in Perpetuity			
<b>SUPPORT AND REVENUE</b>						
Contributions	\$ 222,927	\$ 6,847	\$ -	\$ 229,774	\$ (372,635)	\$ 781,305
In-Kind Contributions	-	-	-	-	-	2,133,509
Special Events Revenue	-	-	-	-	-	479,948
Federal and State Grants/Contracts	-	-	-	-	-	10,117,970
Local Assistance	-	-	-	-	-	541,428
Private Grants	-	-	-	-	-	786,203
Program Income	-	-	-	-	-	162,325
Investment Income	156,257	-	-	156,257	-	163,883
Fees for Services	-	-	-	-	-	1,982,863
Other Income (Loss), Net	-	-	-	-	(43,200)	19,805
Realized/Unrealized Gain on Investments, Net	739,763	-	-	739,763	-	756,922
Change in Value of Split- Interest Agreements	-	2,544	-	2,544	-	2,544
Change In Value of Trust Receivable	-	-	-	-	-	149,234
Total Support and Revenue	<u>1,118,947</u>	<u>9,391</u>	<u>-</u>	<u>1,128,338</u>	<u>(415,835)</u>	<u>18,077,939</u>
Net Assets Released from Restrictions	<u>84,942</u>	<u>(84,942)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	1,203,889	(75,551)	-	1,128,338	(415,835)	18,077,939
<b>EXPENSES</b>						
Program Services	-	-	-	-	-	16,562,630
Management and General	290,658	-	-	290,658	(290,658)	1,147,840
Fundraising	121,202	-	-	121,202	(43,200)	93,833
Program Support	<u>81,978</u>	<u>-</u>	<u>-</u>	<u>81,978</u>	<u>(81,978)</u>	<u>-</u>
Total Expenses	<u>493,838</u>	<u>-</u>	<u>-</u>	<u>493,838</u>	<u>(415,836)</u>	<u>17,804,303</u>
<b>CHANGE IN NET ASSETS</b>	710,051	(75,551)	-	634,500	-	273,635
Net Assets - Beginning of Year	<u>2,947,994</u>	<u>1,813,577</u>	<u>37,109</u>	<u>4,798,680</u>	<u>-</u>	<u>9,881,382</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,658,045</u>	<u>\$ 1,738,026</u>	<u>\$ 37,109</u>	<u>\$ 5,433,180</u>	<u>\$ -</u>	<u>\$ 10,155,017</u>

**SENIOR FRIENDSHIP CENTERS, INC. AND  
SENIOR FRIENDSHIP CENTERS FOUNDATION, INC.  
COMBINING STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2018**

	Center			Total
	Without Donor Restrictions	With Donor Restrictions		
		Subject to Donor Restriction	Subject to Appropriation	
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 861,190	\$ 542,967	\$ -	\$ 1,404,157
In-Kind Contributions	2,431,199	-	-	2,431,199
Special Events Revenue	372,453	-	-	372,453
Federal and State Grants/Contracts	8,782,353	-	-	8,782,353
Local Assistance	551,634	-	-	551,634
Private Grants	777,098	-	-	777,098
Program Income	167,395	-	-	167,395
Investment Income	20,177	-	-	20,177
Fees for Services	2,073,493	-	-	2,073,493
Other Income (Loss), Net	5,022	-	-	5,022
Realized/Unrealized Loss on Investments, Net	(19,616)	-	-	(19,616)
Change in Value of Split- Interest Agreements	-	-	-	-
Change In Value of Trust Receivable	(43,042)	-	-	(43,042)
Total Support and Revenue	<u>15,979,356</u>	<u>542,967</u>	<u>-</u>	<u>16,522,323</u>
 Net Assets Released from Restrictions	 483,317	 (483,317)	 -	 -
Total Support and Revenue	16,462,673	59,650	-	16,522,323
<b>EXPENSES</b>				
Program Services	16,150,646	-	-	16,150,646
Management and General	1,084,309	-	-	1,084,309
Fundraising	115,147	-	-	115,147
Program Support	-	-	-	-
Total Expenses	<u>17,350,102</u>	<u>-</u>	<u>-</u>	<u>17,350,102</u>
<b>CHANGE IN NET ASSETS</b>	(887,429)	59,650	-	(827,779)
Net Assets - Beginning of Year	<u>4,516,517</u>	<u>1,359,816</u>	<u>34,148</u>	<u>5,910,481</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 3,629,088</u>	<u>\$ 1,419,466</u>	<u>\$ 34,148</u>	<u>\$ 5,082,702</u>

**SENIOR FRIENDSHIP CENTERS, INC. AND  
SENIOR FRIENDSHIP CENTERS FOUNDATION, INC.  
COMBINING STATEMENT OF ACTIVITIES (CONTINUED)  
YEAR ENDED DECEMBER 31, 2018**

	Foundation		Total	Eliminations	Combined Total
	Without Donor Restrictions	With Donor Restrictions Subject to Donor Restriction			
<b>SUPPORT AND REVENUE</b>					
Contributions	\$ -	\$ -	\$ -	\$ (830,641)	\$ 573,516
In-Kind Contributions	-	-	-	-	2,431,199
Special Events Revenue	-	-	-	-	372,453
Federal and State Grants/Contracts	-	-	-	-	8,782,353
Local Assistance	-	-	-	-	551,634
Private Grants	-	-	-	-	777,098
Program Income	-	-	-	-	167,395
Investment Income	191,092	-	191,092	-	211,269
Fees for Services	-	-	-	-	2,073,493
Other Income (Loss), Net	-	-	-	(43,199)	(38,177)
Realized/Unrealized Loss on Investments, Net	(560,200)	-	(560,200)	-	(579,816)
Change in Value of Split- Interest Agreements	-	(24,720)	(24,720)	-	(24,720)
Change In Value of Trust Receivable	-	-	-	-	(43,042)
Total Support and Revenue	<u>(369,108)</u>	<u>(24,720)</u>	<u>-</u>	<u>(873,840)</u>	<u>15,254,655</u>
Net Assets Released from Restrictions	<u>362,624</u>	<u>(362,624)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	(6,484)	(387,344)	-	(873,840)	15,254,655
<b>EXPENSES</b>					
Program Services	-	-	-	-	16,150,646
Management and General	645,541	-	645,541	(645,541)	1,084,309
Fundraising	94,471	-	94,471	(43,199)	166,419
Program Support	185,000	-	185,000	(185,000)	-
Total Expenses	<u>925,012</u>	<u>-</u>	<u>925,012</u>	<u>(873,740)</u>	<u>17,401,374</u>
<b>CHANGE IN NET ASSETS</b>	(931,496)	(387,344)	-	-	(2,146,619)
Net Assets - Beginning of Year	<u>3,879,490</u>	<u>2,200,921</u>	<u>37,109</u>	<u>-</u>	<u>12,028,001</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 2,947,994</u>	<u>\$ 1,813,577</u>	<u>\$ 37,109</u>	<u>\$ -</u>	<u>\$ 9,881,382</u>



**SENIOR FRIENDSHIP CENTERS, INC. AND  
SENIOR FRIENDSHIP CENTERS FOUNDATION, INC.  
COMBINING STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2019**

	Center	Foundation	Combined Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Change in Net Assets	\$ (360,865)	\$ 634,500	\$ 273,635
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:			
Depreciation	513,060	-	513,060
Realized/Unrealized Gain on Investments, Net	(17,159)	(739,763)	(756,922)
Loss on Disposal of Assets	43,906	-	43,906
Change In Value of Split-Interest Agreements	-	(2,544)	(2,544)
Change In Value of Trust Receivable	(149,234)	-	(149,234)
Change In Operating Assets:			
Grants and Other Receivables	(167,633)	(128,572)	(296,205)
Prepaid Expenses	(40,174)	-	(40,174)
Trust Receivable	53,900	-	53,900
Change in Operating Liabilities:			
Accounts Payable	62,737	(201,375)	(138,638)
Accrued Expenses	(2,455)	-	(2,455)
Refundable Advances	(209,420)	-	(209,420)
Total Adjustments	<u>87,528</u>	<u>(1,072,254)</u>	<u>(984,726)</u>
Net Cash Used by Operating Activities	(273,337)	(437,754)	(711,091)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of Property and Equipment	(122,895)	-	(122,895)
Purchases of Investments	(7,094)	(1,577,129)	(1,584,223)
Proceeds from Sales of Investments	7,068	1,912,712	1,919,780
Net Cash Provided (Used) by Investing Activities	<u>(122,921)</u>	<u>335,583</u>	<u>212,662</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(396,258)	(102,171)	(498,429)
Cash and Cash Equivalents - Beginning of Year	<u>529,087</u>	<u>196,857</u>	<u>725,944</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 132,829</u>	<u>\$ 94,686</u>	<u>\$ 227,515</u>

**SENIOR FRIENDSHIP CENTERS, INC. AND  
SENIOR FRIENDSHIP CENTERS FOUNDATION, INC.  
COMBINING STATEMENT OF CASH FLOWS  
YEAR ENDED DECEMBER 31, 2018**

	Center	Foundation	Combined Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Change in Net Assets	\$ (827,779)	\$ (1,318,840)	\$ (2,146,619)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:			
Depreciation	542,295	-	542,295
Realized/Unrealized Loss on Investments, Net	19,616	560,200	579,816
Change In Value of Split-Interest Agreements	-	24,720	24,720
Change In Value of Trust Receivable	43,042	-	43,042
Change In Operating Assets:			
Grants and Other Receivables	(403,905)	-	(403,905)
Prepaid Expenses	346	-	346
Trust Receivable	48,400	-	48,400
Change in Operating Liabilities:			
Accounts Payable	46,276	423,569	469,845
Accrued Expenses	10,408	-	10,408
Refundable Advances	61,247	-	61,247
Total Adjustments	<u>367,725</u>	<u>1,008,489</u>	<u>1,376,214</u>
Net Cash Used by Operating Activities	(460,054)	(310,351)	(770,405)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of Property and Equipment	(220,166)	-	(220,166)
Purchases of Investments	-	(790,421)	(790,421)
Proceeds from Sales of Investments	181,547	708,255	889,802
Net Cash Used by Investing Activities	<u>(38,619)</u>	<u>(82,166)</u>	<u>(120,785)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(498,673)	(392,517)	(891,190)
Cash and Cash Equivalents - Beginning of Year	<u>1,027,760</u>	<u>589,374</u>	<u>1,617,134</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 529,087</u>	<u>\$ 196,857</u>	<u>\$ 725,944</u>