

**SENIOR CITIZEN SERVICES
OF METROPOLITAN ATLANTA, INC.
(A Nonprofit Organization)
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007**

SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.
(A Nonprofit Organization)

CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Financial Statements	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4 -5
Statements of Functional Expenses	6 - 7
Statements of Cash Flows	8
Notes to Financial Statements	9 – 17
Supplemental Material	
Independent Auditor's Report on Supplemental Material	19
Schedule of Activities and Changes in Net Assets, by Program	20

Leduc & Phillips, LLC

Certified Public Accountants

Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Officers of
Senior Citizen Services of Metropolitan Atlanta, Inc.
Atlanta, Georgia

We have audited the accompanying statements of financial position of Senior Citizen Services of Metropolitan Atlanta, Inc. (A Nonprofit Organization) as of June 30, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2 to the financial statements, the Company reports its controlling interest in a related nonprofit entity, Senior Citizen's Foundation, Inc., in accordance with the income tax basis of accounting. In our opinion, accounting principles generally accepted in the United States of America require that a nonprofit entity consolidate a related nonprofit entity in which it has a controlling interest. The effects of this departure from U. S. generally accepted accounting principles on the financial statements of Senior Citizen Services of Metropolitan Atlanta, Inc. are not reasonably determined.

In our opinion, except for the effects of not consolidating with Senior Citizen's Foundation, Inc. as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects the financial position of Senior Citizen Services of Metropolitan Atlanta, Inc. as of June 30, 2008 and 2007, and the changes in net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2009 on our consideration of Senior Citizen Services of Metropolitan Atlanta, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Leduc & Phillips, LLC

January 23, 2009
Covington, Georgia

SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.
(A Nonprofit Organization)
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 333,991	\$ 361,748
Short-term investments	-	12,817
Accounts receivable		
Grants or contracts receivable	205,263	180,111
Senior Citizen's Foundation	2,958	5,189
Promises to give	10,000	25,000
Prepaid expenditures and deposits	<u>31,822</u>	<u>11,754</u>
Total current assets	<u>584,034</u>	<u>596,619</u>
INVESTMENTS	<u>37,000</u>	<u>37,000</u>
PROPERTY AND EQUIPMENT, net		
of accumulated depreciation	<u>1,325,931</u>	<u>1,377,280</u>
Total assets	<u><u>\$ 1,946,965</u></u>	<u><u>\$ 2,010,899</u></u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 123,943	\$ 76,516
Accrued expenses and other liabilities	145,928	120,070
Current portion of long-term debt and capital lease obligation	<u>9,396</u>	<u>7,965</u>
Total current liabilities	<u>279,267</u>	<u>204,551</u>
LONG-TERM LIABILITIES		
Long-term debt and capital lease obligation, net of current portion	<u>17,793</u>	<u>27,170</u>
Total long-term liabilities	<u>17,793</u>	<u>27,170</u>
Total liabilities	<u>297,060</u>	<u>231,721</u>
NET ASSETS		
Unrestricted	1,639,905	1,754,178
Temporarily restricted	<u>10,000</u>	<u>25,000</u>
Total net assets	<u>1,649,905</u>	<u>1,779,178</u>
Total liabilities and net assets	<u><u>\$ 1,946,965</u></u>	<u><u>\$ 2,010,899</u></u>

The accompanying notes are an integral part of these financial

SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2008

	2008		
	Unrestricted	Temporarily Restricted	Total
Public support and revenues			
Public support:			
Government fees, grants & contracts	\$ 903,375	\$ -	\$ 903,375
General contributions	351,642	10,000	361,642
United Way	192,268	-	192,268
Special events, benefit donations and other, net of \$147,938 expenses	408,529	-	408,529
In-kind	44,354	-	44,354
Assets released from restrictions			
Time restriction	25,000	(25,000)	-
Total public support	<u>1,925,168</u>	<u>(15,000)</u>	<u>1,910,168</u>
Revenues:			
Program service fees	50,077	-	50,077
Other	153,685	-	153,685
Investment income	10,227	-	10,227
Total public support and revenues	<u>2,139,157</u>	<u>(15,000)</u>	<u>2,124,157</u>
Expenses:			
Marketing/fund raising	187,120	-	187,120
Supporting services	204,231	-	204,231
Program services	1,862,080	-	1,862,080
Total expenses	<u>2,253,431</u>	<u>-</u>	<u>2,253,431</u>
Change in net assets	(114,274)	(15,000)	(129,274)
Net assets, at beginning of year	<u>1,754,178</u>	<u>25,000</u>	<u>1,779,178</u>
Net assets, at end of year	<u>\$ 1,639,904</u>	<u>\$ 10,000</u>	<u>\$ 1,649,904</u>

The accompanying notes are an integral part of these financial statements.

SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2007

	2007		
	Unrestricted	Temporarily Restricted	Total
Public support and revenues			
Public support:			
Government fees, grants & contracts	\$ 794,550	\$ -	\$ 794,550
General contributions	368,611	25,000	393,611
United Way	196,150	-	196,150
Special events, benefit donations and other, net of \$111,166 expenses	361,772	-	361,772
In-kind	<u>20,022</u>	<u>-</u>	<u>20,022</u>
Total public support	1,741,105	25,000	1,766,105
Revenues:			
Program service fees	55,326	-	55,326
Other	129,589	-	129,589
Investment income	<u>4,563</u>	<u>-</u>	<u>4,563</u>
Total public support and revenues	<u>1,930,583</u>	<u>25,000</u>	<u>1,955,583</u>
Expenses:			
Marketing/fund raising	144,863	-	144,863
Supporting services	199,285	-	199,285
Program services	<u>1,539,272</u>	<u>-</u>	<u>1,539,272</u>
Total expenses	<u>1,883,420</u>	<u>-</u>	<u>1,883,420</u>
Change in net assets	47,163	25,000	72,163
Net assets, at beginning of year	<u>1,707,015</u>	<u>-</u>	<u>1,707,015</u>
Net assets, at end of year	<u>\$ 1,754,178</u>	<u>\$ 25,000</u>	<u>\$ 1,779,178</u>

The accompanying notes are an integral part of these financial statements.

SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.
(A Nonprofit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2008

	2008			Total
	Marketing/ Fundraising	Supporting Services	Program Services	
Salaries	\$ 112,165	\$ 86,003	\$ 720,423	\$ 918,591
Fringe benefits	8,365	7,936	75,505	91,806
Payroll taxes	9,913	7,601	68,912	86,426
Total compensation and benefits	<u>130,443</u>	<u>101,540</u>	<u>864,840</u>	<u>1,096,823</u>
Meals	134	140	319,406	319,680
Supplies	4,898	5,100	114,997	124,995
Occupancy	1,299	1,880	112,257	115,436
Travel	638	664	49,923	51,225
Insurance	840	838	30,920	32,598
Telephone	1,248	1,300	34,184	36,732
Professional fees and contract labor	29,021	62,103	108,485	199,609
Interest expense and bank fees	1,701	8,704	3,055	13,460
Miscellaneous	12,890	17,788	148,744	179,422
Total expenses before depreciation	<u>183,112</u>	<u>200,057</u>	<u>1,786,811</u>	<u>2,169,980</u>
Depreciation & gain (loss) on assets sold	<u>4,008</u>	<u>4,174</u>	<u>75,269</u>	<u>83,451</u>
Total expenses	<u>\$ 187,120</u>	<u>\$ 204,231</u>	<u>\$ 1,862,080</u>	<u>\$ 2,253,431</u>

The accompanying notes are an integral part of these financial statements.

SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.
(A Nonprofit Organization)
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2007

	2007			Total
	Marketing/ Fundraising	Supporting Services	Program Services	
Salaries	\$ 103,358	\$ 42,865	\$ 589,151	\$ 735,374
Fringe benefits	7,147	5,377	69,481	82,005
Payroll taxes	9,165	3,801	58,908	71,874
Total compensation and benefits	<u>119,670</u>	<u>52,043</u>	<u>717,540</u>	<u>889,253</u>
Meals	738	686	275,650	277,074
Supplies	2,972	2,601	62,917	68,490
Occupancy	1,583	5,153	107,609	114,345
Travel	520	484	29,627	30,631
Insurance	1,099	866	28,989	30,954
Telephone	755	701	33,593	35,049
Professional fees and contract labor	-	111,138	116,189	227,327
Interest expense and bank fees	1,027	6,546	4,837	12,410
Miscellaneous	12,023	14,906	84,014	110,943
Total expenses before depreciation	<u>140,387</u>	<u>195,124</u>	<u>1,460,965</u>	<u>1,796,476</u>
Depreciation & gain (loss) on assets sold	<u>4,476</u>	<u>4,161</u>	<u>78,307</u>	<u>86,944</u>
Total expenses	<u>\$ 144,863</u>	<u>\$ 199,285</u>	<u>\$ 1,539,272</u>	<u>\$ 1,883,420</u>

The accompanying notes are an integral part of these financial statements.

SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.
(A Nonprofit Organization)
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities		
Change in net assets	\$ (129,274)	\$ 72,163
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	83,451	80,067
Gain/ loss on disposal of assets and investments	(121)	6,878
Unrealized (gain) loss on investments	881	(1,211)
Noncash donations	(86,122)	(20,022)
Noncash expenditures	29,354	15,963
Change in grants and contracts receivable	(25,152)	(54,519)
Change in due from Senior Citizen's Foundation	2,231	(1,840)
Change in promises to give	15,000	(25,000)
Change in prepaid expenses and deposits	(20,068)	9,408
Change in accounts payable and bank overdraft	47,427	(32,468)
Change in accrued expenses and other liabilities	25,858	4,233
	<u>72,739</u>	<u>(18,511)</u>
Net cash provided (used) by operating activities	<u>(56,535)</u>	<u>53,652</u>
Cash flows from investing activities		
Purchase of fixed assets	(17,102)	(5,477)
(Purchase) sale of investments	53,826	-
Net cash provided (used) by investing activities	<u>36,724</u>	<u>(5,477)</u>
Cash flows from financing activities		
Payments on long-term debt and capital lease obligations	(7,946)	(9,917)
Net cash used by financing activities	<u>(7,946)</u>	<u>(9,917)</u>
Increase (decrease) in cash and cash equivalents	(27,757)	38,258
Cash and cash equivalents at beginning of year	<u>361,748</u>	<u>323,490</u>
Cash and cash equivalents at end of year	<u>\$ 333,991</u>	<u>\$ 361,748</u>

Disclosure of accounting policy:

For purposes of the statement of cash flows, the Organization considers all highly liquid unrestricted investment instruments with original maturities of three months or less and all money market accounts to be cash equivalents.

Disclosure of noncash financing and investing activities:

For the years ended June 30, 2008 and 2007 stock was donated in the amount of \$41,768 and \$4,059, In addition, during the year ended June 30, 2008 the Organization obtained furnishings by receiving a non-cash donation in the amount of \$15,000.

Supplemental disclosure of amounts paid for:

Interest	<u>\$ 6,083</u>	<u>\$ 7,155</u>
----------	-----------------	-----------------

The accompanying notes are an integral part of these financial statements.

SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007

1. ORGANIZATION

Senior Citizen Services of Metropolitan Atlanta, Inc. (the “Organization”) is a voluntary health and welfare organization established to assess, promote and care for the interests and welfare of elderly people through programs funded by governmental units and various public and private entities in the metropolitan Atlanta area. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

The Center Management and Congregate Meals program operates eight (8) senior center locations which provide meals, programs and trips to enhance the lives of seniors both mentally and physically.

Volunteer Services include the generation of resources for the Organization by the development of relationships with individual volunteers, community service workers, and community and service group volunteers to provide assistance with delivering meals, shopping, yard work, or correspondence with seniors and to provide assistance in the senior centers.

The Home Delivered Meals program provides “Meals on Wheels” for seniors who have difficulty preparing meals for themselves by providing meals five days per week to seniors at home.

Transportation Services program provides seniors with transportation to and from the Organization’s centers, adult day care centers and other transportation needs.

The Adult Day Care center provides day care for seniors that are semi-dependent and have mild to moderate Alzheimer’s/ Dementia to prolong the senior’s sense of independence while providing needed respite for caregivers.

The Homes program provides assistance to seniors to enable them to remain in their homes through the assistance of major, minor and maintenance related home repairs.

The Golden Techies program provides computer training for seniors.

Program income is earned from activities and the confidential contributions by program participants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting, and accordingly, reflect all significant receivables, payables, and other liabilities.

SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Consolidation - Senior Citizen's Foundation, Inc. (the "Foundation") is affiliated with the Senior Citizen Services of Metropolitan Atlanta, Inc. (the "Organization") through either common board members or the fact that the Organization has the ability to elect a percentage of the board members of the Foundation. The Organization has elected not to prepare consolidated financial statements with Senior Citizen's Foundation, Inc. This decision was made because the two entities are legally separate and file separate tax returns and have different fiscal year ends. In addition, the two Organizations file separate type tax returns. The Organization files a form 990, while the Foundation files a form 990PF. The Organization has a fiscal year end of June 30 while the Foundation has a fiscal year end of September 30. The Organization has determined that the costs required to consolidate the two entities are not worth the benefits and have elected to depart from generally accepted accounting principles on this policy and follow the income tax basis of accounting which provides that the two organizations would file separately and not require consolidation.

Property, equipment, and depreciation - Property and equipment are stated at cost, or if donated, at the fair market value on the date the asset is donated. Depreciation is computed over the estimated useful lives of these assets (3 to 30 years) using the straight-line method. Depreciation expense charged to operations was \$83,451 and \$80,067 for the years ended June 30, 2008 and 2007, respectively. Maintenance and repairs are charged to operations when incurred. Betterments and renewals in excess of \$3,000 are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation are relieved, and any gain or loss is included in operations.

Reclassifications - Certain amounts in the prior year financial statements have been reclassified for comparative purposes to confirm with the presentation in the June 30, 2008 financial statements.

Expense allocation - Directly identifiable expenses are charged to programs and supporting services. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization. Expenses are allocated to programs based on the amount of time that personnel spend on the program, or based on the percentage the particular program is estimated to use the particular expense, whether it is square footage of space used or another reasonable method based on the type of expense.

SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-kind contributions - Donated materials and equipment are reflected as contributions in the accompanying statement at their estimated value on the date of receipt. Contributed services are reflected in the financial statements at the fair value of the services received. The contributions of services are recognized if the services received (a) create or increase non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Professional services include the value of services donated of \$11,080 and \$15,963 during 2008 and 2007, respectively.

In addition, a substantial number of volunteers have donated significant amounts of their time in the Organization's program services. The value of this time donated is not included in the value of contributed services, as it does not meet the criteria specified in the preceding paragraph.

Grant Revenue - Grant revenue is recognized as revenue in the period in which it is expended for cost reimbursed agreements. Unexpended funds received under these grants and contracts are recorded as deferred revenue.

Financial statement presentation - Financial statement presentation follows the accrual basis of accounting and the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investment for general or specific purposes.

Income Tax Status – The Organization is exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization’s tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b) (1) (A) and has been classified as an organization other than a private foundation under Section 509(a) (2).

Investments – Investments in marketable equity securities with readily determinable fair values are stated at the fair market value. Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income or gains are recognized. Investments in real estate are carried at the fair market value on the date of donation and any gain or loss are recognized in the reporting period in which the real estate is sold in unrestricted net assets unless the gains or losses have been restricted by the donor.

Estimates - The preparation of financial statements in conformity with the basis of accounting described above requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may vary from these estimates.

Promises to give - Unconditional promises to give are recognized as revenues or gains in the period received and as assets or decreases of liabilities or expenses, depending on the form of the benefits received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. There is \$10,000 of unconditional promises to give at the end of fiscal year 2008 and \$25,000 promises to give at the end of fiscal year 2007.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase 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. Federal grant awards are classified as refundable advances until expended for the purpose of the grants since they are conditional promises to give.

SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant Receivables – Receivables represent amounts due from grants. A provision for uncollectable accounts is provided by using the allowance method based on management estimates and past experience. The Organization considers receivables as of June 30, 2008 and 2007 to be fully collectable. Therefore, no provision for uncollectable accounts is recorded.

3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following June 30:

	<u>2008</u>	<u>2007</u>
Building and improvements	\$ 1,993,574	\$ 1,980,757
Land	196,000	196,000
Equipment and vehicles	138,383	134,089
Furniture and fixtures	36,000	21,000
Equipment held under capital leases	<u>20,857</u>	<u>20,857</u>
	2,384,814	2,352,703
Less: accumulated depreciation	<u>(1,058,883)</u>	<u>(975,423)</u>
Net property and equipment	<u>\$ 1,325,931</u>	<u>\$ 1,377,280</u>

4. CAPITAL LEASE OBLIGATION

The Organization is the lessee of various copiers, which expire at various dates through June 2011. The asset and liability under the capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset.

The asset is amortized over the lower of the related lease term or its estimated productive life. Amortization of assets under capital leases is included in depreciation expense for the years ended June 30, 2008 and 2007.

Following is a summary of the property held under capital leases at June 30:

	<u>2008</u>	<u>2007</u>
Assets	\$ 20,857	\$ 20,857
Accumulated amortization	<u>(6,156)</u>	<u>(3,176)</u>
	<u>\$ 14,701</u>	<u>\$ 17,681</u>

SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007 (CONTINUED)

4. CAPITAL LEASE OBLIGATION (Continued)

The interest rate on the capitalized lease is 24.529% and is imputed based on the lessor's implicit rate of return at the date of the origination of the lease.

Minimum future lease payments under capital leases as of June 30, 2008 and for each of the next five years, and in aggregate are as follows:

2009	\$ 9,084
2010	9,084
2011	9,084
2012	-0-
2013	<u>-0-</u>
Total Minimum lease payments	27,252
Less: Amount representing interest	<u>(8,091)</u>
Present value of net minimum lease payment	19,161
Less current portion	<u>(4,914)</u>
Long – term portion	<u>\$ 14,247</u>

5. PENSION PLAN AND CONTINGENCY

On January 1, 1993, the Organization adopted a defined contribution plan. Under the terms of the plan, all full-time and permanent employees with at least six months tenure are eligible to participate. The Organization discovered its original plan was not in compliance with IRS guidelines and plans to file under a delinquent filer voluntary compliance program and estimates amounts reflected under their accrued liabilities will be sufficient to cover amounts that may be due. This however is a significant estimate subject to change. The Organization began a new plan effective January 1, 2005 and rolled over employee funds from the old plan. The Organization's contribution to the new plan is specified at 3% of eligible employees' compensation. In addition, the Organization implemented a 403(b) profit sharing plan for all eligible employees. Participant contributions are matched 50% by the Organization up to a maximum of 5% of the employee's salary. The Organization's contributions to these plans totaled \$22,763 and \$16,375 respectively for fiscal years ended June 30, 2008 and 2007.

The employee contributions are 100% vested and the employer contributions are vested as follows:

<u>Years</u>	<u>Percent Vested</u>
Less than 1	0%
1	25%
2	50%
3	75%
4 or more	100%

SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007 (CONTINUED)

6. EFFECT OF CURRENT ECONOMIC CONDITIONS ON CONTRIBUTIONS AND GRANT FUNDING SOURCES

The Organization depends heavily on contributions and grants from public, federal, state and county sources and the Foundation for its revenue. The ability of certain of these contributors and grantors to continue giving amounts comparable with prior years may be dependent upon deductibility for income tax purposes of contributions and grants to the Organization, as well as government approved funding. While the Organization's board of directors believes the Organization has the resources to continue its programs, its ability to do so and the extent to which it continues, may be dependent on the above factors.

The Organization is subject to possible examinations by federal, state and county agencies to determine compliance with terms, conditions, laws and regulations governing the grants given to the Organization.

The Organization obtained approximately 43% and 44% of its total revenue from city, county, state and federal assistance programs for the years ended June 30, 2008 and 2007. If grant funding of the Organization were to decrease significantly, current programs and operations would be considerably affected. Due to there being a number of governmental grants from various government entities, as well as several grant agencies, concentration risk is minimized.

7. LONG-TERM DEBT

Long-term debt payable, interest at 8.31% with monthly principal and interest payments of \$414. Any accrued interest and unpaid principal are due March 2010. The note is secured by a vehicle.

	\$ 8,028
Less current portion:	(4,482)
Long-term portion:	<u>\$ 3,546</u>

Aggregate annual principal payments for the five years subsequent to June 30, 2008 are as follows:

2009	\$ 4,482
2010	3,546
2011	<u>-0-</u>
Total	<u>\$ 8,028</u>

8. RESTRICTIONS ON NET ASSETS

As of June 30, 2008 and 2007 the Organization does not have any permanent restrictions on net assets. As of June 30, 2008 and 2007 temporarily restricted net assets are as follows:

	<u>2008</u>	<u>2007</u>
Restricted for future time-period	<u>\$ 10,000</u>	<u>\$ 25,000</u>

SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007 (CONTINUED)

9. INVESTMENTS

Investments are reported on the basis of quoted market prices and consist primarily of common stocks as follows:

	<u>Cost</u>		<u>Market Value</u>		<u>Unrealized Appreciation (Depreciation)</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
Bonds	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 0-
Common Stocks	-0-	11,936	-0-	12,817	-0-	881
Money Funds	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total	<u>\$ -0-</u>	<u>\$ 11,936</u>	<u>\$ -0-</u>	<u>\$ 12,817</u>	<u>\$ -0-</u>	<u>\$ 881</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended:

	<u>Unrestricted</u>		<u>Temporarily Restricted</u>		<u>Total</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2006</u>	<u>2008</u>	<u>2007</u>
Interest and Dividend Income	\$ 1,378	\$ 130	\$ -0-	\$ -0-	\$ 1,378	\$ 130
Net Realized and Unrealized gains (losses)	<u>(759)</u>	<u>1,211</u>	<u>-0-</u>	<u>-0-</u>	<u>(759)</u>	<u>1,211</u>
Total Investment Return	<u>\$ 619</u>	<u>\$ 1,341</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 619</u>	<u>\$ 1,341</u>

In addition the Organization has a long-term investment in land which is \$37,000, the fair value on the date that the land was contributed to the Organization which was in 2000. The Organization does not believe that the value has declined below this amount but this is a significant estimate subject to change.

10. OPERATING LEASES

The Organization leases equipment under operating leases expiring at various dates through July, 2009.

Minimum future rental payments under these non-cancelable operating leases are:

<u>Year ended</u>	
June 30, 2009	\$ 3,540
June 30, 2010	295
June 30, 2011	<u>-0-</u>
Total minimum future rental payments	<u>\$ 3,835</u>

The total expenses charged to operations on these leases were \$3,540 and \$3,884 for the years ended June 30, 2008 and 2007.

SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007 (CONTINUED)

11. CONCENTRATIONS AND CREDIT RISK

Concentration of credit risk arising from cash deposits and investments in excess of insured limits – The Organization maintains cash balances at several financial institutions located in Atlanta, Georgia. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. The Organization had approximately \$-0- and \$136,000 of uninsured cash and cash investment balances at June 30, 2008 and 2007, respectively.

12. NEW GRANTS

New grants and commitments to the Organization for the Adult Day Care, Senior Center Management, and the Homes program, for the fiscal year ending June 30, 2009 are \$903,453.

SUPPLEMENTAL MATERIAL

Leduc & Phillips, LLC

Certified Public Accountants

Business Advisors

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL MATERIAL

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Senior Citizen Services of Metropolitan Atlanta, Inc., taken as a whole. The accompanying supplementary information on page 20 is presented for purposes of additional analysis and is not a required part of the basic financial statements of Senior Citizen Services of Metropolitan Atlanta, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Leduc & Phillips, LLC

January 23, 2009
Covington, Georgia

SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.
(A Nonprofit Organization)
SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS, BY PROGRAM
YEAR ENDED JUNE 30, 2008

	Homes	Home Delivered Meals	Senior Center Mgmt.	Adult Day Care	Volunteer Services	Golden Techies	Other	Total
Public support and revenues								
State revenues	\$ -	\$ -	\$ -	\$ 80,447	\$ -	\$ -	\$ -	\$ 80,447
City of Atlanta	-	28,000	-	28,000	-	-	-	56,000
County revenues	83,942	-	503,370	116,025	57,691	-	-	761,028
Other	-	5,900	-	-	-	-	-	5,900
General contributions	50,330	36,095	48,411	2,194	22,000	-	202,612	361,642
United Way	-	139,380	-	27,925	-	-	24,963	192,268
Special events, benefit donations, misc.	-	400,457	-	-	-	-	8,072	408,529
In-kind	-	-	-	-	-	-	44,354	44,354
Other revenues	-	588	-	-	-	-	163,324	163,912
Program service fees	48	4,566	1,315	44,148	-	-	-	50,077
Total public support and revenue	134,320	614,986	553,096	298,739	79,691	-	443,325	2,124,156
Expenses								
Personnel costs	150,764	164,471	345,142	125,379	52,692	1,542	256,833	1,096,823
Meals	19	318,444	105	808	14	-	290	319,680
Supplies	73,820	17,855	11,695	7,777	2,344	28	11,476	124,995
Occupancy	12,426	6,616	854	35,484	153	-	59,902	115,436
Travel	13,526	21,276	505	13,633	612	-	1,672	51,225
Insurance	2,082	4,238	4,532	9,987	84	-	11,674	32,598
Telephone	5,843	4,567	15,905	3,135	2,419	40	4,824	36,732
Professional fees and contract labor	2,175	3,195	100,113	2,251	318	-	91,557	199,609
Depreciation and gain on disposal of assets	5,513	6,929	5,831	19,033	3,973	-	42,171	83,451
Interest expense and bank fees	237	662	972	788	184	-	10,616	13,460
Miscellaneous	26,979	18,558	19,465	37,606	6,132	71	70,610	179,422
Total expenses	293,384	566,812	505,120	255,882	68,926	1,681	561,625	2,253,430
Excess (deficit) of public support and revenues over expenses	(159,064)	48,174	47,976	42,857	10,765	(1,681)	(118,301)	(129,274)
Net assets, beginning of year	40,192	(129,006)	132,040	328,431	-	(276,102)	1,683,623	1,779,178
Net assets, end of year	<u>\$ (118,872)</u>	<u>\$ (80,832)</u>	<u>\$ 180,016</u>	<u>\$ 371,288</u>	<u>\$ 10,765</u>	<u>\$ (277,783)</u>	<u>\$ 1,565,322</u>	<u>\$ 1,649,904</u>

See accountant's report.