

**SENIOR CITIZEN SERVICES OF  
METROPOLITAN ATLANTA, INC.  
AND AFFILIATE**

**COMBINED FINANCIAL REPORT**

**JUNE 30, 2010**

**SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.  
AND AFFILIATE**

**COMBINED FINANCIAL REPORT  
JUNE 30, 2010**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying combined statement of financial position of Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate (a nonprofit organization) as of June 30, 2010, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended. These combined financial statements are the responsibility of Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate's management. Our responsibility is to express an opinion on these combined 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate's internal control over financial reporting. Accordingly, we express no such opinion. 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.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2011, on our consideration of Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate'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 should be considered in assessing the results of our audit.

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Our audit was conducted for the purpose of forming an opinion on the basic combined financial statements of Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic combined financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Mauldin & Jenkins, LLC

Atlanta, Georgia  
March 30, 2011

**SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.  
AND AFFILIATE**

**COMBINED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2010**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$	237,138
Accounts receivable		
Grants and contracts receivable		461,999
Promise to give		3,000
Accrued interest receivable		1,128
Prepaid expenses and deposits		36,850
Investments		604,381
Total current assets		1,344,496
Investments, long-term		102,040
Property and equipment, net of accumulated depreciation		1,227,510
<b>Total Assets</b>	<b>\$</b>	<b>2,674,046</b>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$	324,489
Accrued expenses and other liabilities		64,069
Line of credit and capital lease obligation		47,984
Total current liabilities		436,542
<b>Total Liabilities</b>		<b>436,542</b>

**NET ASSETS**

Unrestricted		2,234,504
Temporarily restricted		3,000
Total net assets		2,237,504
<b>Total Liabilities and Net Assets</b>	<b>\$</b>	<b>2,674,046</b>

See Notes to Combined Financial Statements.

**SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.  
AND AFFILIATE**

**COMBINED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2010**

	Unrestricted	Temporarily Restricted	Totals
<b>SUPPORT AND REVENUE</b>			
Government fees, grants and contracts	\$ 2,272,297	\$ -	\$ 2,272,297
General contributions	409,733	3,000	412,733
United Way	158,354	-	158,354
Special events, benefit donations and other, net of \$132,744 in expenses	394,594	-	394,594
In-kind contributions	50,768	-	50,768
Program service fees	91,162	-	91,162
Other	81,835	-	81,835
Investment income	97,712	-	97,712
Net assets released from restrictions	7,304	(7,304)	-
<b>Total Support and Revenue</b>	<b>3,563,759</b>	<b>(4,304)</b>	<b>3,559,455</b>
<b>EXPENSES</b>			
Marketing/fundraising	223,392	-	223,392
Supporting services	200,642	-	200,642
Program services	3,100,681	-	3,100,681
<b>Total Expenses</b>	<b>3,524,715</b>	<b>-</b>	<b>3,524,715</b>
<b>Change in Net Assets</b>	<b>39,044</b>	<b>(4,304)</b>	<b>34,740</b>
Net Assets, beginning of year	2,195,460	7,304	2,202,764
Net Assets, end of year	<u>\$ 2,234,504</u>	<u>\$ 3,000</u>	<u>\$ 2,237,504</u>

See Notes to Combined Financial Statements.

**SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.  
AND AFFILIATE**

**COMBINED STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2010**

	Marketing/ Fundraising	Supporting Services	Program Services	Totals
Salaries and wages	\$ 151,266	\$ 100,375	\$ 1,020,857	\$ 1,272,498
Fringe benefits	19,490	17,539	88,603	125,632
Payroll taxes	12,224	8,111	89,018	109,353
Total compensation and benefits	<u>182,980</u>	<u>126,025</u>	<u>1,198,478</u>	<u>1,507,483</u>
Meals	-	855	343,738	344,593
Supplies	4,250	1,130	191,578	196,958
Occupancy	1,658	1,797	125,491	128,946
Travel	-	-	77,365	77,365
Insurance	184	200	13,994	14,378
Telephone	5,350	5,701	20,916	31,967
Professional fees and contract labor	3,115	25,386	974,629	1,003,130
Interest expense and bank fees	938	10,252	3,614	14,804
Miscellaneous	24,917	25,934	60,166	111,017
Total expenses before depreciation	<u>40,412</u>	<u>71,255</u>	<u>1,811,491</u>	<u>1,923,158</u>
Depreciation	-	3,362	90,712	94,074
Total expenses	<u>\$ 223,392</u>	<u>\$ 200,642</u>	<u>\$ 3,100,681</u>	<u>\$ 3,524,715</u>

See Notes to Combined Financial Statements.

**SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.  
AND AFFILIATE**

**COMBINED STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2010**

**OPERATING ACTIVITIES**

Change in net assets	\$	34,740
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		94,074
(Gain) on sale of investments		(100,135)
Unrealized loss on investments		33,049
Noncash donations		(50,768)
Noncash expenditures		50,768
Noncash stock donation		(15,073)
(Increase) in grants and contracts receivable		(122,087)
(Increase) in accrued interest receivable		(1,128)
Decrease in promises to give		4,304
(Increase) in prepaid expenses and deposits		(6,719)
Increase in accounts payable		187,564
(Decrease) in accrued expenses and other liabilities		(75,432)
Net cash provided by operating activities		<u>33,157</u>

**INVESTING ACTIVITIES**

Purchase of fixed assets		(69,873)
Purchase of investments		(387,613)
Sale of investments		457,891
Net cash provided by investing activities		<u>405</u>

**FINANCING ACTIVITIES**

Payments on debt and capital lease obligations		(69,837)
Borrowings on line-of-credit		100,000
Net cash provided by financing activities		<u>30,163</u>

Increase in cash and cash equivalents		63,725
Cash and cash equivalents, beginning of year		<u>173,413</u>
Cash and cash equivalents, end of year	\$	<u><u>237,138</u></u>
Supplemental disclosures of amounts paid for:		
Interest	\$	<u><u>4,758</u></u>

**See Notes to Combined Financial Statements.**

**SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC. AND AFFILIATE  
NOTES TO COMBINED FINANCIAL STATEMENTS**

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**NOTE 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 programs operate 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.

The 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 to 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.

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

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The combined 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's Foundation, Inc. (the "Foundation") is affiliated with 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 prepared combined financial statements with the Foundation. The two entities are legally separate and file separate tax returns with different fiscal year-ends. The Organization files a form 990 while the Foundation files a form 990-PF.

**Cash and Cash Equivalents**

Cash equivalents consist of certificates of deposit and money market accounts that are readily convertible into cash and purchased with original maturities of three months or less.

Senior Citizen Services of Metropolitan Atlanta, Inc. maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits of \$250,000. Senior Citizen Services of Metropolitan Atlanta, Inc. has not experienced any losses in such accounts.

## NOTES TO COMBINED FINANCIAL STATEMENTS

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### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Investments

In accordance with FASB ASC 958-320, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, investments in equity securities with readily determinable fair values and all investments in debt securities shall be measured at fair value in the combined statement of financial position. Realized and unrealized gains and losses are recognized as changes in net assets in the periods in which they occur, and investment income is recognized as revenue in the period earned. Gains and investment income that are limited to specific uses by donor-restrictions are reflected as increases in unrestricted net assets, if the restrictions are met in the same reporting period.

#### Property and Equipment

Property and equipment is recorded 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 \$94,074 for the year ended June 30, 2010. Maintenance and repairs are charged to operations when incurred. Betterments and renewals in excess of \$2,500 are capitalized. When property and equipment is sold or otherwise disposed of, the asset account and related accumulated depreciation are removed, and any gain or loss is included in operations.

Senior Citizen Services of Metropolitan Atlanta, Inc. reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable.

#### 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.

#### In-kind Contributions

Donated materials and equipment are reflected as contributions in the accompanying combined statement of activities and changes in net assets 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.

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.

## NOTES TO COMBINED FINANCIAL STATEMENTS

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### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Financial Statement Presentation

Financial statement presentation follows the accrual basis of accounting and the recommendations of the FASB in ASC 958-205, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958-205, the Organization is required to report information regarding its financial positions and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Net assets, 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 combined statement of activities as net assets released from restrictions.

#### 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).

The Foundation, which is included in the combined financial statements, is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation has been determined by the Internal Revenue Service to be a "Private Foundation" within the meaning of Section 509(a) of the code and is subject to excise taxes on net investment income, including realized gains, as defined in the act. Accordingly, federal excise taxes have either been paid or accrued. The tax reform act requires that certain minimum distributions be made in accordance with a specified formula. As of September 30, 2009, the Foundation had distributed \$81,789 more than was required.

The Organization adopted the provisions of ASC 740-10, *Accounting for Uncertainty in Income Taxes*, on July 1, 2009. As a result of the implementation of ASC 740-10, the Organization did not recognize any additions or reductions associated with uncertain tax positions and implementation did not have a material impact on its financial position or results of operations for the year ended June 30, 2010.

## NOTES TO COMBINED FINANCIAL STATEMENTS

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### NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### 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 \$3,000 of unconditional promises to give at June 30, 2010.

Promises to give that are expected to be collected within one year are recorded at the net realizable value. Since all promises to give are deemed fully collectible within one year, no allowance for collectability was needed and no discount to present value was required.

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 combined 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.

#### Grants Receivable

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, 2010 to be fully collectable. Therefore, no provision for uncollectable accounts is recorded. Since all grants are expected to be collected within one year, they are recorded at the net realizable value.

#### Benefits Purchased by Donors at Special Events

The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at the special events is measured at the actual cost to the Organization. The direct costs of the special events that ultimately benefit the donor rather than the Organization are recorded as exchange transaction income and expense. All proceeds received for the event in excess of the direct costs are recorded as special events revenue in the accompanying combined statement of activities.

#### Recent Accounting Pronouncements

In June 2009, the FASB issued FASB ASC 105, *Generally Accepted Accounting Principles*, which establishes the FASB ASC as the sole source of authoritative generally accepted accounting principles. The codification is not intended to change generally accepted accounting principles (GAAP) but rather is expected to simplify accounting research by reorganizing current GAAP into topics. Pursuant to the provisions of FASB ASC 105, the Organization has updated references to GAAP in its financial statements issued for the period ended June 30, 2010. The adoption of this statement did not impact the Organization's financial position or results of operations.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2010:

Building and improvements	\$	2,000,233
Land		196,000
Equipment and vehicles		213,588
Furniture and fixtures		36,000
Equipment held under capital leases		20,857
		2,466,678
Less: accumulated depreciation		(1,239,168)
Net property and equipment	\$	1,227,510

### NOTE 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 useful life. Amortization of assets under capital leases is included in depreciation expense for the year ended June 30, 2010.

Following is a summary of the property held under capital leases at June 30, 2010:

Assets	\$	20,857
Less: accumulated depreciation		(12,115)
Net	\$	8,742

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, 2010 are as follows:

2011	\$	9,084
Total minimum lease payments		9,084
Less amount representing interest		(1,100)
Present value of net minimum lease payments		7,984
Less current portion		(7,984)
Long-term portion	\$	-

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NOTE 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 has filed under a delinquent filer voluntary compliance program and has accrued \$20,074 to cover amounts due. 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.

Both of these plans were amended during fiscal year 2009. Effective January 1, 2009, the plans were amended to allow all employees except those not expected to work regularly at least 20 hours per week to be eligible for participation. Then effective March 1, 2009, the Organization amended the plan to remove the basic contribution of 3% for all eligible employees and currently there is no longer any basic contribution. The 403(b) profit sharing plan under the terms of the new eligibility requirements effective January 1, 2009 was amended March 1, 2009 to state that the Organization would match 50% of the participant elected deferral up to a maximum of 6% of compensation as defined in the plan for employees meeting the eligibility requirements. The Organization's contributions to these plans totaled \$10,022 for the year ended June 30, 2010.

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

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

### NOTE 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 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 examination 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 70% of its total revenue from city, county, state and federal assistance programs for the year ended June 30, 2010. 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.

## NOTES TO COMBINED FINANCIAL STATEMENTS

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### NOTE 7. LINE-OF-CREDIT

During the year ended June 30, 2010, the Organization entered into a line-of-credit agreement with a bank. The outstanding balance on the line-of-credit at June 30, 2010 is \$40,000. Interest on the line-of-credit carries a rate of 4.25% with the balance being due March 31, 2011. The line is collateralized by the Organization's receivables.

### NOTE 8. RESTRICTIONS ON NET ASSETS

As of June 30, 2010, the Organization does not have any permanent restrictions on net assets. As of June 30, 2010, temporarily restricted net assets are as follows:

Restricted for future time-periods	<u>\$ 3,000</u>
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### NOTE 9. FAIR VALUE MEASUREMENTS

ASC 820-10-50, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820-10-50 are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially all of the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2010.

## NOTES TO COMBINED FINANCIAL STATEMENTS

### NOTE 9. FAIR VALUE MEASUREMENTS (Continued)

*Cash and money market funds:* The carrying amount approximates fair value due to the short-term maturity of these instruments.

*Mutual funds/U.S. equities:* Certain common stocks and mutual funds are valued at the closing price reported in the active market in which the individual securities are traded. If a quoted market price for unrestricted common stock of the issuer is not available, historical cost is used as fair value of the instrument and it is evaluated for any potential impairment.

*Debt securities:* The market value based on quoted market prices, when available, and/or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the instrument.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2010:

	Level 1	Level 2	Level 3	Total
Cash and money market funds	\$ 76,608	\$ -	\$ -	\$ 76,608
Fixed income	-	110,077	-	110,077
U.S. equities				
Mega-cap funds	116,240	-	-	116,240
Large-cap funds	278,969	-	-	278,969
Mid-cap funds	39,450	-	-	39,450
Total U.S. equities	434,659	-	-	434,659
Mutual funds				
Bond funds – large-cap	90,885	-	-	90,885
Equity funds – mid-cap	9,810	-	-	9,810
Equity funds – small-cap	23,990	-	-	23,990
Total mutual funds	124,685	-	-	124,685
Land held as investment	-	37,000	-	37,000
Total assets at fair value	\$ 635,952	\$ 147,077	\$ -	\$ 783,029

## NOTES TO COMBINED FINANCIAL STATEMENTS

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### NOTE 10. OPERATING LEASES

The Organization leases equipment under operating leases expiring at various dates through July 2012. Minimum future rental payments under these non-cancelable operating leases are:

Year Ended June 30:

2011	\$	3,325
2012		2,940
2013		245
Total minimum future rental payments	\$	<u>6,510</u>

The total expenses charged to operations on these leases was \$3,914 for the year ended June 30, 2010.

### NOTE 11. SUBSEQUENT EVENTS

Management has evaluated subsequent events occurring through March 30, 2011, the date the financial statements were available to be issued, and no additional disclosures are necessary.

**SINGLE AUDIT SECTION**

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**SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.  
AND AFFILIATE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010**

<u>Programs</u>	<u>CFDA No.</u>	<u>Grant No.</u>	<u>Total Grants</u>	<u>Expenditures</u>
<b>MAJOR PROGRAMS</b>				
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:				
Passed through Fulton County – Adult Day Care	93.044		\$ 116,025	\$ 116,025
Passed through Fulton County – Senior Center Management	93.044		503,370	503,370
Passed through Fulton County – Volunteer Services	93.044		39,337	39,337
			<u>658,732</u>	<u>658,732</u>
<b>TOTAL MAJOR PROGRAMS</b>			<u>658,732</u>	<u>658,732</u>
<b>NON MAJOR PROGRAMS</b>				
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				
Senior Companion Program	94.016	09SCSGA007	<u>202,575</u>	<u>202,575</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT - CDBG				
Passed through City of Atlanta – Meals on Wheels	14.218	2010-531	9,690	9,690
Passed through City of Atlanta – Meals on Wheels	14.218	2009-531	18,887	18,887
Passed through City of Atlanta – Adult Day Care	14.218	2010-481	12,041	12,041
Passed through City of Atlanta – Adult Day Care	14.218	2009-481	16,430	16,430
			<u>57,048</u>	<u>57,048</u>
DEPARTMENT OF HOMELAND SECURITY				
Emergency Food and Shelter Program – Meals on Wheels	97.024	LRO 174000-142	11,681	11,681
Emergency Food and Shelter Program – Meals on Wheels (ARRA)	97.114	LRO 174000-142	9,000	9,000
			<u>20,681</u>	<u>20,681</u>
U.S. DEPT. OF HEALTH AND HUMAN SERVICES				
U.S. FEDERAL TRANSIT ADMINISTRATION				
U.S. DEPT. OF EDUCATION				
Passed through Georgia Department of Human Resources – Adult Day Care	20.513	427-93-10100212-99	<u>80,453</u>	<u>80,453</u>
<b>TOTAL NON MAJOR PROGRAMS</b>			<u>360,757</u>	<u>360,757</u>
<b>TOTAL FEDERAL AWARDS</b>			<u>\$ 1,019,489</u>	<u>\$ 1,019,489</u>

The accompanying note is an integral part of this schedule.

**SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.  
AND AFFILIATE  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2010**

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**NOTE 1.** The accompanying schedule of expenditures of federal awards includes the federal grant activity of Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited the financial statements of Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate as of and for the year ended June 30, 2010, and have issued our report thereon dated March 30, 2011. 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors and Officers, management, others within the Organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Atlanta, Georgia  
March 30, 2011

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

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

**Compliance**

We have audited Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate's major federal programs for the year ended June 30, 2010. Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate's management. Our responsibility is to express an opinion on Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate's compliance with those requirements.

In our opinion, Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

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### **Internal Control Over Compliance**

Management of Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Senior Citizen Services of Metropolitan Atlanta, Inc. and Affiliate's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management, others within the Organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mauldin & Jenkins, LLC

Atlanta, Georgia  
March 30, 2011

**SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.  
AND AFFILIATE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS:**

**Financial Statements:**

Type of auditors' report issued

Unqualified

Yes

No

Internal control over financial reporting:

Material weaknesses identified?

X

Significant deficiencies identified not considered to be material weaknesses?

None  
Reported

Noncompliance material to the financial statements noted?

X

**Federal Awards:**

Internal controls over major programs:

Material weaknesses identified?

X

Significant deficiencies identified not considered to be material weaknesses?

None  
Reported

Type of auditors' report issued on compliance for major programs

Unqualified

Audit findings required to be reported in accordance with OMB Circular A-133, Section 510(a)

No

**Identification of major programs:**

93.044 U.S. Department of Health and Human Services

Dollar threshold used to distinguish between type A and type B programs

\$ 300,000

Yes

No

Auditee qualified as low-risk auditee?

X

Financial statement findings?

X

Findings and questioned cost for federal awards?

X

**SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.  
AND AFFILIATE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2010**

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**Section II – Financial Statement Findings**

**None**

**Section III - Findings and Questioned Costs for Federal Awards**

**None**

**SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.  
AND AFFILIATE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2009**

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**Section II – Financial Statement Findings**

None

**Section III - Findings and Questioned Costs for Federal Awards**

None

**SUPPLEMENTARY INFORMATION**

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**SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.  
AND AFFILIATE**

**COMBINING STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2010**

**ASSETS**

	<b>Senior Citizen Services</b>	<b>Senior Citizen's Foundation</b>	<b>Total</b>
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	\$ 160,886	\$ 76,252	\$ 237,138
Accounts receivable			
Grants and contracts receivable	461,999	-	461,999
Promise to give	3,000	-	3,000
Accrued interest receivable	-	1,128	1,128
Prepaid expenses and deposits	36,850	-	36,850
Investments	-	604,381	604,381
Total current assets	662,735	681,761	1,344,496
Investments, long-term	52,218	49,822	102,040
Property and equipment, net of accumulated depreciation	1,227,510	-	1,227,510
<b>Total Assets</b>	<b>\$ 1,942,463</b>	<b>\$ 731,583</b>	<b>\$ 2,674,046</b>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 324,489	\$ -	\$ 324,489
Accrued expenses and other liabilities	64,069	-	64,069
Line of credit and capital lease obligation	47,984	-	47,984
Total current liabilities	436,542	-	436,542
<b>Total Liabilities</b>	436,542	-	436,542
<b>NET ASSETS</b>			
Unrestricted	1,502,921	731,583	2,234,504
Temporarily restricted	3,000	-	3,000
Total net assets	1,505,921	731,583	2,237,504
<b>Total Liabilities and Net Assets</b>	<b>\$ 1,942,463</b>	<b>\$ 731,583</b>	<b>\$ 2,674,046</b>

See Notes to Combined Financial Statements.

**SENIOR CITIZEN SERVICES OF METROPOLITAN ATLANTA, INC.  
AND AFFILIATE**

**COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED JUNE 30, 2010**

	<u>Senior Citizen Services</u>		<u>Senior Citizen's Foundation</u>	<u>Totals</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Unrestricted</u>	
<b>SUPPORT AND REVENUE</b>				
Government fees, grants and contracts	\$ 2,272,297	\$ -	\$ -	\$ 2,272,297
General contributions	409,733	3,000	-	412,733
United Way	158,354	-	-	158,354
Special events, benefit donations and other, net of \$132,744 in expenses	394,594	-	-	394,594
In-kind contributions	50,768	-	-	50,768
Program service fees	91,162	-	-	91,162
Other	81,835	-	-	81,835
Investment income	981	-	96,731	97,712
Net assets released from restrictions	7,304	(7,304)	-	-
<b>Total Support and Revenue</b>	<u>3,467,028</u>	<u>(4,304)</u>	<u>96,731</u>	<u>3,559,455</u>
<b>EXPENSES</b>				
Marketing/fundraising	223,392	-	-	223,392
Supporting services	195,827	-	4,815	200,642
Program services	3,100,681	-	-	3,100,681
<b>Total Expenses</b>	<u>3,519,900</u>	<u>-</u>	<u>4,815</u>	<u>3,524,715</u>
<b>Change in Net Assets</b>	(52,872)	(4,304)	91,916	34,740
Net Assets, beginning of year	<u>1,555,793</u>	<u>7,304</u>	<u>639,667</u>	<u>2,202,764</u>
Net Assets, end of year	<u>\$ 1,502,921</u>	<u>\$ 3,000</u>	<u>\$ 731,583</u>	<u>\$ 2,237,504</u>

See Notes to Combined Financial Statements.