

**OSHER LIFELONG LEARNING INSTITUTE
AT GEORGE MASON UNIVERSITY**

**AUDITED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2010 AND 2009**

GOVERNMENT & NON-PROFIT AUDIT GROUP, PLC
Certified Public Accountants
Chantilly, Virginia

OSHER LIFELONG LEARNING INSTITUTE
AT GEORGE MASON UNIVERSITY

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Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Osher Lifelong Learning Institute at George Mason University
Fairfax, Virginia

We have audited the accompanying statements of financial position of Osher Lifelong Learning Institute at George Mason University as of December 31, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Institute's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Osher Lifelong Learning Institute at George Mason University, as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Government & Non-Profit Audit Group, PLC

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July 29, 2011

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**OSHER LIFELONG LEARNING INSTITUTE
AT GEORGE MASON UNIVERSITY**

**STATEMENTS OF FINANCIAL POSITION
December 31,**

	ASSETS	
	2010	2009
Current Assets		
Cash and cash equivalents	\$ 160,830	\$ 151,931
Investments	50,000	50,000
Prepaid expenses	2,766	2,766
Total Current Assets	213,596	204,697
Property and Equipment		
Computer equipment and software	34,397	36,868
Furniture and fixtures	79,315	106,220
Leasehold improvements	35,735	8,661
Less: Accumulated depreciation	(79,071)	(107,038)
Total Property and Equipment	70,376	44,711
Total Assets	\$ 283,972	\$ 249,408

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 1,600	\$ 5,428
Accrued payroll liabilities	5,548	4,588
Deferred revenue	171,782	161,373
Total Current Liabilities	178,930	171,389
Net Assets		
Unrestricted	90,042	78,019
Temporarily restricted	15,000	-
Total Net Assets	105,042	78,019
Total Liabilities and Net Assets	\$ 283,972	\$ 249,408

**OSHER LIFELONG LEARNING INSTITUTE
AT GEORGE MASON UNIVERSITY**

**STATEMENTS OF ACTIVITIES
For the Years Ended December 31,**

	2010		Total	2009
	Unrestricted	Temporarily Restricted		Unrestricted
Support and Revenue				
Membership dues	\$ 309,529	\$ -	\$ 309,529	\$ 299,921
Donated services and facilities	287,233	-	287,233	293,298
Contributions	32,753	25,000	57,753	30,256
Endowment distributions	34,726	-	34,726	50,482
Miscellaneous income	892	-	892	-
Investment income	793	-	793	83
Loss on disposal of property and equipment	(757)	-	(757)	-
Net assets released from donor restrictions	10,000	(10,000)	-	-
Total Support and Revenue	<u>675,169</u>	<u>15,000</u>	<u>690,169</u>	<u>674,040</u>
Expenses				
Program expenses	463,290	-	463,290	452,436
Membership services	58,947	-	58,947	61,983
General and administrative	140,909	-	140,909	128,539
Total Expenses	<u>663,146</u>	<u>-</u>	<u>663,146</u>	<u>642,958</u>
Change in Net Assets	12,023	15,000	27,023	31,082
Net Assets at Beginning of Year	<u>78,019</u>	<u>-</u>	<u>78,019</u>	<u>46,937</u>
Net Assets at End of Year	<u>\$ 90,042</u>	<u>\$ 15,000</u>	<u>\$ 105,042</u>	<u>\$ 78,019</u>

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

**OSHER LIFELONG LEARNING INSTITUTE
AT GEORGE MASON UNIVERSITY**

STATEMENTS OF FUNCTIONAL EXPENSES

For the Years Ended December 31,

2010

2009

	2010			2009				
	Program	Membership Services	General and Administrative	Total	Program	Membership Services	General and Administrative	Total
Bank charges	\$ -	\$ -	\$ 7,862	\$ 7,862	\$ -	\$ -	\$ 6,276	\$ 6,276
Depreciation	14,199	5,916	3,550	23,665	9,593	3,998	2,329	15,920
Donations	1,000	-	-	1,000	1,000	-	-	1,000
Dues and subscriptions	-	-	239	239	-	-	240	240
Insurance	-	-	3,927	3,927	-	-	3,916	3,916
Landscaping	-	2,332	-	2,332	-	3,570	-	3,570
Legal and professional	-	-	5,669	5,669	890	-	6,823	7,713
Membership committee	-	958	-	958	-	5,296	-	5,296
Office expense and equipment	2,998	200	6,798	9,996	2,977	98	6,780	9,855
Outside services	206,425	-	-	206,425	212,490	-	-	212,490
Payroll taxes	5,818	2,320	6,441	14,579	5,006	2,161	6,056	13,223
Postage	-	1,839	2,247	4,086	-	2,751	3,075	5,826
Printing	12,671	1,491	745	14,907	14,226	1,373	421	16,020
Program expenses	11,415	-	-	11,415	11,191	-	-	11,191
Rent	109,259	-	5,750	115,009	107,843	-	-	107,843
Repairs and maintenance	12,120	6,733	8,080	26,933	9,717	5,670	6,825	22,212
Salaries	72,285	29,443	80,984	182,712	63,213	27,630	76,580	167,423
Scholarships	13,918	-	-	13,918	13,000	2,125	-	15,125
Special events	1,182	-	-	1,182	1,290	-	-	1,290
Supplies	-	7,715	-	7,715	-	7,311	-	7,311
Telephone and internet	-	-	6,655	6,655	-	-	6,534	6,534
Training	-	-	-	-	-	-	420	420
Travel	-	-	1,962	1,962	-	-	2,264	2,264
Total Expenses	\$ 463,290	\$ 58,947	\$ 140,909	\$ 663,146	\$ 452,436	\$ 61,983	\$ 128,539	\$ 642,958

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

**OSHER LIFELONG LEARNING INSTITUTE
AT GEORGE MASON UNIVERSITY**

**STATEMENTS OF CASH FLOWS
For the Years Ended December 31,**

	<u>2010</u>	<u>2009</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 27,023	\$ 31,082
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	23,665	15,920
Loss on disposal of property and equipment	757	-
Changes in operating assets and liabilities:		
(Decrease)/Increase in accounts payable	(3,828)	3,974
Increase/(Decrease) in accrued payroll liabilities	960	(1,533)
Increase/(Decrease) / in deferred revenue	10,409	(10,556)
Net cash provided by operating activities	<u>58,986</u>	<u>38,887</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	(50,087)	(12,469)
Proceeds from sale of investments	50,000	-
Purchases of investments	(50,000)	(50,000)
Net cash used in investing activities	<u>(50,087)</u>	<u>(62,469)</u>
Change in cash and cash equivalents	8,899	(23,582)
Cash and cash equivalents, beginning of year	<u>151,931</u>	<u>175,513</u>
Cash and cash equivalents, end of year	<u><u>\$ 160,830</u></u>	<u><u>\$ 151,931</u></u>

OSHER LIFELONG LEARNING INSTITUTE
AT GEORGE MASON UNIVERSITY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Organization and Summary of Accounting Policies

Osher Lifelong Learning Institute at George Mason University, formerly known as Learning in Retirement Institute (the Institute) was incorporated in 1991, under the laws of the Commonwealth of Virginia. In June 2004, the Institute changed its name in accordance with grant requirements. The Institute provides its members with learning opportunities, in which they can explore new interests, discover and develop their abilities and engage in intellectual pursuits. The Institute's primary sources of support are from membership dues, donated services, contributions and distributions from the GMU Foundation endowment.

A summary of the Institute's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

- (a) **Basis of Accounting** – The Institute prepares its financial statements in accordance with generally accepted accounting principles, which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.
- (b) **Basis of Presentation** – The Institute 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. As of December 31, 2010 and 2009 the Institute had temporarily restricted net assets of \$15,000 and \$-0-, respectively, and no permanently restricted net assets.
- (c) **Cash and Cash Equivalents** - For purposes of the statement of cash flows, the Institute considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents. Investments in money funds are considered to be cash equivalents.
- (d) **Investments** – Investments consist of certificates of deposit and are measured at fair value in the statement of financial position. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statement of activities unless the income or loss is restricted by donor or law.
- (e) **Income Taxes** – The Institute is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code on all income other than unrelated business income. Accordingly, no provision for income tax has been provided in the accompanying financial statements. The Institute has been classified as an organization that is not a private foundation. In September 2000, the Institute elected 501(h) status. This election allows the Institute to make limited expenditures to influence legislation. Lobbying expenditures incurred by the Institute are taxable if the Institute exceeds the permitted total. As of December 31, 2010 and 2009, the Institute had not exceeded its allowable lobbying expenditure amount and therefore is not liable for any excise taxes.

OSHER LIFELONG LEARNING INSTITUTE
AT GEORGE MASON UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
(Continued)

NOTE 1 – Organization and Summary of Accounting Policies (continued)

- (f) Support and Revenue – Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets.
- (g) Deferred Revenue – Deferred revenue represents unearned membership dues received during the year ended December 31, 2010 and 2009. The Institute's policy is to allocate membership dues receipts ratably over the class sessions remaining from the time of receipt.
- (h) Property and Equipment - Property and equipment are recorded at cost for purchased items and market value at date of gift for donated items. It is the organization's policy to capitalize acquisitions of property and equipment in excess of \$1,000. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets which range from three to seven years. The Institute's policy is to expense audio-visual equipment as it is purchased.
- (i) Revenue Recognition - All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor 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. However, if a restriction is fulfilled in the same time period in which the contribution is received, the organization reports the support as unrestricted.
- (j) Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.
- (k) Uncertain Tax Positions - The Institute has adopted the provisions of Financial Accounting Standards (FASB) interpretation No. 48 "Accounting for Uncertainty in Income Taxes." The Interpretation provides clarification on accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with FASB Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes." The interpretation prescribes a recognition threshold and measurement attribute for the financial statements recognition and measurement of a tax position taken or expected to be taken in a tax return, and also provides guidance on derecognition, classification, interest, penalties, accounting in interim periods, disclosure and transition. As of December 31, 2010, the Institute had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. The tax years subject to examination by the taxing authorities are the years ended December 31, 2007 through 2009.

**OSHER LIFELONG LEARNING INSTITUTE
AT GEORGE MASON UNIVERSITY**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

NOTE 1 – Organization and Summary of Accounting Policies (concluded)

- (l) Allocated Costs – Salaries, occupancy cost and payroll taxes have been allocated between the program, membership services and general and administrative functions based on level of effort.
- (m) Concentrations of Credit Risk – Financial instruments that potentially expose the Institute to concentrations of credit risk consist primarily of cash and cash equivalents and certificates of deposit. Cash equivalents and certificates of deposit are maintained at high-quality financial institutions, which at times may exceed federally insured limits, and credit exposure is limited to any one institution. The Institute has not experienced any losses on its cash equivalents or certificates of deposit.
- (n) Advertising Costs – Advertising costs are expensed as incurred.

NOTE 2 – Investments

The fair value of the Institute's investments, which is the amount reported in the statement of financial position, are based on level 1 inputs, quoted market prices in active markets for identical assets.

Investments, stated at fair value, at December 31, 2010 and 2009 include:

	2010		2009	
	Cost	Fair Value	Cost	Fair Value
Certificate of Deposit	\$ <u>50,000</u>	\$ <u>50,000</u>	\$ <u>50,000</u>	\$ <u>50,000</u>

Components of investment income include the following as of December 31,:

	2010	2009
Interest	\$ <u>793</u>	\$ <u>83</u>

NOTE 3 – Depreciation

	Cost	Depreciation Expense	Accumulated Depreciation
Furniture and fixtures	\$ 79,315	\$ 10,202	\$ 38,114
Computers equipment and software	34,397	6,718	31,763
Leasehold improvements	<u>35,735</u>	<u>6,745</u>	<u>9,194</u>
	<u>\$149,447</u>	<u>\$ 23,665</u>	<u>\$ 79,071</u>

**OSHER LIFELONG LEARNING INSTITUTE
AT GEORGE MASON UNIVERSITY**

**NOTES TO FINANCIAL STATEMENTS
(Continued)**

NOTE 4 – Affiliation with George Mason University

The Institute entered into a five year renewable affiliation agreement with George Mason University (GMU) on September 28, 2007. Under this agreement GMU provides the Institute with facilities and services, on the same terms and conditions as are available to other GMU affiliates, including use of printing and copying facilities, design services, fund-raising advice, use of conference rooms and banquet halls as well as providing space used by the Institute as its main location. These donated services and the use of the facilities for the years ended December 31, 2010 and 2009 are valued at \$80,808, and are included in revenue and rent expense in the accompanying financial statements. GMU encourages its faculty to assist the Institute with its teaching needs but does not require its faculty to participate. Participating faculty do not receive any payment or honoraria. Also under this agreement, the Institute is allowed to use of an escrow account, whereby the Institute deposits funds with GMU and GMU uses the funds to reimburse itself for costs incurred by the Institute, such as printing and copying fees. In return for these services, the Institute agrees to continue to provide older persons with educational classes, award annual scholarships to the GMU foundation, assist GMU in its fund-raising activities and publicize GMU sponsored events that may also be of interest to its members in any print or electronic publications generated by the Institute.

NOTE 5 – Functional Allocation of Expenses

The costs of providing the various programs, membership services and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and other activities benefited.

NOTE 6 – Leases Commitments

In December 2007, the Institute entered into an operating lease for parking space at its Fairfax location. The lease expires on August 30, 2012. The agreement requires quarterly payments of \$3,500. On April 24, 2009, the Institute renewed its operating lease for classroom and storage space at its Reston site. This lease expires on May 31, 2014 and requires minimum monthly payments of \$979 with an annual increase of 5% on June 1st of each year. Total rent expense paid during 2010 and 2009 was \$34,201 and \$27,035, respectively.

Future minimum lease commitments at December 31, 2010, are due as follows:

For the years ending December 31,	Classroom Space	Parking Space
2011	\$ 12,697	\$ 14,000
2012	13,331	10,500
2013	13,999	-
2014	<u>5,951</u>	<u>-</u>
Total	<u>\$ 45,978</u>	<u>\$ 24,500</u>

OSHER LIFELONG LEARNING INSTITUTE
AT GEORGE MASON UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

NOTE 7 – Contributed Services

The Institute received contributed teaching services from various sources in the District of Columbia metropolitan area during the years ended December 31, 2010 and 2009, valued at \$206,425 and \$212,490, respectively. These services are included in revenue and in outside services expense in the accompanying financial statements.

NOTE 8 – Development Grant

During 2006, the George Mason University Foundation received a \$1,000,000 endowment from the Bernard Osher Foundation. Distributions from the endowment are available to the Institute for operating purposes over the next several years. Annual distributions from the endowment are equal to the greater of half the endowment's return or 5% of the endowment valued as of July 1st of the preceding year. Annual distributions received in 2010 and 2009 were \$34,726 and \$50,482 respectively.

NOTE 9 – Evaluation of Subsequent Events

The Organization has evaluated subsequent events through August 29, 2011, the date which the financial statements were available to be issued.