OSHER LIFELONG LEARNING INSTITUTE AT GEORGE MASON UNIVERSITY

AUDITED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016

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

OSHER LIFELONG LEARNING INSTITUTE
AT GEORGE MASON UNIVERSITY

TABLE OF CONTENTS

Government & Non-Profit Audit Group, PLC

Certified Public Accountants

P.O. Box 220111 • Chantilly, Virginia 20153
www.gnpaudit.com

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Osher Lifelong Learning Institute at George Mason University (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Office: (703) 631-1376 Fax: (703) 631-1386 Toll Free (877) 631-1408

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, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Government & Non-Profit Audit Group, PLC

Certified Public Accountants
Chantilly, VA

July 9, 2018

OSHER LIFELONG LEARNING INSTITUTE
AT GEORGE MASON UNIVERSITY

STATEMENTS OF FINANCIAL POSITION

December 31,

ASSETS

	2017	2016
Current Assets		
Cash and cash equivalents	$ 307,039	$ 270,564
Accounts receivable	1,358	1,264
Investments	55,378	55,279
Prepaid expenses	7,352	7,645
Total Current Assets	371,127	334,752
Property and Equipment		
Computer equipment and software	2,545	3,793
Furniture and fixtures	171,982	169,184
Leasehold improvements	334,515	329,595
Website	38,600	38,600
Less: Accumulated depreciation	(244,685)	(192,962)
Total Property and Equipment	302,957	348,210
Total Assets	$ 674,084	$ 682,962

LIABILITIES AND NET ASSETS

	2017	2016
Current Liabilities		
Accounts payable	$ 1,870	$ 6,083
Accrued payroll liabilities	2,293	1,871
Deferred revenue	282,445	268,978
Capital lease, current portion	1,869	2,581
Total Current Liabilities	288,477	279,513
Long-Term Liabilities		
Capital lease, net of current portion	-	1,845
Total Liabilities	288,477	281,358
Net Assets		
Unrestricted	355,621	372,316
Temporarily restricted	29,986	29,288
Total Net Assets	385,607	401,604
Total Liabilities and Net Assets	$ 674,084	$ 682,962

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

OSHER LIFELONG LEARNING INSTITUTE
AT GEORGE MASON UNIVERSITY

STATEMENTS OF ACTIVITIES
For the Years Ended December 31,

	2017			2016		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Support and Revenue						
Donated services and facilities	$ 558,112	$ -	$ 558,112	$ 831,527	$ -	$ 831,527
Membership dues	480,084	-	480,084	460,987	-	460,987
Endowment distributions	85,787	-	85,787	90,456	-	90,456
Contributions	32,792	4,595	37,387	46,810	1,060	47,870
Miscellaneous income	5,975	-	5,975	8,538	-	8,538
Investment income	157	-	157	156	-	156
Net assets released from donor restrictions	3,897	(3,897)	-	7,745	(7,745)	-
Total Support and Revenue	1,166,804	698	1,167,502	1,446,219	(6,685)	1,439,534
Expenses						
Program expenses	872,434	-	872,434	864,324	-	864,324
Membership services	140,222	-	140,222	140,625	-	140,625
General and administrative	170,843	-	170,843	218,381	-	218,381
Total Expenses	1,183,499	-	1,183,499	1,223,330	-	1,223,330
Change in Net Assets	(16,695)	698	(15,997)	222,889	(6,685)	216,204
Net Assets at Beginning of Year	372,316	29,288	401,604	149,427	35,973	185,400
Net Assets at End of Year	$ 355,621	$ 29,986	$ 385,607	$ 372,316	$ 29,288	$ 401,604

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,

	2017				2016			
	Program	Membership Services	General and Administrative	Total	Program	Membership Services	General and Administrative	Total
Bank charges	$ 14,152	$ 456	$ 609	$ 15,217	$ 14,687	$ 472	$ 566	$ 15,725
Conference	811	338	203	1,352	406	169	101	676
Depreciation	31,781	13,243	7,946	52,970	22,526	9,385	5,631	37,542
Donations	2,000	-	-	2,000	2,000	-	26,625	28,625
Dues and subscriptions	-	-	411	411	-	-	411	411
Insurance	-	-	4,435	4,435	-	-	4,721	4,721
Interest expense	241	60	100	401	363	91	152	606
Landscaping	-	2,342	-	2,342	-	2,164	-	2,164
Legal and professional	-	-	5,996	5,996	-	-	5,846	5,846
Membership committee	-	5,212	-	5,212	-	5,355	-	5,355
Office expense and equipment	2,162	144	4,900	7,206	2,879	192	6,524	9,595
Outside services	337,242	-	-	337,242	337,089	-	-	337,089
Payroll taxes	12,825	4,047	6,784	23,656	11,429	3,542	8,215	23,186
Postage	818	1,908	2,725	5,451	720	1,680	2,399	4,799
Printing	21,081	-	1,247	22,328	22,301	3,582	970	26,853
Program expenses	13,888	-	-	13,888	22,409	-	-	22,409
Registration	9,000	500	500	10,000	9,648	536	536	10,720
Rent	195,746	23,030	11,515	230,291	199,128	23,427	11,713	234,268
Repairs and maintenance	38,598	21,443	25,732	85,773	40,075	22,263	26,716	89,054
Salaries	166,519	52,650	88,335	307,504	148,129	46,023	106,819	300,971
Scholarships	23,110	-	-	23,110	27,950	-	-	27,950
Special events	-	3,390	-	3,390	-	12,943	-	12,943
Supplies	-	11,459	-	11,459	-	8,801	-	8,801
Telephone and internet	2,460	-	7,382	9,842	2,585	-	7,756	10,341
Training	-	-	350	350	-	-	420	420
Travel	-	-	1,673	1,673	-	-	2,260	2,260
Total Expenses	$872,434	$ 140,222	$ 170,843	$1,183,499	$ 864,324	$ 140,625	$ 218,381	$1,223,330

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,

	2017	2016
Cash Flows from Operating Activities		
Change in net assets	$ (15,997)	$ 216,204
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	52,970	37,542
Changes in operating assets and liabilities:		
Increase in accounts receivable	(94)	(1,264)
Decrease in prepaid expenses	293	1,381
(Decrease) / Increase in accounts payable	(4,213)	5,720
Increase / (Decrease) in accrued payroll liabilities	422	(2,095)
Increase in deferred revenue	13,467	2,188
Net cash provided by operating activities	46,848	259,676
Cash Flows from Investing Activities		
Purchase of property and equipment	(7,717)	(284,791)
Purchases of investments	(99)	(98)
Net cash used in investing activities	(7,816)	(284,889)
Cash flows from financing activities		
Payments on capital lease	(2,557)	(2,110)
Net cash used in financing activities	(2,557)	(2,110)
Change in cash and cash equivalents	36,475	(27,323)
Cash and cash equivalents, beginning of year	270,564	297,887
Cash and cash equivalents, end of year	$ 307,039	$ 270,564
Supplemental Disclosure of Cash Flow Information		
Interest payments	$ 401	$ 606

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

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 operates sites in the counties of Fairfax and Loudoun that provide 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 Mason 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, 2017 and 2016 the Institute had temporarily restricted net assets of $29,986 and $29,288, 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, 2017 and 2016, the Institute had not exceeded its allowable lobbying expenditure amount and therefore is not liable for any excise taxes.

(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.

OSHER LIFELONG LEARNING INSTITUTE
AT GEORGE MASON UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

(g) Deferred Revenue – Deferred revenue represents unearned membership dues received during the years ended December 31, 2017 and 2016. The Institutes 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) Accounts Receivable – The Institute solicits contributions from individuals, corporations, foundations, and businesses. Management periodically evaluates the accounts receivable and determines the need for an allowance for doubtful accounts. Management considers the Institution's past receivables loss experience, adverse situations that may affect the donor's ability to pay, and current economic conditions.

Due to the nature of the grants, and given the amount the Institute expects to be collected, accounts receivable are reported net of a reserve for doubtful accounts of $-0- as of December 31, 2017 and 2016. Bad debt expense was $-0-, for the years ended December 31, 2017 and 2016.

(k) 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.

(l) Uncertain Tax Positions – As of December 31, 2017, 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, 2014 through 2016.

(m) 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.

NOTES TO FINANCIAL STATEMENTS
(Continued)

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

(n) 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.

(o) 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, 2017 and 2016 include:

	2017		2016	
	Cost	Fair Value	Cost	Fair Value
Certificates of Deposit	$55,378	$55,378	$55,279	$55,279

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

	2017	2016
Interest	$ 157	$ 156

NOTE 3 – Depreciation

2017	Cost	Depreciation Expense	Accumulated Depreciation
Leasehold improvements	$334,515	$30,237	$ 77,987
Furniture and fixtures	171,982	17,327	133,113
Website	38,600	5,040	31,040
Computer equipment and software	2,545	366	2,545
	$547,642	$52,970	$244,685

2016	Cost	Depreciation Expense	Accumulated Depreciation
Leasehold improvements	$329,595	$ 12,100	$ 47,750
Furniture and fixtures	169,184	17,059	115,786
Website	38,600	8,017	26,000
Computer equipment and software	3,793	366	3,426
	$541,172	$ 37,542	$192,962

NOTE 4 – 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 5 – Contributed Services, Furniture and Fixtures

The Institute received contributed teaching services from various sources in the District of Columbia metropolitan area during the years ended December 31, 2017 and 2016, valued at $337,242 and $337,089, respectively. These services are included in revenue and in outside services expense in the accompanying financial statements. During the years ended December 31, 2017 and 2016, the Institute received donated furniture and fixtures valued at $-0- and $1,100, respectively. The value of the furniture and fixtures was capitalized and included in revenue and furniture and fixtures in the accompanying financial statements.

NOTE 6 – Affiliation with George Mason University

The Institute has a five year renewable affiliation agreement with George Mason University (Mason) which expires on June 30, 2022. Under this agreement Mason provides the Institute with facilities and services, on the same terms and conditions as are available to other Mason affiliates, including use of printing and copying facilities, design services, fund-raising advice, use of conference rooms and banquet halls as well as providing and maintaining space used by the Institute as its main location. These donated services and the use and maintenance of the facilities for the years ended December 31, 2017 and 2016 are valued at $220,870 and $228,286, respectively and are included in revenue and rent expense in the accompanying financial statements. During the years ended December 31, 2017 and 2016, GMU provided improvements to the facilities valued at $-0- and $265,052, respectively. The value of these improvements were capitalized and included in revenue and leasehold improvements in the accompanying financial statements.

Mason 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 the use of an escrow account, whereby the Institute deposits funds with Mason and Mason 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 Mason foundation, assist Mason in its fund-raising activities and publicize Mason sponsored events that may also be of interest to its members in any print or electronic publications generated by the Institute.

NOTE 7 – Tax Shelter Annuity

The Institute makes available to all employees the opportunity to participate in a self directed tax sheltered annuity as provided under Section 403(b) of the Internal Revenue Code. The Institute does not match employee contributions.

NOTE 8 – Lease Commitments

The Institute has an operating lease for parking space at its Fairfax location which expires on August 31, 2022. The agreement requires quarterly payments of $4,250 until the end of the lease. The Institute leases classroom space at two locations. One location is under a one year operating leases which expire December 31, 2018, and requires quarterly payments of $2,500. The second location is under a five operating lease that expires November 30, 2020, and has an initial quarterly required payment of $4,781 which increases by 3% in January of each year. Total rent expense paid during 2017 and 2016 was $72,921 and $76,898, respectively.

Future minimum lease commitments at December 31, 2017, are due as follows:

For the years ending December 31,	Classroom Space	Parking Space
2018	$ 30,287	$ 17,000
2019	20,896	17,000
2020	21,523	17,000
2021	-	17,000
2022	-	12,750
Total	$ 72,706	$ 80,750

NOTE 9 – Obligation Under Capital Lease

The Institute leases equipment under a capital lease expiring in July 2018. The asset and liability under the capital lease is recorded at the lower of the present values of the minimum lease payments or the fair market values of the asset. The asset is included in property and equipment and is depreciated over its estimated useful life. Equipment under capital lease has a cost of $9,505, accumulated depreciation of $6,654, and a net book value of $2,851.

As of December 31, 2017, future minimum lease commitments under the capital lease agreement are:
For the years ending December 31,

	2018	$ 1,948
Total minimum lease payments		1,948
Less: amounts representing interest		79
Net minimum lease payments		$ 1,869

NOTE 10 – Development Grant

In 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 2017 and 2016 were $35,083 and $36,992 respectively.

NOTE 10 – Development Grant (continued)

In 2012, the George Mason University Foundation received an additional $1,000,000 endowment from the Bernard Osher Foundation. Distributions from the endowment are available to the Institute for operating purposes. Annual distributions from the additional 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 2017 and 2016 were $50,704 and $53,464 respectively.

NOTE 11 – Temporarily Restricted Net Assets

As of December 31, 2017 and 2016, the nature of the Institute's temporarily restricted net assets consists of the following:

	2017	2016
Bernard and Barbro Osher	$ 15,000	$ 15,000
Future Planning	7,750	7,750
Landscaping	3,174	1,579
Audio and Video Upgrades	1,603	3,450
Member Services	1,259	1,259
Friends of OLLI General	1,200	150
Scholarships	-	100
Total Temporarily Restricted Net Assets	$ 29,986	$ 29,288

Net assets were released from donor restrictions by incurring expenses, satisfying the purpose or time restrictions specified by donors as follows:

	2017	2016
Audio and Video Upgrades	$ 3,597	$ -
Scholarships	300	-
25th Anniversary	-	4,500
Member Services	-	3,000
Friends of OLLI General	-	195
Military Service	-	50
Total Temporarily Restricted Net Assets	$ 3,897	$ 7,745

OSHER LIFELONG LEARNING INSTITUTE
AT GEORGE MASON UNIVERSITY

NOTES TO FINANCIAL STATEMENTS
(Concluded)

NOTE 12 – Registration software

In May 2014, the Institute entered into a contract agreement for registration software which expires on May 31, 2020. The agreement requires an initial payment of $32,200 at signing and five subsequent annual payments of $10,000 due on May 31st each year, until the end of the lease.

Future minimum contract commitments subsequent to December 31, 2017, are due as follows:

For the years ending December 31,	Software
2018	$ 10,000
2019	10,000
Total	$ 20,000

NOTE 13 – Evaluation of Subsequent Events

The Institute has evaluated subsequent events through July 9, 2018, the date which the financial statements were available to be issued.