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# *Fifty Forward*

**FIFTYFORWARD**  
(formerly Senior Citizens, Inc.)  
**SENIOR CENTER FOR THE ARTS, INC.**  
**J. B. KNOWLES TRUST**

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION  
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

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**(formerly Senior Citizens, Inc.)**  
**AUDITED FINANCIAL STATEMENTS**  
**AND SUPPLEMENTAL INFORMATION**  
**FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Fifty Forward  
Senior Center for the Arts, Inc., and  
J. B. Knowles Trust  
Nashville, Tennessee

We have audited the accompanying statements of financial position, of FiftyForward (formerly Senior Citizens, Inc. (a nonprofit organization), Senior Center for the Arts, Inc. (a nonprofit organization), and the J. B. Knowles Trust (a charitable trust) as of June 30, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years ended June 30, 2009 and 2008. These financial statements are the responsibility of FiftyForward's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of FiftyForward, Senior Center for the Arts, Inc. and the J. B. Knowles Trust, as of June 30, 2009 and 2008, and the changes in their net assets and their 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 October 12, 2009 on our consideration of FiftyForward, Senior Center for the Arts, Inc. and the J. B. Knowles Trust's internal control over financial reporting and on 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise FiftyForward (formerly Senior Citizens, Inc.), Senior Center for the Arts, Inc., and J. B. Knowles Trust's basic financial statements. 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 also not a required part of the basic financial statements of FiftyForward (formerly Senior Citizens, Inc.), Senior Center for the Arts, Inc., and J. B. Knowles Trust. The accompanying schedules of assets, liabilities and net assets, and schedules of revenues, expenses and changes in unrestricted net assets are presented for the purpose of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Joe Osterfeld, CPA  
Columbia, Tennessee  
October 12, 2009

**FIFTYFORWARD**  
**(formerly Senior Citizens Inc.)**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b><u>ASSETS</u></b>		
Cash - unrestricted	\$ 52,390	\$ 143,756
Cash - temporarily restricted	1,787,754	1,561,492
Total operating cash	<u>1,840,144</u>	<u>1,705,248</u>
Investments	86,647	105,985
Accounts receivable - service fees	200,752	117,457
Grant receivable	149,131	105,567
Promises to give, current portion	678,748	696,140
Prepaid expenses	41,961	86,229
Total current assets	<u>2,997,383</u>	<u>2,816,626</u>
Land, building, and equipment	12,975,556	12,980,706
Accumulated depreciation	(4,202,800)	(3,871,654)
Net land, building, and equipment	<u>8,772,756</u>	<u>9,109,052</u>
Other assets: Conservator trust accounts	374,259	389,480
Pledge receivables, less current portion	104,745	179,646
Prepaid rent - Bellevue Center	1,860,175	1,919,439
Knowles Trust Fund cash	9,677	21,670
Knowles Trust Fund investments	1,488,260	1,916,533
Total assets	<u>\$ 15,607,255</u>	<u>\$ 16,352,446</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Accounts payable	\$ 162,722	\$ 109,522
Accrued expenses	119,947	164,982
Accrued pension plan liability - restated FY08	305,345	233,230
Deferred revenue	183,744	165,535
Total current liabilities	<u>771,758</u>	<u>673,269</u>
Conservator trust funds	374,259	389,480
Total liabilities	<u>1,146,017</u>	<u>1,062,749</u>
Net Assets:		
Undesignated - restated FY2008	10,744,565	11,314,202
Board designated	200,000	200,000
Total unrestricted net assets - restated FY2008	<u>10,944,565</u>	<u>11,514,202</u>
Temporarily restricted	2,018,736	1,837,292
Permanently restricted - restated FY2008	1,497,937	1,938,203
Total net assets	<u>14,461,238</u>	<u>15,289,697</u>
Total liabilities and net assets	<u>\$ 15,607,255</u>	<u>\$ 16,352,446</u>

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

**FIFTYFORWARD**  
**(formerly Senior Citizens, Inc.)**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

<u>PUBLIC SUPPORT AND REVENUE</u>	<u>2009</u>	<u>2008</u>
Special events	\$ 394,056	\$ 508,344
Contributions	882,723	757,655
United Way	40,513	36,864
Membership dues	229,449	244,461
In kind support	139,844	155,858
Service fees	962,468	955,689
Investment income	115,247	131,381
Realized gain (loss) on investments	(38,441)	(2,072)
Unrealized gain (loss)	(374,476)	(160,014)
Gain (loss) on disposal of assets	-	(19,367)
Other income	4,758	22,910
Net assets released from restrictions:		
Principal transfer	440,266	187,087
Satisfaction of program restrictions: Awards	876,926	1,028,358
Satisfaction of timing restrictions: United Way	468,634	500,005
FiftyForward Endowment	131,352	124,728
Contributions	106,981	862,172
Total public support and revenue	<u>4,380,300</u>	<u>5,334,059</u>
<u>EXPENSES</u>		
Program services	3,955,131	4,050,083
Support Services - restated FY2008	994,806	1,325,248
Total expenses	<u>4,949,937</u>	<u>5,375,331</u>
Increase (decrease) in unrestricted net assets - restated FY08	(569,637)	(41,272)
Unrestricted net assets, beginning - restated FY09	11,514,162	11,555,434
Unrestricted net assets, end of year - restated FY08	<u>\$ 10,944,525</u>	<u>\$ 11,514,162</u>
<u>Temporarily restricted net assets:</u>		
Awards	\$ 876,926	\$ 1,028,358
United Way	459,827	468,634
Contributions	288,630	1,727,021
FiftyForward Endowment	139,954	131,352
Net assets released from restrictions:		
Satisfaction of program restrictions	(876,926)	(1,028,358)
Satisfaction of timing restrictions	<u>(706,967)</u>	<u>(1,486,905)</u>
Increase (decrease) in temporarily restricted net assets	181,444	840,102
Temporarily restricted net assets, beginning	1,837,292	997,190
Temporarily restricted net assets, end of year	<u>\$ 2,018,736</u>	<u>\$ 1,837,292</u>
<u>Permanently restricted net assets:</u>		
Principle transfer in (out)	\$ (440,266)	\$ (187,087)
Increase (decrease) in permanently restricted net assets	(440,266)	(187,087)
Permanently restricted net assets, beginning	1,938,203	2,125,290
Permanently restricted net assets, end of year	<u>\$ 1,497,937</u>	<u>\$ 1,938,203</u>
Increase (decrease) in net assets - restated FY2008	(828,459)	611,743
Net assets, beginning - restated FY09	15,289,657	14,677,914
Net assets, end of year - restated FY08	<u>\$ 14,461,198</u>	<u>\$ 15,289,657</u>

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

FIFTYFORWARD  
(Formerly Senior Citizens, Inc.)  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2009

	Program Services													Support Services				Total Expenses
	Adult	Foster	Living At Home *	College	Brent-wood	J.B. Knowles	Turner	Fifty	Center	Senior	Capital	Fund	Manage-					
	Grand	Parents												Donelson	Bordeaux	Martin	Hart Bldg	
Daycare	\$114,089	\$58,534	\$322,559	\$130,712	\$68,586	\$119,690	\$47,645	\$97,676	\$112,952	\$83,998	\$123,919	\$6,898	\$42,321	\$83,906	\$57,727	\$90,871	\$328,431	
Salaries	\$114,089	\$58,534	\$322,559	\$130,712	\$68,586	\$119,690	\$47,645	\$97,676	\$112,952	\$83,998	\$123,919	\$6,898	\$42,321	\$83,906	\$57,727	\$90,871	\$328,431	\$1,890,514
Benefits	19,207	7,673	76,438	24,004	14,545	14,083	7,295	17,347	15,628	9,148	24,072	185	8,545	11,017	8,726	17,997	141,400	417,310
Payroll tax	8,517	4,223	23,478	9,443	5,077	9,096	3,615	6,153	8,406	6,389	9,320	529	3,238	6,271	4,345	6,803	24,963	139,866
Fees	3,398	1,325	30,664	3,470	14,564	7,257	1,022	15,635	36,080	25,587	14,043	75,717	157,027	14,253	897	9,029	30,840	440,608
Supplies	21,619	1,009	48,671	10,036	15,290	51,177	4,430	39,149	12,440	12,490	27,942	866	117,913	1,174	199	26,860	3,474	394,739
Telephone	1,766	1,236	8,553	1,924	2,593	7,656	1,704	7,195	3,336	184	6,593	-	3,017	755	529	982	4,004	52,027
Postage	146	411	1,308	1,623	1,458	1,226	124	1,524	1,704	174	2,960	225	6,545	12,316	29	11,252	2,484	45,509
Occupancy	11,183	1,995	24,670	7,710	55,342	54,898	9,894	68,118	73,461	90,434	103,782	1,528	30,307	3,437	1,892	4,519	14,631	557,801
Maintenance	697	679	2,666	1,118	1,972	9,588	175	2,417	1,839	352	4,537	379	7,229	313	130	12,081	5,432	51,604
Printing	1,697	169	972	891	353	594	146	1,477	763	3,129	4,564	272	30,925	33,315	108	9,203	7,533	96,111
Travel	19,071	1,997	17,214	3,946	3,930	5,875	4,773	2,804	2,341	2,823	6,932	516	9,520	1,076	46	170	1,146	84,180
Conferences	381	1,194	1,781	1,545	361	350	112	534	887	566	339	10	52	460	152	1,048	4,990	14,762
SCF Grant														25,275				25,275
Assistance	87	284,293	61,105	5,220	58	101	41	84	108	92	459	6	230	70	31	130	260	352,375
Dues	364	324	2,576	826	397	657	78	1,215	411	3,158	2,574	11	1,122	1,849	405	1,431	7,002	24,400
Recognition	104	1,839	733	2,256	24	265	181	1,170	230	128	373	1	166	56	35	13	1,124	8,698
Other	49	-	10	2	7	185	1,547	81	56	28	554	2	25,228	-	-	6	(20,622)	7,133
	202,375	366,901	623,398	204,726	184,557	282,698	82,782	262,579	270,642	238,680	332,963	87,145	443,385	170,268	75,051	192,395	557,092	4,602,912
Depreciation	12,674				1,809	73,495	1,585	73,284	98,910	11,712	73,045		511					347,025
Total	\$215,049	\$366,901	\$623,398	\$204,726	\$186,366	\$356,193	\$84,367	\$335,863	\$369,552	\$250,392	\$406,008	\$87,145	\$443,896	\$170,268	\$75,051	\$192,395	\$557,092	\$4,949,937

Note \*: The Living At Home Program includes the following cost centers: Living At Home, Respite, VOCA, and Peer Counseling.

Note \*\*: The Fund Raising support service includes \$24,265 of expenses for special events.

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

FIFTYFORWARD  
(Formerly Senior Citizens, Inc.)  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2008

	Program Services												Support Services				Total Expenses
	Adult	Foster	Living At		College		Hadley	Brent-	J.B.		Center	Senior		Capital	Fund	Manage-	
	Daycare	Grand	Home *	RSVP	Grove	Donelson	Park	wood	Knowles	Turner	Fountain	for the	Citizens	Campaign	Raising **	Mgmt &	
		Parents						Martin	Hart Bldg	Center	Madison	Tours	Arts	Foundation			General
Salaries	\$111,987	\$57,717	\$317,753	\$149,574	\$68,449	\$135,180	\$44,258	\$98,024	\$128,758	\$69,307	\$124,285	\$6,921	\$75,735		\$68,467	\$130,862	\$411,487
Benefits	24,781	8,387	78,046	30,404	15,769	20,213	7,988	19,024	21,435	5,093	25,637	308	14,586		10,971	23,440	282,641
Payroll tax	7,852	4,152	23,328	10,540	5,057	10,226	3,336	6,277	9,571	5,210	9,317	529	6,143		5,159	9,765	31,041
Fees	2,840	1,812	30,583	3,975	15,040	16,303	957	24,126	38,125	19,254	10,195	146,035	108,898		3,306	7,057	37,804
Supplies	18,390	418	39,855	15,326	7,321	16,455	4,949	24,823	13,798	16,789	22,486	717	131,514		837	92,356	10,111
Telephone	1,876	630	9,038	2,174	2,483	12,200	1,678	11,431	4,075	23	8,593	-	2,775		646	1,200	5,874
Postage	393	260	1,581	1,557	1,747	1,897	211	1,861	2,141	248	3,372	433	2,777		157	13,582	16,805
Occupancy	8,739	1,742	20,906	7,139	53,665	66,248	9,334	58,764	147,655	2,133	91,399	84	8,734		2,049	4,041	27,687
Maintenance	684	284	1,908	687	2,289	6,956	218	2,418	1,665	790	3,468	32	843		936	8,496	1,711
Printing	339	90	756	2,052	199	933	98	526	2,394	4,933	3,482	10	20,608		7,499	14,439	60,754
Travel	21,810	1,317	14,083	3,921	3,713	10,808	2,789	2,449	1,629	2,572	9,599	97	5,014		221	864	3,758
Conferences	477	1,337	4,651	2,493	833	904	744	886	1,275	2,456	770	20	686		243	2,910	7,896
SCF Grant																	
Assistance	83	302,282	58,102	3,968	56	109	37	72	100	254	(95)	46	39	58,907	49	111	527
Dues	393	228	2,001	1,186	339	642	188	1,631	452	169	1,153	47	906		183	891	11,455
Recognition	368	1,798	1,244	3,545	450	1,073	142	1,824	1,257	494	1,261	21	181		247	637	4,048
Other	-	-	8	-	33	22	22	128	56	12	204	-	2,145		-	15	13
	201,012	382,434	603,843	238,541	177,443	300,169	76,949	254,264	374,386	129,737	315,126	155,300	381,584	58,907	100,970	310,666	913,612
Depreciation	12,931				5,011	76,506	1,525	96,215	118,234	11,712	76,841		413				
Total	\$213,943	\$382,434	\$603,843	\$238,541	\$182,454	\$376,675	\$78,474	\$350,479	\$493,620	\$141,449	\$391,967	\$155,300	\$381,997	\$58,907	\$100,970	\$310,666	\$913,612

Note \*: The Living At Home Program includes the following cost centers: Living At Home, Respite, VOCA, and Peer Counseling.

Note \*\*: The Fund Raising support service includes \$87,380 of expenses for special events.

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

**FIFTYFORWARD**  
**(Formerly Senior Citizens, Inc.)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Increase (decrease) in net assets - FY08 restated	\$ (828,459)	\$ 611,783
Adjustments to reconcile increase in net assets to net cash provided (used) by operations:		
Depreciation	347,025	400,388
Amortization of prepaid lease	59,264	57,073
Unrealized (gain) loss in value of investments	374,476	160,015
Realized (gain) loss on investments	38,441	2,072
Realized (gain) loss on asset disposal	-	19,367
(Increase) decrease in:		
Accounts receivable	(83,295)	(70,278)
Grants receivable	(43,564)	1,128
Promises to give	92,293	(251,472)
Prepaid expenses	44,268	(51,928)
Conservator trust funds	15,221	(89,365)
Pension plan intangible asset	-	169,632
Increase (decrease) in:		
Accounts payable	53,200	24,660
Accrued expenses	(45,035)	17,118
Accrued pension plan liability	117,514	11,158
Deferred revenue	18,209	42,270
Conservator trust funds	(15,221)	89,365
Total from operations	<u>144,337</u>	<u>1,142,986</u>
<b><u>INVESTING ACTIVITIES:</u></b>		
Land, building & equipment purchases	(13,839)	(56,546)
Proceeds from sale of investments	-	8,672
Total from investing	<u>(13,839)</u>	<u>(47,874)</u>
<b><u>FINANCING ACTIVITIES:</u></b>		
Knowles Trust Fund proceeds	280,667	611,956
Knowles Trust Fund purchases	(176,269)	(507,318)
Distributions from Knowles Trust Fund	(100,000)	(100,000)
Total from financing	<u>4,398</u>	<u>4,638</u>
Increase (decrease) in cash	134,896	1,099,750
Beginning cash balance	1,705,248	605,498
Ending cash balance	<u>\$ 1,840,144</u>	<u>\$ 1,705,248</u>

The accompanying notes are an integral part of the financial statements



**FIFTYFORWARD (formerly Senior Citizens, Inc.)**  
**SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

The Board of Directors at their September 11, 2007 meeting approved changing the name of Senior Citizens, Inc., a Tennessee not-for-profit corporation, to FiftyForward with full implementation completed by June 2008.

FiftyForward (the Organization), provides programs and services designed to keep seniors, 50 years of age or older, fit, healthy, and involved; and to provide social services to enable home bound seniors to remain independent in their own home as long as possible. Supportive services include fund raising, management and general expenses not directly identifiable to any program, but indispensable to these activities and to the Organization's existence.

The Joseph B. Knowles Trust Fund (the Trust Fund) is a trust established to assist in paying for the operating expenses of the Organization's Knowles Center. The Organization and the Trust Fund are governed by the same board of directors. See note 13 for further information on the Trust Fund.

On October 12, 2006, the Organization's Board of Directors approved the by-laws and board members for the Senior Center for the Arts, Inc. (SCA), a non-profit organization created to support art programs. The Organization's board of directors appoints the board of SCA and has an economic interest in SCA. SCA is consolidated with the Organization.

**Basis of Accounting**

The consolidated financial statements of the Organization, the Trust Fund, and SCA (the Organizations) have been prepared on the accrual basis of accounting and accordingly reflect all significant accounts receivable, accounts payable, and other liabilities. All significant inter-company accounts and transactions have been eliminated.

**Basis of Presentation**

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

**Accounts Receivable**

Accounts receivable are stated at their net realizable value. It is the opinion of management that all accounts receivable at June 30, 2009 and 2008 are collectible.

**Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents are defined as all cash on hand and deposited in FDIC insured bank accounts with a maturity of three months or less. Any cash or investments which the Organization holds in a conservator trust are reported separately as other assets.

**Deferred Revenue**

Income from service fees are deferred and recognized over the periods to which the service fees relate.

**Donated Assets**

Marketable securities and other non cash donations are recorded as contributions at their estimated fair market values at the date of the donation.

**FIFTYFORWARD (formerly Senior Citizens, Inc.)**  
**SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**Donations of Property and Equipment**

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how these long lived assets must be maintained, the Organizations report expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organizations reclassify temporarily restricted net assets to unrestricted net assets at that time.

**Donated Services**

Organizations record donated services when they create or enhance a non-financial asset or for specialized skills provided by entities or persons possessing those skills that would be purchased if they were not donated.

**Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Fair Values of Financial Instruments**

Financial instruments of the Organizations include cash, short term trade accounts receivable, and trade accounts payable. Management estimates that the fair value of all financial instruments at June 30, 2009 and 2008 do not differ materially from the carrying values of the financial instruments recorded in the accompanying balance sheet.

**Income Tax Status**

FiftyForward and Senior Center for the Arts, Inc. are exempt organizations which is not considered a private foundation and are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The J.B. Knowles Trust is a charitable trust and is exempt from federal income taxes. Accordingly, no provision for income taxes have been made.

**Planned Major Maintenance Activities**

Costs or fair market value for donated items and services for planned major maintenance in excess of \$10,000 are treated as additions to property and equipment and depreciated over their estimated useful lives using the straight-line method. For the year ended June 30, 2009, there were no planned major maintenance activities.

**Promises to Give**

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**Property and Equipment**

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful life of assets and is reflected as an expense in the Statement of Functional Expenses.

**FIFTYFORWARD (formerly Senior Citizens, Inc.)  
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2009 AND 2008**

**Restricted and Unrestricted Revenue and Support**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 - CASH AND CREDIT RISK**

All cash and certificate of deposits of the Organizations are deposited in FDIC insured banks and in brokerage money market accounts. On October 3, 2008, legislation increased the FDIC deposit insurance coverage to \$250,000 effective until December 31, 2009. Due to the float on outstanding checks, the credit risk for those balances over the \$250,000 FDIC deposit insurance coverage were \$418,726 at June 30, 2009. For the year ended June 30, 2008, the FDIC insurance coverage was \$100,000 and the credit risk for those excess balances was \$1,318,730. Consistent with the American Institute of Certified Public Accountants Audit and Accounting Guide for Not-for-Profit Organizations, cash in which is donor restricted for long term purposes is segregated as a non-current asset.

	2009	2008
Cash in banks and on hand	\$ 52,390	\$ 143,756
Money market funds	<u>1,787,754</u>	<u>1,561,492</u>
Operating cash	1,840,144	1,705,248
Money market funds	<u>9,677</u>	<u>21,670</u>
Total cash	<u>\$ 1,849,821</u>	<u>\$ 1,726,918</u>

**NOTE 3 - INVESTMENTS**

The Organizations' investments consist of certificates of deposit in FDIC insured banks which initially mature in more than 3 months and mutual funds invested through brokerage accounts. These investments are carried at market value. The cost and fair market value are shown below:

	<u>2009</u>		<u>2008</u>	
	Market	Cost	Market	Cost
Fixed Income Funds	\$ 572,110	\$ 565,433	\$ 694,419	\$ 845,333
Real Estate Funds	67,796	93,735	107,683	105,860
Equity Funds	<u>935,001</u>	<u>1,078,192</u>	<u>1,220,416</u>	<u>1,152,990</u>
Total Investments	<u>\$ 1,574,907</u>	<u>\$ 1,737,360</u>	<u>\$ 2,022,518</u>	<u>\$ 2,104,183</u>

**FIFTYFORWARD (formerly Senior Citizens, Inc.)**  
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**NOTE 4 - PROMISES TO GIVE**

Unconditional promises to give consist of:

	<u>2009</u>	<u>2008</u>
United Way Allocation	\$ 459,832	\$ 468,634
FiftyForward Endowment	117,954	131,352
Capital Campaign Pledges	<u>220,000</u>	<u>300,000</u>
Gross promises to give	797,786	899,986
Less: Unamortized discount	(14,293)	(24,200)
Less: Allowance for doubtful pledges	<u>-</u>	<u>-</u>
Net promises to give	783,493	875,786
Less: Current portion	<u>(678,748)</u>	<u>(696,140)</u>
Long-term portion of promises to give	<u>\$ 104,745</u>	<u>\$ 179,646</u>

Promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 4%. The long-term promises to give are due as follows: \$50,851 in 2010, \$48,895 in 2011, and \$5,000 in 2012.

**NOTE 5 - EMPLOYEE PENSION PLANS**

The Organization also has an IRS Section 401(k) defined contribution retirement plan. Eligibility for participation in the plan are attainment of age 21 and completion of one year of service in which 1,000 hours of service is completed. Participants become fully vested after 5 years of vesting service. The plan allows for voluntary contributions by employees and provides for employer contributions at the discretion of the Board of Directors. The Organization contributed \$94,311 and \$107,111 to this plan in the years ended June 30, 2009 and 2008.

In January of 1975, the Organization established an employer paid defined benefit pension plan. As a result of establishing the defined contribution plan discussed previously, participation in the defined benefit plan is limited to those employees employed prior to June 30, 1992. All participants and all benefits in the defined benefit plan are 100% vested. The benefits are based on an employee's years of service and annual pay. The funding of this defined benefit plan is based on an actuarial determination using the aggregate cost method which spreads the cost of projected benefits over the employees' aggregate projected future compensation. For employees who are participants in both the defined benefit plan and the defined contribution plan, any amount determined to be due to an employee under this defined benefit plan is determined as the minimum pension benefit. If the pension under the defined contribution plan exceeds the minimum pension benefit, then the employee will only receive the defined contribution plan benefit. If the defined contribution plan benefit is less than the minimum pension benefit, then the defined benefit pension plan makes up the difference so that the employee's pension plan is equal to the minimum pension benefit. Shown below is the funded status of the defined benefit plan and amounts recognized in the Organization's statement of activities at June 30, 2009 and June 30, 2008:

**FIFTYFORWARD (formerly Senior Citizens, Inc.)**  
**SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
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Discount rate	6.00%	6.00%
Rate of return on assets	4.00%	7.00%
Salary increase	7.00%	4.00%
Measurement date	7/1/2008	7/1/2007

Accumulated benefit obligation	<u>\$ 509,871</u>	<u>\$ 565,361</u>
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**Change in Projected Benefit Obligation:**

Benefit obligation at beginning of year	\$ 578,760	\$ 613,426
Service cost	17,557	9,668
Interest cost	35,224	34,588
Actuarial (gain) loss	46,086	(43,469)
Benefit paid	(34,212)	(35,453)
Benefit obligation at end of year	<u>\$ 643,415</u>	<u>\$ 578,760</u>

**Change in Plan Assets:**

Plan assets at beginning of year	\$ 345,530	\$ 352,519
Expected return on plan assets	23,089	23,458
Benefits paid	(34,212)	(35,453)
Employer contribution	48,873	35,134
Gain (loss)	(45,210)	(30,128)
Plan assets at end of year	<u>\$ 338,070</u>	<u>\$ 345,530</u>

**Reconciliation of Funded Status:**

Funded status at beginning of year	\$ (233,230)	\$ (222,072)
Pension expense	(44,230)	(32,754)
Employer contribution	48,873	35,134
Gain (loss) previously not recognized	(76,758)	(184,545)
Gain (loss)		171,007
(Accrued) prepaid benefit cost	<u>\$ (305,345)</u>	<u>\$ (233,230)</u>

**Disclosure information for the fiscal year ending:**

**Change in Previously Unrecognized Gain/Loss:**

(Gain) loss at beginning of year	\$ 184,545	\$ 207,092
Recognized gain (loss)	(14,538)	(11,956)
(Gain) loss due to actuarial experience	23,988	(26,469)
(Gain) loss due recognized in 2008	(185,545)	-
(Gain) loss due to assets	67,308	15,878
(Gain) loss at end of year previously unrecognized	<u>\$ 75,758</u>	<u>\$ 184,545</u>

**FIFTYFORWARD (formerly Senior Citizens, Inc.)**  
**SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST**  
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**NOTE 6 - LAND, BUILDING, AND EQUIPMENT**

Useful lives are 10 to 40 years for buildings and improvements, and 5 to 10 years for furniture and equipment, and 5 years for vehicles. Land, building, and equipment consist of:

	2009	2008
Land	\$ 1,620,440	\$ 1,620,440
Building and improvements	9,746,899	9,798,148
Construction in progress	53,348	-
Furniture and equipment	1,205,277	1,196,298
Vehicles	349,592	365,820
	<u>12,975,556</u>	<u>12,980,706</u>
Less: Accumulated depreciation	(4,202,800)	(3,871,654)
Total	<u>\$ 8,772,756</u>	<u>\$ 9,109,052</u>

Construction in progress is the renovations at the Donelson Center and Senior Center for the Arts, Inc.

**NOTE 7 – PREPAID EXPENSES (including prepaid rent)**

During the year ended June 30, 2007, the Organization paid for construction and renovation at the Bellevue Center. The Organization does not own the real estate where the “new” Bellevue Center was built. Expenses relating to the construction have been classified as prepaid rent. The future lease expenses are:

2010	62,572
2011	65,110
2012	67,821
2013	70,715
2014	73,804
Thereafter	1,520,153
	<u>\$ 1,860,175</u>

**NOTE 8 - CONSERVATOR TRUST FUNDS**

As a result of a court order naming the Organization conservator, trust accounts are established for the purpose of receiving income and paying personal expenses of individuals that are the subject of the court order. All of the trust funds, except for one account which is in two brokerage accounts, are deposited in federally insured banks and credit unions. None of the individual trust fund bank accounts exceeded the \$250,000 FDIC deposit insurance coverage at June 30, 2009 and 2008.

**NOTE 9 - DEFERRED REVENUE**

Deferred revenue consists of payments for services that have been collected but not provided.

**FIFTYFORWARD (formerly Senior Citizens, Inc.)**  
**SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 10 - FINANCIAL DEPENDENCE**

The Organization is substantially funded by grants from federal, state, and local government agencies and by annual contributions from United Way. A significant reduction in the level of this support, if this were to occur, may have an effect in the Organization's programs and activities. In addition, the grants prescribe allowable expenditure guidelines with which Organization must comply. The grants are received prospectively, subject to subsequent verification of the incurring of allowable expenditures or provision of qualifying services.

**NOTE 11 - IN KIND SUPPORT**

The Organization has an agreement with the Metropolitan Government of Nashville and Davidson County to use the site where the Knowles Center Hart Building is located as a senior center for 40 years for \$1. The fair value of the use of the land for the forty years is estimated to be \$16,250 per year for a total of \$650,000.

The Organization also has in kind agreements to use its College Grove facilities. The fair market value of the rent of these facilities is estimated to be \$41,400 per year.

During the year ended June 30, 2001 the Organization received a donation of land with a fair market value of \$375,000 from the City of Brentwood, which is the site of the Martin Senior Center. The Organization has title to the land subject to a provision that if the Organization sells the land the City of Brentwood will receive part of the proceeds.

During the year ended June 30, 2007, the Organization received a donation of a building at 3315 John Malette Drive in Nashville, Tennessee with a fair market value of \$117,000 from Metropolitan/Davidson County for its Bordeaux site. The Organization has title to the property subject to a provision that if the Organization ceases to operate a senior center facility, the property will revert back to the local government.

The Organization also receives in kind support in the form of meals, uniforms, and medical services provided to its volunteers by other agencies involved in the programs. Also the Organization receives from time to time in kind professional services, supply, equipment, janitorial services, printing, legal, real estate consulting, and recognition donations. A summary of in kind support received and included in the financial statements is as follows:

	2009	2008
Rent and land use	\$ 57,650	\$ 57,650
Assistance	54,636	62,995
Supplies	27,558	35,253
Total	<u>\$ 139,844</u>	<u>\$ 155,898</u>

**NOTE 12 - BOARD DESIGNATED NET ASSETS**

The Board of Directors for the Organization has designated \$150,000 in a capital reserve fund and \$50,000 in a special needs fund.

**FIFTYFORWARD (formerly Senior Citizens, Inc.)**  
**SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2009 AND 2008**

**NOTE 13 - PERMANENTLY RESTRICTED NET ASSETS**

The Organization became the trustee of the Knowles Trust during the fiscal year ended June 30, 2006. A court order approved the transfer of the Knowles Trust to Senior Citizens, Inc. from the former trustee the Mayor of Nashville. The principal in the Knowles Trust Fund is permanently restricted subject to the following provisions. Annually, the Organization has the unrestricted use of the Knowles Trust Fund's net investment income or 5% of the trust fund balance, whichever is greater. If this annual amount is less than \$40,000, the Organization can encroach upon the principal balance up to \$40,000. However, any encroachment decreasing the principal balance by more than 10% must be approved by the court. Based on these provisions, the initial balance that was transferred is reported as a restricted net asset. During the year ended June 30, 2009, based on the provisions discussed above, the Organization received \$100,000 from the Trust which is 6.7% of the ending trust fund balance.

**NOTE 14 – FIFTYFORWARD ENDOWMENT, INC.**

FiftyForward Endowment, Inc. (formerly Senior Citizens Foundation, Inc.) (the Endowment) is an independently governed organization that financially supports the activities of the Organization. The Endowment is organized as a 501(c)(3) not for profit organization for the purpose of supporting activities of senior centers including the Organization but not limited to the Organization. The Organization does not control the decisions and activities of the Endowment and vice versa. The Organization has made grants to the Endowment as disclosed annually in the statement of functional expenses. The Organization is not required to make any grants to the Endowment. Annually, the Endowment makes an unconditional pledge to the Organization for support of the Organization's activities for the next fiscal year that is reported in the statement of activities. The Endowment's pledge is approximately 5% of the fair market value of the Endowment's investments of the Organization's grants. The Endowment is not required to make a pledge to the Organization of this or any other amount and has made different amounts of donations in the past. The Organization's cumulative grants to the Foundation are \$2,395,544, and the Foundation's cumulative pledges and donations to the Organization are \$1,522,220. Since the Organization does not have control over the Endowment's decisions and activities, the fair value of the assets held by the Endowment is not recognized as an asset of the Organization.

**NOTE 15 – UNRESTRICTED NET ASSETS RESTATED**

The Organization has restated beginning unrestricted net assets to include FAS 158 changes relating to pension obligations for the year ended June 30, 2008. The recognition of the previously unrecognized loss reduced net assets by \$184,545 at June 30, 2009. This was reported as additional employee benefits expense in the administrative cost center in the statement of functional expenses for the year ended June 30, 2008 and in support services expenses on the statement of activities in the June 30, 2008 column.

Unrestricted net assets, June 30, 2008	\$ 11,698,747
FAS 158 changes	(184,545)
Unrestricted net assets, June 30, 2008 (restated)	<u>\$ 11,514,202</u>



FIFTYFORWARD (formerly Senior Citizens, Inc.)  
 SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST  
 SCHEDULE OF FEDERAL AWARDS  
 JUNE 30, 2009

CFDA Number	State Grant Number	Grantor Agency and Program Name	Balance July 1, 2008	Grant Cash Receipts	Expenditures	Balance June 30, 2009	
<u>US Department of Health and Human Services:</u>							
Passed Through the Tennessee Department of Human Services:							
93.667	Z08022688	Social Services Block Grant	\$ (4,078)	\$ 4,078		\$ -	
93.667	Z092145422	Social Services Block Grant	-	\$ 4,192	\$ 52,000	\$ (47,808)	(A)
<u>Passed Through the Greater Nashville Regional Council:</u>							
93.044	2008-10	Title IIIB	(13,940)	13,940		-	
93.043	2008-10	Title IIID	(6,369)	6,369		-	
93.044	2009-10	Title IIIB		66,160	83,200	(17,040)	(A)
93.043	2009-10	Title IIID		3,131	3,131	-	
<u>Passed Through the Tennessee Department of Mental Health and Developmental Disabilities through:</u>							
Centerstone Community Mental Health Centers, Inc.							
93.958	Centerstone	Peer Counseling	-	16,050	17,387	(1,337)	(A)
<u>US Department of Agriculture - Passed Through the Department of Human Services:</u>							
10.558	34740006001	Child & Adult Food Program	(9,655)	9,655		-	
	34740006001	Child & Adult Food Program		11,969	14,263	(2,294)	(A)
<u>National Endowment for the Arts - Passed Through the Tennessee Arts Commission:</u>							
45.022	Z082175400	Art program	(7,500)		(7,500)	-	
45.022	Z082175500	Art program	(600)		(600)	-	
<u>Federal Transit Administration - Passed Through Nashville Metropolitan Transit Authority</u>							
		JARC and New Freedom Programs	-	13,374	31,583	(18,209)	(A)
<u>US Department of Justice - Passed Through the YWCA</u>							
16.575	YWCA	Victims of Crime Act	(1,190)	1,190		-	(A)
16.575	YWCA	Victims of Crime Act	-	8,289	9,867	(1,578)	(A)
<u>US Department of Justice - Passed Through the Department of Finance and Administration:</u>							
16.575	Z0703312800	Victory Over Crime	(6,476)	51,134	49,977	(5,319)	(A)
<u>Corporation for National &amp; Community Service:</u>							
94.011	GH07SFSTN002	Foster Grandparents Program *	(26,184)	292,735	290,426	(23,875)	(A)
94.016	GH06SCSTN004	Respite Senior Companion Program *	(4,013)	49,627	49,535	(3,921)	(A)
94.002	GH06SRSTN008	Retired Senior Volunteer Program	(9,373)	99,835	95,605	(5,143)	(A)
Totals			(39,570)	442,197	435,566	(32,939)	
Federal Totals			\$ (89,378)	\$ 651,728	\$ 688,874	\$ (126,524)	

(A): Amounts shown in brackets represents money due from the grantor.

(B): Advances due to the grantor if not used for program purposes.

\* : Represents a major program for Single Audit Purposes.

This schedule is prepared on the same (accrual) basis of accounting as the financial statements.

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

**FIFTYFORWARD (FORMERLY SENIOR CITIZENS, INC.  
SENIOR CENTER FOR THE ARTS, INC. AND J. B. KNOWLES TRUST  
SCHEDULE OF FEDERAL AWARDS  
JUNE 30, 2008**

<u>CFDA Number</u>	<u>State Grant Number</u>	<u>Grantor Agency and Program Name</u>	<u>Balance July 1, 2007</u>	<u>Grant Cash Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2008</u>	
<u>US Department of Health and Human Services:</u>							
<u>Passed Through the Tennessee Department of Human Services:</u>							
93.667	Z07031619	Social Services Block Grant	\$ (3,017)	\$ 3,017		\$ -	
93.667	Z08022688	Social Services Block Grant	\$ -	\$ 49,183	\$ 53,261	\$ (4,078)	(A)
<u>Passed Through the Greater Nashville Regional Council:</u>							
93.044	2007-10	Title IIIB	(20,350)	20,350		-	
93.043	2007-10	Title IIID	(5,114)	5,114		-	
93.044	2008-10	Title IIIB	-	69,493	83,433	(13,940)	(A)
93.043	2008-10	Title IIID	-	4,086	10,455	(6,369)	(A)
<u>Passed Through the Tennessee Department of Mental Health and Developmental Disabilities through:</u>							
Centerstone Community Mental Health Centers, Inc.							
93.958	Centerstone	Peer Counseling	(4,013)	16,050	12,037	-	
93.275	Centerstone	SAMSA	(5,329)	4,671	(658)	-	
<u>US Department of Agriculture - Passed Through the Department of Human Services:</u>							
10.558	34740006001	Child & Adult Food Program	(1,500)	22,397	30,552	(9,655)	(A)
<u>National Endowment for the Arts - Passed Through the Tennessee Arts Commission:</u>							
45.022	Z082175400	Art program	-	7,500	15,000	(7,500)	(A)
45.022	Z082175500	Art program		4,450	5,050	(600)	(A)
<u>US Department of Justice - Passed Through the YWCA:</u>							
16.575	YWCA	Victims of Crime Act	-	9,404	10,594	(1,190)	(A)
<u>US Department of Justice - Passed Through the Department of Finance and Administration:</u>							
16.575	Z0703312800	Victims of Crime Act	(4,927)	47,102	48,651	(6,476)	(A)
<u>Corporation for National &amp; Community Service:</u>							
94.011	GH07SFSTN002	Foster Grandparents Program *	(25,312)	302,453	303,325	(26,184)	(A)
94.016	GH06SCSTN004	Respite Senior Companion Program *	(4,610)	51,023	50,426	(4,013)	(A)
94.002	GH06SRSTN008	Retired Senior Volunteer Program	(9,379)	112,545	112,539	(9,373)	(A)
Corporation Totals			(39,301)	466,021	466,290	(39,570)	
Federal Totals			\$ (83,551)	\$ 728,838	\$ 734,665	\$ (89,378)	

(A): Amounts shown in brackets represents money due from the grantor.

(B): Advances due to the grantor if not used for program purposes.

\* : Represents a major program for Single Audit Purposes.

This schedule is prepared on the same (accrual) basis of accounting as the financial statements.

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

**FIFTYFORWARD (formerly Senior Citizens, Inc.)**  
**SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST**  
**SCHEDULE OF STATE AND LOCAL AWARDS**  
**JUNE 30, 2009**

<u>State Grant Number</u>	<u>Grantor Agency and Program Name</u>	<u>Balance July 1, 2008</u>	<u>Grant Cash Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2009</u>	
<u>Tennessee Department of Mental Health and Developmental Disabilities:</u>						
GR061724900	Foster Grand Parents Program (Cloverbottom)	\$ (12,000)	\$ -	\$ -	\$ (12,000)	(A)
<u>Tennessee Commission on Aging - Greater Nashville Regional Council:</u>						
2007-10	Senior Citizens Operations Grant	-	44,400	44,400	-	
<u>Tennessee Arts Commission</u>						
2702693	Theater in the Grove				-	
<u>Metropolitan Nashville Arts Commission</u>						
08-NP-09	FiftyForward	(200)		(200)	-	
09-B2-09	Senior Center for the Arts, Inc.	(3,848)	34,968	38,114	(6,994)	(A)
FY09 ABC	Senior Center for the Arts, Inc.	(140)	1,400	1,540	(280)	(A)
<u>Tennessee Department of Human Services:</u>						
Z09212893	Healty and Active Seniors and Caregivers		20,000	23,333	(3,333)	(A)
State Totals		<u>\$ (16,188)</u>	<u>\$ 100,768</u>	<u>\$ 107,187</u>	<u>\$ (22,607)</u>	
<u>Williamson County:</u>						
	College Grove Center Grant	-	35,500	35,500	-	
	Brentwood Center Grant	-	45,000	45,000	-	
Local Government Totals		<u>\$ -</u>	<u>\$ 80,500</u>	<u>\$ 80,500</u>	<u>\$ -</u>	

(A): Amounts shown in brackets represents money due from the grantor.

(B): Advances due to the grantor if not used for program purposes.

This schedule is prepared on the same (accrual) basis of accounting as the financial statements.

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

**FIFTYFORWARD (FORMERLY SENIOR CITIZENS, INC.)  
SENIOR CENTER FOR THE ARTS, INC. AND J. B. KNOWLES TRUST  
SCHEDULE OF STATE AND LOCAL AWARDS  
JUNE 30, 2008**

<u>State Grant Number</u>	<u>Grantor Agency and Program Name</u>	<u>Balance July 1, 2007</u>	<u>Grant Cash Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2008</u>	
<u>Tennessee Department of Mental Health and Developmental Disabilities:</u>						
GR061724900	Foster Grand Parents Program (Cloverbottom)	\$ (6,000)	\$ 6,000	\$ 12,000	\$ (12,000)	(A)
<u>Tennessee Commission on Aging - Greater Nashville Regional Council:</u>						
2007-10	Senior Citizens Operations Grant	(17,143)	43,400	26,257	-	
<u>Tennessee Arts Commission</u>						
2702693	Theater in the Grove		3,000	3,000	-	
<u>Metropolitan Nashville Arts Commission</u>						
08-NP-09	FiftyForward		1,000	1,200	(200)	(A)
08-B2-10	Senior Center for the Arts, Inc.		16,739	20,587	(3,848)	(A)
ABC-08-21	Senior Center for the Arts, Inc.		800	940	(140)	(A)
	Community Enhancement		153,080	153,080	-	
State Totals		<u>\$ (23,143)</u>	<u>\$ 224,019</u>	<u>\$ 217,064</u>	<u>\$ (16,188)</u>	
<u>Williamson County:</u>						
	College Grove Center Grant	-	35,500	35,500	-	
	Brentwood Center Grant	-	40,000	40,000	-	
Local Government Totals		<u>\$ -</u>	<u>\$ 75,500</u>	<u>\$ 75,500</u>	<u>\$ -</u>	

(A): Amounts shown in brackets represents money due from the grantor.

(B): Advances due to the grantor if not used for program purposes.

This schedule is prepared on the same (accrual) basis of accounting as the financial statements.

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

**FiftyForward (formerly Senior Citizens, Inc.)  
Senior Center for the Arts, Inc. and J. B. Knowles Trust  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2009**

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: unqualified.

	<u>FiftyForward</u>	<u>Senior Center for the Arts, Inc.</u>	<u>J.B. Knowles Trust</u>
Internal control over financial reporting:			
• Material weakness(es) identified?	No	Yes	No
• Significant deficiencies identified that are not considered to be material weaknesses?	No	Yes	No
Noncompliance material to financial statements noted?	No	Yes	No

*Federal Awards*

Internal control over major programs:

- Material weaknesses identified? \_\_\_\_\_ yes      \_\_X\_\_ no
- Significant deficiencies identified that are not considered to be material weaknesses \_\_\_\_\_ yes      \_\_X\_\_ none reported

Type of auditor's report issued on compliance for major programs: unqualified.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_\_\_ yes      \_\_X\_\_ no

Identification of major programs:

CFDA Number(s)  
94.011  
94.016

Name of Federal Program  
Foster Grand Parents Program  
Respite Senior Companion Program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low risk? \_\_\_\_\_ yes      \_\_X\_\_ no

**FiftyForward (formerly Senior Citizens, Inc.)  
Senior Center for the Arts, Inc. and J. B. Knowles Trust  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2009**

**Section II - Financial Statement Findings**

Management's General Response - The following findings are solely related to control procedures of Senior Center for the Arts, Inc. a subsidiary of FiftyForward. Prior to January 1, 2008, certain accounting functions were handled by the staff of Senior Center for the Arts. Realizing the need for improvement in certain areas related to control procedures at Senior Center for the Arts, responsibility for the procedures reported upon below was transferred to FiftyForward staff effective January 1, 2008. Employment of the person who was primarily responsible for causing the exceptions ended in December 2008. FiftyForward Management wants to emphasize that they took steps to reduce future occurrences of the issues reflected below prior to the findings being presented to them in the audit.

**Current Year Findings:**

**2009-1: Lack of Documentation, Approval, & Receipting – Senior Center for the Arts, Inc.**

- **Criteria – Specific Requirement:** To enable the Senior Center for the Arts, Inc. (SCA) to demonstrate that it has adequate internal controls over disbursements; invoices and other supporting documentation must be retained. Critical internal control steps such as adequate documentation, approvals and receiving need to be documented in writing.
- **Condition:** Critical internal control steps are not documented. As part of testing internal controls for FiftyForward, SCA, and J.B. Knowles Trust, a random sample of 140 cash disbursements were selected for testing. The random sample included 100 disbursements for FiftyForward and 40 for SCA. No exceptions were noted for FiftyForward. For SCA, there were five exceptions for lack of a supporting invoice, contract, or time sheet and two exceptions for lack of approval documentation. For four of the exceptions, there was a check request documenting approval, but no supporting documentation from the vendor. Three of these involved contract performers. One of the items tested was a monthly credit card payment that included 150 transactions. Of the 150 transactions, 39 (26%) had no supporting documentation from the vendor or documentation of the approval. These undocumented and unapproved transactions represented \$4,097 (35.1%) of the total payment. In addition, receipting was not consistently documented on most of the transactions.
- **Context:** The SCA sample covered \$41,195 of expenses as compared to \$433,383 of cash disbursements during the period, representing 9.5% of total expenses.
- **Effect:** The Senior Center for the Arts, Inc. could not document that it has adequate controls over disbursements to prevent fraudulent transactions from occurring.
- **Cause:** The organization's established procedures that require documentation prior to payment, documentation of approvals and receipting are not being consistently followed.
- **Recommendation:** Internal controls over disbursements should be consistently followed.
- **Response:** The management of FiftyForward implemented procedures to reduce and/or prevent further occurrence during the fiscal year-end 2007-2008. Unfortunately, those procedures continued to be disregarded by an employee who was a member of the management of the SCA program. This individual is no longer employed by the organization. In November 2008, the agency also began requiring supporting invoices or time sheets signed by the contract performer and approved by SCA management to provide supporting documentation for these payments. (Auditor note: No exceptions noted on contract performers after the new procedure implemented.)

**FiftyForward (formerly Senior Citizens, Inc.)  
Senior Center for the Arts, Inc. and J. B. Knowles Trust  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2009**

Prior Year Findings:

**2008-1: Lack of Documentation, Approval, & Receipting – Senior Center for the Arts, Inc.**

- **Criteria – Specific Requirement:** To enable the Senior Center for the Arts, Inc.(SCA) to demonstrate that it has adequate internal controls over disbursements; invoices and other supporting documentation must be retained. Critical internal control steps such as adequate documentation, approvals and receiving need to be documented in writing.
- **Condition:** Critical internal control steps were not documented. During the period July 1, 2007 to December 31, 2007, the Senior Center for the Arts, Inc. maintained its own bookkeeping system, including cash receipts and disbursements. As part of testing both SCA's and FiftyForward's (the Agency) internal controls, a random sample of sixty cash disbursements were selected for testing. The random sample included four disbursements for SCA and 56 for FiftyForward. No exceptions were noted for FiftyForward. For SCA, supporting documentation was missing on one disbursement, approval for payment was not documented on two disbursements, receipting was not documented on two disbursements, and there was no check image on one. Since the original sample contained 25% to 50% in exceptions, a second sample was selected from the same period for SCA disbursements only. In the second sample, twenty-two of 223 disbursements were selected representing 10% of the total checks written. In the second sample, supporting documentation was missing on 4 disbursements totaling \$10,101. Approval for payment was not documented on 5 disbursements totaling \$9,813. Receipting was not documented on 6 disbursements totaling \$10,229.
- **Context:** The second sample covered \$14,483 of expenses as compared to \$107,031 of cash disbursements during the period, representing 13.5% of total expenses.
- **Effect:** The Senior Center for the Arts, Inc. could not document that it has adequate controls over disbursements to prevent fraudulent transactions from occurring.
- **Cause:** Procedures that require documentation prior to payment, documentation of approvals and receipting, and securing of check stock are not being followed.
- **Recommendation:** Internal controls over disbursements should require that receiving of supplies and other materials be documented in writing, should require approval of invoices for payment be documented, and should require invoices or other documentation be available before payment. In addition, blank check stock should be kept in a secure place and signed by authorized personnel only.
- **Response:** The management of FiftyForward became aware of these issues and effective January 1, 2008 removed check writing capabilities from the Senior Center for the Arts, Inc. and implemented procedures to reduce further occurrence of these findings. (Auditor note: Two disbursements for SCA were included in the sample tested during the period January 1, 2008 to June 30, 2008. No exceptions were noted on those disbursements.)
- **Current Year Follow-up:** See finding 2009-1 for current year testing and follow-up.

**2008-2: Inconsistent Check Signing – Senior Center for the Arts, Inc.**

- **Criteria or Specific Requirement:** The persons authorized as check signers for the organization should be the only check signers. Bank reconciliation procedures should include examination of check images clearing with the bank statement for signatures and endorsements.
- **Condition:** In the second sample of SCA cash disbursements tested (see finding 2008-1), there were eight check images in which the signatures did not appear to match the authorized signature on file. These checks totaled \$2,533 in disbursements.
- **Context:** There were 22 checks selected for testing of 223 total checks written.
- **Effect:** Poor internal controls did not detect disbursements that needed further investigation.
- **Cause:** Inadequate controls over check writing and bank reconciliation

**FiftyForward (formerly Senior Citizens, Inc.)**  
**Senior Center for the Arts, Inc. and J. B. Knowles Trust**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2009**

- **Recommendation:** Persons authorized to sign checks should be trained in their responsibilities and bank reconciliation procedures should include examination of check images clearing with the bank statement for signatures and endorsements.
- **Response:** Management of FiftyForward concurs and will implement the recommendation. Management would also like to state that check signatures have never been an issue with any previous audit of FiftyForward (or its predecessor, Senior Citizens, Inc.).
- **Current Year Follow-up:** There were no exceptions noted for authorized check signers noted in current year testing.

**2008-3: Inability to Produce Form 1099 Documents – Senior Center for the Arts, Inc.**

- **Criteria or Specific Requirement:** Internal Revenue Code requires payments to individual and companies, other than corporations, \$600 and over to be issued Form 1099 – Miscellaneous Income.
- **Condition:** Form 1099 – Miscellaneous Income forms for the 2007 tax year are not available for inspection.
- **Context:** The Senior Center for the Arts, Inc. paid \$108,898 in fees in the form of non-employee compensation.
- **Effect:** Senior Center for the Arts, Inc. did not provide evidence to the auditor that it had prepared Form 1099 – Miscellaneous Income forms for the non-employee compensation paid. The Internal Revenue Service has authority to penalize organizations for failure to prepare and file these forms.
- **Cause:** Inadequate controls over preparing and filing Form 1099.
- **Recommendation:** Controls and procedures should be implemented to ensure that Form 1099's are prepared, filed and retained.
- **Response:** Management wants to emphasize that 1099 documentation has never been an issue with FiftyForward (or its predecessor, Senior Citizens, Inc.), and that procedures are already in place at FiftyForward to properly handle reporting of monies paid for personal services. Changes in responsibilities that were enacted January 1, 2008 will rectify this situation.
- **Current Year Follow-up:** The Form 1099's for 2008 were issued without any exceptions noted.

**Section III - Federal Award Findings and Questioned Costs**

**Current Year Findings:** No matters were reported.

**Prior Year Findings:** No matters were reported.



**FIFTYFORWARD (formerly Senior Citizens, Inc.)**  
**SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST**  
**SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS**  
**JUNE 30, 2009**

	<u>FiftyForward</u>	<u>J.B. Knowles Trust</u>	<u>Senior Center for the Arts</u>	<u>Total 2009</u>
<b><u>ASSETS</u></b>				
Cash - unrestricted	\$ 48,033		\$ 4,357	\$ 52,390
Cash - temporarily restricted	1,787,754			1,787,754
Total operating cash	1,835,787	-	4,357	1,840,144
Investments	86,647			86,647
Accounts receivable - service fees	200,752			200,752
Grant receivable	141,857		7,274	149,131
Promises to give, current portion	678,748			678,748
Prepaid expenses	15,738		26,223	41,961
Total current assets	2,959,529	-	37,854	2,997,383
Land, building, and equipment	12,973,001		2,555	12,975,556
Accumulated depreciation	(4,202,034)		(766)	(4,202,800)
Net land, building, and equipment	8,770,967	-	1,789	8,772,756
Other assets: Conservator trust accounts	374,259			374,259
Pledge receivables, less current portion	104,745			104,745
Prepaid rent - Bellevue Center	1,860,175			1,860,175
Knowles Trust Fund cash	-	9,677		9,677
Knowles Trust Fund investments	-	1,488,260		1,488,260
Total assets	\$ 14,069,675	\$ 1,497,937	\$ 39,643	\$ 15,607,255
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Accounts payable	\$ 162,722			\$ 162,722
Accrued expenses	119,947			119,947
Accrued pension plan liability	305,345			305,345
Deferred revenue	142,072		41,672	183,744
Total current liabilities	730,086	-	41,672	771,758
Conservator trust funds	374,259			374,259
Total liabilities	1,104,345	-	41,672	1,146,017
Net Assets:				
Undesignated (restated)	10,746,594		(2,029)	10,744,565
Board designated	200,000			200,000
Total unrestricted net assets	10,946,594	-	(2,029)	10,944,565
Temporarily restricted	2,018,736			2,018,736
Permanently restricted	-	1,497,937		1,497,937
Total net assets	12,965,330	1,497,937	(2,029)	14,461,238
Total liabilities and net assets	\$ 14,069,675	\$ 1,497,937	\$ 39,643	\$ 15,607,255

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

**FIFTYFORWARD (formerly Senior Citizens, Inc.)**  
**SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST**  
**SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS**  
**JUNE 30, 2008**

	<u>FiftyForward</u>	<u>J.B. Knowles Trust</u>	<u>Senior Center for the Arts</u>	<u>Total 2008</u>
<b><u>ASSETS</u></b>				
Cash - unrestricted	\$ 45,390		98,366	\$ 143,756
Cash - temporarily restricted	1,561,492			1,561,492
Total operating cash	1,606,882	-	98,366	1,705,248
Investments	105,985			105,985
Accounts receivable - service fees	109,957		7,500	117,457
Grant receivable	101,579		3,988	105,567
Promises to give, current portion	696,140			696,140
Prepaid expenses	83,585		2,644	86,229
Total current assets	2,704,128	-	112,498	2,816,626
Land, building, and equipment	12,978,151		2,555	12,980,706
Accumulated depreciation	(3,871,399)		(255)	(3,871,654)
Net land, building, and equipment	9,106,752	-	2,300	9,109,052
Other assets: Conservator trust accounts	389,480			389,480
Pledge receivables, less current portion	179,646			179,646
Prepaid rent - Bellevue Center	1,919,439			1,919,439
Knowles Trust Fund cash	-	21,670		21,670
Knowles Trust Fund investments	-	1,916,533		1,916,533
Total assets	\$ 14,299,445	\$ 1,938,203	\$ 114,798	\$ 16,352,446
<b><u>LIABILITIES AND NET ASSETS</u></b>				
Accounts payable	\$ 109,522			\$ 109,522
Accrued expenses	164,982			164,982
Accrued pension plan liability - restated	233,230			233,230
Due to FiftyForward (Due from Center for the Arts)	(60,408)		60,408	-
Deferred revenue	108,502		57,033	165,535
Total current liabilities	555,828	-	117,441	673,269
Conservator trust funds	389,480			389,480
Total liabilities	945,308	-	117,441	1,062,749
Net Assets:	-			-
Undesignated - restated	11,316,845		(2,643)	11,314,202
Board designated	200,000			200,000
Total unrestricted net assets - restated	11,516,845	-	(2,643)	11,514,202
Temporarily restricted	1,837,292			1,837,292
Permanently restricted	-	1,938,203		1,938,203
Total net assets	13,354,137	1,938,203	(2,643)	15,289,697
Total liabilities and net assets	\$ 14,299,445	\$ 1,938,203	\$ 114,798	\$ 16,352,446

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

**FIFTYFORWARD (formerly Senior Citizens, Inc.)  
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST  
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN  
UNRESTRICTED NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2009**

<u>PUBLIC SUPPORT AND REVENUE</u>	FiftyForward Operations	FiftyForward Capital Campaign	J.B Knowles Trust	Senior Center for the Arts	Total 2009
Special events	\$ 394,056		\$ -	\$ -	\$ 394,056
Contributions	\$ 764,037	75,051		43,635	882,723
Sub-total	1,158,093	75,051	-	43,635	1,276,779
United Way	40,513		-	-	40,513
Membership dues	229,449		-	-	229,449
In kind support	112,286		-	27,558	139,844
Service fees	701,972		-	260,496	962,468
Interest and dividend income	60,126		55,121	-	115,247
Grant to Senior Center for the Arts **	(75,000)		-	75,000	-
Realized gains (losses) on investments	-		(38,441)	-	(38,441)
Un-realized gains (losses) in fair value of investments	(22,935)		(351,541)	-	(374,476)
Gain on disposal	-		-	-	-
Other income	3,307		-	1,451	4,758
Net assets released from restrictions:	-				
Principal transfer	-		440,266	-	440,266
Satisfaction of program restrictions: Awards	840,558		-	36,368	876,926
Satisfaction of timing restrictions: United Way	468,634		-	-	468,634
FiftyForward Endowment	131,352		-	-	131,352
Capital Campaign	106,981		-	-	106,981
Sub-total of satisfaction of timing restrictions	706,967	-	-	36,368	706,967
Total public support and revenue	3,755,336	75,051	105,405	444,508	4,380,300
<u>EXPENSES</u>					
Program services *	3,336,186	75,051	100,000	443,894	3,955,131
Support Services	989,401		5,405	-	994,806
Total expenses	4,325,587	75,051	105,405	443,894	4,949,937
Increase (decrease) in unrestricted net assets	(570,251)	-	-	614	(569,637)
Unrestricted net assets, beginning (restated)	2,722,624	8,794,221	-	(2,643)	11,514,202
Unrestricted net assets, end of year	\$ 2,152,373	\$ 8,794,221	\$ -	\$ (2,029)	\$ 10,944,565

Capital Campaign reimbursement to operations consists of:

Transfer of endowment to Senior Citizens Foundation	\$ -
Capital Campaign direct expenses this year	75,051
Total Capital Campaign expenses this year	75,051
Capital Campaign capitalized expenditures this year	-
Total amount reimbursed to operations	\$ 75,051

Capital Campaign portion of ending unrestricted net assets consists of:

City of Brentwood in kind donation of land for center	\$ 375,000
Capital Campaign capitalized expenditures cumulative	8,419,221
Capital Campaign portion of ending unrestricted net assets	\$ 8,794,221

Note \*: Operating program services expense includes \$92,903 in kind and \$400,388 depreciation expense.

Note \*\*: The grant to Senior Center for the Arts, Inc. of \$75,000 is included in program expenses on FiftyForward's Form 990

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

**FIFTYFORWARD (formerly Senior Citizens, Inc.)**  
**SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST**  
**SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN**  
**UNRESTRICTED NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

<u>PUBLIC SUPPORT AND REVENUE</u>	FiftyForward Operations	FiftyForward Capital Campaign	J.B Knowles Trust	Senior Center for the Arts	Total 2008
Special events	508,344	\$ -	\$ -	\$ -	\$ 508,344
Contributions	628,778	100,970	-	27,907	757,655
Sub-total	1,137,122	100,970	-	27,907	1,265,999
United Way	36,864	-	-	-	36,864
Membership dues	244,461	-	-	-	244,461
In kind support	60,650	-	-	32,253	92,903
Service fees	738,316	-	-	217,373	955,689
Interest and dividend income	64,403	-	66,978	-	131,381
Grant to Senior Center for the Arts **	(71,000)	-	-	71,000	-
Realized gains (losses) on investments	(1,257)	-	(815)	-	(2,072)
Un-realized gains (losses) in fair value of investments	(12,998)	-	(147,016)	-	(160,014)
Gain (loss) on disposal of assets	(19,367)	-	-	-	(19,367)
Other income	22,910	-	-	-	22,910
Net assets released from restrictions:					
Principal transfer	-	-	187,087	-	187,087
Satisfaction of program restrictions: Awards	1,028,358	-	-	-	1,028,358
Satisfaction of timing restrictions:					
United Way	465,116	-	-	34,889	500,005
Senior Citizens Foundation	124,728	-	-	-	124,728
Capital Campaign	862,172	-	-	-	862,172
Sub-total of satisfaction of timing restrictions	1,452,016	-	-	34,889	1,486,905
Total public support and revenue	4,680,478	100,970	106,234	383,422	5,271,104
<u>EXPENSES</u>					
Program services *	3,404,279	100,970	100,000	381,839	3,987,088
Support Services	1,319,014		6,234	-	1,325,248
Total expenses	4,723,293	100,970	106,234	381,839	5,312,336
Increase (decrease) in unrestricted net assets	(42,815)	-	-	1,583	(41,232)
Unrestricted net assets, beginning	2,765,439	8,794,221	-	(4,226)	11,555,434
Unrestricted net assets, end of year	\$ 2,722,624	\$ 8,794,221	\$ -	\$ (2,643)	\$ 11,514,202

Capital Campaign reimbursement to operations consists of:

Transfer of endowment to Senior Citizens Foundation

Agency operating expenses

Capital Campaign direct expenses this year

100,970

Total Capital Campaign expenses this year

100,970

Capital Campaign capitalized expenditures this year

-

Total amount reimbursed to operations

\$ 100,970

Capital Campaign portion of ending unrestricted net assets consists of:

City of Brentwood in kind donation of land for center

\$ 375,000

Capital Campaign capitalized expenditures cumulative

8,419,221

Capital Campaign portion of ending unrestricted net assets

\$ 8,794,221

Note \*: Operating program services expense includes \$92,903 in kind and \$400,388 depreciation expense.

Note \*: The grant to Senior Center for the Arts of \$71,000 is included in program expenses on FiftyForward's Form 990.

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

# JOE OSTERFELD, CPA

CERTIFIED PUBLIC ACCOUNTANT

710 NORTH MAIN STREET ~ SUITE A ~ PO BOX 807 ~ COLUMBIA, TN 38402-0807  
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## 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*

To the Board of Directors of  
FiftyForward  
Nashville, Tennessee

We have audited the financial statements of FiftyForward (formerly Senior Citizens, Inc.) (a nonprofit organization) as of and for the year ended June 30, 2009, and have issued our report thereon dated October 12, 2009. 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 FiftyForward'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 the FiftyForward's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control. We consider the finding 2009-1 described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over financial reporting.

FiftyForward's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit FiftyForward's responses and, accordingly, we express no opinion on them.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness to the Organization as a whole, but they are material weaknesses to the Senior Center for the Arts, Inc.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether FiftyForward'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 management, others within the entity, the Board of Directors, 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.

A handwritten signature in black ink that reads "Joe Osterfeld, CPA". The signature is written in a cursive, flowing style.

Joe Osterfeld, CPA  
Columbia, Tennessee  
October 12, 2009

# JOE OSTERFELD, CPA

CERTIFIED PUBLIC ACCOUNTANT

710 NORTH MAIN STREET ~ SUITE A ~ PO BOX 807 ~ COLUMBIA, TN 38402-0807

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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of  
FiftyForward  
Nashville, Tennessee

### Compliance

We have audited the compliance of FiftyForward (formerly Senior Citizens, Inc.) (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. FiftyForward'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 FiftyForward's management. Our responsibility is to express an opinion on FiftyForward'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 FiftyForward'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 of FiftyForward's compliance with those requirements.

In our opinion, FiftyForward complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

### Internal Control Over Compliance

The management of FiftyForward 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 FiftyForward's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 FiftyForward's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 management, others within the entity, the Board of Directors, 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.

A handwritten signature in black ink that reads "Joe Osterfeld, CPA". The signature is written in a cursive, flowing style.

Joe Osterfeld, CPA  
Columbia, Tennessee  
October 12, 2009