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FIFTYFORWARD
SENIOR CENTER FOR THE ARTS, INC.
J. B. KNOWLES TRUST
AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

*Fifty
forward*

FIFTYFORWARD
AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

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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 (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, 2010 and 2009, and the related statements of activities, functional expenses, and cash flows for the years ended June 30, 2010 and 2009. 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, 2010 and 2009, and the respective changes in net assets, and 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 November 8, 2010 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, 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
November 8, 2010

FIFTYFORWARD
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash - unrestricted	\$ 34,071	\$ 52,390
Cash - temporarily restricted	1,967,709	1,787,754
Total operating cash	<u>2,001,780</u>	<u>1,840,144</u>
Investments	34,453	86,647
Accounts receivable	118,156	200,752
Grant receivable	324,776	149,131
Promises to give, current portion	607,065	678,748
Prepaid expenses	44,485	41,961
Total current assets	<u>3,130,715</u>	<u>2,997,383</u>
Land, building, and equipment	13,039,652	12,975,556
Accumulated depreciation	(4,504,454)	(4,202,800)
Net land, building, and equipment	<u>8,535,198</u>	<u>8,772,756</u>
Other assets: Conservator trust accounts	554,377	374,259
Pledge receivables, less current portion	50,852	104,745
Prepaid rent - Bellevue Center	1,798,569	1,860,175
Knowles Trust Fund cash	18,054	9,677
Knowles Trust Fund investments	1,492,959	1,488,260
Total assets	<u>\$ 15,580,724</u>	<u>\$ 15,607,255</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	\$ 114,196	\$ 162,722
Accrued expenses	161,534	119,947
Accrued pension plan liability	318,392	305,345
Deferred revenue	229,333	183,744
Total current liabilities	<u>823,455</u>	<u>771,758</u>
Conservator trust funds	554,377	374,259
Total liabilities	<u>1,377,832</u>	<u>1,146,017</u>
Net Assets:		
Undesignated	10,368,463	10,744,565
Board designated	200,000	200,000
Total unrestricted net assets	<u>10,568,463</u>	<u>10,944,565</u>
Temporarily restricted	2,123,416	2,018,736
Permanently restricted	1,511,013	1,497,937
Total net assets	<u>14,202,892</u>	<u>14,461,238</u>
Total liabilities and net assets	<u>\$ 15,580,724</u>	<u>\$ 15,607,255</u>

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

**FIFTYFORWARD
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

<u>PUBLIC SUPPORT AND REVENUE</u>	<u>2010</u>	<u>2009</u>
Service fees	\$ 923,047	\$ 962,468
Contributions	886,827	882,723
Special events	420,425	394,056
United Way	25,680	40,513
Membership dues	214,298	229,449
In kind support	139,105	139,844
Investment income	89,352	115,247
Realized gain (loss) on investments	(35,064)	(38,441)
Unrealized gain (loss)	116,560	(374,476)
Gain (loss) on disposal of assets	1,000	-
Other income	18,471	4,758
Net assets released from restrictions: Principal transfer	56,697	440,266
Satisfaction of program restrictions: Awards	969,194	876,926
Satisfaction of timing restrictions: United Way	459,827	468,634
FiftyForward Endowment	139,954	131,352
Contributions	24,100	106,981
Total public support and revenue	<u>4,449,473</u>	<u>4,380,300</u>
<u>EXPENSES</u>		
Program services	3,843,267	3,955,131
Support Services	982,268	994,806
Total expenses	<u>4,825,535</u>	<u>4,949,937</u>
Increase (decrease) in unrestricted net assets	(376,062)	(569,637)
Unrestricted net assets, beginning (restated)	10,944,525	11,514,162
Unrestricted net assets, end of year	<u>\$ 10,568,463</u>	<u>\$ 10,944,525</u>
<u>Temporarily restricted net assets:</u>		
Awards	\$ 969,194	\$ 876,926
United Way	444,642	459,827
Contributions	152,317	288,630
FiftyForward Endowment	131,602	139,954
Net assets released from restrictions:		
Satisfaction of program restrictions	(969,194)	(876,926)
Satisfaction of timing restrictions	(623,881)	(706,967)
Increase (decrease) in temporarily restricted net assets	104,680	181,444
Temporarily restricted net assets, beginning	2,018,736	1,837,292
Temporarily restricted net assets, end of year	<u>\$ 2,123,416</u>	<u>\$ 2,018,736</u>
<u>Permanently restricted net assets:</u>		
Principle transfer in (out)	\$ 13,076	\$ (440,266)
Increase (decrease) in permanently restricted net assets	13,076	(440,266)
Permanently restricted net assets, beginning	1,497,937	1,938,203
Permanently restricted net assets, end of year	<u>\$ 1,511,013</u>	<u>\$ 1,497,937</u>
Increase (decrease) in net assets	(258,306)	(828,459)
Net assets, beginning (restated)	14,461,198	15,289,657
Net assets, end of year	<u>\$ 14,202,892</u>	<u>\$ 14,461,198</u>

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

FIFTYFORWARD
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

Program Services										Support Services									
Foster	Adult	Grand	Living At	College	Brent-	J.B	Turner	Madison	Forward	Music	Center	Senior	Manage-						
Daycare	Parents	Home	RSVP	Grove	Donelson	Bordeaux	Martin	Hart Bldg	Center	Madison	Travel	Seniors	Arts	Foundation	Comm	Campaign	Fund	General	Total
117,011	58,611	329,260	126,143	64,891	84,838	45,439	101,529	103,640	92,611	124,592	10,649	39,392	90,264	19,086	139,721	329,079	\$1,876,756	Expenses	
27,771	9,813	82,814	21,968	16,666	14,034	8,133	20,554	12,706	9,645	26,824	526	4,221	16,624	5,554	22,686	132,798	433,337		
8,596	4,200	24,760	9,280	6,361	3,446	7,772	7,010	11,393	811	3,023	6,676	1,423	10,429	6,987	21,530	24,922	141,208		
2,207	1,490	31,561	3,148	12,179	6,520	3,018	15,690	32,070	37,543	12,188	96,950	29,915	11,008	368	6,987	21,530	439,454		
20,661	4,235	43,833	12,877	9,915	44,597	41,623	8,930	5,305	25,510	132	530	992	750	153	1,780	2,701	48,537		
1,896	1,647	7,692	1,544	1,913	7,749	7,698	2,456	72	7,963	90,847	992	25	5,475	18	3,216	2,495	36,788		
102	545	1,593	1,734	3,539	760	1,494	1,782	244	2,866	441	25	5,475	18	3,216	2,495	36,788	48,537		
11,247	1,916	25,468	7,599	46,543	58,753	64,267	74,826	87,401	88,690	1,319	31	17	10,238	18	3,216	2,495	36,788		
343	833	1,600	1,411	1,704	16,182	501	2,075	637	4,062	30	17	31	369	66	8,395	5,768	47,811		
2,204	233	1,253	1,317	428	1,086	178	4,025	2,741	7,774	148	168	168	21,430	67	10,326	1,641	87,826		
18,115	1,661	16,818	2,732	3,970	4,077	4,859	2,273	4,778	8,528	7,445	100	2	1,243	-	233	1,138	80,253		
433	852	2,241	331	382	1,127	706	336	64	214	884	597	133	675	4,144	13,297	29,425	330,979		
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,485,760	
99	267,493	54,766	7,364	65	86	46	93	87	265	10	-	-	78	17	121	294	330,979	339,775	
639	313	2,352	856	498	776	387	329	725	501	34	85	-	1,769	336	2,823	6,186	20,227	13,865	
391	1,861	1,203	958	428	484	199	1,299	460	1,308	38	-	-	318	579	3,353	13,932	11,932	4,485,760	
12,728	355,713	628,227	199,320	167,890	247,656	81,992	254,911	249,336	322,894	111,090	31,863	342,601	176,054	29,241	533,107	4,485,760	339,775	\$4,825,535	
\$224,924	\$355,713	\$628,227	\$199,320	\$168,952	\$317,908	\$89,370	\$340,752	\$256,342	\$394,913	\$111,090	\$31,863	\$343,112	\$176,054	\$29,241	\$533,107	\$4,825,535			

Note: The Living At Home Program includes the following cost centers: Living At Home, Respite, VOCA, Meals on Wheels and Peer Counseling

Note: The Fund Raising support service includes \$28,496 of expenses for special events

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

FIFTYFORWARD
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

	Program Services										Support Services					Total Expenses			
	Adult Daycare	Grand Parents	Living At Home *	RSVP	College Grove	Donelson	Bordeaux	Brentwood	J.B. Knowles	Turner Center	Madison	Fifty Forward Travel	Center for the Arts	Senior Citizens Foundation	Comm		Capital Campaign	Fund Raising **	Mgmt & General
Salaries	114,089	58,534	322,559	130,712	68,586	118,690	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	100,600	376,510	
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	138,866	
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	584	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	1,184	1,781	1,545	361	350	112	534	887	566	339	10	52	460	152	1,048	4,990	14,782	
SCF Grant																		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	8,688	
Other	49	-	10	2	7	185	1,547	81	56	28	554	2	25,228	-	-	6	(20,622)	7,133	
Depreciation	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	516,292	4,562,112	
Total	12,674	\$215,049	\$366,901	\$623,398	\$204,726	\$186,366	\$356,193	\$84,367	\$335,863	\$389,552	\$250,392	\$406,008	\$87,145	\$443,896	\$170,268	\$75,051	\$192,395	\$516,292	\$4,909,137

Note *: The Living At Home Program includes the following cost centers: Living At Home, Respite, VOCA, Meals on Wheels 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
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Increase (decrease) in net assets	\$ (258,306)	\$ (828,459)
Adjustments to reconcile increase in net assets to net cash provided (used) by operations:		
Depreciation	339,775	347,025
Amortization of prepaid lease	61,606	59,264
In-kind donation of vehicle	39,099	
Unrealized (gain) loss in value of investments	(116,561)	374,476
Realized (gain) loss on investments	35,064	38,441
Realized (gain) loss on asset disposal	(1,000)	-
(Increase) decrease in:		
Accounts receivable	82,596	(83,295)
Grants receivable	(175,645)	(43,564)
Promises to give	125,576	92,293
Prepaid expenses	(2,524)	44,268
Conservator trust funds	(180,118)	15,221
Pension plan intangible asset	-	-
Increase (decrease) in:		
Accounts payable	23,755	53,200
Accrued expenses	41,587	(45,035)
Accrued pension plan liability	17,645	117,514
Deferred revenue	45,589	18,209
Conservator trust funds	180,118	(15,221)
Total from operations	<u>258,256</u>	<u>144,337</u>
<u>INVESTING ACTIVITIES:</u>		
Land, building & equipment purchases	(102,217)	(13,839)
Proceeds from sale of vehicle	1,000	
Proceeds from sale of investments	85,521	
Purchase of investments	(24,076)	
Total from investing	<u>(39,772)</u>	<u>(13,839)</u>
<u>FINANCING ACTIVITIES:</u>		
Knowles Trust Fund proceeds	340,733	280,667
Knowles Trust Fund purchases	(297,581)	(176,269)
Distributions from Knowles Trust Fund	(100,000)	(100,000)
Total from financing	<u>(56,848)</u>	<u>4,398</u>
Increase (decrease) in cash	<u>161,636</u>	<u>134,896</u>
Beginning cash balance	1,840,144	1,705,248
Ending cash balance	<u>\$ 2,001,780</u>	<u>\$ 1,840,144</u>

The accompanying notes are an integral part of the financial statements

FIFTYFORWARD
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

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 Senior 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

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Accounts Receivable

Accounts receivable are stated at their net realizable value. It is the opinion of management that all accounts receivable at June 30, 2010 and 2009 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.

Donated Services

Organization records 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.

**FIFTYFORWARD
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

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 Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

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 Organization include cash, short term trade accounts receivable, and trade accounts payable. Management estimates that the fair value of all financial instruments at June 30, 2010 and 2009 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 are 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 has 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, 2010, 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

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. 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.

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

FIFTYFORWARD
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

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. Due to the float on outstanding checks, the credit risk for those balances over the \$250,000 FDIC deposit insurance coverage were \$480,438 at June 30, 2010 and \$418,726 at June 30, 2009. 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.

	<u>2010</u>	<u>2009</u>
Cash in banks and on hand	\$ 34,071	\$ 52,390
Money market funds	1,967,709	1,787,754
Operating cash	2,001,780	1,840,144
Money market funds	18,054	9,677
Total cash	<u>\$ 2,019,834</u>	<u>\$ 1,849,821</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.

	<u>2010</u>		<u>2009</u>	
	Market	Cost	Market	Cost
Fixed Income Funds	\$ 588,717	\$ 554,239	\$ 572,110	\$ 565,433
Real Estate Funds	42,010	37,205	67,796	93,735
Equity Funds	972,472	1,014,903	935,001	1,078,192
Total Investments	<u>\$ 1,603,199</u>	<u>\$ 1,606,347</u>	<u>\$ 1,574,907</u>	<u>\$ 1,737,360</u>

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consist of:

	<u>2010</u>	<u>2009</u>
Grantor receivables	\$ 324,776	\$ 149,131
Service fees receivables	118,156	200,751
Total Receivables	<u>\$ 442,932</u>	<u>\$ 349,882</u>

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In August 2009, the Corporation for National and Community Service (CNCS) performed a compliance audit on the Foster Grandparent, Senior Companion and RSVP programs for the period September 30, 2008 through March 31, 2009. During CNCS's examination of documents and records, they determined that there were some compliance issues and reported those findings to FiftyForward. FiftyForward has complied with the recommendations of the CNCS and implemented policies and procedures to correct and deter further findings. It was also the recommendation of the CNCS that given the nature of the findings identified during their visit that a follow-up visit be performed for FY2010. As of the date of management's review, see Note 17, no follow-up visits have been made or scheduled. The increase in grantor receivables was a result of revising the Agency's billing procedures to comply with the findings. The billings were processed after fiscal year end and the grantor receivable from CNCS was substantially collected prior to the date of management's review.

NOTE 5 - PROMISES TO GIVE

Unconditional promises to give consist of:

	<u>2010</u>	<u>2009</u>
United Way Allocation	\$ 444,642	\$ 459,832
FiftyForward Endowment	109,539	117,954
Capital Campaign Pledges	<u>110,000</u>	<u>220,000</u>
Gross promises to give	664,181	797,786
Less: Unamortized discount	(6,264)	(14,293)
Less: Allowance for doubtful pledges	<u>-</u>	<u>-</u>
Net promises to give	657,917	783,493
Less: Current portion	<u>(607,065)</u>	<u>(678,748)</u>
Long-term portion of promises to give	<u>\$ 50,852</u>	<u>\$ 104,745</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 in 2012.

NOTE 6 - EMPLOYEE PENSION PLANS

The Organization has an IRS Section 403(b) tax sheltered annuity plan, a defined contribution money purchase pension plan, and a defined benefit pension plan. Employees may voluntarily contribute to the tax sheltered annuity plan. The Organization does not make any contributions to this plan.

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 \$83,649 and \$94,311 to this plan in the years ended June 30, 2010 and 2009.

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:

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Service costs	\$	2,087	\$	17,557
Interest cost		37,186		35,224
Expected return on plan assets		(22,010)		9,390
Net asset gain (loss) during the period deferred		16,861		(45,210)
Amortization of net (gain) loss		9,081		14,538
Net periodic pension expense	\$	<u>43,205</u>	\$	<u>31,499</u>

Discount rate		6.00%		6.00%
Rate of return on assets		4.00%		4.00%
Salary increase		7.00%		7.00%
Measurement date		7/1/2009		7/1/2008

Accumulated benefit obligation	\$	<u>697,455</u>	\$	<u>509,871</u>
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Change in Projected Benefit Obligation:				
Benefit obligation at beginning of year	\$	(643,415)	\$	(602,748)
Service cost		(2,087)		(17,557)
Interest cost		(37,186)		(35,224)
Actuarial (gain) loss		(93,234)		(22,098)
Benefit paid		51,588		34,212
Benefit obligation at end of year	\$	<u>(724,334)</u>	\$	<u>(643,415)</u>

Change in Plan Assets:				
Plan assets at beginning of year	\$	338,070	\$	345,530
Expected return on plan assets		22,010		23,089
Benefits paid		(51,588)		(34,212)
Employer contribution		80,589		48,873
Gain (loss)		16,861		(45,210)
Plan assets at end of year	\$	<u>405,942</u>	\$	<u>338,070</u>

Reconciliation of Funded Status				
Funded status at end of year	\$	(305,345)	\$	(233,230)
Pension expense		(26,344)		(44,230)
Employer contribution		80,589		48,873
Gain (loss) not previously recognized		(67,292)		(76,758)
(Accrued) pre-paid benefit cost	\$	<u>(318,392)</u>	\$	<u>(305,345)</u>

FIFTYFORWARD
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

Disclosure information for the fiscal year ending:

<u>Change in Unrecognized Gain/Loss:</u>	<u>2010</u>	<u>2009</u>
Unrecognized (gain) loss at beginning of year	\$ 261,303	\$ 184,545
Recognized gain (loss)	(9,081)	(14,538)
(Gain) loss due to actuarial experience	-	23,988
(Gain) loss due to changes in actuarial assumptions	-	-
(Gain) loss due to assets	76,373	67,308
Unrecognized (gain) loss at end of year	<u>\$ 328,595</u>	<u>\$ 261,303</u>

NOTE 7 - 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:

	<u>2010</u>	<u>2009</u>
Land	\$ 1,620,440	\$ 1,620,440
Building and improvements	9,786,040	9,746,899
Construction in progress	53,348	53,348
Furniture and equipment	1,224,910	1,205,277
Vehicles	354,914	349,592
	<u>13,039,652</u>	<u>12,975,556</u>
Less: Accumulated depreciation	(4,504,454)	(4,202,800)
Total	<u>\$ 8,535,198</u>	<u>\$ 8,772,756</u>

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

NOTE 8 - 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 Bellevue Center was built. Expenses relating to the construction have been classified as prepaid rent. The future lease expenses are:

2011	65,110
2012	67,821
2013	70,715
2014	73,804
2015	77,101
Thereafter	1,444,018
	<u>\$ 1,798,569</u>

FIFTYFORWARD
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST
NOTES TO FINANCIAL STATEMENTS
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NOTE 9 - 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, 2010 and 2009.

NOTE 10 - DEFERRED REVENUE

Deferred revenue consists of payments for services that have not been earned.

NOTE 11 - 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 12 - 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 Northwest Senior Center 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:

	<u>2010</u>	<u>2009</u>
Rent and land use	\$ 57,650	\$ 57,650
Assistance	81,205	54,636
Supplies	250	27,558
Total	<u>\$ 139,105</u>	<u>\$ 139,844</u>

FIFTYFORWARD
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009

NOTE 13 - 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.

NOTE 14 - 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 a minimum of \$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 years ended June 30, 2010 and 2009, based on the provisions discussed above, the Organization received \$100,000 in each year from the Trust which was 6.3% at June 30, 2010 and 6.7% at June 30, 2010 of the trust fund balance.

NOTE 15 - FIFTYFORWARD ENDOWMENT, INC.

FiftyForward Endowment, 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 \$2,424,969, and the Foundation's cumulative pledges and donations to the Organization are \$1,653,822. 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 16 - 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.

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

NOTE 17 - DATE OF MANAGEMENT'S REVIEW

Management has evaluated subsequent events through November 8, 2010, the date which the financial statements were available to be issued. No material subsequent events have occurred that need to be disclosed.

FIFTYFORWARD
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST
SCHEDULE OF FEDERAL AWARDS
JUNE 30, 2010

CFDA Number	State Grant Number	Grantor Agency and Program Name	Balance July 1, 2009	Grant Cash Receipts	Expenditures	Balance June 30, 2010	
<u>US Department of Health and Human Services:</u>							
Passed Through the Tennessee Department of Human Services:							
93.667	Z092145422	Social Services Block Grant	\$ (47,808)	\$ 47,808	\$ -	\$ -	
93.667	GR1028531	Social Services Block Grant	-	49,873	52,200	(2,327)	(A)
<u>Passed Through the Greater Nashville Regional Council:</u>							
93.044	2009-10	Title IIIB	(17,040)	17,040	-	-	
93.044	2010-10	Title IIIB	-	80,100	80,100	-	
93.043	2010-10	Title IIID	-	9,000	9,000	-	
<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	(1,337)	-	-	(1,337)	(A)
93.275	Centerstone	SAMSA	-	-	-	-	
<u>US Department of Agriculture - Passed Through the Department of Human Services:</u>							
10.558	34740006001	Child & Adult Food Program	(2,294)	2,294	-	-	
10.558	34740006001	Child & Adult Food Program	-	21,495	24,025	(2,530)	(A)
<u>Federal Transit Administration - Passed Through Nashville Metropolitan Transit Authority</u>							
20.516	2010-10	JARC and New Freedom Programs	(13,374)	35,189	27,397	(5,582)	(A)
<u>National Council on Aging</u>							
93.048	N/A	Special Programs for the Aging **	-	20,000	20,000	-	
<u>US Department of Justice - Passed Through the YWCA</u>							
16.588	YWCA	Victims of Crime Act	(1,578)	1,578	-	-	
16.588	YWCA	Victims of Crime Act	-	8,720	9,548	(828)	(A)
<u>US Department of Justice - Passed Through the Department of Human Services:</u>							
16.575	Z0703312800	Victory Over Crime	(5,319)	55,640	57,828	(7,507)	(A)
16.803		Edward Byrne Memorial Justice Assistance Grant **	-	24,884	25,164	(280)	(A)
<u>Corporation for National & Community Service:</u>							
94.011	GH07SFSTN002	Foster Grandparents Program *	(23,875)	162,235	290,343	(151,983)	(A)
94.016	GH06SCSTN004	Respite Senior Companion Program *	(3,921)	29,329	51,858	(26,450)	(A)
94.002	GH06SRSTN008	Retired Senior Volunteer Program *	(5,143)	52,318	99,481	(52,306)	(A)
Totals			(32,939)	243,882	441,682	(230,739)	
Total Grants Receivable			\$ (121,689)	\$ 617,503	\$ 746,944	\$ (251,130)	

(A): Amounts shown in brackets represents money due from the grantor, which were substantially subsequently collected at the date of the management review.

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

* : Represents a major program for Single Audit Purposes.

** This is a Recovery Act (ARRA) grant

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
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	-	\$ 48,122	\$ 95,930	\$ (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	-	(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	-	16,050	17,387	(1,337)	(A)
93.275	Centerstone	SAMSA	-			-	
		<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>					
20.516	MTA	JARC and New Freedom Programs	-	-	13,374	(13,374)	(A)
		<u>US Department of Justice - Passed Through the YWCA</u>					
16.588	YWCA	Victims of Crime Act	(1,190)	1,190		-	(A)
16.588	YWCA	Victims of Crime Act	-	8,289	9,867	(1,578)	(A)
		<u>US Department of Justice - Passed Through the Department of Human Services:</u>					
16.575	Z0703312800	Victory Over Crime	(6,476)	51,134	49,977	(5,319)	(A)
		<u>Corporation for National & 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)	
		Total Grants Receivable	\$ (89,378)	\$ 682,284	\$ 714,595	\$ (121,689)	

(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
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST
SCHEDULE OF STATE AND LOCAL AWARDS
JUNE 30, 2010

State Grant Number	Grantor Agency and Program Name	Balance July 1, 2009	Grant Cash Receipts	Expenditures	Balance June 30, 2010	
	<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	-	22,935	43,400	(20,465)	(A)
	<u>Tennessee Arts Commission</u>					
2702693	Theater in the Grove	-	7,300	7,300	-	
	<u>Metropolitan Nashville Arts Commission</u>					
08-NP-09	Senior Citizens, Inc.	-	-	-	-	
09-B2-09	Senior Citizens for the Arts, Inc.	(6,994)	27,194	20,200	-	
FY09 ABC	Senior Citizens for the Arts, Inc.	(280)	280	-	-	
	Community Enhancement	-	33,219	74,400	(41,181)	(A)
	<u>Tennessee Department of Human Services:</u>					
Z09212893	Healthy and Active Seniors and Caregivers	(3,333)	3,333	-	-	(A)
	<u>Federal Transit Administration - Passed Through Nashville Metropolitan Transit Authority</u>					
	JARC and New Freedom Programs	(18,209)	27,397	9,188	-	(A)
State Totals		<u>\$ (40,816)</u>	<u>\$ 121,658</u>	<u>\$ 154,488</u>	<u>\$ (73,646)</u>	
	<u>Williamson County:</u>					
	College Grove Center Grant	-	31,950	31,950	-	
	Brentwood Center Grant	-	45,000	45,000	-	
Local Government Totals		<u>\$ -</u>	<u>\$ 76,950</u>	<u>\$ 76,950</u>	<u>\$ -</u>	

(A): Amounts shown in brackets represents money due from the grantor, which were subsequently collected prior to the date of the management review.

(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
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	Senior Citizens, Inc.	(200)		(200)	-	
09-B2-09	Senior Citizens for the Arts, Inc.	(3,848)	34,968	38,114	(6,994)	(A)
FY09 ABC	Senior Citizens for the Arts, Inc.	(140)	1,400	1,540	(280)	(A)
	<u>Tennessee Department of Human Services:</u>					
Z09212893	Healthy 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
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

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	No	No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	None reported	None reported	None reported
Noncompliance material to financial statements noted?	No	No	No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes ___X___ no
- Significant deficiency(ies) 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:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
94.011	Foster Grand Parents Program
94.016	Respite Senior Companion Program
94.002	Retired Senior Volunteer Program

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

Auditee qualified as low risk? _____ yes ___X___ no

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

FiftyForward
Senior Center for the Arts, Inc. and J.B. Knowles Trust
Schedule of Financial Statement Findings
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. FiftyForward Management wants to emphasize that they took steps in fiscal year-end 2007-2008 to prevent future occurrence of the issues reflected below. Even though procedures were implemented and despite numerous warnings, the employee hired to produce plays failed to follow the procedures required for documentation, approval and receipting. This employee was terminated in January 2009 and the credit card was canceled.

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 110 cash disbursements were selected for testing. The random sample included 100 disbursements for FiftyForward and 10 for SCA. No exceptions were noted for FiftyForward. For SCA, eight of those had no exceptions, one was a voided transaction, and one was payment on a credit card. The credit card payment included 150 transactions. Of the 150 transactions, 39 (26%) were undocumented and therefore deemed unapproved. These undocumented and unapproved transactions represented \$4,097 (35.1%) of the total payment. In addition, receipting was not documented on 115 (76.7%) transactions.
- **Context:** The SCA sample covered \$25,675 of expenses as compared to \$433,383 of cash disbursements during the period, representing 5.9% 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 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.
- **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 employee has been terminated and the credit card has been canceled.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.

FIFTYFORWARD
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS
JUNE 30, 2010

	<u>Agency</u>	<u>Knowles Trust</u>	<u>Center for the Arts</u>	<u>Total</u>
<u>ASSETS</u>				
Cash - unrestricted	\$ 18,417		\$ 15,654	\$ 34,071
Cash - temporarily restricted	1,967,709			1,967,709
Total operating cash	1,986,126	-	15,654	2,001,780
Investments	34,453			34,453
Accounts receivable	118,156			118,156
Grant receivable	324,776			324,776
Promises to give, current portion	607,065			607,065
Prepaid expenses	44,485			44,485
Total current assets	3,115,061	-	15,654	3,130,715
Land, building, and equipment	13,037,097		2,555	13,039,652
Accumulated depreciation	(4,503,177)		(1,277)	(4,504,454)
Net land, building, and equipment	8,533,920	-	1,278	8,535,198
Other assets: Conservator trust accounts	554,377			554,377
Pledge receivables, less current portion	50,852			50,852
Prepaid rent - Bellevue Center	1,798,569			1,798,569
Knowles Trust Fund cash	-	18,054		18,054
Knowles Trust Fund investments	-	1,492,959		1,492,959
Total assets	\$ 14,052,779	\$ 1,511,013	\$ 16,932	\$ 15,580,724
<u>LIABILITIES AND NET ASSETS</u>				
Accounts payable	\$ 114,196			\$ 114,196
Accrued expenses	161,534			161,534
Accrued pension plan liability	318,392			318,392
Deferred revenue	210,111		19,222	229,333
Total current liabilities	804,233	-	19,222	823,455
Conservator trust funds	554,377			554,377
Total liabilities	1,358,610	-	19,222	1,377,832
Net Assets:				
Undesignated (restated)	10,370,753		(2,290)	10,368,463
Board designated	200,000			200,000
Total unrestricted net assets	10,570,753	-	(2,290)	10,568,463
Temporarily restricted	2,123,416			2,123,416
Permanently restricted	-	1,511,013		1,511,013
Total net assets	12,694,169	1,511,013	(2,290)	14,202,892
Total liabilities and net assets	\$ 14,052,779	\$ 1,511,013	\$ 16,932	\$ 15,580,724

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

FIFTYFORWARD
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS
JUNE 30, 2009

	<u>Agency</u>	<u>Knowles Trust</u>	<u>Center for the Arts</u>	<u>Total</u>
<u>ASSETS</u>				
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	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
Pension plan intangible asset	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
<u>LIABILITIES AND NET ASSETS</u>				
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
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, 2010

<u>PUBLIC SUPPORT AND REVENUE</u>	<u>Agency Operations</u>	<u>Agency Capital Campaign</u>	<u>Knowles Trust</u>	<u>Center for the Arts</u>	<u>Total</u>
Service fees	\$ 704,134	\$ -	\$ -	\$ 218,913	\$ 923,047
Contributions	838,491	29,425	-	18,911	886,827
Special events	420,425	-	-	-	420,425
United Way	25,680	-	-	-	25,680
Membership dues	214,298	-	-	-	214,298
In kind support	139,105	-	-	-	139,105
Interest and dividend income	43,256	-	46,096	-	89,352
Grant to Senior Center for the Arts, Inc.**	(61,000)	-	-	61,000	-
Realized gains (losses) on investments	(17,417)	-	(17,647)	-	(35,064)
Un-realized gains (losses) in fair value of investments	27,275	-	89,285	-	116,560
Gain on disposal	1,000	-	-	-	1,000
Other income	5,044	-	-	13,427	18,471
Net assets released from restrictions:					
Principal transfer	72,281	-	(15,584)	-	56,697
Satisfaction of program restrictions: Awards	947,894	-	-	21,300	969,194
Satisfaction of timing restrictions: United Way	459,827	-	-	-	459,827
FiftyForward Endowment	139,954	-	-	-	139,954
Capital Campaign	14,800	-	-	9,300	24,100
Sub-total of satisfaction of timing restrictions	614,581	-	-	30,600	623,881
Total public support and revenue	3,975,047	29,425	102,150	342,851	4,449,473
<u>EXPENSES</u>					
Program services *	3,370,730	29,425	100,000	343,112	3,843,267
Support Services	976,863	-	5,405	-	982,268
Total expenses	4,347,593	29,425	105,405	343,112	4,825,535
Increase (decrease) in unrestricted net assets	(372,546)	-	(3,255)	(261)	(376,062)
Unrestricted net assets, beginning (restated)	2,152,333	8,794,221	-	(2,029)	10,944,525
Unrestricted net assets, end of year	\$ 1,779,787	\$ 8,794,221	\$ (3,255)	\$ (2,290)	\$ 10,568,463

Capital Campaign reimbursement to operations consists of:

Transfer of endowment to Senior Citizens Foundation	\$ -
Capital Campaign direct expenses this year	29,425
Total Capital Campaign expenses this year	29,425
Capital Campaign capitalized expenditures this year	-
Total amount reimbursed to operations	\$ 29,425

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 \$139,105 in kind and \$339,775 depreciation expense.

Note **: The grant to Senior Center for the Arts of \$61,000 is included in program expenses on FiftyForward's Form 990.

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

FIFTYFORWARD
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>	<u>Agency Operations</u>	<u>Agency Capital Campaign</u>	<u>Knowles Trust</u>	<u>Center for the Arts</u>	<u>Total</u>
Service fees	\$ 701,972	\$ -	\$ -	\$ 260,496	\$ 962,468
Contributions	764,037	75,051	-	43,635	882,723
Special events	394,056	-	-	-	394,056
United Way	40,513	-	-	-	40,513
Membership dues	229,449	-	-	-	229,449
In kind support	112,286	-	-	27,558	139,844
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 (loss) on disposal of assets	-	-	-	-	-
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
Senior Citizens Foundation	131,352	-	-	-	131,352
Capital Campaign	106,981	-	-	-	106,981
Sub-total of satisfaction of timing restrictions	706,967	-	-	-	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	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	
Agency operating expenses	
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 of \$75,000 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

TELEPHONE: 931-388-7144 ~ FAX: 931-388-7239

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 (a nonprofit organization) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 8, 2010. 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 Organization'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.

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

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

Compliance and Other Matters

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

Joe Osterfeld, CPA

Joe Osterfeld, CPA
Columbia, Tennessee
November 8, 2010

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, 2010. 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, 2010.

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
November 8, 2010