

Ajax Turner Senior Citizen's Center
Financial Statements With Accompanying
Years Ended June 30, 2006 and June 30, 2005
and
Report of Certified Public Accountants

Ajax Turner Senior Citizen's Center
Years Ended June 30, 2006 and 2005

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements:	
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	4
Statements of Cash Flows	5
Notes to Financial Statements	6 – 8
Control and Compliance Reporting:	
Independent Auditor's Report on Compliance and on Internal Control Over Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	9



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INDEPENDENT AUDITOR'S REPORT

Ajax Turner Senior Citizen's Center
To the Board of Directors

F. English Lacy
Robert E. Yates, II
Christopher C. Johns
Paul S. Ellis
Sandra K. Boyd
Rick L. Davis

Kendra S. Bucciarelli
Lawrence F. Campbell
Stacy Boone

We have audited the accompanying statements of financial position of Clarksville-Montgomery County Ajax Turner Senior Citizen's Center, Inc. (a nonprofit organization) as of June 30, 2006 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Clarksville-Montgomery County Ajax Turner Senior Citizen's Center, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clarksville-Montgomery County Ajax Turner Senior Citizen's Center, Inc. as of June 30, 2006, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 31, 2006 on our consideration of Clarksville-Montgomery County Ajax Turner Senior Citizen's Center, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Thurman Campbell & Co.

August 31, 2006

Ajax Turner Senior Citizen's Center
Statements of Financial Position
As of June 30, 2006 and 2005

ASSETS

	<u>2006</u>	<u>2005</u>
CURRENT ASSETS		
Cash	\$ 47,238	\$ 55,279
Accounts Receivable	8,927	3,682
Deposits & Prepaid Expenses	<u>5,468</u>	<u>7,204</u>
Total Current Assets	<u>61,633</u>	<u>66,165</u>
Property and Equipment	196,632	195,596
Less: Accumulated Depreciation	<u>(175,277)</u>	<u>(168,333)</u>
Net Property and Equipment	<u>21,355</u>	<u>27,263</u>
Other Assets, net	<u>153,471</u>	<u>170,083</u>
Total Other Assets	<u>153,471</u>	<u>170,083</u>
TOTAL ASSETS	<u>\$ 236,459</u>	<u>\$ 263,511</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 6,317	\$ 8,989
Accrued Liabilities	<u>9,461</u>	<u>11,315</u>
Total Current Liabilities	<u>15,778</u>	<u>20,304</u>
NET ASSETS		
Unrestricted	<u>220,681</u>	<u>243,207</u>
Total Net Assets	<u>220,681</u>	<u>243,207</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 236,459</u>	<u>\$ 263,511</u>

Ajax Turner Senior Citizen's Center
Statements of Activities
Years ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
Unrestricted net assets:		
Local Support	\$ 208,503	\$ 212,315
Contributions	38,474	44,537
Program Service Fees	146,361	132,320
Fundraising	16,637	4,580
Other Income	<u>10,873</u>	<u>9,289</u>
Total Unrestricted Net Assets	420,848	403,041
Net Assets Released From Restrictions		
Grants Earned	<u>37,000</u>	<u>34,200</u>
Total Unrestricted Revenues and Other Support	<u>457,848</u>	<u>437,241</u>
Expenses:		
Program Services	389,338	360,006
Supporting Services	<u>91,036</u>	<u>78,984</u>
Total Expenses	<u>480,374</u>	<u>438,990</u>
Increase (Decrease) in Net Assets	<u>(22,526)</u>	<u>(1,749)</u>
Temporarily Restricted Net Assets:		
Grants	37,000	34,200
Net Assets Released Form Restrictions		
Grants Earned	<u>(37,000)</u>	<u>(34,200)</u>
Increase (Decrease) in Total Net Assets	(22,526)	(1,749)
Net Assets, Beginning of Year	<u>243,207</u>	<u>244,956</u>
Net Assets, End of Year	<u><u>\$ 220,681</u></u>	<u><u>\$ 243,207</u></u>

Ajax Turner Senior Citizen's Center
Statements of Functional Expenses
Years ended June 30, 2006 and 2005

	Program Services	Support Services	Totals Memorandum Only	
			2006	2005
Salaries and Fringe Benefits:				
Salaries	\$ 174,635	\$ 43,659	\$ 218,294	\$ 205,509
Fringe Benefits	26,902	6,725	33,627	19,870
Total Salaries and Related Expenses	201,537	50,384	251,921	225,379
Food	34,569	0	34,569	33,869
Fundraising	0	6,223	6,223	0
Band Fees	20,300	0	20,300	19,941
ADC and Other Services	12,419	0	12,419	11,060
Building Occupancy	22,259	5,565	27,824	27,824
Utilities	42,969	10,742	53,711	51,275
Transportation	1,819	455	2,274	7,474
Repairs and Maintenance	7,868	1,967	9,835	7,283
Supplies	2,835	709	3,544	2,661
Office Expense	9,152	2,288	11,440	10,137
Professional Fees	0	4,300	4,300	4,765
Insurance	14,766	3,692	18,458	13,491
Total Expenses Before Depreciation	370,493	86,325	456,818	415,159
Depreciation and Amortization	18,845	4,711	23,556	23,831
Total Functional Expenses	<u>\$ 389,338</u>	<u>\$ 91,036</u>	<u>\$ 480,374</u>	<u>\$ 438,990</u>

Ajax Turner Senior Citizen's Center
Statements of Cash Flows
For the Years Ended June 30, 2006 and 2005

	<u>2006</u>	<u>2005</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Increase (Decrease) in Net Assets	\$ (22,526)	\$ (1,749)
Adjustments to reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Operating Activities:		
Depreciation and Amortization	23,556	23,831
Losses (Gains) on sales of		
Decrease (Increase) in:		
Accounts Receivable	(5,245)	1,671
Other	1,737	(1,114)
Increase (Decrease) in:		
Accounts Payable	(2,672)	2,934
Accrued Liabilities	<u>(1,855)</u>	<u>1,511</u>
Net Cash Provided By (Used in) Operating Activities	<u>(7,005)</u>	<u>27,084</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital Expenditures	<u>(1,036)</u>	<u>(21,786)</u>
Net Cash Provided By (Used In) Investing Activities	<u>(1,036)</u>	<u>(21,786)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Cash Provided By (Used In) Financing Activities	<u>0</u>	<u>0</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,041)	5,298
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>55,279</u>	<u>49,981</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 47,238</u>	<u>\$ 55,279</u>

Ajax Turner Senior Citizen's Center
Notes to Financial Statements

1 Summary of Significant Accounting Policies

Organization - Clarksville-Montgomery County Ajax Turner Senior Citizen's Center, Inc. is a nonprofit Tennessee corporation whose purpose is to enrich the lives of citizens ages 55 and older. To accomplish this purpose the Association conducts lectures, educational programs, social events, craft programs and provides services to other non-profit organizations.

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 and Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made. Under SFAS No. 117, 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. SFAS No. 116 requires the Organization to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets.

Revenue Recognition - Support received is recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restriction. The Center reports any donor-restricted contributions whose restrictions are met in the same accounting period as unrestricted support.

Donated Services - The Organization receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under SFAS No. 116 have not been satisfied.

Cash and Cash Equivalents - For purposes of reporting cash flows, cash and cash equivalents include cash on hand, deposits in banks, and short-term, highly liquid investments, which are readily convertible into cash. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for purposes of the statement of cash flows.

Income Taxes - The organization is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code.

Equipment - Equipment is carried at cost. Depreciation is computed using the straight line method over the estimated useful lives of the respective assets.

Combined Total Columns - The combined total columns of the financial statements are captioned "Memo" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present results of operations in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund accounts have not been eliminated.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses - The Center's costs of providing the various programs and other activities have been summarized on a functional basis by department in the statements of functional expenses.

Ajax Turner Senior Citizen's Center
Notes to Financial Statements

2 Uninsured Cash Balances

Cash and cash equivalents, restricted and unrestricted, consist of the following:

	June 30	
	2006	2005
Cash on hand	\$ 575	\$ 325
Cash in checking accounts	46,663	54,954
	<u>\$ 47,238</u>	<u>\$ 55,279</u>

The Center maintains cash balances at local financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to \$100,000. There were no cash balances not covered by FDIC insurance at June 30, 2006.

3 Accounts Receivable

The Center has extended credit to clients amounting to \$8,927 at June 30, 2006 and \$3,682 at June 30, 2005. Management has evaluated the accounts receivable and believes that they are all collectible.

4 Equipment

Property, plant and equipment consists of:

	June 30		Estimated Useful lives
	2006	2005	
Equipment, furniture, and fixtures	\$ 157,412	\$ 156,376	5 - 10 years
Vehicles	39,220	39,220	5 years
	196,632	195,596	
Accumulated depreciation	<u>175,277</u>	<u>168,333</u>	
	<u>\$ 21,355</u>	<u>\$ 27,263</u>	

Depreciation expense totaled \$6,944 and \$7,442 for 2006 and 2005, respectively.

5 Other Assets

Other assets consist of:

	June 30	
	2006	2005
1998 Expansion contributions	\$ 140,270	\$ 140,270
2003 Expansion contributions	98,888	98,888
2005 Expansion contributions	10,013	10,013
	249,171	249,171
Accumulated amortization	<u>95,700</u>	<u>79,088</u>
	<u>\$ 153,471</u>	<u>\$ 170,083</u>

AJAX TURNER SENIOR CITIZEN'S CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS

5 Other Assets (Continued)

The City retains ownership of the building and leases it to the Center under five year renewable contracts until the year 2008. Lease payments are one dollar per year. Due to expected lease renewals post year 2008, the Center's contribution will be amortized over fifteen years. Amortization expense totaled \$16,612 and \$16,389 for 2006 and 2005, respectively.

6 Retirement Plan

The Center has a 401(k) Profit Sharing Plan that provides for a discretionary matching contribution. The Center contributes 3% of the employee's compensation for eligible participants. The Center's contribution was \$4,386 for 2006.

7 In-kind Contributions

The use of the building has been furnished to the Center at less than market value by the City of Clarksville and Montgomery County. The free use of the facilities is recorded as direct support and a like amount is recorded as building occupancy expense.

8 Economic Dependency

The Center receives grants from the Greater Nashville Regional Council and local assistance from the City of Clarksville, Montgomery County and United Way. The Center relies heavily on assistance from these sources and would have to reduce services provided to Center participants if the assistance was significantly reduced. Management does not expect any significant changes in funding.