

SENIOR CENTER FOR THE ARTS, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

June 30, 2015 and 2014

SENIOR CENTER FOR THE ARTS, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Senior Center for the Arts, Inc.
Nashville, Tennessee

We have audited the accompanying financial statements of Senior Center for the Arts, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Senior Center for the Arts, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Frasier, Dan + Hand, LLC

Nashville, Tennessee
October 6, 2015

SENIOR CENTER FOR THE ARTS, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current assets:		
Cash and cash equivalents (substantially held for amount due to FiftyForward)	\$ 30,506	\$ 40,200
Pledges receivable	458	416
Grants receivable	11,040	7,400
Prepaid expenses	<u>7,822</u>	<u>6,125</u>
Total current assets	49,826	54,141
Property and equipment, net	<u>13,676</u>	<u>15,468</u>
Total assets	<u><u>\$ 63,502</u></u>	<u><u>\$ 69,609</u></u>
Liabilities and Net Assets (Deficit)		
Current liabilities:		
Accounts payable	\$ -	\$ 475
Due to FiftyForward (see Note 5)	33,255	43,397
Deferred revenue	<u>56,115</u>	<u>20,266</u>
Total liabilities	<u>89,370</u>	<u>64,138</u>
Net assets (deficit):		
Unrestricted	(26,326)	5,055
Temporarily restricted	<u>458</u>	<u>416</u>
Total net assets (deficit)	<u>(25,868)</u>	<u>5,471</u>
Total liabilities and net assets	<u><u>\$ 63,502</u></u>	<u><u>\$ 69,609</u></u>

See accompanying notes.

SENIOR CENTER FOR THE ARTS, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Ticket sales	\$ 150,011	\$ -	\$ 150,011
Grant revenue	32,950	-	32,950
Contributions	21,031	458	21,489
Rental income	1,885	-	1,885
Other income	1,331	-	1,331
Net assets released from restrictions	416	(416)	-
	<u>207,624</u>	<u>42</u>	<u>207,666</u>
Total revenue			
Expenses:			
Program services	204,798	-	204,798
Management and general	21,000	-	21,000
Fundraising services	13,207	-	13,207
	<u>239,005</u>	<u>-</u>	<u>239,005</u>
Total expenses			
Change in net assets	(31,381)	42	(31,339)
Net assets			
at beginning of year	<u>5,055</u>	<u>416</u>	<u>5,471</u>
Net assets (deficit) at end of year	<u>\$ (26,326)</u>	<u>\$ 458</u>	<u>\$ (25,868)</u>

See accompanying notes.

SENIOR CENTER FOR THE ARTS, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Ticket sales	\$ 206,757	\$ -	\$ 206,757
Grant revenue	26,000	-	26,000
In-kind Contribution	16,000	-	16,000
Contributions	16,231	416	16,647
Rental income	3,828	-	3,828
Other income	4,716	-	4,716
Net assets released from restrictions	416	(416)	-
	<u>273,948</u>	<u>-</u>	<u>273,948</u>
Total revenue			
Expenses:			
Program services	214,710	-	214,710
Management and general	21,000	-	21,000
Fundraising services	10,903	-	10,903
	<u>246,613</u>	<u>-</u>	<u>246,613</u>
Total expenses			
Change in net assets	27,335	-	27,335
Net assets (deficit) at beginning of year	<u>(22,280)</u>	<u>416</u>	<u>(21,864)</u>
Net assets at end of year	<u>\$ 5,055</u>	<u>\$ 416</u>	<u>\$ 5,471</u>

See accompanying notes.

SENIOR CENTER FOR THE ARTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2015

	Program Services	Management and General	Fundraising Services	Total Expenses
Professional and licensing fees	\$ 93,312	\$ -	\$ -	\$ 93,312
Food, set and office supplies	35,205	-	-	35,205
Salaries	26,080	-	6,520	32,600
Occupancy	18,145	-	4,536	22,681
Administrative	-	21,000	-	21,000
Payroll taxes and benefits	8,604	-	2,151	10,755
Printing and advertising	13,302	-	-	13,302
Other	3,132	-	-	3,132
Postage	2,466	-	-	2,466
Travel	1,833	-	-	1,833
Depreciation	1,792	-	-	1,792
Dues	782	-	-	782
Recognition	91	-	-	91
Conferences	54	-	-	54
	<u>\$ 204,798</u>	<u>\$ 21,000</u>	<u>\$ 13,207</u>	<u>\$ 239,005</u>

See accompanying notes.

SENIOR CENTER FOR THE ARTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2014

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising Services</u>	<u>Total Expenses</u>
Professional and licensing fees	\$ 102,990	\$ -	\$ -	\$ 102,990
Food, set and office supplies	45,655	-	-	45,655
Salaries	20,266	-	5,067	25,333
Occupancy	17,451	-	4,363	21,814
Administrative	-	21,000	-	21,000
Printing and advertising	14,654	-	-	14,654
Payroll taxes and benefits	5,893	-	1,473	7,366
Depreciation	3,433	-	-	3,433
Postage	2,252	-	-	2,252
Other	1,383	-	-	1,383
Travel	298	-	-	298
Dues	272	-	-	272
Maintenance	115	-	-	115
Conferences	48	-	-	48
	<u>\$ 214,710</u>	<u>\$ 21,000</u>	<u>\$ 10,903</u>	<u>\$ 246,613</u>

See accompanying notes.

SENIOR CENTER FOR THE ARTS, INC.
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ (31,339)	\$ 27,335
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	1,792	3,433
Contribution of equipment	-	(16,000)
Changes in operating assets and liabilities:		
Pledges receivable	(42)	-
Grants receivable	(3,640)	(7,400)
Prepaid expenses	(1,697)	3,580
Accounts payable	(475)	475
Due to FiftyForward	(10,142)	3,115
Deferred revenue	35,849	(15,376)
	<u>(9,694)</u>	<u>(838)</u>
Net cash used in operating activities		
Cash and cash equivalents at beginning of year	<u>40,200</u>	<u>41,038</u>
Cash and cash equivalents at end of year (substantially held for amount due to FiftyForward)	<u>\$ 30,506</u>	<u>\$ 40,200</u>
Supplemental schedule of noncash investing and financing activities:		
Contribution of equipment	<u>\$ -</u>	<u>\$ 16,000</u>

See accompanying notes.

SENIOR CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2015 and 2014

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Senior Center for the Arts, Inc. (the “Organization”) was incorporated in September 2004 as a Tennessee nonprofit corporation. The Organization offers a full range of entertainment, learning, exhibition, and performing experiences for both senior adults and the community at large. The Organization’s sole member, FiftyForward, appoints the board of Senior Center for the Arts, Inc. and has an economic interest in the Organization. The Organization’s financial statements are included in the consolidated financial statements of FiftyForward, Senior Center for the Arts, Inc., and The J.B. Knowles Trust. These financial statements present only the financial position, activities and cash flows of Senior Center for the Arts, Inc. Following is a summary of the Organization’s significant accounting policies:

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under these guidelines revenues are recognized when earned rather than when received and expenses are recognized when incurred rather than when paid. Net assets and revenues, expenses and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally the donors of these assets permit the Organization to use all or part of the income on related investments for general or specific purposes. The Organization has no permanently restricted net assets at June 30, 2015 and 2014.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all cash funds, cash bank accounts and highly liquid debt instruments with an original maturity when purchased of three months or less to be cash and cash equivalents.

SENIOR CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015 and 2014

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000 with a life expectancy greater than one year. 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 the assets.

Deferred Revenue

Income received from advance ticket sales and program fees are deferred and recognized when earned.

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restrictions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Assets

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset for 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 long those donated 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.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as a charitable organization and is not a private foundation. Accordingly, no provision for income tax has been made.

SENIOR CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015 and 2014

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Organization follows Financial Accounting Standards Board Accounting Standards Codification guidance concerning the accounting for income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Tax years that remain open for examination include years ended June 30, 2012 through June 30, 2015. The Organization has no tax penalties or interest reported in the accompanying financial statements.

Functional Expenses

The costs of providing services have been summarized on a functional basis in the statements of activities. Accordingly, costs have been allocated among program, management and general, and fundraising services based on estimates made by management.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

In-Kind Contributions

The Organization records various types of in-kind support including contributed facilities, materials, equipment, and professional services. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received.

SENIOR CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015 and 2014

NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions (Continued)

Additionally, the Organization receives a significant amount of contributed time from volunteers that does not meet the recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Subsequent Events

The Organization evaluated subsequent events through October 6, 2015 when these financial statements were available to be issued. The Organization is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2015</u>	<u>2014</u>
Automobiles	\$ 2,555	\$ 2,555
Equipment	<u>23,250</u>	<u>23,250</u>
	25,805	25,805
Less: accumulated depreciation	<u>(12,129)</u>	<u>(10,337)</u>
Net property and equipment	<u>\$ 13,676</u>	<u>\$ 15,468</u>

Depreciation expense totaled \$1,792 and \$3,433 for the years ended June 30, 2015 and 2014, respectively.

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2015 and 2014 consists of a pledge receivable from FiftyForward Endowment.

NOTE 4 – IN-KIND CONTRIBUTION

The Organization received an in-kind contribution of \$16,000 from FiftyForward, during the year ended June 30, 2014, which was comprised of a donated costume collection and related equipment. The \$16,000 contribution is disclosed as in-kind revenue in the statement of activities for the year ended June 30, 2014 and is included in property and equipment in the statement of financial position

SENIOR CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2015 and 2014

NOTE 4 – IN-KIND CONTRIBUTION (Continued)

at June 30, 2014. The Organization received no in-kind contributions from FiftyForward during the year ended June 30, 2015.

NOTE 5 – RELATED PARTY TRANSACTIONS

FiftyForward provides administrative and other services to the Organization. The Organization's employees are considered employees of FiftyForward and participate in the retirement plan sponsored by FiftyForward.

FiftyForward charges the Organization \$21,000 annually for administrative services provided. The Organization also conducts its operations in a building owned by FiftyForward and pays annual rent and shared operating expenses of approximately \$22,000 and \$3,000, respectively.

At June 30, 2015 and 2014, the Organization had \$33,255 and \$43,397, respectively, due to FiftyForward for costs incurred by FiftyForward on the Organization's behalf.

NOTE 6 – CONCENTRATIONS

The Organization receives a significant amount of its support through grants from the Tennessee and Metro Arts Commissions. In 2015 and 2014, these grants accounted for approximately 15.9% and 9.5%, respectively, of the Organization's total revenues. A significant reduction in the level of this support, if this were to occur, could have an adverse effect on the Organization's programs and services.