

**CLARKSVILLE MONTGOMERY COUNTY
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.**

**FINANCIAL STATEMENTS
AND OTHER INFORMATION**

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

CLARKSVILLE MONTGOMERY COUNTY
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.

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CLARKSVILLE MONTGOMERY COUNTY
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.
SCHEDULE OF BOARD OF DIRECTORS AND MANAGEMENT (UNAUDITED)
JUNE 30, 2023

Board of Directors

Mr. Jimmy Parker	Chair
Ms. Sonja Baggett	Vice Chair Treasurer
Ms. Ronnie DeVault	
Ms. Stephanie Mason	Recording Secretary
Mr. Michael Williamson	Board Member
Ms. Mary New	Board Member
Ms. Stacy Knight	Board Member
Ms. De'Velma Dixon	Board Member
Ms. Beverly Guynn	Board Member
Ms. Jill Crow	Board Member
Mr. Jason Bell	Board Member
Ms. Lois Greider	Board Member
Mr. Charles Wilkins	Board Member
Ms. Dela Saunders	Board Member

Management

Ms. Loo Caudle	Executive Director
Mr. Ricky Willis	Fiscal Director



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Clarksville Montgomery County Ajax Turner Senior Citizen's Center, Inc.

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, of the Clarksville Montgomery County Ajax Turner Senior Citizen's Center, Inc. (the "Center"), a component unit of the City of Clarksville, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Center, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center's and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Prior Period Financial Statements

The financial statements of the Center as of June 30, 2022 were audited by other auditors whose report dated September 30, 2022 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.



To the Board of
Clarksville Montgomery County Ajax Turner Senior Citizen's Center, Inc.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.



To the Board of
Clarksville Montgomery County Ajax Turner Senior Citizen's Center, Inc.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2023, on our consideration of the Center'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 solely 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 effectiveness of the Center's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Center's internal control over financial reporting and compliance.

Crosslin, PLLC

Nashville, Tennessee
October 25, 2023

CLARKSVILLE MONTGOMERY COUNTY
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022

As management of the Clarksville Montgomery County Ajax Turner Senior Citizen's Center, Inc. (the "Center"), we offer readers of the Clarksville Montgomery County Ajax Turner Senior Citizen's Center, Inc.'s financial statements this narrative overview and analysis of the financial activities of the Center for the fiscal year ended June 30, 2023 and 2022. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements.

FINANCIAL HIGHLIGHTS

- The assets of the Center exceeded its liabilities at the close of the 2023 and 2022 fiscal years by \$396,708 and \$425,780 net position, respectively.
- The Center's total net position decreased by \$(29,072) for fiscal year ended June 30, 2023 and increased by \$97,597 for fiscal year ended June 30, 2022.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Center's financial report includes: management's discussion and analysis, the financial statements, and notes to the financial statements.

- The financial statements are designed to provide readers with an overview of the Center's financial activities, in a manner similar to a private-sector business. These financial statements are prepared in conformity with accounting principles generally accepted in the United States ("GAAP") as applied on a full accrual basis. Under this basis of accounting, revenues are recognized in the period they are earned, while expenses are recognized in the period they are incurred. Depreciation of capital assets is recognized in the statement of revenues, expenses, and changes in net position. The basic financial statements include a statement of net position, statement of revenues, expenses, and changes in net position, statement of cash flows, and accompanying notes.
- The statement of net position presents information on all the Center's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Center is improving or deteriorating.
- The statement of revenues, expenses, and changes in net position reports both the operating and non-operating revenues and expenses and other changes in net position during the fiscal year.

CLARKSVILLE MONTGOMERY COUNTY
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022

- The statement of cash flows presents information showing how the Center's cash position changed during the fiscal year. The statement of cash flows classifies cash receipts and cash payments resulting from operating activities, capital and related financing activities, non-capital financing activities, and investing activities.
- The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 11 through 17 of this report.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets			
Current assets	\$306,966	\$345,281	\$326,503
Capital assets, net	<u>115,966</u>	<u>89,725</u>	<u>89,211</u>
Total Assets	<u>422,932</u>	<u>435,006</u>	<u>415,714</u>
Liabilities			
Current liabilities	26,224	9,226	10,031
Noncurrent liabilities	<u>-</u>	<u>-</u>	<u>77,500</u>
Total Liabilities	<u>26,224</u>	<u>9,226</u>	<u>87,531</u>
Net Position			
Investment in capital assets	115,966	89,725	89,211
Unrestricted	<u>280,742</u>	<u>336,055</u>	<u>238,972</u>
Total Net Position	<u>\$396,708</u>	<u>\$425,780</u>	<u>\$328,183</u>

As noted earlier, net position may serve over time as one useful indicator of the Center's financial condition. The assets of the Center exceeded liabilities by \$396,708 and \$425,780 as of June 30, 2023 and 2022, respectively. The Center's net position (decreased) increased by \$(29,072) and \$97,597 for the fiscal year ended June 30, 2023 and 2022, respectively.

CLARKSVILLE MONTGOMERY COUNTY
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating Revenues			
Operating Grants and Local Support	\$ 663,901	\$546,123	\$469,720
Changes for Services	<u>282,925</u>	<u>201,488</u>	<u>8,730</u>
Total Operating Revenues	<u>946,826</u>	<u>747,611</u>	<u>478,450</u>
Operating Expenses			
Program Expenses	<u>974,950</u>	<u>727,514</u>	<u>422,370</u>
Total Operating Expenses	<u>974,950</u>	<u>727,514</u>	<u>422,370</u>
Operating (Loss) Income	<u>(28,124)</u>	<u>20,097</u>	<u>56,080</u>
Non-Operating (Expenses) Revenues			
Non-Operating (Expenses) Revenues	<u>(948)</u>	<u>77,500</u>	<u>-</u>
Total Non-Operating (Expenses) Revenues	<u>(948)</u>	<u>77,500</u>	<u>-</u>
Changes in Net Position	(29,072)	97,597	56,080
Net Position, Beginning of Year	<u>425,780</u>	<u>328,183</u>	<u>272,103</u>
Net Position, End of Year	<u>\$ 396,708</u>	<u>\$425,780</u>	<u>\$328,183</u>

Business Type Activities

Business type activities decreased the Center's net position by \$(29,072). Key elements of this decrease are as follows:

- The Center's expenses exceeded revenues.
- Grants from the City of Clarksville, GNRC, and United Way stayed consistent.
- The reoccurring operating expenses not covered by proceeds from supporting Centers are attempted to be covered by additional fundraising initiatives or special funding requests to such Centers.

Financial Analysis of the Center's Funds

The Center uses governmental accounting to ensure and demonstrate compliance with grantor and legal requirements.

CLARKSVILLE MONTGOMERY COUNTY
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED JUNE 30, 2023 AND 2022

Capital Assets

The Center's investment in capital assets for its governmental and business type activities amounted to \$115,966 and \$89,725 (net of accumulated depreciation) as of June 30, 2023 and 2022, respectively. This investment in capital assets includes leasehold improvements, furniture, equipment, and vehicles. The total increase in the Center's investment in capital assets for the current fiscal year was below percent. The major capital asset increase during the current fiscal year was a new sign for the facility.

Requests for Information

This report is designed to provide an overview of the Center's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Ricky Willis, Fiscal Director of Clarksville Montgomery County Ajax Turner Senior Center, Inc., 953 Clark Street, Clarksville, TN 37040, phone 931-648-1345 or email fiscaldirector@ajaxturner50plus.org.

CLARKSVILLE MONTGOMERY COUNTY
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

ASSETS	2023	2022
Current assets:		
Cash	\$ 266,643	\$ 300,457
Accounts receivable	35,897	39,986
Deposits and prepaids	4,426	4,838
Total current assets	<u>306,966</u>	<u>345,281</u>
Capital assets:		
Property and equipment	690,973	690,695
Accumulated depreciation	<u>(575,007)</u>	<u>(600,970)</u>
Total capital assets	<u>115,966</u>	<u>89,725</u>
Total assets	<u>422,932</u>	<u>435,006</u>
LIABILITIES		
Current liabilities:		
Accounts payable	12,944	1,048
Accrued liabilities	<u>13,280</u>	<u>8,178</u>
Total current liabilities	<u>26,224</u>	<u>9,226</u>
Total liabilities	<u>26,224</u>	<u>9,226</u>
NET POSITION		
Investment in capital assets	115,966	89,725
Unrestricted	<u>280,742</u>	<u>336,055</u>
Total net position	<u>\$ 396,708</u>	<u>\$ 425,780</u>

See accompanying notes to financial statements.

CLARKSVILLE MONTGOMERY COUNTY
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
OPERATING REVENUES		
Local support	\$ 598,576	\$ 491,523
Contributions	18,067	37,233
Program service fees	194,614	159,150
Fundraising	70,244	5,105
Grants	<u>65,325</u>	<u>54,600</u>
Total operating revenues	<u>946,826</u>	<u>747,611</u>
OPERATING EXPENSES		
Salaries	551,004	391,993
Fringe benefits	26,312	19,879
Payroll taxes	43,575	31,423
Food	94,941	51,771
Fundraising	36,450	3,633
Building occupancy	3,967	2,307
Utilities	84,067	94,503
Program costs	42,071	29,487
Repairs and maintenance	26,059	28,102
Supplies	14,483	10,599
Office expenses	14,415	15,211
Professional fees	13,898	14,349
Insurance	10,891	20,171
Depreciation	<u>13,765</u>	<u>14,086</u>
Total operating expenses	<u>975,898</u>	<u>727,514</u>
OPERATING (LOSS) INCOME	<u>(29,072)</u>	<u>20,097</u>
NONOPERATING (EXPENSES) REVENUES		
PPP loan forgiveness	<u>-</u>	<u>77,500</u>
Total nonoperating (expenses) revenues	<u>-</u>	<u>77,500</u>
Change in net position	(29,072)	97,597
NET POSITION, BEGINNING OF YEAR	<u>425,780</u>	<u>328,183</u>
NET POSITION, END OF YEAR	<u><u>\$ 396,708</u></u>	<u><u>\$ 425,780</u></u>

See accompanying notes to financial statements.

CLARKSVILLE MONTGOMERY COUNTY
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from local support	\$ 598,576	\$ 491,523
Cash received from contributors	18,067	37,233
Cash received from customers	211,011	123,405
Cash received from fundraising	70,244	5,105
Cash received from grantors	65,325	54,600
Cash payments to suppliers for good and services	(336,140)	(267,500)
Cash payments to employees for services	(620,891)	(443,323)
Net cash provided by operating activities	<u>6,192</u>	<u>1,043</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	<u>(40,006)</u>	<u>(14,600)</u>
Net cash used in capital and related financing activities	<u>(40,006)</u>	<u>(14,600)</u>
Net decrease in cash and cash equivalents	(33,814)	(13,557)
Cash and cash equivalents, beginning of year	<u>300,457</u>	<u>314,014</u>
Cash and cash equivalents, end of year	<u><u>\$ 266,643</u></u>	<u><u>\$ 300,457</u></u>
RECONCILIATION OF OPERATING (LOSS) INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating (loss) income	\$ (29,072)	\$ 20,097
Adjustments to reconcile operating (loss) income to net cash used in operating activities:		
Depreciation	13,765	14,086
(Increase) decrease in operating assets:		
Accounts receivable	4,089	(31,953)
Deposits and prepaids	412	(382)
Increase (decrease) in operating liabilities:		
Accounts payable	11,896	(3,410)
Accrued liabilities	5,102	2,605
Total adjustments	<u>35,264</u>	<u>(19,054)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 6,192</u></u>	<u><u>\$ 1,043</u></u>
Supplemental disclosure of cash flow information:		
Noncash capital asset donations	<u><u>\$ 18,045</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

CLARKSVILLE MONTGOMERY COUNTY
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Clarksville Montgomery County Ajax Turner Senior Citizen's Center, Inc. (the "Center") is a non-profit organization located in Clarksville, Tennessee, whose purpose is to enrich the lives of citizens ages 50 and older in the Clarksville-Montgomery County area. To accomplish this purpose, the Center conducts lectures, educational programs, social events, craft programs, dances, and other services for the elderly. The main program services offered by the Center are the Adult Day Care and various dances held throughout the year.

The Center is a component unit of the City of Clarksville, Tennessee (the "City"), which is the principal reporting entity and primary government. The Center's board of directors consists of fourteen members: seven appointed by the County Mayor of Montgomery County, Tennessee, and confirmed by the County Commissioners, and seven appointed by the City Mayor, and confirmed by the City Council. The City provides primary funding support along with the support of United Way, the Greater Nashville Regional Council, and program service fees.

Basis of Presentation

The financial statements of the Center have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB").

Measurement Focus/Basis of Accounting

The Center's financial statements have been prepared using the economic resources measurement focus and accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when the related liabilities are incurred, regardless of the timing of the related cash flows.

Basis of accounting refers to when revenue and expenditures are recognized in the accounts and reported in the financial statements and relates to the timing of the measurements made, regardless of the measurement focus applied.

CLARKSVILLE MONTGOMERY COUNTY
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue Recognition

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Center are membership dues, fundraising event revenues, and other program services fees. Operating expenses for the Center include compensation, program expenses, and various administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Contributions are generally available for unrestricted use in the current fiscal year unless specifically restricted by the donor. Unconditional promises to give are recorded as received.

Grants and other contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. To ensure observance of limitations and restrictions placed on the use of resources available to the Center, separate general ledger accounts of the Center are maintained for each distinct donor restriction.

The Center receives donated services from a variety of unpaid volunteers. None of these services were recognized as income or expense in these financial statements.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, the Center considers bank deposits and all highly liquid instruments with a maturity of three months or less when purchased to be cash and cash equivalents.

Income Taxes

The Center is a non-profit Center as described in Section 501(c)3 of the Internal Revenue Code and is exempt from federal and state income taxes. The Center is not subject to federal income tax except on unrelated trade or business income under Section 511 of the Internal Revenue Code. However, the Center does file the information returns required by the Internal Revenue Service ("IRS"). The Center has not been determined to be a private foundation by the IRS. Three years' tax returns remain subject to examination at June 30, 2023.

CLARKSVILLE MONTGOMERY COUNTY
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property and Equipment

The Center capitalizes all expenditures in excess of \$500 for property and equipment at cost. Donations of property and equipment are recorded as contributions at the acquisition value at the time of acquisition. Depreciation of buildings and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred. Estimated useful lives are as follows:

Vehicles	5 years
Improvements Other Than Building	15-39 years
Furniture, Fixtures, and Equipment	5-15 years

Compensated Absences

Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Center's policy is to recognize these costs when actually paid.

Accounts Receivable

Accounts receivable are stated at unpaid balances. The Center provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of supporters to meet their obligations. It is the Center's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. No allowance for doubtful accounts have been recorded for 2023 or 2022.

Restricted Net Position

Restricted net position represents funds restricted for specific programs. When both restricted and unrestricted resources are available for use, it is the Center's policy to use restricted resources first, then unrestricted resources as needed.

Funding Sources

The Center's operating expenses are primarily funded by transfers of funds from the City of Clarksville. Other funding sources include grants, donations, memberships, program services, and fundraising projects. A major reduction in funding by the City of Clarksville could have a significant effect on the future operations of the Center's programs and activities.

CLARKSVILLE MONTGOMERY COUNTY
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

B. CASH DEPOSITS

Statement No. 40, *Deposit and Investment Risk Disclosures*, of the GASB, states “if a government has no deposit or investment policy that addresses a specific type of risk that it is exposed to, the disclosure should indicate that fact,” The Center does not have an official deposit and investment policy. Although there is no official deposit and investment policy for the Center, in order to provide a safe temporary medium for investment of the Center’s idle funds, the Center invests those idle funds under the provisions of Tennessee Code Annotated 6-56-106. State statutes authorize the Center to invest in, among other things: (1) U.S. government securities and obligations guaranteed by the U.S. government, (2) deposit accounts at state and federally chartered banks and savings and loan associations, and (3) the Local Government Investment Pool of the State of Tennessee.

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

	June 30,	
	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 1,155	\$ 880
Cash in checking accounts	<u>265,488</u>	<u>299,577</u>
	<u>\$266,643</u>	<u>\$300,457</u>

The Federal Depository Insurance Corporation (“FDIC”) currently insures the first \$250,000 of the Center’s deposits at each financial institution. State statutes require that all deposits with financial institutions must be secured by FDIC, by the Tennessee Bank Collateral Pool or by collateral held by the financial institution in the Center’s name.

As of June 30, 2023 and 2022, cash and cash equivalents included bank balances of \$267,925 and \$320,712, which excludes any deposits in transit or outstanding checks and book balances of \$265,488 and 299,577. All of the Center’s cash and cash equivalents were insured by the FDIC or the State of Tennessee Collateral Pool. Both cash and cash equivalents are carried at cost which approximated fair value at June 30, 2023 and 2022.

C. ACCOUNTS RECEIVABLE

The Center has accounts receivable that consists primarily of support due from the Greater Nashville Regional Council (“GNRC”), amounting to \$35,897 and \$39,986 at June 30, 2023 and 2022, respectively. Management has evaluated the accounts receivable and believes it to be fully collectible, and accordingly, no allowance for doubtful accounts is considered necessary.

CLARKSVILLE MONTGOMERY COUNTY
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

D. CAPITAL ASSETS

Property and equipment consist of:

	Balance <u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	Transfers and <u>Adjustments</u>	Balance <u>June 30, 2023</u>
Equipment, furniture, and fixtures	\$ 343,567	\$ 33,585	\$(33,307)	\$(22,514)	\$ 321,691
Vehicles	39,801	-	-	-	39,801
Leasehold improvements	<u>307,327</u>	<u>-</u>	<u>-</u>	<u>22,514</u>	<u>329,481</u>
	<u>690,695</u>	<u>33,585</u>	<u>(33,307)</u>	<u>-</u>	<u>690,973</u>
Less accumulated Depreciation					
Equipment, furniture, and fixtures	(316,554)	(9,614)	33,307	45,053	(247,808)
Vehicles	(39,801)	-	-	-	(39,801)
Leasehold improvements	<u>(244,615)</u>	<u>(4,151)</u>	<u>-</u>	<u>(38,632)</u>	<u>(287,398)</u>
	<u>(600,970)</u>	<u>(13,765)</u>	<u>33,307</u>	<u>6,421</u>	<u>(575,007)</u>
Net capital assets	<u>\$ 89,725</u>	<u>\$ 19,820</u>	<u>\$ -</u>	<u>\$ 6,421</u>	<u>\$ 115,966</u>

	Balance <u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	Transfers and <u>Adjustments</u>	Balance <u>June 30, 2022</u>
Equipment, furniture, and fixtures	\$ 328,967	\$ 14,600	\$ -	\$ -	\$ 343,567
Vehicles	39,801	-	-	-	39,801
Leasehold improvements	<u>307,327</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>307,327</u>
	<u>676,095</u>	<u>14,600</u>	<u>-</u>	<u>-</u>	<u>690,695</u>
Less accumulated Depreciation					
Equipment, furniture, and fixtures	(306,619)	(9,935)	-	-	(316,554)
Vehicles	(39,801)	-	-	-	(39,801)
Leasehold improvements	<u>(240,464)</u>	<u>(4,151)</u>	<u>-</u>	<u>-</u>	<u>(244,615)</u>
	<u>(586,884)</u>	<u>(14,086)</u>	<u>-</u>	<u>-</u>	<u>(600,970)</u>
Net capital assets	<u>\$ 89,211</u>	<u>\$ 514</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,725</u>

Depreciation expense totaled \$13,765 and \$14,086 for June 30, 2023 and 2022, respectively.

CLARKSVILLE MONTGOMERY COUNTY
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

D. CAPITAL ASSETS - Continued

Leasehold improvements are being depreciated over 15 - 39 years. Generally Accepted Accounting Principles requires leasehold improvements be amortized or depreciated over the lesser of the life of the asset or remaining lease term.

Should the Center cease operations, it is likely that these leasehold improvements would be surrendered to the City. A loss contingency has not been accrued.

E. ECONOMIC DEPENDENCY

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

F. COMMITMENTS AND CONTINGENCIES

The Center's exposure to property loss and general liability is handled through the purchase of commercial insurance. Insurance coverage was adequate to cover settlements for the past three fiscal years.

G. CONCENTRATION OF CREDIT RISK

Substantially all of the Center's accounts receivable balance is comprised of one account, which management has evaluated on a historical basis and has determined the credit risk associated with this entity to be minimal.

H. ASSETS TRANSFERRED TO A RECIPIENT CENTER

In the past, the Center has made contributions to the Community Foundation of Middle Tennessee (the "Foundation"). These contributions are permanent assets of the Foundation. The Foundation has variance power over the funds. The Foundation is to distribute funds only upon the Center's written request signed by board and management. The funds available to be distributed are limited to 5% of yearly earnings as calculated at the end of the year of request. If no such request is made, then that year's earnings would be reclassified as permanent asset to the Foundation. If the Center were to cease to continue as a going concern the permanent funds and accumulated earnings of the fund would remain under authority of the Foundation. As of June 30, 2023 and 2022 the balance of the fund was \$28,023 and \$25,833, respectively.

CLARKSVILLE MONTGOMERY COUNTY
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022

I. RELATED PARTY

The Center is a component unit of the City of Clarksville, Tennessee. The City has provided support in the amount of \$506,583 and \$465,644 for the years end 2023 and 2022, respectively. The City owns the building where the Center operates. The City provides this space as an in-kind contribution to the Center. No amount has been recorded for this contribution.



INDEPENDENT AUDITOR'S 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
Clarksville Montgomery County Ajax Turner Senior Citizen's Center

We have audited, in accordance with the 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, the financial statements of Clarksville Montgomery County Ajax Turner Senior Citizen's Center, Inc. (the Center), a component of the City of Clarksville, Tennessee, as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the Center's basic financial statements, and have issued our report thereon dated October 25, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Center's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Center's internal control. Accordingly, we do not express an opinion on the effectiveness of the Center's internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.



To the Board of
Clarksville Montgomery County Ajax Turner Senior Citizen's Center, Inc.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Center's financial statements are free from 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs at item 2023-001.

The Center's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Center's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Center's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crosslin, PLLC

Nashville, Tennessee
October 25, 2023

CLARKSVILLE MONTGOMERY COUNTY
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

FINANCIAL STATEMENT FINDING

2023-001 – Accounting System, Fiscal Management, and Accounting Discipline

Condition, Criteria, Cause, and Effect: In general, certain accounting functions, such as proper maintenance and review of the general ledger and reconciliations of certain major asset and liability accounts, were not consistently performed during the year, weakening internal controls, and making financial information possibly inaccurate. Problems in receiving timely and accurate financial information can significantly impact management's ability to effectively guide the Center. Critical areas such as financial analysis, budgetary control, and cash flow can all be impacted. Government funding, contributions and other financing relationships can also be jeopardized by the lack of timely and accurate financial information. During fiscal year 2023, there was a lack of consistent review and reconciliation in many areas of the accounting and finance functions. We noted instances where accounting tasks such as certain monthly reconciliations of accounts and subsidiary ledgers to the general ledger, preparation of supporting schedules and journal entries, period end closings, cross checks, and reviews which play a key role in proving the accuracy of accounting data and financial information that comprise the financial statements were not performed or were not performed in a timely manner. We encountered instances in which audit schedules and support did not reconcile with what was recorded in the general ledger. During the review of the trial balance provided by the client, it was noted that the Center had not recorded the prior year audit adjusting journal entries in QuickBooks. As a result, the beginning balances did not tie to the prior year report. Additionally, due to the entries not being recorded, the prior entries that were made, that needed to be reversed, were not recorded either. Departures from generally accepted accounting principles were identified, and audit adjustments were recorded to correctly recognize revenue, classify expenses, capitalize assets, and record depreciation. A lack of technical knowledge and an overreliance on auditors resulted in adjusting, correcting, and reclassifying entries to all major assets, liability, and net position accounts. A lack of understanding of certain processes and the functionality of the Center's accounting software (QuickBooks) has been a contributing factor to the following deficiencies:

- Proper reconciliations of cash
- Accounts receivable (including consideration of inactive accounts and adjustments upon collection to past due accounts)
- Prepaid expenses (including recording and/or adjusting prepaid expenses to recognize the expenses incurred during the fiscal year)
- Proper cutoff of accounts payables and reconciliations of accrued expenses
- Recording property, plant, and equipment including construction in progress and depreciation expense, and donated assets
- Proper reconciliations of grant revenues and expenses

CLARKSVILLE MONTGOMERY COUNTY
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

FINANCIAL STATEMENT FINDING - Continued

2023-001 – Accounting System, Fiscal Management, and Accounting Discipline - Continued

Recommendations: Recommendations to Center management are summarized as follows:

- We recommend that the Center monitor and improve the accounting and information systems as well as continue to implement accounting procedures that will facilitate the production of accurate financial information, and provide for accountability of assets and the maintenance of an accurate historical record of operations. Accounting and financial information is the language of business and must be properly assessed and comprehended in a timely manner in order to allow management to guide and direct the Center into the future.
- The following are recommendations, which if implemented, can help move the Center toward these goals:
 - Hire an outside QuickBooks consultant to assist in the training of accounting staff in the use/clean up of the Center's QuickBooks, including the accounts receivable, accounts payable, and fixed asset modules.
 - Continual work on the accounting policies and procedures manual to ensure that it is well structured and that it defines proper procedures and documentation for the various accounting processes, reconciliations, and review (i.e., assignment of preparation and review of various account reconciliations, analysis, roll forwards, and other miscellaneous items).
 - Properly supervise accounting staff to ensure that the proper procedures and internal controls are in place and are consistently followed.
 - Ensure that accounting procedures are being performed in a timely manner.

Views of Responsible Officials and Planned Corrective Actions:

See Management's Corrective Action Plan.

CLARKSVILLE MONTGOMERY COUNTY
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

There were no prior year findings reported.



**Clarksville Montgomery County
Ajax Turner Senior Citizens Center**
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Phone 931/ 648-1345 or 648-9727
Fax 552-6106
E-Mail: fiscaldirector@ajaxturner50plus.org

Management's Corrective Action Plan

2023-001 – Accounting System, Fiscal Management, and Accounting Discipline

Corrective Action

Center staff concurs with the finding. Center staff is seeking supplemental training from QuickBooks to clean up old items that are causing reconciliation issues within QuickBooks. In addition, as part of the training, the Center will ensure that the subsidiary ledgers for accounts receivable, accounts payable, and other accounts agree to the trial balance and approved budgets are maintained and followed. The Center hired a new Fiscal Director in January 2023 and he worked on updating the Center's Internal Control Manual until it was completed in March of 2023. The Center will ensure that the internal controls identified in the newly updated manual will be followed during fiscal year 2024. The Center will also review and update/refine the manual as needed and ensure that the approved budget is maintained and followed. With the hiring of a new Fiscal Director with a focus on internal controls as well as the budget, the Center expects for these comments to be corrected during fiscal year 2024.

Anticipated

Completion Date June 30, 2024

Name of Contact
Person

Ricky Willis, Fiscal Director
Clarksville Montgomery County
Ajax Turner Senior Citizen's Center, Inc.
(931) 648-1345

A handwritten signature in blue ink that reads "Ricky Willis".

Ricky Willis
Fiscal Director

