

Ajax Turner Senior Citizen's Center

**Financial Statements with Accompanying Information
Years Ended June 30, 2010 and June 30, 2009**

and

Report of Certified Public Accountants

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statements of financial position of Ajax Turner Senior Citizen's Center, Inc. (a nonprofit organization) as of June 30, 2010 and June 30, 2009 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the 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 audits 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 Ajax Turner Senior Citizen's Center, Inc. as of June 30, 2010 and June 30, 2009, 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 24, 2010 on our consideration of 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 Group, PLC

August 24, 2010

Ajax Turner Senior Citizen's Center
Statements of Financial Position
As of June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets		
Cash	\$ 68,885	\$ 50,666
Accounts Receivable	2,781	6,207
Deposits and Prepaids	<u>6,971</u>	<u>6,971</u>
Total Current Assets	<u>78,637</u>	<u>63,844</u>
Fixed Assets		
Property & Equipment	248,735	236,964
Less: Accumulated Depreciation	<u>(208,597)</u>	<u>(193,469)</u>
Net Property & Equipment	<u>40,138</u>	<u>43,495</u>
Other Assets, Net	<u>84,529</u>	<u>100,852</u>
TOTAL ASSETS	<u><u>\$ 203,304</u></u>	<u><u>\$ 208,191</u></u>
 LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 7,474	\$ 7,213
Accrued Liabilities	<u>1,167</u>	<u>801</u>
Total Current Liabilities	<u>8,641</u>	<u>8,014</u>
 NET ASSETS		
Unrestricted	<u>194,663</u>	<u>200,177</u>
Total Net Assets	<u>194,663</u>	<u>200,177</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 203,304</u></u>	<u><u>\$ 208,191</u></u>

Ajax Turner Senior Citizen's Center
Statements of Activities
Years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Unrestricted Net Assets:		
Local Support	\$ 326,736	\$ 304,571
Contributions	53,801	49,169
Program Service Fees	133,073	156,291
Fundraising	9,508	10,952
Other Income	<u>15,088</u>	<u>10,771</u>
Total Unrestricted Net Assets	538,206	531,754
 Net Assets Released From Restrictions		
Grants Earned	<u>43,380</u>	<u>48,783</u>
 Total Unrestricted Revenues and Other Support	<u>581,586</u>	<u>580,537</u>
 Expenses:		
Program Services	548,137	464,843
Supporting Services	<u>38,963</u>	<u>112,515</u>
 Total Expenses	<u>587,100</u>	<u>577,358</u>
 Increase (Decrease) in Unrestricted Net Assets	<u>(5,514)</u>	<u>3,179</u>
 Increase (Decrease) in Total Net Assets	(5,514)	3,179
 Net Assets, Beginning of Year	<u>200,177</u>	<u>196,998</u>
 Net Assets, End of Year	<u>\$ 194,663</u>	<u>\$ 200,177</u>

Ajax Turner Senior Citizen's Center
Statements of Functional Expenses
Years ended June 30, 2010 and 2009

	<u>Program Services</u>	<u>Support Services</u>	Totals Memorandum Only	
			<u>2010</u>	<u>2009</u>
Salaries and Fringe Benefits:				
Salaries	\$ 294,035	\$ 18,768	\$ 312,803	\$ 291,702
Fringe Benefits	<u>44,592</u>	<u>2,846</u>	<u>47,438</u>	<u>43,003</u>
Total Salaries and Fringe Benefits	338,627	21,614	360,241	334,705
Food	41,630	-	41,630	40,923
Fundraising	-	1,885	1,885	4,032
Band Fees	19,614	-	19,614	21,250
ADC and Other Services	-	-	-	740
Building Occupancy	27,912	1,782	29,694	28,124
Utilities	49,162	3,138	52,300	59,511
Transportation	14,277	911	15,188	19,780
Repairs and Maintenance	12,676	809	13,485	15,022
Supplies	3,547	227	3,774	4,345
Office Expenses	689	44	733	1,577
Professional Fees	-	6,000	6,000	8,000
Insurance	<u>10,166</u>	<u>649</u>	<u>10,815</u>	<u>15,019</u>
Total Expenses Before Depreciation	518,300	37,059	555,359	553,028
Depreciation and Amortization	<u>29,837</u>	<u>1,904</u>	<u>31,741</u>	<u>24,330</u>
Total Functional Expenses	<u>\$ 548,137</u>	<u>\$ 38,963</u>	<u>\$ 587,100</u>	<u>\$ 577,358</u>

Ajax Turner Senior Citizen's Center
Statements of Cash Flows
As of June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Total Net Assets	\$ (5,514)	\$ 3,179
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating Activities:		
Depreciation & Amortization	31,741	24,330
(Increase) decrease in account receivable	3,426	(6,207)
(Increase) decrease in other assets	(292)	289
Increase (decrease) in accounts payable	262	(195)
Increase (decrease) in accrued liabilities	367	1
Net Cash Provided by (Used in) Operating Activities	<u>29,990</u>	<u>21,397</u>
CASH FLOWS FROM CAPITAL AND RELATED INVESTING ACTIVITIES		
Payments related to the acquisition of capital assets	<u>(11,771)</u>	<u>(11,105)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(11,771)</u>	<u>(11,105)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	18,219	10,292
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>50,666</u>	<u>40,374</u>
CASH AND CASH EQUIVALENTS AT PERIOD END	<u>\$ 68,885</u>	<u>\$ 50,666</u>

Ajax Turner Senior Citizen's Center
Notes to Financial Statements
06/30/2010

1 Summary of Significant Accounting Policies

Organization - 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 in the Clarksville-Montgomery County area. To accomplish this purpose the organization conducts lectures, educational programs, social events, craft programs and other services for the elderly.

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205-55, Presentation of Financial Statements – Implementation Guidance and Illustrations and Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) No. 958-605-25, Recognition of Contributions. Under FASB ASC 958-205-55, 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. FASB ASC No. 958-605-25 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 Organization 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 FASB ASC No. 958-605-25 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.

Property and Equipment - The Organization capitalizes all expenditures in excess of \$500 for property and equipment at cost. Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor stipulations regarding how long the contributed assets must be used, the Organization has adopted a policy of implying a time restriction on contributions of such assets that expires over the assets' useful lives. As a result, all contributions of property and equipment, and of assets contributed to acquire property and equipment, are recorded as restricted support.

Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

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

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.

Ajax Turner Senior Citizen's Center
Notes to Financial Statements

1 Summary of Significant Accounting Policies (Continued)

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 Organization's costs of providing the various programs and other activities have been summarized in the statements of functional expenses. When appropriate expenses are expensed directly to the appropriate functionality, in all other instances the expenses are allocated based on estimates of management.

2 Cash Balances

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

	June 30,	
	2010	2009
Cash on hand	\$ 623	\$ 625
Cash in checking accounts	68,262	50,041
	<u>\$ 68,885</u>	<u>\$ 50,666</u>

The Organization maintains cash balances at local financial institutions. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. There were no cash balances not covered by FDIC insurance as of June 30, 2010.

3 Accounts Receivable

The Organization has extended credit to clients amounting to \$2,781 and \$6,207 at June 30, 2010 and 2009, respectively. management has evaluated the accounts receivable and believes that they are all collectible.

4 Equipment

Property, plant and equipment consists of:

	June 30,		Estimated
	2010	2009	Useful lives
Equipment, furniture, and fixtures	\$ 209,515	\$ 197,744	5 - 10 years
Vehicles	39,220	39,220	5 years
	248,735	236,964	
Less accumulated depreciation	<u>208,597</u>	<u>193,469</u>	
	<u>\$ 40,138</u>	<u>\$ 43,495</u>	

Depreciation expense totaled \$15,129 and \$7,719 for 2010 and 2009, respectively.

Ajax Turner Senior Citizen's Center
Notes to Financial Statements

5 Other Assets

The City of Clarksville provides financial support for the expansion of the Organization's building. The City retains ownership of the building and leases it to the Organization under five year renewable contracts until the year 2013. Lease payments are one dollar per year. Due to expected lease renewals the City's contribution will be amortized over fifteen years. Amortization expense totaled \$16,612 for 2010 and 2009, respectively.

Other assets consist of:

	June 30,	
	2010	2009
1998 Expansion contributions	\$ 140,270	\$ 140,270
2003 Expansion contributions	98,888	98,888
2005 Expansion contributions	10,013	10,013
Deferred Revenue	0	(289)
	<hr/>	<hr/>
	249,171	248,882
Accumulated amortization	164,642	148,030
	<hr/>	<hr/>
	\$ 84,529	\$ 100,852

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 \$11,621 and \$4,479 for 2010 and 2009, respectively.

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. The in-kind contribution related to the use of the building were recorded as \$29,694 for 2010 and \$28,124 in 2009.

8 Economic Dependency

The Center receives grants from the Greater Nashville Regional Council and 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 was significantly reduced. Management does not expect any significant changes in funding.

9 Subsequent Events

The Center has evaluated subsequent events through August 24, 2010, the date which the financial statements were available to be issued.

10 Concentration of Credit Risk

Financial instruments that are exposed to concentrations of credit risk consist of cash and accounts receivable. The Organization's cash is invested with highly reputable banking institutions in the Clarksville-Montgomery County area and as previously mentioned in note 2 are insured up to \$250,000 by the FDIC. The accounts receivable are principally with individual patrons of the organization within the Clarksville-Montgomery County area. Realization of these receivables are dependent on various individual economic conditions.



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REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of Ajax Turner Senior Citizen's Center as of and for the years ended June 30, 2010, and 2009, and have issued our report thereon dated September 15, 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 the Organization'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 the 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting (10.01). 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.

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.

We noted certain matters that we reported to management of the Organization in a separate letter dated August 24, 2010.

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Ajax Turner Senior Citizen's Center response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management 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.

Thurman Campbell Group, PLC

Clarksville, TN

August 24, 2010

**AJAX TURNER SENIOR CITIZENS CENTER
SCHEDULE OF FINDINGS
JUNE 30, 2010**

10-01 Internal Control:

Condition: Accounts receivable sub ledger does not match the general ledger.

Criteria: Accounting staff should have the requisite skill and knowledge to maintain an accrual based accounts receivable sub ledger.

Effect: The lack of a proper accounts receivable sub ledger can result in material misstatements, erroneous accruals and an overall misrepresentation of accounts receivable.

Recommendation: Procedures should be put in place to ensure proper accrual and tracking of accounts receivable within the entity's normal accounting software.

Response: The organization agrees with the recommendation. Procedures to properly accrue accounts receivable will be put in place no later than 6/30/2011.