FIFTYFORWARD,
SENIOR CENTER FOR THE ARTS, INC.,
AND THE J. B. KNOWLES TRUST

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

As of and for the Years Ended June 30, 2018 and 2017

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.,
AND THE J. B. KNOWLES TRUST

TABLE OF CONTENTS

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Directors
FiftyForward, Senior Center for the Arts, Inc.,
and The J. B. Knowles Trust
Nashville, Tennessee

Report on the Consolidated Financial Statements

We have audited the accompanying financial statements of FiftyForward (a nonprofit organization), Senior Center for the Arts, Inc. (a nonprofit organization), and The J. B. Knowles Trust (a charitable trust) (collectively, the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of FiftyForward, Senior Center for the Arts, Inc., and The J. B. Knowles Trust as of June 30 2018, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Year Financial Statements

The consolidated financial statements of FiftyForward, Senior Center for the Arts, Inc., and The J. B. Knowles Trust as of June 30, 2017, were audited by other auditors whose report dated October 11, 2017, expressed an unmodified opinion on those statements.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and activities, as well as the accompanying schedule of expenditures of federal, state and local awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole. The consolidating schedules of financial position and activities as of and for the year ended June 30, 2017, were audited by other auditors whose report dated October 11, 2017, expressed an unmodified opinion on these schedules.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2018, on our consideration of the Organization'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 Organization'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 Organization's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Nashville, Tennessee
October 15, 2018

FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC., AND THE J. B. KNOWLES TRUST

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,810,902	$ 1,872,142
Accounts receivable	88,448	82,519
Grants receivable	444,338	242,282
Promises to give	411,022	411,200
Conservator receivables	151,622	239,890
Prepaid expenses	71,226	83,121
Total Current Assets	2,977,558	2,931,154
Land, building, and equipment, net	8,008,039	8,244,208
Conservator trust funds	4,828,156	3,194,642
Prepaid rent - Bellevue Center	1,134,979	1,248,202
Other current assets	431	15,928
J. B. Knowles Trust Fund cash	36,282	44,992
J. B. Knowles Trust Fund investments	1,562,757	1,554,027
Total Assets	$ 18,548,202	$ 17,233,153
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 376,263	$ 156,159
Accrued expenses	84,583	130,290
Accrued pension plan liability	130,865	66,663
Deferred revenue	130,521	141,577
Total Current Liabilities	722,232	494,689
Conservator trust funds	4,828,156	3,194,642
Total Liabilities	5,550,388	3,689,331
Net Assets:		
Unrestricted	9,307,612	9,793,735
Designated	-	113,000
Total Unrestricted Net Assets	9,307,612	9,906,735
Temporarily restricted	2,091,163	2,038,068
Permanently restricted	1,599,039	1,599,019
Total Net Assets	12,997,814	13,543,822
Total Liabilities and Net Assets	$ 18,548,202	$ 17,233,153

FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.,
AND THE J. B. KNOWLES TRUST
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue:				
Contributions	$ 1,021,717	$ 350,365	$ -	$ 1,372,082
Service fees	1,244,627	-	-	1,244,627
Grant revenue	1,421,511	-	-	1,421,511
Special events	328,406	-	-	328,406
United Way	25,643	290,200	-	315,843
Membership dues	156,553	-	-	156,553
Ticket sales	190,804	-	-	190,804
Investment income	322	-	90,020	90,342
In-kind contributions	90,797	-	-	90,797
Other income	29,326	-	-	29,326
Rental income	10,150	-	-	10,150
Gain on disposal of assets	6,500	-	-	6,500
Net assets released from restrictions	677,470	(587,470)	(90,000)	-
Total Public Support and Revenue	5,203,826	53,095	20	5,256,941
Expenses:				
Program services	4,501,157	-	-	4,501,157
Support services	1,301,792	-	-	1,301,792
Total Expenses	5,802,949	-	-	5,802,949
Change in net assets	(599,123)	53,095	20	(546,008)
Net assets, beginning of year	9,906,735	2,038,068	1,599,019	13,543,822
Net assets, end of year	$ 9,307,612	$ 2,091,163	$ 1,599,039	$ 12,997,814

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

FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC., AND THE J. B. KNOWLES TRUST

CONSOLIDATED STATEMENT OF ACTIVITIES (CONTINUED)

YEAR ENDED JUNE 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Public Support and Revenue:				
Contributions	$ 1,076,671	$ 404,801	$ -	$ 1,481,472
Service fees	1,061,114	-	-	1,061,114
Grant revenue	867,313	-	-	867,313
Special events	362,766	-	-	362,766
United Way	28,400	299,700	-	328,100
Membership dues	282,193	-	-	282,193
Ticket sales	188,785	-	-	188,785
Investment income	-	225	114,846	115,071
In-kind contributions	96,454	-	-	96,454
Other income	31,412	-	-	31,412
Rental income	4,545	-	-	4,545
Gain on disposal of assets	1,200	-	-	1,200
Net assets released from restrictions	1,106,068	(1,016,068)	(90,000)	-
Total Public Support and Revenue	5,106,921	(311,342)	24,846	4,820,425
Expenses:				
Program services	4,285,378	-	-	4,285,378
Support services	933,052	-	-	933,052
Total Expenses	5,218,430	-	-	5,218,430
Change in net assets	(111,509)	(311,342)	24,846	(398,005)
Net assets, beginning of year	10,018,244	2,349,410	1,574,173	13,941,827
Net assets, end of year	$ 9,906,735	$ 2,038,068	$ 1,599,019	$ 13,543,822

FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC., AND THE J. B. KNOWLES TRUST

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	Program Services															Support Services				
	Adult Daycare	Foster Grand Parents	Living At Home*	RSVP	College Grove	Donelson	Bordeaux	Brentwood Martin	J. B. Knowles Hart Bldg	Turner Center	All of Us Research	Madison	Fifty Forward Travel	Center for the Arts	Care Team	Total	Comm-unication	Fund Raising**	Mgmt and General	Total Expenses	Total
Salaries	$ 151,309	$ 81,001	$ 299,468	$ 160,014	$ 85,327	$ 133,389	$ 70,472	$ 109,823	$ 112,291	$ 94,349	$ 56,439	$ 124,714	$ 13,127	$ 34,596	$ 138,521	$ 1,664,840	$ 109,343	$ 162,404	$ 368,432	$ 640,179	$ 2,305,019
Occupancy	16,867	3,849	24,605	6,570	45,672	71,242	10,496	87,761	76,668	113,940	5,815	128,262	206	22,200	9,325	623,478	4,630	9,126	35,527	49,283	672,761
Fees	9,014	3,474	24,573	7,623	14,069	14,780	6,450	13,442	18,508	15,908	3,216	19,320	180,250	101,371	6,710	438,708	3,213	8,596	40,246	52,055	490,763
Supplies	21,162	11,881	53,563	31,409	19,705	22,045	11,773	20,451	23,863	10,060	2,661	26,041	261	40,414	15,660	310,949	12,221	20,896	177,015	210,132	521,081
Benefits	28,718	7,079	57,659	9,356	6,406	18,850	15,039	44,042	16,675	16,516	8,847	27,884	830	8,896	1,164	267,961	1,502	30,938	5,757	38,197	306,158
Assistance	-	265,986	55	6,452	34	200	143	204	234	364	3,053	387	-	-	-	277,112	96	-	8	104	277,216
Payroll taxes	11,326	6,007	22,392	11,755	6,213	9,456	5,146	8,080	8,443	7,080	4,091	8,692	1,216	2,447	10,564	122,908	8,215	11,905	31,370	51,490	174,398
Travel	13,910	1,732	13,394	2,428	2,125	3,245	3,719	4,316	5,225	6,775	2,274	8,032	71	1,701	6,556	75,503	481	230	1,169	1,880	77,383
Telephone	4,424	3,168	9,269	3,096	5,430	16,447	4,753	14,450	3,292	3,831	1,435	18,276	162	-	5,053	93,086	2,139	4,476	7,357	13,972	107,058
Maintenance	810	1,083	3,830	1,742	3,317	8,510	2,524	6,779	3,097	5,102	1,312	10,264	68	5,381	1,732	55,551	1,056	7,953	8,473	17,482	73,033
Marketing	281	151	566	1,608	163	800	178	2,578	746	961	1,341	1,045	907	10,113	793	22,231	37,951	7,355	773	46,079	68,310
Conferences and meetings	1,204	6,324	3,037	1,181	450	1,342	566	635	939	2,549	7,933	2,273	139	87	1,036	29,695	1,556	2,497	25,531	29,584	59,279
Printing and publications	132	77	236	488	84	76	40	224	255	111	1,665	556	103	13	120	4,180	22,518	4,508	573	27,599	31,779
Postage	53	564	1,256	593	575	185	37	1,743	1,126	14	82	3,633	204	374	655	11,094	3,613	1,614	1,458	6,685	17,779
Dues	227	521	745	225	109	1,014	247	982	171	210	473	720	25	455	230	6,354	121	423	4,319	4,863	11,217
Recognition	39	92	98	63	24	40	154	30	98	33	29	139	5	-	245	1,089	21	33	11,235	11,289	12,378
Other	468	842	327	33	-	111	100	1,505	69	828	1,165	142	1	21,000	263	26,854	226	1,430	99,263	100,919	127,773
	259,944	393,831	515,073	244,636	189,703	301,732	131,837	317,045	271,700	278,631	101,831	380,380	197,575	249,048	198,627	4,031,593	208,902	274,384	818,506	1,301,792	5,333,385
Depreciation	5,876	-	-	-	2,752	132,311	11,261	82,468	133,789	5,527	-	94,513	-	1,067	-	469,564	-	-	-	-	469,564
Total	$ 265,820	$ 393,831	$ 515,073	$ 244,636	$ 192,455	$ 434,043	$ 143,098	$ 399,513	$ 405,489	$ 284,158	$ 101,831	$ 474,893	$ 197,575	$ 250,115	$ 198,627	$ 4,501,157	$ 208,902	$ 274,384	$ 818,506	$ 1,301,792	$ 5,802,949

Note* The Living At Home Program includes the following cost centers: Living At Home, VOCA, and Meals on Wheels.

Note** The Fund Raising support service includes $27,931 of expenses for special events.

FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC., AND THE J. B. KNOWLES TRUST

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)

YEAR ENDED JUNE 30, 2017

	Program Services																Support Services				
	Adult Daycare	Foster Grand Parents	Living At Home*	RSVP	College Grove	Donelson	Bordeaux	Brentwood Martin	J. B. Knowles Hart Bldg	Turner Center	Patricia Hart Bldg	Madison	Fifty Forward Travel	Center for the Arts	Care Team	Total	Comm-unication	Fund Raising**	Mgmt and General	Total Expenses	Total
Salaries	$ 128,541	$ 69,948	$ 292,688	$ 157,330	$ 74,528	$ 119,510	$ 45,623	$ 124,268	$ 78,639	$ 88,656	$ 8,740	$ 139,379	$ 14,611	$ 34,511	$ 143,258	$ 1,520,230	$ 103,080	$ 153,449	$ 322,355	$ 578,884	$ 2,099,114
Occupancy	16,275	3,625	25,479	7,740	46,937	69,777	16,599	95,423	63,686	115,879	20,879	114,280	161	22,398	7,522	626,660	4,332	8,797	15,943	29,072	655,732
Fees	9,441	4,432	38,238	10,289	26,779	15,808	8,644	17,741	15,912	17,898	-	20,243	172,814	92,034	5,901	456,174	5,488	10,194	31,291	46,973	503,147
Supplies	24,877	3,573	45,869	10,794	9,208	26,084	5,198	67,828	11,580	8,465	-	42,022	964	41,689	1,766	299,917	1,539	60,152	3,933	65,624	365,541
Benefits	12,375	11,178	50,737	30,470	17,595	20,119	4,510	26,909	6,275	15,631	-	29,059	257	8,420	25,465	259,000	11,763	18,337	-	30,100	289,100
Assistance	129	274,870	1,487	4,656	34	117	-	381	1,200	605	-	392	-	-	-	283,871	-	49	-	49	283,920
Payroll taxes	9,767	5,245	21,612	11,761	5,393	8,513	3,474	8,672	5,985	6,454	669	10,456	953	2,483	10,683	112,120	7,798	11,602	25,171	44,571	156,691
Travel	12,299	1,315	12,742	3,312	2,652	5,460	3,386	4,874	3,684	10,586	20	7,867	126	1,737	6,070	76,130	586	349	1,001	1,936	78,066
Telephone	2,383	3,328	6,378	3,339	2,873	13,705	3,948	7,371	2,320	994	-	14,204	-	-	3,971	64,814	1,842	4,268	6,068	12,178	76,992
Maintenance	1,664	1,252	5,332	1,963	2,851	10,009	1,580	5,150	2,622	7,272	61	9,943	65	8,218	1,987	59,969	1,306	7,899	7,537	16,742	76,711
Marketing	15	9	54	1,108	12	514	16	2,263	399	749	-	976	450	11,471	777	18,813	27,928	6,471	284	34,683	53,496
Conferences and meetings	1,452	2,853	3,782	3,130	899	1,190	955	1,529	1,229	1,005	-	1,954	37	155	1,907	22,077	1,323	1,805	14,824	17,952	40,029
Printing and publications	46	12	200	91	12	91	114	609	179	257	-	474	25	107	733	2,950	17,426	13,925	870	32,221	35,171
Postage	10	593	1,030	644	475	116	49	564	1,097	159	-	3,850	105	623	715	10,030	4,835	2,253	1,681	8,769	18,799
Dues	190	247	535	325	81	1,347	232	1,029	68	259	-	761	19	680	339	6,112	395	1,419	4,813	6,627	12,739
Recognition	487	279	1,133	710	297	484	488	631	270	94	-	1,046	63	-	371	6,353	589	1,028	4,335	5,952	12,305
Other	16	148	92	1	-	-	722	103	61	-	-	144	-	21,000	859	23,146	119	-	600	719	23,865
	219,967	382,907	507,388	247,663	190,626	292,844	95,538	365,345	195,206	274,963	30,369	397,050	190,650	245,526	212,324	3,848,366	190,349	301,997	440,706	933,052	4,781,418
Depreciation	7,580	-	-	-	2,066	152,239	10,575	76,764	109,501	4,840	-	72,380	-	1,067	-	437,012	-	-	-	-	437,012
Total	$ 227,547	$ 382,907	$ 507,388	$ 247,663	$ 192,692	$ 445,083	$ 106,113	$ 442,109	$ 304,707	$ 279,803	$ 30,369	$ 469,430	$ 190,650	$ 246,593	$ 212,324	$ 4,285,378	$ 190,349	$ 301,997	$ 440,706	$ 933,052	$ 5,218,430

Note* The Living At Home Program includes the following cost centers: Living At Home, VOCA, and Meals on Wheels.

Note** The Fund Raising support service includes $56,543 of expenses for special events.

FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC., AND THE J. B. KNOWLES TRUST

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	$ (546,008)	$ (398,005)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	469,564	437,012
Amortization of prepaid lease	113,223	113,223
Realized and unrealized (gain) loss on investments, net	(60,909)	(89,994)
Gain on sale of property and equipment	(6,500)	-
Changes in operating assets and liabilities:		
Accounts receivable	(5,929)	13,549
Grants receivable	(202,056)	(79,866)
Promises to give	178	561,427
Conservator receivable	88,268	115,654
Prepaid expenses	11,895	(47,423)
Other current assets	15,497	(15,928)
Accounts payable	220,104	65,642
Accrued expenses	(45,707)	30,085
Accrued pension plan liability	64,202	(136,404)
Deferred revenue	(11,056)	(14,589)
Net cash provided by operating activities	104,766	554,383
Cash flows from investing activities:		
Proceeds from sale of property and equipment	6,500	-
Purchase of equipment	(233,395)	(649,675)
Net cash used in investing activities	(226,895)	(649,675)
Cash flows from financing activities:		
Knowles Trust Fund proceeds	607,528	573,868
Knowles Trust Fund purchases	(636,639)	(598,720)
Distributions from Knowles Trust Fund	90,000	90,000
Net cash provided by financing activities	60,889	65,148
Net decrease in cash and cash equivalents	(61,240)	(30,144)
Cash and cash equivalents, beginning of year	1,872,142	1,902,286
Cash and cash equivalents, end of year	$ 1,810,902	$ 1,872,142

Note 1—Nature of organization summary of significant accounting policies

Nature of Activity – FiftyForward provides programs and services designed to keep seniors, 50 years of age and older, fit, healthy, and involved; and to provide social services to enable home bound seniors to remain independent in their own home as long as possible. Supportive services include communications, fund raising, management, and general expenses not directly identifiable to any program, but indispensable to these activities and to FiftyForward's existence.

The J. B. Knowles's Trust (the "Trust") is a trust established to assist in paying for the operating expenses of FiftyForward's Knowles Senior Center. FiftyForward and the Trust are governed by the same Board of Directors.

In September 2004, FiftyForward's Board of Directors approved the by-laws and board members for the Senior Center for the Arts, Inc. ("SCA"), a not-for-profit organization created to support art programs. FiftyForward's Board of Directors appoints the board of SCA and has an economic interest in SCA.

Principles of Consolidation – FiftyForward, the Trust, and SCA, collectively the "Organization", are included in the accompanying consolidated financial statements. All significant inter-entity transactions and balances have been eliminated in consolidation.

Financial Statement Presentation – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed for not-for-profit organizations. 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.
>
> *Designated Net Assets* – Net assets designated by the Organization's Board of Directors for particular purposes.
>
> *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 consolidated statements of activities as net assets released from restrictions. Contributions which are restricted for specific programs are reflected as unrestricted revenue if these funds are received and spent in the same fiscal year.
>
> *Permanently Restricted Net Assets* – Net assets subject to donor imposed stipulations that they be maintained permanently by the Organization. Generally, donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes.

Cash and Cash Equivalents – The Organization considers all highly liquid investments with an original maturity when purchased of three months or less to be cash equivalents. Approximately $441,000 of this balance is restricted for capital expenditures as of June 30, 2018 and 2017.

Unconditional Promises to Give – Contributions are recognized when a donor makes an unconditional promise to give to the Organization. Contributions that are not restricted, or are restricted by the donor and the restriction expires during the fiscal year, are reported as increases in unrestricted net assets. All other contributions are reported as increases in temporarily or permanently restricted net assets. Management considers all unconditional promises to give to be fully collectible at June 30, 2018 and 2017. Accordingly, no allowance for doubtful accounts has been recorded in the accompanying consolidated statements of financial position.

Note 1—Nature of organization summary of significant accounting policies (continued)

Accounts Receivable – Accounts receivable are stated at their net realizable value. It is the opinion of management that all accounts receivable at June 30, 2018 and 2017, are fully collectible.

Land, Building, and Equipment – The Organization capitalizes all expenditures for land, building, and equipment in excess of $5,000. Land, building, 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 asset, which ranges from 3 to 40 years.

Investments – The Organization accounts for investments in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") guidelines for not-for-profit organizations. Under these guidelines, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statements of financial position. Investment income and realized and unrealized gains and losses are reported as changes in unrestricted net assets unless the use of income has been restricted by the donor. See Note 2 for additional information on fair value measurements.

Deferred Revenue – Amounts received in advance for service and program fees are deferred and recognized when earned.

Estimates – The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes – FiftyForward and SCA are not-for-profit organizations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Trust's income is set aside for charitable purposes. As such, its income should not be subject to federal income tax. Accordingly, the Organization has made no provision for income taxes.

The Organization follows FASB ASC 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 50% likely of being realized upon ultimate settlement. The Organization has not recognized any tax related interest and penalties in the accompanying consolidated financial statements.

Donated Goods and Services – The value of donated goods and services meeting the criteria for recognition are recorded as in-kind contributions, with the corresponding expenses recorded, when the fair values of the goods and services are available.

Functional Allocation of Expenses – The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon estimates by management.

Note 1—Nature of organization summary of significant accounting policies (continued)

Restricted Endowment Funds – The Uniform Prudent Management Institutional Funds Act ("UPMIFA") was enacted in Tennessee effective July 1, 2007. The FASB ASC provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of UPMIFA. The guidance requires that the amount of permanently restricted net assets cannot be reduced by losses on investments of the funds or by an organization's expenditures from the fund unless the donor required the gift to be held in specific investments or under special circumstances necessary to comply with donor intentions. It also requires disclosure of a description of the governing board's interpretation of the law that underlies the organization's net asset classification of donor-restricted endowment funds, a description of the organization's policies for the appropriation of endowment assets for expenditures (its endowment spending policies), a description of the organization's endowment investment policies, and additional disclosures not previously required. These disclosures are provided in Note 9.

Subsequent Events – The Organization evaluated subsequent events through October 15, 2018, when these consolidated financial statements were available to be issued.

Note 2—Fair value of investments

The Organization has adopted the provisions of the Fair Value Measurement Topic of the FASB ASC. This guidance establishes a framework for measuring fair value for financial assets and financial liabilities. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by the observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Note 2—Fair value of investments (continued)

Following is a description of the valuation methodology used for assets measured at fair value on a recurring basis:

Investments – Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid government securities and certain other products, such as mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows and are classified within Level 2 of the valuation hierarchy. In certain cases where there is limited activity, or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy.

No changes in the valuation methodology have been made during the years ended June 30, 2018 and 2017.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth the Organization's major categories of assets measured at fair value on a recurring basis, by level within the fair value hierarchy, as of June 30, 2018:

	Level 1	Level 2	Level 3	Total
Mutual funds (held in				
J. B. Knowles Trust):				
Multi-Strategy Alternative	$ 183,508	$ -	$ -	$ 183,508
Diversified emerging markets	74,789	-	-	74,789
Total mutual funds	258,297	-	-	258,297
Exchange traded funds (held in				
J. B. Knowles Trust):				
Large blend	243,676	-	-	243,676
Small/mid blend	108,343	-	-	108,343
Energy limited partnership	99,778	-	-	99,778
Total exchange traded funds	451,797	-	-	451,797
Common trust funds (held in				
J. B. Knowles Trust):				
Fixed income	-	358,737	-	358,737
Equity funds	-	493,926	-	493,926
Total common trust funds	-	852,663	-	852,663
Total investments	$ 710,094	$ 852,663	$ -	$ 1,562,757

Note 2—Fair value of investments (continued)

The following table sets forth the Organization's major categories of assets measured at fair value on a recurring basis, by level within the fair value hierarchy, as of June 30, 2017:

	Level 1	Level 2	Level 3	Total
Mutual funds (held in J. B. Knowles Trust):				
Multi-Strategy Alternative	$ 234,477	$ -	$ -	$ 234,477
Diversified emerging markets	50,982	-	-	50,982
High yield bond	48,004	-	-	48,004
Total mutual funds	333,463	-	-	333,463
Exchange traded funds (held in J. B. Knowles Trust):				
Large blend	415,987	-	-	415,987
Small/mid blend	96,133	-	-	96,133
Energy limited partnership	89,451	-	-	89,451
Total exchange traded funds	601,571	-	-	601,571
Common trust funds (held in J. B. Knowles Trust):				
Fixed income	-	311,972	-	311,972
Equity funds	-	307,021	-	307,021
Total common trust funds	-	618,993	-	618,993
Total investments	$ 935,034	$ 618,993	$ -	$ 1,554,027

The following schedule summarizes the investment returns for the years ended June 30:

	2018	2017
Interest and dividends, net of investment fees	$ 29,432	$ 25,077
Realized and unrealized gain	60,910	89,994
	$ 90,342	$ 115,071

Note 3—Promises to give

Promises to give consist of the following at June 30:

	2018	2017
Operating pledge	$ -	$ 100,000
United Way allocation	290,200	299,700
Foundation and other	4,000	11,500
FiftyForward Endowment	116,822	-
	$ 411,022	$ 411,200

Note 4—Land, building, and equipment

Land, building, and equipment consist of the following at June 30:

	2018	2017
Land	$ 575,000	$ 575,000
Building and improvements	12,487,013	12,374,916
Construction in progress	24,000	99,347
Furniture and equipment	1,395,991	1,289,152
Vehicles	706,922	683,976
	15,188,926	15,022,391
Less accumulated depreciation	(7,180,887)	(6,778,183)
	$ 8,008,039	$ 8,244,208

Note 5—Prepaid rent

During the year ended June 30, 2007, FiftyForward paid for construction and renovation at the YMCA Bellevue Center. FiftyForward leases space but does not own the real estate or building where the YMCA Bellevue Center was built. Expenses relating to the construction have been classified as prepaid rent. During the year ended June 30, 2017, the lease was amended to have a maturity date of February 29, 2029. Consequently, prepaid rent is being amortized over the remaining 12 years of the lease. The future lease expenses are as follows:

Years Ending June 30,	
2019	$ 113,223
2020	113,223
2021	113,223
2022	113,223
2023	113,223
Thereafter	568,864
	$ 1,134,979

Note 6—Employee pension plans

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

The Organization also has an IRS Section 401(k) defined contribution retirement plan. Eligibility for participation in the plan is attainment of age 21 and completion of one year of service in which 1,000 hours of service is completed. Participants become fully vested after five years of service. The plan allows for voluntary contributions by employees and provides for employer contributions at the discretion of the Board of Directors. The Organization contributed $-0- and $30,225 to this plan during the years ended June 30, 2018 and 2017, respectively.

Note 6—Employee pension plans (continued)

In January of 1975, the Organization established an employer paid defined benefit pension plan. As a result of establishing the defined contribution plan discussed previously, participation in the defined benefit plan is limited to those employees employed prior to June 30, 1992. All participants and all benefits in the defined benefit plan are 100% vested. The benefits are based on an employee's years of service and annual pay. The funding of this defined benefit plan is based on actuarial determination using the aggregate cost method which spreads the cost of projected benefits over the employees' aggregate projected future compensation.

For employees who are participants in both the defined benefit plan and the defined contribution plan, any amount determined to be due to an employee under this defined benefit plan is determined as the minimum pension benefit. If the benefit under the defined contribution plan exceeds the minimum pension benefit, then the employee will only receive the defined contribution plan benefit.

If the defined contribution plan benefit is less than the minimum pension benefit, then the defined benefit pension plan makes up the difference so that the employee's pension plan is equal to the minimum pension benefit. Shown below is the funded status of the defined benefit plan and amounts recognized in the Organization's consolidated statements of activities at June 30:

	2018	2017
Interest cost	$ 32,307	$ 33,902
Actual return on plan assets	(55,219)	(69,402)
Net asset gain during the period deferred	14	21,082
Amortization of net gain	22,730	28,701
Net periodic pension (benefit) expense	$ (168)	$ 14,283
Discount rate	3.95%	3.95%
Rate of compensation increase	4.00%	4.00%
Expected rate of return on plan assets	7.00%	7.00%
Measurement date	7/1/2017	7/1/2016
Accumulated benefit obligation	$ 991,912	$ 840,769
Change in projected benefit obligation:		
Benefit obligation, beginning of year	$ (840,769)	$ (881,151)
Interest cost	(32,307)	(33,902)
Actuarial gain (loss)	(162,114)	25,904
Benefit paid	43,278	48,380
Benefit obligation, end of year	$ (991,912)	$ (840,769)
Change in plan assets:		
Plan assets, beginning of year	$ 774,106	$ 678,084
Expected return on plan assets	55,205	48,320
Benefits paid	(43,278)	(48,380)
Employer contribution	75,000	75,000
Gain	14	21,082
Plan assets, end of year	$ 861,047	$ 774,106

Note 6—Employee pension plans (continued)

Disclosure information for fiscal year ended June 30:

	2018	2017
Reconciliation of funded status:		
Funded status, end of year	$ (203,067)	$ (157,530)
Pension benefit (expense)	168	(14,283)
Employer contribution	75,000	75,000
Gain (loss)	61,236	(106,254)
Prepaid benefit cost	$ (66,663)	$ (203,067)
Change in unrecognized loss:		
Unrecognized loss, beginning of year	$ 356,842	$ 432,529
Recognized gain	(22,730)	(28,701)
Gain (loss) due to assets	162,100	(46,986)
Unrecognized loss, end of year	$ 496,212	$ 356,842

Note 7—Conservator trust funds

As a result of a court order naming the Organization conservator, trust accounts are established for the purpose of receiving income and paying personal expenses of individuals that are the subject of the court order. All of the trust funds are maintained in brokerage and bank accounts. Conservator trust funds totaled $4,828,156 and $3,194,642 at June 30, 2018 and 2017, respectively. The trust funds are reflected as both an asset and liability in the accompanying consolidated statements of financial position. The Organization earns $83 an hour for work on the conservator accounts that is paid by the trust funds. The Organization tracks time spent on conservator accounts and presents a billing to the court for approval. Conservatorship fees receivable totaled $151,622 and $239,890 at June 30, 2018 and 2017, respectively.

Note 8—Temporarily restricted net assets

Temporarily restricted net assets are restricted for the following purposes or periods at June 30:

	2018	2017
Capital campaign	$ 1,335,403	$ 1,425,567
United Way allocations	290,200	299,700
Promises to give	2,000	100,000
Retired Senior Volunteer Program	69,702	69,702
Madison Station	59,339	59,339
Living At Home	65,653	49,906
Bordeaux	42,500	20,000
Adult Day Care	13,878	-
Brentwood Martin	2,500	-
Foster Grandparents	811	-
Other donations	90,001	11,500
CNM grant remainder	2,354	2,354
FiftyForward Endowment pledges	116,822	-
	$ 2,091,163	$ 2,038,068

Note 9—Permanently restricted net assets

The Organization became the trustee of the Trust during the fiscal year ended June 30, 2003. A court order approved the transfer of the Trust to the Organization from the former trustee, the Mayor of Nashville. The principal in the Trust is permanently restricted subject to the following provisions. Annually, the Organization has the unrestricted use of the greater of the Trust's net investment income or 5% of the principal balance subject to a minimum threshold criteria. However, any encroachment decreasing the principal balance by more than 10% must be approved by the court. Based on these provisions, the initial balance that was transferred to the Organization is reported as a permanently restricted net asset. During the years ended June 30, 2018 and 2017, based on the provisions discussed above, the Organization transferred $90,000 each year from the Trust which approximated 5.7% of the Trust balance at June 30, 2018 and 2017. The Trust net investment gain for the years ended June 30, 2018 and 2017, totaled $90,020 and $114,846, respectively.

Interpretation of Relevant Law – The Board of Trustees of the Organization has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted Trust funds absent explicit donor stipulations to the contrary, such as net accumulations of investment income (loss) needed to meet corpus withdrawals as described above. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent Trust, (b) the original value of subsequent gifts to the permanent Trust, and (c) accumulations to the permanent Trust made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted Trust fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Note 9—Permanently restricted net assets (continued)

Trust net asset composition by type of fund as of June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted:				
Trust funds	$ -	$ -	$ 1,599,039	$ 1,599,039
Total	$ -	$ -	$ 1,599,039	$ 1,599,039
Trust net assets, beginning of year	$ -	$ -	$ 1,599,019	$ 1,599,019
Gain	-	-	90,020	90,020
Release	-	-	(90,000)	(90,000)
Trust net assets, end of year	$ -	$ -	$ 1,599,039	$ 1,599,039

Trust net asset composition by type of fund as of June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted:				
Trust funds	$ -	$ -	$ 1,599,019	$ 1,599,019
Total	$ -	$ -	$ 1,599,019	$ 1,599,019
Trust net assets, beginning of year	$ -	$ -	$ 1,574,173	$ 1,574,173
Gain	-	-	114,846	114,846
Release	-	-	(90,000)	(90,000)
Trust net assets, end of year	$ -	$ -	$ 1,599,019	$ 1,599,019

Funds with Deficiencies – From time to time, the fair value of assets associated with individual donor-restricted Trust funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. No Trust funds had fair values below the level that the donor or UPMIFA required at June 30, 2018 and 2017.

Trust Investment Policy and Risk Parameters – The Organization has adopted investment and spending policies for Trust assets that attempt to provide a stable source of perpetual financial support by its Trust while seeking to preserve the purchasing power of the Trust assets. Trust assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period, as well as amounts designated by the Board of Directors, if any, to be held in perpetuity.

Note 9—Permanently restricted net assets (continued)

At June 30, 2018 and 2017, under the Organization's policy, as approved by the Board of Directors, Trust assets are to be invested under the following allocation guidelines for each asset class:

Asset Class	Minimum	Maximum
Cash and cash equivalents	0%	20%
Fixed income	20%	75%
Equity	25%	65%
Publicly traded real estate (REITS)	0%	10%
Alternative investments	0%	5%

Across all asset classes, the investment policy prohibits investments in non-liquid securities, private placements, futures, uncovered options, and short sales.

Strategies Employed for Achieving Investment Objectives – To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy – The Organization has a policy of appropriating an annual distribution from the Trust funds that shall not exceed net investment income or 5% of the Trust assets value. Specific agreements with donors for income taken relative to their specific restricted gifts are exempted.

Note 10—FiftyForward Endowment, Inc.

FiftyForward Endowment, Inc. (the "Endowment") is a separate organization that financially supports the activities of the Organization. The Endowment is organized as a 50l(c)(3) not-for-profit organization for the purpose of supporting activities of senior citizens including the Organization but not limited to the Organization. The Organization does not control the decisions and activities of the Endowment and vice versa. The Organization has made grants to the Endowment as disclosed annually in the consolidated statements of functional expenses. The Organization is not required to make any grants to the Endowment. Annually, the Endowment makes an unconditional pledge to the Organization for support of the Organization's activities for the next fiscal year that is reported in the consolidated statements of activities. The Endowment's pledge is approximately 5% of the fair market value of the Endowment's investments. The Endowment is not required to make a pledge to the Organization of this or any other amount and has made different amounts of donations in the past. The Endowment's cumulative pledges and donations to the Organization were $2,452,184 as of December 31, 2017.

Note 11—In-kind support

The Organization has an agreement with the Metropolitan Government of Nashville and Davidson County to use the site where The J. B. Knowles Center Hart Building is located as a senior center for 40 years for $1. The fair value of the use of the land for the 40 years is estimated to be $16,250 per year for a total of $650,000.

The Organization also has in-kind agreements to use its College Grove facilities. The fair market value of the rent of these facilities is estimated to be $41,400 per year.

During the year ended June 30, 2001, the Organization received a donation of land with a fair market value of $375,000 from the City of Brentwood, which is the site of the Martin Senior Center. The Organization has title to the land subject to a provision that if the Organization sells the land the City of Brentwood will receive a portion of the proceeds.

During the year ended June 30, 2007, the Organization received a donation of a building at 3315 John Malette Drive in Nashville, Tennessee with a fair market value of $117,000 from Metropolitan/Davidson County for its Northwest Senior Center site. The Organization has title to the property subject to a provision that if the Organization ceases to operate a senior center facility, the property will revert back to the local government.

The Organization also receives in-kind support in the form of meals, uniforms, and medical services provided to its volunteers by other agencies involved in the programs. Additionally, the Organization receives in-kind professional services, supplies, equipment, janitorial services, printing, legal, real estate consulting, and recognition donations. A summary of in-kind support received and included as contributions and expenses in the consolidated statements of activities for the years ended June 30, 2018 and 2017, is as follows:

	2018	2017
Rent and land use	$ 57,650	$ 57,650
Assistance	33,147	38,804
	$ 90,797	$ 96,454

Note 12—Concentrations

The Organization maintains its cash in bank accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant credit risk regarding cash balances. Uninsured balances at June 30, 2018 and 2017, totaled $138,695 and $736,238, respectively.

The Organization is substantially funded by grants from federal, state, and local government agencies and by annual contributions from United Way. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization’s programs and activities. In addition, the grants prescribe allowable expenditure guidelines with which the Organization must comply. The grants are received prospectively, subject to subsequent verification of allowable expenditures or provision of qualifying services.

SUPPLEMENTAL INFORMATION

FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.,
AND THE J. B. KNOWLES TRUST
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND LOCAL AWARDS

JUNE 30, 2018

Grantor	Program Name	CFDA Number	Contract Number	Expenditures
FEDERAL AWARDS				
U.S. Department of Health and Human Services Passed Through:				
TN Dept. of Health and Human Services	Social Services Block Grant	93.667	Z 18-49302	$ 99,315
TN Dept. of Health and Human Services	Social Services Block Grant	93.667	Z 18-49302A	15,090
Total for TN Dept. of Health and Human Services				114,405
National Institute of Health	All of Us Research Program	93.310	1OT2OD025315-01	92,646
National Institute of Health	All of Us Research Program	93.310	3OT2OD025315-01S1	7,380
Total for National Institute of Health				100,026
Greater Nashville Regional Council	Title IIIB	93.044	2018-10	82,000
Greater Nashville Regional Council	Title IIID	93.043	2018-10	5,014
Greater Nashville Regional Council	Title IIIE	93.044	2018-10	6,983
Total for Greater Nashville Regional Council				93,997
Total for U.S. Department of Health and Human Services*				308,428
U.S. Department of Transportation Passed Through:				
Nashville Metropolitan Transit Authority	Enhanced Mobility of Seniors and Individuals with Disabilities	20.514	2017779	27,677
Total for U.S. Department of Transportation				27,677
U.S. Department of Agriculture Passed Through:				
TN Department of Human Services	Child and Adult Food Program	10.558	34740006001	13,893
Total for U.S. Department of Agriculture*				13,893
U.S. Department of Justice Passed Through:				
TN Department of Finance and Administration	Victory Over Crime	16.575	90277	60,840
Total for U.S. Deparment of Justice*				60,840
Corporation for National and Community Service	Foster Grandparent Program	94.011	16SFSTN004	278,951
Total for CFDA No. 94.011				278,951
Corporation for National and Community Service	Retired Senior Volunteer Program	94.002	15SRSTN004	99,137
Total for CFDA No. 94.002				99,137
Total for Corporation for National and Community Service				378,088
Total Federal Awards				788,926

FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC., AND THE J. B. KNOWLES TRUST

SCHEDULE OF EXPENDITURES OF FEDERAL, STATE, AND LOCAL AWARDS (CONTINUED)

JUNE 30, 2018

Grantor	Program Name	CFDA Number	Contract Number	Expenditures
STATE AWARDS				
TN Department of Transportation Pass Through:				
Nashville Metropolitan Transit Authority	Enhanced Mobility of Seniors and Individuals with Disabilities	N/A	2017779	3,459
TN Commission on Aging Pass Through: Greater Nashville Regional Council	Senior Citizens Operations Grant	N/A	2018-10#	38,300
TN Commission on Aging and Disability	Senior Citizens Grant	N/A	N/A	350,000
Tennessee Arts Commission	Arts Program Categorical Grant	N/A	N/A	4,100
Metropolitan Nashville Arts Commission	Basic Operating Support II	N/A	12-B3-05	9,950
Total State Awards				405,809
LOCAL AWARDS				
Metropolitan Government of Nashville		N/A	N/A	150,000
Williamson County	College Grove Center Grant	N/A	N/A	31,950
Brentwood City	Brentwood Center Grant	N/A	N/A	45,000
Total Local Awards				226,950
Total Federal, State, and Local Awards				$ 1,421,685

*Cash grant receipts represent federal pass-through funds

Represents state's portion of grant

Note 1—Basis of accounting

The accompanying schedule of expenditures of federal, state, and local awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with accounting principles generally accepted in the United States of America as applicable to non-profit organizations and the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance").

Note 2—Major program determination

In accordance with Uniform Guidance, large loans are included in the base in considering Type A major programs and from the calculation the threshold used to determine Type A programs.

Note 3—Indirect cost rate

The Organization has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 4—Auditee qualification as low or high risk auditee

During the years ended June 30, 2017 and 2016, the Organization did not have federal expenditures greater than $750,000. Therefore under Uniform Guidance, the Organization was not required to have its federal grant programs audited for those years. In order to qualify as a low risk auditee as reported on the Schedule of Findings and Questioned Costs (see page 28), an Organization must have no findings during the audit of federal funding for the previous two years. Consequently, under Uniform Guidance requirements, the Organization does not qualify as a low risk auditee.

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor 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
FiftyForward, Senior Center for the Arts, Inc.,
and The J. B. Knowles Trust
Nashville, Tennessee

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 consolidated financial statements of FiftyForward (a nonprofit organization), Senior Center for the Arts, Inc. (a nonprofit organization), and The J. B. Knowles Trust (a charitable trust) (collectively, the "Organization"), which comprise the statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 15, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated 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 determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

This 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cherry Bekaert LLP

Nashville, Tennessee
October 15, 2018

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
FiftyForward, Senior Center for the Arts, Inc.,
and The J. B. Knowles Trust
Nashville, Tennessee

Report on Compliance for each Major Federal Program

We have audited FiftyForward (a nonprofit organization), Senior Center for the Arts, Inc. (a nonprofit organization), and The J. B. Knowles Trust (a charitable trust) (collectively, the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2018. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected or corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Cherry Bekaert LLP

Nashville, Tennessee
October 15, 2018

FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC., AND THE J. B. KNOWLES TRUST
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2018

Section I - Summary of Audit Results

Financial Statement Section

Type of auditor's report issued on whether financial statements were prepared in accordance with GAAP:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?		Yes	x	No
Significant deficiency(ies) identified		Yes	x	None Reported
Noncompliance material to financial statements noted		Yes	x	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?		Yes	x	No
Significant deficiency(ies) identified		Yes	x	None Reported
Type of auditor's report on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		Yes	x	No

Identification of Major Programs

Name of Federal Program or Cluster	CFDA Number(s)
Social Services Block Grant	93.667
Foster Grandparent Program	94.011

Dollar threshold used to distinguish between type A and type B programs	$ 750,000			
Auditee qualified as low-risk auditee?		Yes	x	No

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no findings required to be reported in accordance with *Government Auditing Standards*.

Section III - Federal Award Findings and Questioned Costs – Major Federal Awards

This section identifies the significant deficiencies, material weaknesses, and material instances of non-compliance, including questioned costs, as well as any material abuse findings, related to the audit of major programs, as required to be reported by 2 CFR 200.516(a).

There were no findings required to be reported in accordance with 2 CFR 200.516(a).

Schedule of Prior Year Audit Findings

A schedule of prior year audit findings is not applicable since a single audit was not required in the prior year.

FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC., AND THE J. B. KNOWLES TRUST

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION

JUNE 30, 2018

	FiftyForward	Senior Center for the Arts, Inc.	The J. B. Knowles Trust	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 1,770,462	$ 40,440	$ -	$ 1,810,902
Accounts receivable	88,448	-	-	88,448
Grants receivable	436,903	7,435	-	444,338
Promises to give	410,601	421	-	411,022
Conservator receivables	151,622	-	-	151,622
Prepaid expenses	59,481	11,745	-	71,226
Total Current Assets	2,917,517	60,041	-	2,977,558
Land, building and equipment, net	7,997,564	10,475	-	8,008,039
Conservator trust funds	4,828,156	-	-	4,828,156
Prepaid rent - Bellevue Center	1,134,979	-	-	1,134,979
Other current assets	431	-	-	431
J. B. Knowles Trust Fund cash	-	-	36,282	36,282
J. B. Knowles Trust Fund investments	-	-	1,562,757	1,562,757
Total Assets	$ 16,878,647	$ 70,516	$ 1,599,039	$ 18,548,202
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	$ 376,263	$ -	$ -	$ 376,263
Accrued expenses	84,583	-	-	84,583
Due to (from) related party	(108,264)	108,264	-	-
Accrued pension plan liability	130,865	-	-	130,865
Deferred revenue	111,612	18,909	-	130,521
Total Current Liabilities	595,059	127,173	-	722,232
Conservator trust funds	4,828,156	-	-	4,828,156
Total Liabilities	5,423,215	127,173	-	5,550,388
Net Assets:				
Unrestricted	9,364,690	(57,078)	-	9,307,612
Designated	-	-	-	-
Total Unrestricted	9,364,690	(57,078)	-	9,307,612
Temporarily restricted	2,090,742	421	-	2,091,163
Permanently restricted	-	-	1,599,039	1,599,039

Total Net Assets	11,455,432	(56,657)	1,599,039	12,997,814
Total Liabilities and Net Assets	$ 16,878,647	$ 70,516	$ 1,599,039	$ 18,548,202

FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC., AND THE J. B. KNOWLES TRUST

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION (CONTINUED)

JUNE 30, 2017

	FiftyForward	Senior Center for the Arts, Inc.	The J. B. Knowles Trust	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 1,831,860	$ 40,282	$ -	$ 1,872,142
Accounts receivable	82,519	-	-	82,519
Grants receivable	236,142	6,140	-	242,282
Promises to give	411,200	-	-	411,200
Conservator receivables	239,890	-	-	239,890
Prepaid expenses	82,367	754	-	83,121
Total Current Assets	2,883,978	47,176	-	2,931,154
Land, building and equipment, net	8,232,666	11,542	-	8,244,208
Conservator trust funds	3,194,642	-	-	3,194,642
Prepaid rent - Bellevue Center	1,248,202	-	-	1,248,202
Other current assets	15,928	-	-	15,928
J. B. Knowles Trust Fund cash	-	-	44,992	44,992
J. B. Knowles Trust Fund investments	-	-	1,554,027	1,554,027
Total Assets	$ 15,575,416	$ 58,718	$ 1,599,019	$ 17,233,153
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable	$ 156,159	$ -	$ -	$ 156,159
Accrued expenses	130,290	-	-	130,290
Due to (from) related party	(70,239)	70,239	-	-
Accrued pension plan liability	66,663	-	-	66,663
Deferred revenue	118,609	22,968	-	141,577
Total Current Liabilities	401,482	93,207	-	494,689
Conservator trust funds	3,194,642	-	-	3,194,642
Total Liabilities	3,596,124	93,207	-	3,689,331
Net Assets:				
Unrestricted	9,828,224	(34,489)	-	9,793,735
Designated	113,000	-	-	113,000
Total Unrestricted	9,941,224	(34,489)	-	9,906,735
Temporarily restricted	2,038,068	-	-	2,038,068
Permanently restricted	-	-	1,599,019	1,599,019

Total Net Assets	11,979,292	(34,489)	1,599,019	13,543,822
Total Liabilities and Net Assets	$ 15,575,416	$ 58,718	$ 1,599,019	$ 17,233,153

FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.,
AND THE J. B. KNOWLES TRUST

CONSOLIDATING SCHEDULE OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

	FiftyForward	Senior Center for the Arts, Inc.	The J. B. Knowles Trust	Total
Public Support and Revenue:				
Contributions	$ 1,360,205	$ 11,877	$ -	$ 1,372,082
Service fees	1,244,627	-	-	1,244,627
Grant revenue	1,407,461	14,050	-	1,421,511
Special events	328,406	-	-	328,406
United Way	315,843	-	-	315,843
Membership dues	156,553	-	-	156,553
Ticket sales	-	190,804	-	190,804
Investment income	322	-	90,020	90,342
In-kind contributions	90,797	-	-	90,797
Other income	28,260	1,066	-	29,326
Rental income	-	10,150	-	10,150
Gain on disposal of assets	6,500	-	-	6,500
Net assets released from restrictions	90,000	-	(90,000)	-
Total Public Support and Revenue	5,028,974	227,947	20	5,256,941
Expenses:				
Program services	4,251,042	250,115	-	4,501,157
Support services	1,301,792	-	-	1,301,792
Total Expenses	5,552,834	250,115	-	5,802,949
Change in net assets	(523,860)	(22,168)	20	(546,008)
Net assets (deficit), beginning of year	11,979,292	(34,489)	1,599,019	13,543,822
Net assets (deficit), end of year	$ 11,455,432	$ (56,657)	$ 1,599,039	$ 12,997,814

FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC., AND THE J. B. KNOWLES TRUST

CONSOLIDATING SCHEDULE OF ACTIVITIES (CONTINUED)

YEAR ENDED JUNE 30, 2017

	FiftyForward	Senior Center for the Arts, Inc.	The J. B. Knowles Trust	Total
Public Support and Revenue:				
Contributions	$ 1,464,752	$ 16,720	$ -	$ 1,481,472
Service fees	1,061,114	-	-	1,061,114
Grant revenue	832,229	35,084	-	867,313
Special events	362,766	-	-	362,766
United Way	328,100	-	-	328,100
Membership dues	282,193	-	-	282,193
Ticket sales	-	188,785	-	188,785
Investment income	225	-	114,846	115,071
In-kind contributions	96,454	-	-	96,454
Other income	29,197	2,215	-	31,412
Rental income	-	4,545	-	4,545
Gain on disposal of assets	1,200	-	-	1,200
Net assets released from restrictions	90,000	-	(90,000)	-
Total Public Support and Revenue	4,548,230	247,349	24,846	4,820,425
Expenses:				
Program services	4,038,785	246,593	-	4,285,378
Support services	933,052	-	-	933,052
Total Expenses	4,971,837	246,593	-	5,218,430
Change in net assets	(423,607)	756	24,846	(398,005)
Net assets (deficit), beginning of year	12,402,899	(35,245)	1,574,173	13,941,827
Net assets (deficit), end of year	$ 11,979,292	$ (34,489)	$ 1,599,019	$ 13,543,822