

SENIOR CENTER FOR THE ARTS, INC.

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

June 30, 2011

SENIOR CENTER FOR THE ARTS, INC.

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of Senior Center for the Arts, Inc. (a nonprofit organization) as of June 30, 2011, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Senior Center for the Arts, Inc. as of June 30, 2011, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Frasier, Dean & Howard, PLLC

November 14, 2011

SENIOR CENTER FOR THE ARTS, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2011

Assets

Current assets:	
Cash and cash equivalents (substantially held for amount due to FiftyForward)	\$ 168,983
Prepaid expenses	<u>14,611</u>
Total current assets	183,594
Property and equipment, net	<u>7,292</u>
Total assets	<u><u>\$ 190,886</u></u>

Liabilities and Net Assets (Deficit)

Current liabilities:	
Due to FiftyForward (see Note 3)	\$ 173,792
Deferred revenue	<u>36,218</u>
Total liabilities	<u>210,010</u>
Net assets (deficit):	
Unrestricted	<u>(19,124)</u>
Total net deficit	<u>(19,124)</u>
Total liabilities and net assets (deficit)	<u><u>\$ 190,886</u></u>

See accompanying notes.

SENIOR CENTER FOR THE ARTS, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2011

Public support and revenue:	
Ticket sales	\$ 200,825
Grant revenue	36,400
Contributions	19,941
Rental income	14,154
Program and service fees	13,509
Other income	<u>6,589</u>
Total public support and revenue	<u>291,418</u>
Expenses:	
Program services	268,736
General and administrative services	29,757
Fundraising services	<u>9,759</u>
Total expenses	<u>308,252</u>
Change in net assets	(16,834)
Net deficit at beginning of year	<u>(2,290)</u>
Net deficit at end of year	<u><u>\$ (19,124)</u></u>

See accompanying notes.

SENIOR CENTER FOR THE ARTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2011

	Program Services	General and Administrative Services	Fundraising Services	Total Expenses
Professional and licensing fees	\$ 130,468	\$ -	\$ -	\$ 130,468
Food, set and office supplies	70,832	-	-	70,832
Salaries	19,685	-	4,921	24,606
Occupancy	16,806	-	4,201	21,007
Administrative	-	21,000	-	21,000
Printing	14,709	-	-	14,709
Payroll taxes and benefits	2,545	8,757	637	11,939
Postage	4,971	-	-	4,971
Travel	4,786	-	-	4,786
Depreciation	1,236	-	-	1,236
Maintenance	1,170	-	-	1,170
Other	752	-	-	752
Dues	616	-	-	616
Recognition	95	-	-	95
Conferences	65	-	-	65
	<u>65</u>	<u>-</u>	<u>-</u>	<u>65</u>
Total program services expense	<u>\$ 268,736</u>	<u>\$ 29,757</u>	<u>\$ 9,759</u>	<u>\$ 308,252</u>

See accompanying notes.

SENIOR CENTER FOR THE ARTS, INC.
STATEMENT OF CASH FLOWS
For the year ended June 30, 2011

Cash flows from operating activities:	
Change in net assets	\$ (16,834)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,236
Changes in operating assets and liabilities:	
Prepaid expenses	(14,611)
Due to FiftyForward	173,792
Deferred revenue	<u>16,996</u>
Net cash provided by operating activities	<u>160,579</u>
Cash flows from investing activities:	
Purchase of property and equipment	<u>(7,250)</u>
Net cash used in investing activities	<u>(7,250)</u>
Net increase in cash	153,329
Cash and cash equivalents at beginning of year	<u>15,654</u>
Cash and cash equivalents at end of year (substantially held for amount due to FiftyForward)	<u><u>\$ 168,983</u></u>

See accompanying notes.

SENIOR CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

Senior Center for the Arts, Inc. (the “Organization”) was incorporated in September 2004 as a Tennessee not-for-profit corporation. The Organization offers a full range of entertainment, learning, exhibition, and performing experiences for both senior adults and the community at large. The Organization’s sole member, FiftyForward, appoints the board of Senior Center for the Arts, Inc. and has an economic interest in the Organization. The Organization’s financial statements are included in the consolidated financial statements of FiftyForward, Senior Center for the Arts, Inc. and The J.B. Knowles Trust. These financial statements present only the financial position, activities and cash flows of Senior Center for the Arts, Inc. Following is a summary of the Organization’s significant accounting policies:

Financial Statement Presentation

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

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

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Organization has no temporarily restricted net assets at June 30, 2011.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally the donors of these assets permit the Organization to use all or part of the income on related investments for general or specific purposes. The Organization has no permanently restricted net assets at June 30, 2011.

Cash and Cash Equivalents

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

SENIOR CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011

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

Property and Equipment

Property and equipment are recorded at cost when purchased or at fair value as of the date contributed. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets.

Deferred Revenue

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

Contributions

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

Donated Assets

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Income Taxes

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

SENIOR CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011

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

Income Taxes (Continued)

The Organization has adopted Financial Accounting Standards Board Accounting Standard Codification guidance concerning the accounting for income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. The guidance must be applied to all existing tax positions upon initial adoption. The Organization does not believe there are any uncertain tax positions at June 30, 2011. Additionally, the Organization has not recognized any tax related interest and penalties in the accompanying financial statements. Tax years that remain open for examination include years ended June 30, 2008 through June 30, 2011.

Functional Expenses

The costs of providing services have been summarized on a functional basis in the statement of activities. Accordingly, costs have been allocated among program, general and administrative, and fundraising services.

Estimates

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

Subsequent Events

The Organization evaluated subsequent events through November 14, 2011 when these financial statements were available to be issued. The Organization is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

SENIOR CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2011

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2011:

Automobiles	\$ 2,555
Equipment	<u>7,250</u>
	9,805
Less: accumulated depreciation	<u>(2,513)</u>
Net property and equipment	<u><u>\$ 7,292</u></u>

Depreciation expense totaled \$1,236 for the year ended June 30, 2011.

NOTE 3 – RELATED PARTY TRANSACTIONS

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

At June 30, 2011, the Organization had \$168,983 as cash and cash equivalents on hand to pay toward the \$173,792 due to FiftyForward for costs incurred by FiftyForward on the Organization's behalf.