

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

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

**June 30, 2015 and 2014**

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

**TABLE OF CONTENTS**

Independent Auditor's Report.....	1 – 2
Consolidated Financial Statements:	
Consolidated Statements of Financial Position .....	3
Consolidated Statements of Activities.....	4 – 5
Consolidated Statements of Functional Expenses .....	6 – 7
Consolidated Statements of Cash Flows.....	8
Notes to Consolidated Financial Statements.....	9 – 24
Supplemental Information:	
Schedule of Expenditures of Federal, State and Local Awards.....	25 – 26
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	27 – 28
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 .....	29 – 30
Schedule of Findings and Questioned Costs .....	31 – 32
Summary Schedule of Prior Audit Findings.....	33
Consolidating Schedules of Financial Position .....	34 – 35
Consolidating Schedules of Activities.....	36 – 37



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of FiftyForward (a not-for-profit organization), Senior Center for the Arts, Inc. (a not-for-profit organization) and The J. B. Knowles Trust (a charitable trust) (collectively, "the Organization"), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 from material misstatement.

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

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

## **Opinion**

In our opinion, the 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, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal, state and local awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis. Such information, as well as the consolidating schedules of financial position and consolidating schedules of activities, 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 audits 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.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2015, on our consideration of FiftyForward, Senior Center for the Arts, Inc. and The J. B. Knowles Trust'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 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* in considering FiftyForward, Senior Center for the Arts, Inc. and The J. B. Knowles Trust's internal control over financial reporting and compliance.

*Frasier, Dan + Hand, PLLC*

October 12, 2015  
Nashville, Tennessee

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
June 30, 2015 and 2014**

	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,356,024	\$ 1,487,024
Certificates of deposit	208,618	208,514
Investments	-	43,770
Accounts receivable	397,557	233,977
Grants receivable	170,740	154,998
Promises to give	521,123	527,626
Prepaid expenses	78,589	75,147
Total current assets	2,732,651	2,731,056
Promises to give, net of current portion	-	250,000
Land, building and equipment, net	8,279,990	8,552,277
Conservator trust funds	3,609,773	2,703,323
Prepaid rent - Bellevue Center	1,442,044	1,519,146
J. B. Knowles Trust Fund cash	38,812	48,538
J. B. Knowles Trust Fund investments	1,647,569	1,749,173
Total assets	<u>\$ 17,750,839</u>	<u>\$ 17,553,513</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 103,572	\$ 154,938
Accrued expenses	135,612	131,880
Accrued pension plan liability	157,530	242,132
Deferred revenue	157,726	95,709
Total current liabilities	554,440	624,659
Conservator trust funds	3,609,773	2,703,323
Total liabilities	<u>4,164,213</u>	<u>3,327,982</u>
Net assets:		
Unrestricted	10,012,397	10,311,592
Temporarily restricted	1,887,848	2,116,228
Permanently restricted	1,686,381	1,797,711
Total net assets	<u>13,586,626</u>	<u>14,225,531</u>
Total liabilities and net assets	<u>\$ 17,750,839</u>	<u>\$ 17,553,513</u>

See accompanying notes.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
CONSOLIDATED STATEMENT OF ACTIVITIES  
Year ended June 30, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Contributions	\$ 843,152	\$ 323,169	\$ -	\$ 1,166,321
Service fees	1,047,976	-	-	1,047,976
Grant revenue	871,941	-	-	871,941
Special events	408,599	-	-	408,599
United Way	35,837	337,883	-	373,720
Membership dues	252,066	-	-	252,066
Ticket sales	150,011	-	-	150,011
In-kind contributions	105,910	-	-	105,910
Other income	20,280	-	-	20,280
Rental income	1,885	-	-	1,885
Investment income (loss), net	16,217	104	(21,330)	(5,009)
Net assets released from restrictions	<u>979,536</u>	<u>(889,536)</u>	<u>(90,000)</u>	<u>-</u>
 Total public support and revenue	<u>4,733,410</u>	<u>(228,380)</u>	<u>(111,330)</u>	<u>4,393,700</u>
 Expenses:				
Program services	4,078,767	-	-	4,078,767
Support services	<u>953,838</u>	<u>-</u>	<u>-</u>	<u>953,838</u>
 Total expenses	<u>5,032,605</u>	<u>-</u>	<u>-</u>	<u>5,032,605</u>
 Change in net assets	(299,195)	(228,380)	(111,330)	(638,905)
 Net assets - beginning of year	<u>10,311,592</u>	<u>2,116,228</u>	<u>1,797,711</u>	<u>14,225,531</u>
 Net assets - end of year	<u><u>\$10,012,397</u></u>	<u><u>\$ 1,887,848</u></u>	<u><u>\$ 1,686,381</u></u>	<u><u>\$13,586,626</u></u>

See accompanying notes.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
CONSOLIDATED STATEMENT OF ACTIVITIES  
Year ended June 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Contributions	\$ 1,048,410	\$ 345,582	\$ -	\$ 1,393,992
Service fees	1,081,113	-	-	1,081,113
Grant revenue	794,326	-	-	794,326
Special events	367,737	-	-	367,737
United Way	26,806	334,383	-	361,189
Membership dues	245,298	-	-	245,298
Investment income, net	24,028	3,135	188,103	215,266
Ticket sales	206,757	-	-	206,757
In-kind contributions	106,746	-	-	106,746
Other income	29,578	-	-	29,578
Gain on disposal of fixed assets	8,250	-	-	8,250
Rental income	3,828	-	-	3,828
Net assets released from restrictions	<u>1,920,362</u>	<u>(1,830,362)</u>	<u>(90,000)</u>	<u>-</u>
 Total public support and revenue	 <u>5,863,239</u>	 <u>(1,147,262)</u>	 <u>98,103</u>	 <u>4,814,080</u>
Expenses:				
Program services	4,249,392	-	-	4,249,392
Support services	<u>896,601</u>	<u>-</u>	<u>-</u>	<u>896,601</u>
 Total expenses	 <u>5,145,993</u>	 <u>-</u>	 <u>-</u>	 <u>5,145,993</u>
 Change in net assets	 717,246	 (1,147,262)	 98,103	 (331,913)
 Net assets - beginning of year	 <u>9,594,346</u>	 <u>3,263,490</u>	 <u>1,699,608</u>	 <u>14,557,444</u>
 Net assets - end of year	 <u><u>\$10,311,592</u></u>	 <u><u>\$ 2,116,228</u></u>	 <u><u>\$ 1,797,711</u></u>	 <u><u>\$14,225,531</u></u>

See accompanying notes.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
Year ended June 30, 2015**

	Program Services																Support Services				Total Expenses
	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	
Salaries	\$ 120,504	\$ 70,505	\$ 258,099	\$ 147,254	\$ 70,145	\$ 114,390	\$ 46,641	\$ 102,224	\$ 94,793	\$ 83,333	\$ 24,154	\$ 147,035	\$ 11,629	\$ 32,600	\$ 154,527	\$ 1,477,833	\$ 97,734	\$ 148,592	\$ 321,008	\$ 567,334	\$ 2,045,167
Occupancy	16,314	4,337	26,738	9,127	46,704	74,790	12,308	94,609	63,520	93,360	34,899	100,605	149	23,041	6,408	606,909	4,887	9,535	16,552	30,974	637,883
Fees	6,225	4,344	36,984	8,575	19,750	14,254	4,770	17,551	15,145	39,064	80	21,834	176,112	92,952	4,526	462,166	7,457	8,026	32,701	48,184	510,350
Benefits	26,793	10,411	58,677	29,365	12,055	19,390	1,540	19,581	11,793	13,068	-	25,095	197	8,374	20,330	256,669	10,922	20,355	49,555	80,832	337,501
Supplies	20,030	3,007	39,455	8,899	2,211	15,052	9,452	40,011	7,743	7,966	1,538	38,605	278	35,205	1,072	230,524	2,273	65,290	2,721	70,284	300,808
Assistance	-	284,256	1,497	4,276	-	48	40	326	-	305	-	433	-	-	-	291,181	-	79	-	79	291,260
Payroll taxes	8,943	5,264	19,705	11,295	5,249	8,066	3,553	6,503	7,498	6,265	1,848	10,901	887	2,381	11,635	109,993	7,330	11,150	23,841	42,321	152,314
Travel	14,743	1,429	9,774	3,774	3,535	4,911	9,116	5,121	3,138	7,002	-	9,977	62	1,833	8,575	82,990	641	600	695	1,936	84,926
Maintenance	546	1,128	3,781	2,097	2,162	15,791	486	3,403	1,056	2,434	801	5,500	39	-	1,662	40,886	1,174	11,163	6,915	19,252	60,138
Telephone	1,859	2,828	6,413	2,021	2,693	11,039	3,048	4,440	1,862	81	-	7,984	-	-	3,033	47,301	1,157	2,893	4,011	8,061	55,362
Printing and publications	175	44	304	1,029	70	420	98	136	536	83	-	506	33	7,716	130	11,280	19,707	10,713	739	31,159	42,439
Marketing	-	-	80	2,041	43	1,429	96	1,338	707	471	156	2,211	410	8,718	128	17,828	22,346	714	259	23,319	41,147
Postage	24	540	1,062	1,326	662	618	38	751	1,718	132	-	3,232	147	2,466	582	13,298	5,209	2,184	1,903	9,296	22,594
Conferences and meetings	500	1,303	859	3,671	181	324	147	322	151	205	-	672	40	54	789	9,218	298	3,391	2,044	5,733	14,951
Dues	368	374	975	524	180	271	182	1,414	618	359	-	893	19	782	110	7,069	806	883	5,343	7,032	14,101
Recognition	473	160	1,155	810	215	567	306	266	354	280	-	840	50	91	352	5,919	792	502	6,627	7,921	13,840
Other	-	1	129	529	-	50	427	120	-	978	-	1,097	-	-	485	3,816	77	-	44	121	3,937
	217,497	389,931	465,687	236,613	165,855	281,410	92,248	298,116	210,632	255,386	63,476	377,420	190,052	216,213	214,344	3,674,880	182,810	296,070	474,958	953,838	4,628,718
Depreciation	6,752	174	-	-	1,552	138,095	7,639	69,234	100,184	9,035	-	69,090	-	1,792	340	403,887	-	-	-	-	403,887
Total	\$ 224,249	\$ 390,105	\$ 465,687	\$ 236,613	\$ 167,407	\$ 419,505	\$ 99,887	\$ 367,350	\$ 310,816	\$ 264,421	\$ 63,476	\$ 446,510	\$ 190,052	\$ 218,005	\$ 214,684	\$ 4,078,767	\$ 182,810	\$ 296,070	\$ 474,958	\$ 953,838	\$ 5,032,605

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 \$62,849 of expenses for special events.

See accompanying notes.



**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
Year ended June 30, 2014**

	Program Services																Support Services				Total Expenses
	Adult Daycare	Foster Grand Parents	Living At Home*	RSVP	College Grove	Donelson	Bordeaux	Brentwood Martin	J. B. Knowles Hart Bldg	Turner Center	Madison	Fifty Forward Travel	Music For Seniors	Center for the Arts	Care Team	Total	Comm-unication	Fund Raising**	Mgmt and General	Total	
Salaries	\$ 117,730	\$ 70,849	\$ 270,196	\$ 141,300	\$ 65,263	\$ 109,801	\$ 47,010	\$ 107,635	\$ 144,425	\$ 93,690	\$ 130,478	\$ 11,230	\$ 432	\$ 25,333	\$ 117,788	\$ 1,453,160	\$ 88,439	\$ 154,236	\$ 299,848	\$ 542,523	\$ 1,995,683
Occupancy	13,444	3,753	23,779	9,756	46,880	77,396	11,043	84,676	121,296	92,165	99,428	153	2,435	21,814	6,031	614,049	4,711	10,834	16,959	32,504	646,553
Fees	4,171	3,370	33,712	6,887	10,109	12,216	1,946	13,382	11,841	33,012	17,010	242,205	88,596	102,990	2,340	583,787	7,867	5,012	41,333	54,212	637,999
Benefits	31,286	12,270	69,771	34,907	9,646	14,810	5,407	22,113	22,891	15,954	19,868	532	-	5,502	22,744	287,701	10,513	22,844	43,172	76,529	364,230
Supplies	20,417	3,290	54,430	18,534	2,612	12,904	4,691	43,803	10,036	10,273	39,967	332	2,298	45,655	3,387	272,629	1,721	60,042	4,188	65,951	338,580
Assistance	-	280,765	7,410	5,926	36	-	-	-	-	358	325	-	-	-	-	294,820	-	-	-	-	294,820
Payroll taxes	8,737	5,303	19,515	10,429	4,991	8,131	3,548	14,113	10,422	7,024	9,937	861	33	1,864	8,870	113,778	6,641	11,617	23,760	42,018	155,796
Travel	15,861	1,691	14,319	3,606	3,034	6,168	7,576	8,507	2,723	7,624	8,151	-	-	298	5,526	85,084	412	244	696	1,352	86,436
Maintenance	348	947	2,788	1,747	1,711	18,534	435	3,123	1,890	2,231	5,162	24	-	115	1,067	40,122	824	7,019	6,048	13,891	54,013
Telephone	1,710	2,914	5,800	2,315	2,571	7,957	3,030	3,482	2,319	89	7,058	125	2,001	-	2,318	43,689	1,024	2,989	3,413	7,426	51,115
Marketing	13	6	238	6,373	7	459	182	742	957	450	632	362	162	15,641	346	26,570	7,690	416	255	8,361	34,931
Printing and publications	75	50	179	2,975	35	119	27	110	329	155	382	35	8	102	15	4,596	21,298	6,681	600	28,579	33,175
Postage	69	719	729	1,902	695	383	192	762	1,661	49	3,464	289	66	2,252	418	13,650	4,635	4,217	2,126	10,978	24,628
Other	1	-	2	289	1	16,012	140	91	136	700	102	13	-	294	9	17,790	38	118	101	257	18,047
Dues	340	216	776	512	946	451	60	1,496	1,663	301	1,887	103	1,044	272	122	10,189	470	1,449	3,355	5,274	15,463
Conferences and meetings	844	1,810	1,784	3,200	178	131	133	770	312	397	843	25	82	48	1,002	11,559	316	2,008	1,482	3,806	15,365
Recognition	533	243	1,455	489	230	381	293	720	1,205	343	923	54	-	-	346	7,215	188	504	2,248	2,940	10,155
	215,579	388,196	506,883	251,147	148,945	285,853	85,713	305,525	334,106	264,815	345,617	256,343	97,157	222,180	172,329	3,880,388	156,787	290,230	449,584	896,601	4,776,989
Depreciation	15,352	-	-	-	519	103,049	4,357	66,592	91,162	21,352	63,188	-	-	3,433	-	369,004	-	-	-	-	369,004
Total	\$ 230,931	\$ 388,196	\$ 506,883	\$ 251,147	\$ 149,464	\$ 388,902	\$ 90,070	\$ 372,117	\$ 425,268	\$ 286,167	\$ 408,805	\$ 256,343	\$ 97,157	\$ 225,613	\$ 172,329	\$ 4,249,392	\$ 156,787	\$ 290,230	\$ 449,584	\$ 896,601	\$ 5,145,993

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 \$57,616 of expenses for special events.

See accompanying notes.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years ended June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ (638,905)	\$ (331,913)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	403,887	369,004
Amortization of prepaid lease	77,102	73,804
Realized and unrealized loss (gain) on investments, net	19,777	(195,130)
Gain on disposal of fixed asset	-	(8,250)
Changes in operating assets and liabilities:		
Accounts receivable	(163,580)	(48,658)
Grants receivable	(15,742)	(54,981)
Promises to give	256,503	962,188
Prepaid expenses	(3,442)	(27,068)
Accounts payable	(51,366)	(73,715)
Accrued expenses	3,732	7,417
Accrued pension plan liability	(84,602)	(61,059)
Deferred revenue	62,017	10,234
Net cash (used in) provided by operating activities	<u>(134,619)</u>	<u>621,873</u>
Cash flows from investing activities:		
Proceeds from sale of certificates of deposit	-	642,540
Proceeds from sale of investments	45,219	-
Purchase of equipment	<u>(131,600)</u>	<u>(726,241)</u>
Net cash used in investing activities	<u>(86,381)</u>	<u>(83,701)</u>
Cash flows from financing activities:		
Knowles Trust Fund proceeds	1,375,104	689,626
Knowles Trust Fund purchases	(1,375,104)	(689,626)
Distributions from Knowles Trust Fund	<u>90,000</u>	<u>90,000</u>
Net cash provided by financing activities	<u>90,000</u>	<u>90,000</u>
Net (decrease) increase in cash and cash equivalents	(131,000)	628,172
Cash and cash equivalents - beginning of year	<u>1,487,024</u>	<u>858,852</u>
Cash and cash equivalents - end of year	<u><u>\$ 1,356,024</u></u>	<u><u>\$ 1,487,024</u></u>

See accompanying notes.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2015 and 2014**

**NOTE 1 – 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.

**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.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2015 and 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Financial Statement Presentation (Continued)**

**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 other than certificates of deposit held as restricted assets.

**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, 2015 and 2014. Accordingly, no allowance for doubtful accounts has been recorded in the accompanying consolidated statements of financial position.

**Accounts Receivable**

Accounts receivable are stated at their net realizable value. It is the opinion of management that all accounts receivable at June 30, 2015 and 2014 are 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 assets.

**Investments**

The Organization accounts for investments in accordance with Financial Accounting Standards Board Accounting Standards Codification (“FASB 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.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2015 and 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 fifty percent likely of being realized upon ultimate settlement. The Organization has not recognized any tax related interest and penalties in the accompanying consolidated financial statements. Federal tax years that remain open for examination include the years ended June 30, 2012 through June 30, 2015.

**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.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2015 and 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**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 12, 2015, when these consolidated financial statements were available to be issued. The Organization is not aware of any significant events that occurred subsequent to the consolidated statement of financial position date but prior to the filing of this report that would have a material impact on the accompanying consolidated financial statements.

**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:

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2015 and 2014**

**NOTE 2 – FAIR VALUE OF INVESTMENTS (Continued)**

*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;
- 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.

Following is a description of the valuation methodologies 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 methodologies have been made during the years ended June 30, 2015 and 2014.

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.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2015 and 2014**

**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, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds (held in J. B. Knowles Trust):				
Multi-Strategy Alternative	\$ 410,435	\$ -	\$ -	\$ 410,435
High yield bond	97,664	-	-	97,664
Diversified emerging markets	<u>46,276</u>	<u>-</u>	<u>-</u>	<u>46,276</u>
Total mutual funds	<u>554,375</u>	<u>-</u>	<u>-</u>	<u>554,375</u>
Exchange traded funds (held in J. B. Knowles Trust):				
Large blend	252,104	-	-	252,104
Energy limited partnership	55,039	-	-	55,039
Small/mid blend	<u>52,237</u>	<u>-</u>	<u>-</u>	<u>52,237</u>
Total exchange traded funds	<u>359,380</u>	<u>-</u>	<u>-</u>	<u>359,380</u>
Common trust funds (held in J. B. Knowles Trust):				
Fixed income	-	395,069	-	395,069
Equity funds	<u>-</u>	<u>338,745</u>	<u>-</u>	<u>338,745</u>
Total common trust funds	<u>-</u>	<u>733,814</u>	<u>-</u>	<u>733,814</u>
Total investments	<u>\$ 913,755</u>	<u>\$ 733,814</u>	<u>\$ -</u>	<u>\$ 1,647,569</u>



**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2015 and 2014**

**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, 2014:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Moderate allocation	\$ 16,854	\$ -	\$ -	\$ 16,854
High yield bond	8,179	-	-	8,179
Large blend	7,768	-	-	7,768
Large growth	7,146	-	-	7,146
Diversified emerging markets	<u>3,823</u>	<u>-</u>	<u>-</u>	<u>3,823</u>
Total mutual funds	<u>43,770</u>	<u>-</u>	<u>-</u>	<u>43,770</u>
Mutual funds (held in J. B. Knowles Trust):				
Long/short equity	192,601	-	-	192,601
Tactical allocation	174,193	-	-	174,193
High yield bond	86,286	-	-	86,286
Moderate allocation	64,699	-	-	64,699
Diversified emerging markets	<u>45,414</u>	<u>-</u>	<u>-</u>	<u>45,414</u>
Total mutual funds (held in J. B. Knowles Trust)	<u>563,193</u>	<u>-</u>	<u>-</u>	<u>563,193</u>
Exchange traded funds (held in J. B. Knowles Trust):				
Large blend	78,028	-	-	78,028
Energy limited partnership	74,984	-	-	74,984
Equity energy	<u>59,870</u>	<u>-</u>	<u>-</u>	<u>59,870</u>
Total exchange traded funds	<u>212,882</u>	<u>-</u>	<u>-</u>	<u>212,882</u>
Common trust funds (held in J. B. Knowles Trust):				
Equity funds	-	541,662	-	541,662
Fixed income	<u>-</u>	<u>431,436</u>	<u>-</u>	<u>431,436</u>
Total common trust funds	<u>-</u>	<u>973,098</u>	<u>-</u>	<u>973,098</u>
Total investments	<u>\$ 819,845</u>	<u>\$ 973,098</u>	<u>\$ -</u>	<u>\$ 1,792,943</u>

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2015 and 2014**

**NOTE 2 – FAIR VALUE OF INVESTMENTS (Continued)**

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

	<u><b>2015</b></u>	<u><b>2014</b></u>
Interest and dividends, net of investment fees	\$ 58,990	\$ 68,716
Realized and unrealized (losses) gains	<u>(63,999)</u>	<u>146,550</u>
	<u><u>\$ (5,009)</u></u>	<u><u>\$ 215,266</u></u>

**NOTE 3 – PROMISES TO GIVE**

Promises to give consist of the following at June 30:

	<u><b>2015</b></u>	<u><b>2014</b></u>
United Way allocation	\$ 337,883	\$ 334,383
FiftyForward Endowment	135,280	119,243
Foundation and other	47,960	199,000
Capital campaign pledges	<u>-</u>	<u>125,000</u>
	<u><u>\$ 521,123</u></u>	<u><u>\$ 777,626</u></u>

  

	<u><b>2015</b></u>	<u><b>2014</b></u>
Receivable in less than one year	\$ 521,123	\$ 527,626
Receivable in one to five years	<u>-</u>	<u>250,000</u>
	<u><u>\$ 521,123</u></u>	<u><u>\$ 777,626</u></u>

**NOTE 4 – LAND, BUILDING AND EQUIPMENT**

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

	<u><b>2015</b></u>	<u><b>2014</b></u>
Land	\$ 575,000	\$ 575,000
Building and improvements	11,910,025	11,861,231
Construction in progress	8,000	8,000
Furniture and equipment	1,273,331	1,217,515
Vehicles	<u>454,465</u>	<u>427,477</u>
	14,220,821	14,089,223
Less accumulated depreciation	<u>(5,940,831)</u>	<u>(5,536,946)</u>
	<u><u>\$ 8,279,990</u></u>	<u><u>\$ 8,552,277</u></u>

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.**  
**AND THE J. B. KNOWLES TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2015 and 2014**

**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. The lease agreement has an initial term of 20 years with a right to automatically extend for not more than 4 consecutive periods of 5 years each unless FiftyForward provides notification of termination. The future lease expenses are as follows:

For the Year	
<u>Ending June 30:</u>	
2016	\$ 80,619
2017	84,370
2018	88,371
2019	92,635
2020	97,180
Thereafter	<u>998,869</u>
	<u>\$ 1,442,044</u>

**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 \$40,260 to this plan during the years ended June 30, 2015 and 2014, respectively.

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.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2015 and 2014**

**NOTE 6 – EMPLOYEE PENSION PLANS (Continued)**

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:

	<u>2015</u>	<u>2014</u>
Service costs	\$ -	\$ -
Interest cost	30,902	30,850
Actual return on plan assets	(37,356)	(77,070)
Net asset (loss) gain during the period deferred	(5,420)	40,432
Amortization of net gain	<u>21,123</u>	<u>20,911</u>
Net periodic pension expense	<u>\$ 9,249</u>	<u>\$ 15,123</u>
Discount rate	3.78%	3.86%
Rate of compensation increase	4.00%	4.00%
Expected rate of return on plan assets	7.00%	7.00%
Measurement date	07/01/2014	07/01/2013
Accumulated benefit obligation	<u>\$ 811,970</u>	<u>\$ 848,138</u>
Change in projected benefit obligation:		
Benefit obligation at beginning of year	\$ (848,138)	\$ (822,031)
Change due to experience/rate	7,757	-
Interest cost	(30,902)	(30,850)
Actuarial loss (gain)	9,391	(45,025)
Benefit paid	<u>49,922</u>	<u>49,768</u>
Benefit obligation at end of year	<u>\$ (811,970)</u>	<u>\$ (848,138)</u>
Change in Plan assets:		
Plan assets at beginning of year	\$ 606,007	\$ 518,705
Expected return on plan assets	42,776	36,638
Benefits paid	(49,922)	(49,768)
Employer contribution	61,000	60,000
(Loss) gain	<u>(5,420)</u>	<u>40,432</u>
Plan assets at end of year	<u>\$ 654,441</u>	<u>\$ 606,007</u>

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2015 and 2014**

**NOTE 6 – EMPLOYEE PENSION PLANS (Continued)**

Disclosure information for fiscal year ended June 30:

	<u>2015</u>	<u>2014</u>
Reconciliation of funded status:		
Funded status at end of year	\$ (303,326)	\$ (303,191)
Pension expense	(9,249)	(15,123)
Employer contribution	61,000	60,000
Gain (loss)	<u>17,200</u>	<u>(45,012)</u>
Prepaid benefit cost	<u>\$ (234,375)</u>	<u>\$ (303,326)</u>
Change in unrecognized loss:		
Unrecognized loss at beginning of year	\$ 358,634	\$ 374,951
Recognized gain	(21,123)	(20,911)
(Gain) loss due to assets	<u>(3,971)</u>	<u>4,594</u>
Unrecognized loss	<u>\$ 333,540</u>	<u>\$ 358,634</u>

**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. Funds maintained in brokerage accounts do include annuity accounts that are not insured by the Federal Deposit Insurance Corporation (“FDIC”). None of the individual trust fund bank accounts exceeded the \$250,000 FDIC limits at June 30, 2015 and 2014. Conservator trust funds totaled \$3,609,773 and \$2,703,323 at June 30, 2015 and 2014, 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 \$304,769 and \$161,080 at June 30, 2015 and 2014, respectively.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2015 and 2014**

**NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2015</u>	<u>2014</u>
Capital campaign	\$ 1,128,524	\$ 1,205,017
United Way allocations	337,883	334,383
FiftyForward Endowment pledges	135,280	119,243
Living At Home	110,918	81,003
Madison Station	65,806	64,500
Retired Senior Volunteer Program	59,583	20,728
General pledges	30,500	129,000
Capital campaign pledges	17,000	145,000
CNM grant remainder	2,354	2,354
Bordeaux	<u>-</u>	<u>15,000</u>
	<u>\$ 1,887,848</u>	<u>\$ 2,116,228</u>

**NOTE 9 – PERMANENTLY RESTRICTED NET ASSETS**

The Organization became the trustee of The J. B. Knowles Trust (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 Trust's cumulative net investment income or 5% of the Trust balance, whichever is greater. If this annual amount is less than \$40,000, the Organization can encroach upon the principal balance up to \$40,000. 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, 2015 and 2014 based on the provisions discussed above, the Organization transferred \$90,000 each year from the Trust which approximated 5.3% and 5.0% of the Trust balance at June 30, 2015 and 2014, respectively. The Trust net investment loss for the year ended June 30, 2015 totaled \$21,330 and the Trust net investment income for the year ended June 30, 2014 totaled \$188,103.

**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

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2015 and 2014**

**NOTE 9 – PERMANENTLY RESTRICTED NET ASSETS (Continued)**

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.

**Trust Net Asset Composition by Type of Fund as of June 30, 2015:**

	<u><b>Unrestricted</b></u>	<u><b>Temporarily Restricted</b></u>	<u><b>Permanently Restricted</b></u>	<u><b>Total</b></u>
Donor restricted Trust funds	\$ -	\$ -	\$ 1,686,381	\$ 1,686,381
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,686,381</u>	<u>\$ 1,686,381</u>
Trust net assets, beginning of year	\$ -	\$ -	\$ 1,797,711	\$ 1,797,711
Loss	-	-	(21,330)	(21,330)
Release	-	-	(90,000)	(90,000)
Trust net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,686,381</u>	<u>\$ 1,686,381</u>

**Trust Net Asset Composition by Type of Fund as of June 30, 2014:**

	<u><b>Unrestricted</b></u>	<u><b>Temporarily Restricted</b></u>	<u><b>Permanently Restricted</b></u>	<u><b>Total</b></u>
Donor restricted Trust funds	\$ -	\$ -	\$ 1,797,711	\$ 1,797,711
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,797,711</u>	<u>\$ 1,797,711</u>

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2015 and 2014**

**NOTE 9 – PERMANENTLY RESTRICTED NET ASSETS (Continued)**

**Trust Net Asset Composition by Type of Fund as of June 30, 2014 (Continued):**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Trust net assets, beginning of year	\$ -	\$ -	\$ 1,699,608	\$ 1,699,608
Income	-	-	188,103	188,103
Release	<u>-</u>	<u>-</u>	<u>(90,000)</u>	<u>(90,000)</u>
Trust net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,797,711</u>	<u>\$ 1,797,711</u>

**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, 2015 and 2014.

**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.

At June 30, 2015 and 2014, 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:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
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.



**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2015 and 2014**

**NOTE 9 – PERMANENTLY RESTRICTED NET ASSETS (Continued)**

**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 501(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 are \$2,226,545 and \$2,091,265 at June 30, 2015 and 2014, respectively.

**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 forty 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.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2015 and 2014**

**NOTE 11 – IN-KIND SUPPORT (Continued)**

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 at June 30, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Rent and land use	\$ 57,650	\$ 57,650
Assistance	<u>48,260</u>	<u>49,096</u>
	<u>\$ 105,910</u>	<u>\$ 106,746</u>

**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. Deposits are insured by the FDIC. Management believes the Organization is not exposed to any significant credit risk regarding cash balances. Uninsured balances at June 30, 2015 and 2014 totaled \$362,748 and \$481,193, 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  
Year ended June 30, 2015**

**FEDERAL AWARDS**

Grantor	Program Name	CFDA Number	Contract Number	Receivable June 30, 2014	Cash Receipts	Expenditures	Receivable June 30, 2015
U.S. Department of Health and Human Services Passed Through							
TN Dept. of Health and Human Services	Social Services Block Grant	93.667	Z 14-49302	\$ 5,490	\$ 5,490	\$ -	\$ -
TN Dept. of Health and Human Services	Social Services Block Grant	93.667	Z 15-49302	-	92,737	100,000	7,263
Meharry Medical College	Geriatric Workforce Enhancement	93.969	UB4HP19055	-	8,412	8,412	-
Greater Nashville Regional Council	Title IIIB	93.044	2014-10	15,937	15,937	-	-
Greater Nashville Regional Council	Title IIIB	93.044	2015-10	-	50,175	76,200	26,025
Greater Nashville Regional Council	Title IIID	93.043	2014-10	6,850	6,850	-	-
Greater Nashville Regional Council	Title IIID	93.043	2015-10	-	3,854	7,546	3,692
Total for Greater Nashville Regional Council				22,787	76,816	83,746	29,717
Total for U.S. Department of Health and Human Services*				28,277	183,455	192,158	36,980
U.S. Department of Agriculture Passed Through							
TN Department of Human Services	Child and Adult Food Program	10.558	34740006001	1,898	1,898	-	-
TN Department of Human Services	Child and Adult Food Program	10.558	34740006001	-	18,147	21,608	3,461
Total for U.S. Department of Agriculture (CFDA No. 10.558)*				1,898	20,045	21,608	3,461
U.S. Department of Justice Passed Through:							
TN Department of Finance and Administration	Victory Over Crime	16.575	90277	5,499	60,033	60,418	5,884
Total for U.S. Department of Justice*				5,499	60,033	60,418	5,884
Corporation for National and Community Service	Foster Grandparent Program+	94.011	13SFSTN002	59,545	59,545	-	-
Corporation for National and Community Service	Foster Grandparent Program+	94.011	13SFSTN002	-	229,429	291,631	62,202
Total for CFDA No. 94.011				59,545	288,974	291,631	62,202
Corporation for National and Community Service	Retired Senior Volunteer Program	94.002	12SRSTN006	29,863	106,052	105,327	29,138
Total for Corporation for National and Community Service*				89,408	395,026	396,958	91,340
<b>Total Federal Awards</b>				125,082	658,559	671,142	137,665

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS (Continued)  
Year ended June 30, 2015**

**STATE AWARDS**

Grantor	Program Name	CFDA Number	Contract Number	Receivable June 30, 2014	Cash Receipts	Expenditures	Receivable June 30, 2015
TN Commission on Aging -							
Greater Nashville Regional Council	Senior Citizens Operations Grant	N/A	2014-10#	9,613	9,613	-	-
Greater Nashville Regional Council	Senior Citizens Operations Grant	N/A	2015-10#	-	25,425	37,600	12,175
Total for Greater Nashville Regional Council				9,613	35,038	37,600	12,175
Tennessee Arts Commission	Arts Program Categorical Grant	N/A	N/A	3,600	5,350	7,750	6,000
Metropolitan Nashville Arts Commission	Senior Citizens for the Arts, Inc.	N/A	N/A	-	2,640	3,300	660
Metropolitan Nashville Arts Commission	Basic Operating Support II	N/A	12-B3-05	3,800	23,960	25,200	5,040
Metropolitan Nashville Arts Commission	Community Enhancement	N/A	L-3003	12,903	12,903	-	-
Metropolitan Nashville Arts Commission	Community Enhancement	N/A	L-3219	-	40,800	50,000	9,200
<b>Total State Awards</b>				29,916	120,691	123,850	33,075
<b>LOCAL AWARDS</b>							
Williamson County	College Grove Center Grant	N/A	N/A	-	31,949	31,949	-
Williamson County	Brentwood Center Grant	N/A	N/A	-	45,000	45,000	-
<b>Total Local Awards</b>				-	76,949	76,949	-
<b>Total Federal, State and Local Awards</b>				\$ 154,998	\$ 856,199	\$ 871,941	\$ 170,740

\*Cash grant receipts represent federal pass-through funds

# Represents state's portion of grant

+ Indicates a major program

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS**

**NOTE 1 - BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal, State and Local Awards is prepared on the accrual basis of accounting.



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

To the Board of Directors of  
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, Senior Center for the Arts, Inc. and The J. B. Knowles Trust (collectively the "Organization"), which comprise the statement of financial position as of June 30, 2015, and the related 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 12, 2015.

**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 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 consolidated 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 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**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Frasier, Don & Hand, PLLC*

Nashville, Tennessee  
October 12, 2015





**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133**

To the Board of Directors of  
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, Senior Center for the Arts, Inc. and The J. B. Knowles Trust's (collectively the "Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

## 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 OMB Circular A-133, 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 and 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Frasier, Dan & Howard, P44*

Nashville, Tennessee  
October 12, 2015

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2015**

**I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the consolidated financial statements of FiftyForward, Senior Center for the Arts, Inc. and The J. B. Knowles Trust ("the Organization").
2. No significant deficiencies relating to the audit of the consolidated financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the consolidated financial statements of the Organization were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Organization expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included:

**CFDA Number**  
94.011

**Name of Federal Program or Cluster**  
Foster Grandparent Program

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Organization qualified as a low-risk auditee.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
Year ended June 30, 2015**

**II. FINDINGS RELATED TO THE FINANCIAL STATEMENT AUDIT**

None.

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD PROGRAMS**

None.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year ended June 30, 2015**

None.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
June 30, 2015**

	<b><u>FiftyForward</u></b>	<b><u>Senior Center for the Arts, Inc.</u></b>	<b><u>The J. B. Knowles Trust</u></b>	<b><u>Total</u></b>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,325,518	\$ 30,506	\$ -	\$ 1,356,024
Certificates of deposit	208,618	-	-	208,618
Accounts receivable	397,557	-	-	397,557
Grants receivable	159,700	11,040	-	170,740
Promises to give	520,665	458	-	521,123
Prepaid expenses	70,767	7,822	-	78,589
	<u>2,682,825</u>	<u>49,826</u>	<u>-</u>	<u>2,732,651</u>
Total current assets	2,682,825	49,826	-	2,732,651
Land, building and equipment, net	8,266,314	13,676	-	8,279,990
Conservator trust funds	3,609,773	-	-	3,609,773
Prepaid rent - Bellevue Center	1,442,044	-	-	1,442,044
J. B. Knowles Trust Fund cash	-	-	38,812	38,812
J. B. Knowles Trust Fund investments	-	-	1,647,569	1,647,569
	<u>\$ 16,000,956</u>	<u>\$ 63,502</u>	<u>\$ 1,686,381</u>	<u>\$ 17,750,839</u>
Total assets	\$ 16,000,956	\$ 63,502	\$ 1,686,381	\$ 17,750,839
<b>Liabilities and Net Assets</b>				
Current liabilities:				
Accounts payable	\$ 103,572	\$ -	\$ -	\$ 103,572
Accrued expenses	135,612	-	-	135,612
Due to (from) related party	(33,255)	33,255	-	-
Accrued pension plan liability	157,530	-	-	157,530
Deferred revenue	101,611	56,115	-	157,726
	<u>465,070</u>	<u>89,370</u>	<u>-</u>	<u>554,440</u>
Total current liabilities	465,070	89,370	-	554,440
Conservator trust funds	3,609,773	-	-	3,609,773
	<u>4,074,843</u>	<u>89,370</u>	<u>-</u>	<u>4,164,213</u>
Total liabilities	4,074,843	89,370	-	4,164,213
Net assets:				
Unrestricted	10,038,723	(26,326)	-	10,012,397
Temporarily restricted	1,887,390	458	-	1,887,848
Permanently restricted	-	-	1,686,381	1,686,381
	<u>11,926,113</u>	<u>(25,868)</u>	<u>1,686,381</u>	<u>13,586,626</u>
Total net assets	11,926,113	(25,868)	1,686,381	13,586,626
Total liabilities and net assets	<u>\$ 16,000,956</u>	<u>\$ 63,502</u>	<u>\$ 1,686,381</u>	<u>\$ 17,750,839</u>

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
June 30, 2014**

	<u>FiftyForward</u>	<u>Senior Center for the Arts, Inc.</u>	<u>The J. B. Knowles Trust</u>	<u>Total</u>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,446,824	\$ 40,200	\$ -	\$ 1,487,024
Certificates of deposit	208,514	-	-	208,514
Investments	43,770	-	-	43,770
Accounts receivable	233,977	-	-	233,977
Grants receivable	147,598	7,400	-	154,998
Promises to give	527,210	416	-	527,626
Prepaid expenses	69,022	6,125	-	75,147
Total current assets	2,676,915	54,141	-	2,731,056
Promises to give, net of current portion	250,000	-	-	250,000
Land, building and equipment, net	8,536,809	15,468	-	8,552,277
Conservator trust funds	2,703,323	-	-	2,703,323
Prepaid rent - Bellevue Center	1,519,146	-	-	1,519,146
J. B. Knowles Trust Fund cash	-	-	48,538	48,538
J. B. Knowles Trust Fund investments	-	-	1,749,173	1,749,173
Total assets	<u>\$ 15,686,193</u>	<u>\$ 69,609</u>	<u>\$ 1,797,711</u>	<u>\$ 17,553,513</u>
<b>Liabilities and Net Assets</b>				
Current liabilities:				
Accounts payable	\$ 154,463	\$ 475	\$ -	\$ 154,938
Accrued expenses	131,880	-	-	131,880
Due to (from) related party	(43,397)	43,397	-	-
Accrued pension plan liability	242,132	-	-	242,132
Deferred revenue	75,443	20,266	-	95,709
Total current liabilities	560,521	64,138	-	624,659
Conservator trust funds	2,703,323	-	-	2,703,323
Total liabilities	<u>3,263,844</u>	<u>64,138</u>	<u>-</u>	<u>3,327,982</u>
Net assets:				
Unrestricted	10,306,537	5,055	-	10,311,592
Temporarily restricted	2,115,812	416	-	2,116,228
Permanently restricted	-	-	1,797,711	1,797,711
Total net assets	<u>12,422,349</u>	<u>5,471</u>	<u>1,797,711</u>	<u>14,225,531</u>
Total liabilities and net assets	<u>\$ 15,686,193</u>	<u>\$ 69,609</u>	<u>\$ 1,797,711</u>	<u>\$ 17,553,513</u>

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
CONSOLIDATING SCHEDULE OF ACTIVITIES  
Year ended June 30, 2015**

	<b>FiftyForward</b>	<b>Senior Center for the Arts, Inc.</b>	<b>The J. B. Knowles Trust</b>	<b>Total</b>
Public support and revenue:				
Contributions	\$ 1,144,832	\$ 21,489	\$ -	\$ 1,166,321
Service fees	1,047,976	-	-	1,047,976
Grant revenue	838,991	32,950	-	871,941
Special events	408,599	-	-	408,599
United Way	373,720	-	-	373,720
Membership dues	252,066	-	-	252,066
Ticket sales	-	150,011	-	150,011
In-kind contributions	105,910	-	-	105,910
Other income	18,949	1,331	-	20,280
Rental income	-	1,885	-	1,885
Investment income (loss), net	16,321	-	(21,330)	(5,009)
Net assets released from restrictions	90,000	-	(90,000)	-
Total public support and revenue	<u>4,297,364</u>	<u>207,666</u>	<u>(111,330)</u>	<u>4,393,700</u>
Expenses:				
Program services	3,839,762	239,005	-	4,078,767
Support services	953,838	-	-	953,838
Total expenses	<u>4,793,600</u>	<u>239,005</u>	<u>-</u>	<u>5,032,605</u>
Change in net assets	(496,236)	(31,339)	(111,330)	(638,905)
Net assets - beginning of year	<u>12,422,349</u>	<u>5,471</u>	<u>1,797,711</u>	<u>14,225,531</u>
Net assets - end of year	<u>\$11,926,113</u>	<u>\$ (25,868)</u>	<u>\$1,686,381</u>	<u>\$13,586,626</u>

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
CONSOLIDATING SCHEDULE OF ACTIVITIES  
Year ended June 30, 2014**

	<b>FiftyForward</b>	<b>Senior Center for the Arts, Inc.</b>	<b>The J. B. Knowles Trust</b>	<b>Total</b>
Public support and revenue:				
Contributions	\$ 1,361,345	\$ 32,647	\$ -	\$ 1,393,992
Service fees	1,081,113	-	-	1,081,113
Grant revenue	768,326	26,000	-	794,326
Special events	367,737	-	-	367,737
United Way	361,189	-	-	361,189
Membership dues	245,298	-	-	245,298
Investment income, net	27,163	-	188,103	215,266
Ticket sales	-	206,757	-	206,757
In-kind contributions	106,746	-	-	106,746
Other income	24,862	4,716	-	29,578
Gain on disposal of fixed assets	8,250	-	-	8,250
Rental income	-	3,828	-	3,828
Net assets released from restrictions	90,000	-	(90,000)	-
Total public support and revenue	4,442,029	273,948	98,103	4,814,080
Expenses:				
Program services	4,002,779	246,613	-	4,249,392
Support services	896,601	-	-	896,601
Total expenses	4,899,380	246,613	-	5,145,993
Change in net assets	(457,351)	27,335	98,103	(331,913)
Net assets - beginning of year	12,879,700	(21,864)	1,699,608	14,557,444
Net assets - end of year	<u>\$ 12,422,349</u>	<u>\$ 5,471</u>	<u>\$ 1,797,711</u>	<u>\$ 14,225,531</u>