

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

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

**June 30, 2016 and 2015**

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

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## 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, 2016 and 2015, 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. 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, 2016 and 2015, 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.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal, state, and local awards on pages 25 and 26, the consolidating schedules of financial position on pages 27 and 28, and the consolidating schedules of activities on pages 29 and 30 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*Frasier, Dean + Howard, PLLC*

October 6, 2016  
Nashville, Tennessee

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
June 30, 2016 and 2015**

	<b>2016</b>	<b>2015</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,902,286	\$ 1,564,642
Accounts receivable	96,068	92,788
Grants receivable	162,416	170,740
Promises to give	597,627	521,123
Conservator receivables	355,544	304,769
Prepaid expenses	35,698	78,589
Total current assets	3,149,639	2,732,651
Promises to give, net of current portion	375,000	-
Land, building and equipment, net	8,031,545	8,279,990
Conservator trust funds	3,405,773	3,609,773
Prepaid rent - Bellevue Center	1,361,425	1,442,044
J. B. Knowles Trust Fund cash	44,609	38,812
J. B. Knowles Trust Fund investments	1,529,564	1,647,569
Total assets	<u>\$ 17,897,555</u>	<u>\$ 17,750,839</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 90,517	\$ 103,572
Accrued expenses	100,205	135,612
Accrued pension plan liability	203,067	157,530
Deferred revenue	156,166	157,726
Total current liabilities	549,955	554,440
Conservator trust funds	3,405,773	3,609,773
Total liabilities	<u>3,955,728</u>	<u>4,164,213</u>
Net assets:		
Unrestricted	10,018,244	10,012,397
Temporarily restricted	2,349,410	1,887,848
Permanently restricted	1,574,173	1,686,381
Total net assets	<u>13,941,827</u>	<u>13,586,626</u>
Total liabilities and net assets	<u>\$ 17,897,555</u>	<u>\$ 17,750,839</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, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Contributions	\$ 1,498,724	\$ 796,976	\$ -	\$ 2,295,700
Service fees	922,203	-	-	922,203
Grant revenue	860,031	-	-	860,031
Special events	405,589	-	-	405,589
Membership dues	373,949	-	-	373,949
United Way	20,697	337,880	-	358,577
Ticket sales	174,615	-	-	174,615
In-kind contributions	101,805	-	-	101,805
Other income	26,337	-	-	26,337
Rental income	1,360	-	-	1,360
Gain on disposal of assets	200	-	-	200
Investment income (loss), net	12,335	104	(22,208)	(9,769)
Net assets released from restrictions	<u>763,398</u>	<u>(673,398)</u>	<u>(90,000)</u>	<u>-</u>
 Total public support and revenue	<u>5,161,243</u>	<u>461,562</u>	<u>(112,208)</u>	<u>5,510,597</u>
 Expenses:				
Program services	4,081,317	-	-	4,081,317
Support services	<u>1,074,079</u>	<u>-</u>	<u>-</u>	<u>1,074,079</u>
 Total expenses	<u>5,155,396</u>	<u>-</u>	<u>-</u>	<u>5,155,396</u>
 Change in net assets	5,847	461,562	(112,208)	355,201
 Net assets - beginning of year	<u>10,012,397</u>	<u>1,887,848</u>	<u>1,686,381</u>	<u>13,586,626</u>
 Net assets - end of year	<u><u>\$10,018,244</u></u>	<u><u>\$ 2,349,410</u></u>	<u><u>\$ 1,574,173</u></u>	<u><u>\$13,941,827</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, 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 FUNCTIONAL EXPENSES  
Year ended June 30, 2016**

	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	\$ 105,854	\$ 75,798	\$ 277,705	\$ 158,463	\$ 73,054	\$ 119,851	\$ 47,377	\$ 107,025	\$ 98,773	\$ 95,623	\$ 14,059	\$ 141,630	\$ 12,312	\$ 33,793	\$ 167,299	\$ 1,528,616	\$ 100,852	\$ 153,584	\$ 329,731	\$ 584,167	\$ 2,112,783
Occupancy	15,622	3,917	18,343	9,260	46,753	69,561	10,985	78,790	65,888	94,749	30,925	103,496	139	22,200	7,852	578,480	4,670	9,879	17,461	32,010	610,490
Fees	6,821	5,342	36,129	9,298	18,248	13,205	7,738	16,591	17,968	16,165	275	19,342	137,443	89,130	6,057	399,752	4,798	10,319	25,174	40,291	440,043
Benefits	19,199	11,471	54,460	30,205	17,502	20,653	3,516	20,507	11,726	15,151	-	26,689	245	2,470	27,172	260,966	11,658	20,847	144,812	177,317	438,283
Supplies	18,044	2,655	43,225	10,075	8,347	20,550	8,323	44,186	8,159	10,136	-	42,707	267	41,742	1,368	259,784	1,734	74,422	2,725	78,881	338,665
Assistance	-	281,532	1,434	6,207	-	191	80	-	-	272	-	164	-	-	-	289,880	-	233	234	467	290,347
Payroll taxes	8,015	5,672	20,585	11,837	5,457	8,518	3,611	7,284	7,344	7,762	1,076	10,602	944	8,398	12,530	119,635	7,589	11,587	25,153	44,329	163,964
Travel	16,472	1,599	12,192	2,940	2,064	3,586	2,569	4,474	3,513	6,355	-	7,363	70	1,606	6,032	70,835	517	358	952	1,827	72,662
Maintenance	1,195	1,277	6,075	1,838	3,254	9,387	1,794	4,324	2,155	3,909	3,056	6,023	69	-	2,071	46,427	1,166	11,078	7,433	19,677	66,104
Printing and publications	55	19	4,335	30	199	37	-	406	105	29	-	74	-	22,993	65	28,347	17,575	16,305	726	34,606	62,953
Telephone	1,931	2,806	5,429	2,969	2,745	10,605	3,554	4,958	1,584	113	-	9,002	-	-	3,369	49,065	1,308	3,236	4,505	9,049	58,114
Marketing	-	-	-	2,070	-	625	198	1,536	276	420	-	843	420	-	2,262	8,650	23,189	823	2,379	26,391	35,041
Postage	32	616	1,019	783	716	250	155	652	1,378	11	-	3,866	521	1,487	628	12,114	3,725	2,906	1,871	8,502	20,616
Conferences and meetings	332	1,768	2,824	2,260	170	600	264	386	225	233	-	1,579	25	183	1,129	11,978	130	3,552	2,126	5,808	17,786
Dues	94	307	802	259	60	1,003	381	769	211	218	-	650	14	515	394	5,677	374	1,296	4,702	6,372	12,049
Recognition	303	202	1,049	487	216	583	307	266	251	211	-	763	49	-	388	5,075	356	439	3,285	4,080	9,155
Other	59	-	59	85	-	39	225	-	186	171	-	331	-	1,944	41	3,140	-	-	305	305	3,445
Depreciation	194,028	394,981	485,665	249,066	178,785	279,244	91,077	292,154	219,742	251,528	49,391	375,124	152,518	226,461	238,657	3,678,421	179,641	320,864	573,574	1,074,079	4,752,500
	2,213	-	-	-	2,066	149,418	10,852	71,405	99,216	5,055	-	61,604	-	1,067	-	402,896	-	-	-	-	402,896
Total	\$ 196,241	\$ 394,981	\$ 485,665	\$ 249,066	\$ 180,851	\$ 428,662	\$ 101,929	\$ 363,559	\$ 318,958	\$ 256,583	\$ 49,391	\$ 436,728	\$ 152,518	\$ 227,528	\$ 238,657	\$ 4,081,317	\$ 179,641	\$ 320,864	\$ 573,574	\$ 1,074,079	\$ 5,155,396

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 \$69,372 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, 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
Depreciation	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
	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 STATEMENTS OF CASH FLOWS  
Years ended June 30, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
Cash flows from operating activities:		
Change in net assets	\$ 355,201	\$ (638,905)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	402,896	403,887
Amortization of prepaid lease	80,619	77,102
Realized and unrealized loss on investments, net	22,104	19,777
Changes in operating assets and liabilities:		
Accounts receivable	(54,055)	(163,580)
Grants receivable	8,324	(15,742)
Promises to give	(451,504)	256,503
Prepaid expenses	42,891	(3,442)
Accounts payable	(13,055)	(51,366)
Accrued expenses	(35,407)	3,732
Accrued pension plan liability	45,537	(84,602)
Deferred revenue	(1,560)	62,017
Net cash provided by (used in) operating activities	<u>401,991</u>	<u>(134,619)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	-	45,219
Purchase of equipment	(154,451)	(131,600)
Net cash used in investing activities	<u>(154,451)</u>	<u>(86,381)</u>
Cash flows from financing activities:		
Knowles Trust Fund proceeds	402,469	1,375,104
Knowles Trust Fund purchases	(402,469)	(1,375,104)
Distributions from Knowles Trust Fund	90,000	90,000
Net cash provided by financing activities	<u>90,000</u>	<u>90,000</u>
Net increase (decrease) in cash and cash equivalents	337,540	(131,000)
Cash and cash equivalents - beginning of year	<u>1,356,024</u>	<u>1,487,024</u>
Cash and cash equivalents - end of year	<u>\$ 1,693,564</u>	<u>\$ 1,356,024</u>

See accompanying notes.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2016 and 2015**

**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, 2016 and 2015**

**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. Approximately \$208,000 of this balance is restricted for capital expenditures as of June 30, 2016 and 2015.

**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, 2016 and 2015. 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, 2016 and 2015 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 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
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**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, 2014 through June 30, 2016.

**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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
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**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 6, 2016, 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.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
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**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, 2016 and 2015.

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.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
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**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, 2016:

	<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	\$ 372,983	\$ -	\$ -	\$ 372,983
High yield bond	55,294	-	-	55,294
Diversified emerging markets	<u>40,089</u>	<u>-</u>	<u>-</u>	<u>40,089</u>
Total mutual funds	<u>468,366</u>	<u>-</u>	<u>-</u>	<u>468,366</u>
Exchange traded funds (held in J. B. Knowles Trust):				
Large blend	231,255	-	-	231,255
Energy limited partnership	92,287	-	-	92,287
Small/mid blend	<u>48,473</u>	<u>-</u>	<u>-</u>	<u>48,473</u>
Total exchange traded funds	<u>372,015</u>	<u>-</u>	<u>-</u>	<u>372,015</u>
Common trust funds (held in J. B. Knowles Trust):				
Fixed income	-	354,950	-	354,950
Equity funds	<u>-</u>	<u>334,233</u>	<u>-</u>	<u>334,233</u>
Total common trust funds	<u>-</u>	<u>689,183</u>	<u>-</u>	<u>689,183</u>
Total investments	<u>\$ 840,381</u>	<u>\$ 689,183</u>	<u>\$ -</u>	<u>\$ 1,529,564</u>



**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2016 and 2015**

**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>

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

	<u>2016</u>	<u>2015</u>
Interest and dividends, net of investment fees	\$ 59,066	\$ 58,990
Realized and unrealized (losses) gains	<u>(68,835)</u>	<u>(63,999)</u>
	<u>\$ (9,769)</u>	<u>\$ (5,009)</u>

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
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**NOTE 3 – PROMISES TO GIVE**

Promises to give consist of the following at June 30:

	<u><b>2016</b></u>	<u><b>2015</b></u>
Capital campaign pledges	\$ 512,000	\$ -
United Way allocation	337,880	337,883
FiftyForward Endowment	116,856	135,280
Foundation and other	<u>5,891</u>	<u>47,960</u>
	<u>\$ 972,627</u>	<u>\$ 521,123</u>
	<u><b>2016</b></u>	<u><b>2015</b></u>
Receivable in less than one year	\$ 597,627	\$ 521,123
Receivable in one to five years	<u>375,000</u>	<u>-</u>
	<u>\$ 972,627</u>	<u>\$ 521,123</u>

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

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

	<u><b>2016</b></u>	<u><b>2015</b></u>
Land	\$ 575,000	\$ 575,000
Building and improvements	11,992,961	11,910,025
Construction in progress	14,090	8,000
Furniture and equipment	1,277,504	1,273,331
Vehicles	<u>513,160</u>	<u>454,465</u>
	14,372,715	14,220,821
Less accumulated depreciation	<u>(6,341,170)</u>	<u>(5,940,831)</u>
	<u>\$ 8,031,545</u>	<u>\$ 8,279,990</u>

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.**  
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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2016 and 2015**

**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>	
2017	\$ 84,370
2018	88,371
2019	92,635
2020	97,180
2021	102,022
Thereafter	<u>896,847</u>
	<u>\$ 1,361,425</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 \$10,341 and \$40,300 to this plan during the years ended June 30, 2016 and 2015, 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.

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**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><b>2016</b></u>	<u><b>2015</b></u>
Service costs	\$ -	\$ -
Interest cost	31,721	30,902
Actual return on plan assets	(11,462)	(37,356)
Net asset (loss) gain during the period deferred	(34,740)	(5,420)
Amortization of net gain	<u>21,029</u>	<u>21,123</u>
Net periodic pension expense	<u>\$ 6,548</u>	<u>\$ 9,249</u>
Discount rate	4.02%	3.78%
Rate of compensation increase	4.00%	4.00%
Expected rate of return on plan assets	7.00%	7.00%
Measurement date	07/01/2015	07/01/2014
Accumulated benefit obligation	<u>\$ 881,151</u>	<u>\$ 811,970</u>
Change in projected benefit obligation:		
Benefit obligation at beginning of year	\$ (811,970)	\$ (848,138)
Change due to experience/rate	-	7,757
Interest cost	(31,721)	(30,902)
Actuarial (loss) gain	(85,278)	9,391
Benefit paid	<u>47,818</u>	<u>49,922</u>
Benefit obligation at end of year	<u>\$ (881,151)</u>	<u>\$ (811,970)</u>
Change in plan assets:		
Plan assets at beginning of year	\$ 654,441	\$ 606,007
Expected return on plan assets	46,202	42,776
Benefits paid	(47,818)	(49,922)
Employer contribution	60,000	61,000
(Loss) gain	<u>(34,741)</u>	<u>(5,420)</u>
Plan assets at end of year	<u>\$ 678,084</u>	<u>\$ 654,441</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
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**NOTE 6 – EMPLOYEE PENSION PLANS (Continued)**

Disclosure information for fiscal year ended June 30:

	<u>2016</u>	<u>2015</u>
Reconciliation of funded status:		
Funded status at end of year	\$ (234,375)	\$ (303,326)
Pension expense	(6,548)	(9,249)
Employer contribution	60,000	61,000
Gain (loss)	<u>23,393</u>	<u>17,200</u>
Prepaid benefit cost	<u>\$ (157,530)</u>	<u>\$ (234,375)</u>
Change in unrecognized loss:		
Unrecognized loss at beginning of year	\$ 333,540	\$ 358,634
Recognized gain	(21,029)	(21,123)
Gain (loss) due to assets	<u>120,018</u>	<u>(3,971)</u>
Unrecognized loss	<u>\$ 432,529</u>	<u>\$ 333,540</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”). One of the individual trust fund bank accounts exceeded the \$250,000 FDIC limits at by \$343,507 at June 30, 2016. None of the individual trust fund bank accounts exceeded the \$250,000 FDIC limit at June 30, 2015. The Organization has not experienced any losses in such accounts. Conservator trust funds totaled \$3,405,773 and \$3,609,773 at June 30, 2016 and 2015, 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 \$355,544 and \$304,769 at June 30, 2016 and 2015, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
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**NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS**

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

	<u>2016</u>	<u>2015</u>
Capital campaign	\$ 1,184,279	\$ 1,128,524
Promise to give	500,000	-
United Way allocations	337,880	337,883
FiftyForward Endowment pledges	117,247	135,280
Living At Home	64,311	110,918
Madison Station	59,339	65,806
Retired Senior Volunteer Program	46,500	59,583
Bordeaux	20,000	-
Capital campaign pledges	12,000	17,000
General pledges	5,500	30,500
CNM grant remainder	<u>2,354</u>	<u>2,354</u>
	<u>\$ 2,349,410</u>	<u>\$ 1,887,848</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 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, 2016 and 2015 based on the provisions discussed above, the Organization transferred \$90,000 each year from the Trust which approximated 5.7% and 5.3% of the Trust balance at June 30, 2016 and 2015, respectively. The Trust net investment loss for the years ended June 30, 2016 and 2015 totaled \$22,208 and \$21,330, 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

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**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, 2016:**

	<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	\$ -	\$ -	\$ 1,574,173	\$ 1,574,173
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,574,173</u>	<u>\$ 1,574,173</u>
Trust net assets, beginning of year	\$ -	\$ -	\$ 1,686,381	\$ 1,686,381
Loss	-	-	(22,208)	(22,208)
Release	<u>-</u>	<u>-</u>	<u>(90,000)</u>	<u>(90,000)</u>
Trust net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,574,173</u>	<u>\$ 1,574,173</u>

**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>

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

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

	<u><b>Unrestricted</b></u>	<u><b>Temporarily Restricted</b></u>	<u><b>Permanently Restricted</b></u>	<u><b>Total</b></u>
Trust net assets, beginning of year	\$ -	\$ -	\$ 1,797,711	\$ 1,797,711
Loss	-	-	(21,330)	(21,330)
Release	<u>-</u>	<u>-</u>	<u>(90,000)</u>	<u>(90,000)</u>
Trust net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,686,381</u>	<u>\$ 1,686,381</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, 2016 and 2015.

**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, 2016 and 2015, 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><b>Asset Class</b></u>	<u><b>Minimum</b></u>	<u><b>Maximum</b></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.



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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
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**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 \$2,343,401 and \$2,226,545 at June 30, 2016 and 2015, 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, 2016 and 2015**

**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, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Rent and land use	\$ 57,650	\$ 57,650
Assistance	<u>44,155</u>	<u>48,260</u>
	<u>\$ 101,805</u>	<u>\$ 105,910</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, 2016 and 2015 totaled \$618,812 and \$362,748, respectively.

The Organization received a \$1,000,000 contribution from one donor during the year ended June 30, 2016 and \$500,000 of that contribution is outstanding and included in promises to give at June 30, 2016.

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, 2016**

**FEDERAL AWARDS**

Grantor	Program Name	CFDA Number	Contract Number	Receivable June 30, 2015	Cash Receipts	Expenditures	Receivable June 30, 2016
U.S. Department of Health and Human Services Passed Through							
TN Dept. of Health and Human Services	Social Services Block Grant	93.667	Z 15-49302	\$ 7,263	\$ 7,263	\$ -	\$ -
TN Dept. of Health and Human Services	Social Services Block Grant	93.667	Z 16-49302	-	86,508	97,153	10,645
Greater Nashville Regional Council	Title IIIB	93.044	2015-10	26,025	26,025	-	-
Greater Nashville Regional Council	Title IIIB	93.044	2016-10	-	62,640	82,000	19,360
Greater Nashville Regional Council	Title IIID	93.043	2015-10	3,692	3,692	-	-
Greater Nashville Regional Council	Title IIID	93.043	2016-10	-	-	3,273	3,273
Total for Greater Nashville Regional Council				29,717	92,357	85,273	22,633
Total for U.S. Department of Health and Human Services*				36,980	186,128	182,426	33,278
U.S. Department of Agriculture Passed Through							
TN Department of Human Services	Child and Adult Food Program	10.558	34740006001	3,461	3,461	-	-
TN Department of Human Services	Child and Adult Food Program	10.558	34740006001	-	17,058	20,886	3,828
Total for U.S. Department of Agriculture (CFDA No. 10.558)*				3,461	20,519	20,886	3,828
U.S. Department of Justice Passed Through:							
TN Department of Finance and Administration	Victory Over Crime	16.575	90277	5,884	56,115	56,955	6,724
Total for U.S. Department of Justice*				5,884	56,115	56,955	6,724
Corporation for National and Community Service	Foster Grandparent Program	94.011	13SFSTN002	62,202	276,824	288,632	74,010
Total for CFDA No. 94.011				62,202	276,824	288,632	74,010
Corporation for National and Community Service	Retired Senior Volunteer Program	94.002	12SRSTN006	29,138	29,138	-	-
Corporation for National and Community Service	Retired Senior Volunteer Program	94.002	12SRSTN004	-	78,820	104,617	25,797
				29,138	107,958	104,617	25,797
Total for Corporation for National and Community Service				91,340	384,782	393,249	99,807
<b>Total Federal Awards</b>				137,665	647,544	653,516	143,637

**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, 2016**

**STATE AWARDS**

Grantor	Program Name	CFDA Number	Contract Number	Receivable June 30, 2015	Cash Receipts	Expenditures	Receivable June 30, 2016
TN Commission on Aging -							
Greater Nashville Regional Council	Senior Citizens Operations Grant	N/A	2015-10#	12,175	12,175	-	-
Greater Nashville Regional Council	Senior Citizens Operations Grant	N/A	2016-10#	-	36,240	45,800	9,560
Total for Greater Nashville Regional Council				12,175	48,415	45,800	9,560
Tennessee Arts Commission	Arts Program Categorical Grant	N/A	N/A	6,000	8,000	5,000	3,000
Metropolitan Nashville Arts Commission	Senior Citizens for the Arts, Inc.	N/A	N/A	660	660	-	-
Metropolitan Nashville Arts Commission	Basic Operating Support II	N/A	12-B3-05	5,040	25,986	27,165	6,219
Metropolitan Nashville Arts Commission	Community Enhancement	N/A	L-3219	9,200	9,200	-	-
Metropolitan Nashville Arts Commission	Community Enhancement	N/A	L-3219	-	51,600	51,600	-
<b>Total State Awards</b>				33,075	143,861	129,565	18,779
<b>LOCAL AWARDS</b>							
Williamson County	College Grove Center Grant	N/A	N/A	-	31,950	31,950	-
Williamson County	Brentwood Center Grant	N/A	N/A	-	45,000	45,000	-
<b>Total Local Awards</b>				-	76,950	76,950	-
<b>Total Federal, State and Local Awards</b>				\$ 170,740	\$ 868,355	\$ 860,031	\$ 162,416

\*Cash grant receipts represent federal pass-through funds

# Represents state's portion of grant

**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.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
June 30, 2016**

	<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	\$ 1,662,616	\$ 30,948	\$ -	\$ 1,693,564
Certificates of deposit	208,722	-	-	208,722
Accounts receivable	451,612	-	-	451,612
Grants receivable	153,197	9,219	-	162,416
Promises to give	597,236	391	-	597,627
Prepaid expenses	31,065	4,633	-	35,698
	<u>3,104,448</u>	<u>45,191</u>	<u>-</u>	<u>3,149,639</u>
Total current assets	3,104,448	45,191	-	3,149,639
Promises to give, net of current portion	375,000	-	-	375,000
Land, building and equipment, net	8,018,936	12,609	-	8,031,545
Conservator trust funds	3,405,773	-	-	3,405,773
Prepaid rent - Bellevue Center	1,361,425	-	-	1,361,425
J. B. Knowles Trust Fund cash	-	-	44,609	44,609
J. B. Knowles Trust Fund investments	-	-	1,529,564	1,529,564
	<u>\$ 16,265,582</u>	<u>\$ 57,800</u>	<u>\$ 1,574,173</u>	<u>\$ 17,897,555</u>
Total assets	\$ 16,265,582	\$ 57,800	\$ 1,574,173	\$ 17,897,555
<b>Liabilities and Net Assets</b>				
Current liabilities:				
Accounts payable	\$ 90,517	\$ -	\$ -	\$ 90,517
Accrued expenses	100,205	-	-	100,205
Due to (from) related party	(42,616)	42,616	-	-
Accrued pension plan liability	203,067	-	-	203,067
Deferred revenue	105,737	50,429	-	156,166
	<u>456,910</u>	<u>93,045</u>	<u>-</u>	<u>549,955</u>
Total current liabilities	456,910	93,045	-	549,955
Conservator trust funds	3,405,773	-	-	3,405,773
	<u>3,862,683</u>	<u>93,045</u>	<u>-</u>	<u>3,955,728</u>
Total liabilities	3,862,683	93,045	-	3,955,728
Net assets:				
Unrestricted	10,053,880	(35,636)	-	10,018,244
Temporarily restricted	2,349,019	391	-	2,349,410
Permanently restricted	-	-	1,574,173	1,574,173
	<u>12,402,899</u>	<u>(35,245)</u>	<u>1,574,173</u>	<u>13,941,827</u>
Total net assets	12,402,899	(35,245)	1,574,173	13,941,827
Total liabilities and net assets	<u>\$ 16,265,582</u>	<u>\$ 57,800</u>	<u>\$ 1,574,173</u>	<u>\$ 17,897,555</u>

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

	<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	\$ 1,325,518	\$ 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 ACTIVITIES  
Year ended June 30, 2016**

	<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	\$ 2,270,245	\$ 25,455	\$ -	\$ 2,295,700
Service fees	922,203	-	-	922,203
Grant revenue	827,866	32,165	-	860,031
Special events	405,589	-	-	405,589
Membership dues	373,949	-	-	373,949
United Way	358,577	-	-	358,577
Ticket sales	-	174,615	-	174,615
In-kind contributions	101,805	-	-	101,805
Other income	20,781	5,556	-	26,337
Rental income	-	1,360	-	1,360
Gain on disposal of assets	200	-	-	200
Investment income (loss), net	12,439	-	(22,208)	(9,769)
Net assets released from restrictions	90,000	-	(90,000)	-
Total public support and revenue	5,383,654	239,151	(112,208)	5,510,597
Expenses:				
Program services	3,867,161	214,156	-	4,081,317
Support services	1,039,707	34,372	-	1,074,079
Total expenses	4,906,868	248,528	-	5,155,396
Change in net assets	476,786	(9,377)	(112,208)	355,201
Net assets - beginning of year	11,926,113	(25,868)	1,686,381	13,586,626
Net assets - end of year	<u>\$ 12,402,899</u>	<u>\$ (35,245)</u>	<u>\$ 1,574,173</u>	<u>\$ 13,941,827</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>