Senior Center for the Arts, Inc.
Financial Statements
June 30, 2019 and 2018

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Independent Auditor's Report

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

Report on the Financial Statements
We have audited the accompanying financial statements of Senior Center for the Arts, Inc. (a not-for-profit organization, the "Organization"), which comprise the statement of financial position as of June 30, 2019, the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 financial statements referred to above present fairly, in all material respects, the financial position of Senior Center for the Arts, Inc. as of June 30, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Prior Year Financial Statements

The financial statements of the Organization, as of and for the year ended June 30, 2018, were audited by other auditors, whose report, dated October 15, 2018, expressed an unmodified opinion on those statements.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee
October 15, 2019

Senior Center for the Arts, Inc.
Statements of Financial Position
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets		
Cash	$ 46,674	$ 40,440
Grants receivable	2,550	7,435
Promises to give	368	421
Prepaid expenses	7,206	11,745
Total current assets	56,798	60,041
Property and equipment, net	9,408	10,475
Total assets	$ 66,206	$ 70,516
LIABILITIES AND NET ASSETS (DEFICIT)		
Current liabilities		
Due to FiftyForward	$ 118,791	$ 108,264
Deferred revenue	36,314	18,909
Total current liabilities	155,105	127,173
Net assets (deficit)		
Net assets without donor restrictions	(88,899)	(57,078)
Net assets with donor restrictions	-	421
Total net assets (deficit)	(88,899)	(56,657)
Total liabilities and net assets (deficit)	$ 66,206	$ 70,516

See notes to financial statements.

Senior Center for the Arts, Inc.
Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Contributions	$ 8,914	$ -	$ 8,914
Grant revenue	4,250	-	4,250
Ticket sales	171,907	-	171,907
Other income	2,084	-	2,084
Rental income	4,924	-	4,924
Net assets released from restrictions	421	(421)	-
Total public support and revenue	192,500	(421)	192,079
Expenses			
Program services	188,947	-	188,947
Management and general	21,000	-	21,000
Fundraising	14,374	-	14,374
Total expenses	224,321	-	224,321
Change in net assets	(31,821)	(421)	(32,242)
Net assets (deficit) - beginning of year	(57,078)	421	(56,657)
Net assets (deficit) - end of year	$ (88,899)	$ -	$ (88,899)

See notes to financial statements.

Senior Center for the Arts, Inc.
Statement of Activities
For the Year Ended June 30, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Contributions	$ 11,456	$ 421	$ 11,877
Grant revenue	14,050	-	14,050
Ticket sales	190,804	-	190,804
Other income	1,066	-	1,066
Rental income	10,150	-	10,150
Total public support and revenue	227,526	421	227,947
Expenses			
Program services	215,487	-	215,487
Management and general	21,000	-	21,000
Fundraising	13,628	-	13,628
Total expenses	250,115	-	250,115
Change in net assets	(22,589)	421	(22,168)
Net assets (deficit) - beginning of year	(34,489)	-	(34,489)
Net assets (deficit) - end of year	$ (57,078)	$ 421	$ (56,657)

See notes to financial statements.

Senior Center for the Arts, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services	Management and General	Fundraising	Total Expenses
Professional and licensing fees	$ 86,801	$ -	$ -	$ 86,801
Food, set, and office supplies	33,049	-	-	33,049
Salaries	29,971	-	7,492	37,463
Payroll taxes and benefits	9,772	-	2,442	12,214
Rent	17,760	-	4,440	22,200
Administrative services	-	21,000	-	21,000
Printing and advertising	9,101	-	-	9,101
Travel	141	-	-	141
Depreciation	1,067	-	-	1,067
Other	105	-	-	105
Dues	465	-	-	465
Postage	715	-	-	715
	$ 188,947	$ 21,000	$ 14,374	$ 224,321

See notes to financial statements.

Senior Center for the Arts, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2018

	Program Services	Management and General	Fundraising	Total Expenses
Professional and licensing fees	$ 101,371	$ -	$ -	$ 101,371
Food, set, and office supplies	40,414	-	-	40,414
Salaries	27,677	-	6,919	34,596
Payroll taxes and benefits	9,074	-	2,269	11,343
Rent	17,760	-	4,440	22,200
Administrative services	-	21,000	-	21,000
Printing and advertising	14,772	-	-	14,772
Travel	1,701	-	-	1,701
Depreciation	1,067	-	-	1,067
Other	735	-	-	735
Dues	455	-	-	455
Postage	374	-	-	374
Conferences and training	87	-	-	87
	$ 215,487	$ 21,000	$ 13,628	$ 250,115

See notes to financial statements.

Senior Center for the Arts, Inc.
Statements of Cash Flows
For the Year Ended June 30, 2019 and 2018

	2019	2018
Cash flows from operating activities		
Change in net assets	$ (32,242)	$ (22,168)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,067	1,067
Change in assets and liabilities:		
Grants receivable	4,885	(1,295)
Promises to give	53	(421)
Prepaid expenses	4,539	(10,991)
Due to FiftyForward	10,527	38,025
Deferred revenue	17,405	(4,059)
Net cash provided by operating activities	6,234	158
Net increase in cash	6,234	158
Cash - beginning of year	40,440	40,282
Cash - end of year	$ 46,674	$ 40,440

See notes to financial statements.

Senior Center for the Arts, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2019 and 2018

Note 1—Nature of Organization and Summary of Significant Accounting Policies

Nature of Activities – Senior Center for the Arts, Inc. (the Organization) was incorporated in September 2004 as a Tennessee nonprofit corporation. The Organization offers a full range of entertainment, learning, exhibition, and performing experiences for both senior adults and the community at large. The Organization's sole member, FiftyForward, appoints the Organization's board and has an economic interest in the Organization. The Organization's financial statements are included in the consolidated financial statements of FiftyForward. These financial statements present only the financial position, activities, functional expenses and cash flows of Senior Center for the Arts, Inc. The Organization's primary sources of revenue are ticket sales, grants, and contributions.

Financial Statement Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) as prescribed for not-for-profit organizations. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

> *Net Assets without Donor Restrictions* – Net assets that are available for use at the discretion of the Organization's board of directors and/or management for general operating purposes. From time to time the Board may designate a portion of these net assets for specific purposes which makes the unavailable for use at management's discretion.
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> *Net Assets with Donor Restrictions* – Net assets whose use is limited by donor-imposed, time and/or purpose restrictions. When a donor restriction expires (when a stipulated time restriction ends or purpose restriction is accomplished), the net assets are reclassified as net assets without donor restriction and reported in the statements of activities as net assets released from restrictions. Contributions which are restricted for specific programs are reflected as net assets without donor restrictions if these funds are received and spent in the same fiscal year.

Cash – The Organization considers all highly liquid investments with an original maturity when purchased of three months or less to be cash equivalents. As of June 30, 2019 and 2018, there were no cash equivalents.

Property and Equipment – The Organization capitalizes all expenditures for land, building, and equipment in excess of $5,000. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful life of the asset, which ranges from 3 to 15 years.

Deferred Revenue – Income received from advance ticket sales and program fees is deferred and recognized when earned.

Contributions – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Note 1—Nature of Organization and Summary of Significant Accounting Policies (Continued)

Donated Assets – Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassified net assets with donor restrictions to net assets without donor restrictions at this time.

In-Kind Contributions – The Organization records various types of in-kind support including contributed facilities, materials, equipment, and professional services. Contributed professional services are recognized if the services received create or enhance long-lived assets or require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. Additionally, the Organization receives a significant amount of contributed time from volunteers that does not meet the recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Estimates – The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and expenses during the reporting period. Actual results could differ from those estimates.

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

Functional Allocation of Expenses – The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. All expenses are allocated on an invoice-by-invoice basis except for salaries, payroll taxes and benefits, and rent which is allocated based on time and effort spent and square footage, respectively.

Note 1—Nature of Organization and Summary of Significant Accounting Policies (Continued)

Accounting Pronouncements Adopted – In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU amends the current reporting model for not-for-profit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions," (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. In addition, ASU 2016-14 removes the requirement that not-for-profit entities that chose to prepare the statements of cash flows using the direct method must also present a reconciliation (the indirect method). The Organization has adopted this ASU as of and for the year ended June 30, 2019.

Note 2—Liquidity and Availability of Resources

The following represents the Organization's financial assets available to meet cash needs for general expenditures within one year as of June 30, 2019:

Financial assets:	
Cash	$ 46,674
Grants receivable	2,550
Promises to give	368
	$ 49,592

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's revenue and expenditures have fluctuations during the fiscal year that follow the performance schedule of the theatre productions. The Organization's strategic goal is to build a cash balance that will support three to six months of operating expenses. Management of the Organization continues to pursue additional revenue sources and to scrutinize expenses.

As shown in the accompanying financial statements, the Organization incurred a decrease in net assets of $32,242 during the year ended June 30, 2019 and has a net deficit of $88,899 as of June 30, 2019. The Organization has historically received loans from FiftyForward, its sole member, to provide the necessary cash infusion to fund its cash flow deficits.

Note 3—Property and Equipment

Property and equipment consist of the following as of June 30:

	2019	**2018**
Equipment	$ 23,250	$ 23,250
Less accumulated depreciation	(13,842)	(12,775)
	$ 9,408	$ 10,475

Note 4—Related Party Transactions

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

FiftyForward charges the Organization $21,000 annually for administrative services provided. The Organization also conducts its operations in a building owned by FiftyForward and paid annual rent and shared operating expenses of approximately $22,000 for the year ended June 30, 2019 and 2018.

At June 30, 2019 and 2018, the Organization had $118,791 and $108,264, respectively, due to FiftyForward for costs incurred by FiftyForward on the Organization's behalf.

Note 5—Net Assets with Donor Restrictions

At June 30, 2018, net assets with donor restrictions consisted of $421 related to an outstanding pledge receivable.

Note 6—Advertising Costs

During the years ended June 30, 2019 and 2018, the Organization incurred nondirect-response advertising costs totaling $8,271 and $8,731, respectively. The Organization expenses these costs as incurred.

Note 7—Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for the Organization until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. The Organization is currently evaluating the effect the provisions of this ASU will have on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, to supersede nearly all lease guidance under U.S. GAAP. ASU 2016-02 requires the recognition of lease assets and lease liabilities on the balance sheet by lessees for those leases currently classified as operating leases. ASU 2016-02 also requires qualitative disclosures along with specific quantitative disclosures and is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early application is permitted. Entities are required to apply the amendments at the beginning of the earliest period presented using a modified retrospective approach. The Organization is currently evaluating the effect the provisions of this ASU will have on the financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 requires organizations to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The ASU is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Early application is permitted. Entities are required to apply the amendments at the beginning of the earliest period presented using a modified retrospective approach. The Organization is currently evaluating the effect the provisions of this ASU will have on the financial statements.

Note 7—Recent Accounting Pronouncements (Continued)

In August 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU No. 2018-08 will result in treatment of most federal grants as donor-restricted conditional contributions rather than exchange transactions and applies to all entities that make or receive contributions. The new standard also clarifies the criteria for evaluation whether contributions are unconditional or conditional. The Organization will adopt the provision of ASU No. 2018-18 in fiscal year 2020.

Note 8—Subsequent Events

Management has evaluated subsequent events through October 15, 2019, the date the financial statements were available to be issued.