

SENIOR CENTER FOR THE ARTS, INC.

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

June 30, 2013 and 2012

SENIOR CENTER FOR THE ARTS, INC.

TABLE OF CONTENTS

Independent Auditor's Report	1 – 2
Audited Financial Statements:	
Statements of Financial Position	3
Statements of Activities.....	4 – 5
Statements of Functional Expenses	6 – 7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9 – 13



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Senior Center for the Arts, Inc. (a not-for-profit organization), which comprise the statements of financial position as of June 30, 2013 and 2012, 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 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, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Frasier Dean + Howard, PLLC

Nashville, Tennessee
September 9, 2013

SENIOR CENTER FOR THE ARTS, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Assets		
Current assets:		
Cash and cash equivalents (substantially held for amount due to FiftyForward)	\$ 41,038	\$ 41,478
Pledges receivable	416	387
Prepaid expenses	<u>9,705</u>	<u>7,195</u>
Total current assets	51,159	49,060
Property and equipment, net	<u>2,901</u>	<u>4,606</u>
Total assets	<u><u>\$ 54,060</u></u>	<u><u>\$ 53,666</u></u>
Liabilities and Net Assets (Deficit)		
Current liabilities:		
Due to FiftyForward (see Note 5)	\$ 40,282	\$ 38,495
Deferred revenue	<u>35,642</u>	<u>37,028</u>
Total liabilities	<u>75,924</u>	<u>75,523</u>
Net assets (deficit):		
Unrestricted	(22,280)	(22,244)
Temporarily restricted	<u>416</u>	<u>387</u>
Total net assets (deficit)	<u>(21,864)</u>	<u>(21,857)</u>
Total liabilities and net assets (deficit)	<u><u>\$ 54,060</u></u>	<u><u>\$ 53,666</u></u>

See accompanying notes.

SENIOR CENTER FOR THE ARTS, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2013

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Ticket sales	\$ 219,921	\$ -	\$ 219,921
Grant revenue	38,300	-	38,300
Contributions	23,028	416	23,444
Rental income	8,035	-	8,035
Other income	6,835	-	6,835
Net assets released from restrictions	387	(387)	-
	<u>296,506</u>	<u>29</u>	<u>296,535</u>
Total revenue			
Expenses:			
Program services	262,337	-	262,337
Management and general	24,000	-	24,000
Fundraising services	10,205	-	10,205
	<u>296,542</u>	<u>-</u>	<u>296,542</u>
Total expenses			
Change in net assets	(36)	29	(7)
Net assets (deficit)			
at beginning of year	<u>(22,244)</u>	<u>387</u>	<u>(21,857)</u>
Net assets (deficit) at end of year	<u><u>\$ (22,280)</u></u>	<u><u>\$ 416</u></u>	<u><u>\$ (21,864)</u></u>

See accompanying notes.

SENIOR CENTER FOR THE ARTS, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2012

	Unrestricted	Temporarily Restricted	Total
Revenue:			
Ticket sales	\$ 169,759	\$ -	\$ 169,759
Grant revenue	34,000	-	34,000
Contributions	33,087	387	33,474
In-kind revenue	24,500	-	24,500
Rental income	12,164	-	12,164
Other income	9,068	-	9,068
	<hr/>	<hr/>	<hr/>
Total revenue	282,578	387	282,965
	<hr/>	<hr/>	<hr/>
Expenses:			
Program services	250,986	-	250,986
Management and general (in-kind)	24,500	-	24,500
Fundraising services	10,212	-	10,212
	<hr/>	<hr/>	<hr/>
Total expenses	285,698	-	285,698
	<hr/>	<hr/>	<hr/>
Change in net assets	(3,120)	387	(2,733)
Net assets (deficit) at beginning of year	<hr/> (19,124) <hr/>	<hr/> - <hr/>	<hr/> (19,124) <hr/>
Net assets (deficit) at end of year	<hr/> <u>\$ (22,244)</u> <hr/>	<hr/> <u>\$ 387</u> <hr/>	<hr/> <u>\$ (21,857)</u> <hr/>

See accompanying notes.

SENIOR CENTER FOR THE ARTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2013

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising Services</u>	<u>Total Expenses</u>
Professional and licensing fees	\$ 129,213	\$ -	\$ -	\$ 129,213
Food, set and office supplies	66,413	-	-	66,413
Salaries	20,142	-	5,036	25,178
Administrative	-	24,000	-	24,000
Occupancy	18,298	-	4,574	22,872
Printing	16,118	-	-	16,118
Postage	4,145	-	-	4,145
Payroll taxes and benefits	2,378	-	595	2,973
Other	2,350	-	-	2,350
Depreciation	1,705	-	-	1,705
Dues	810	-	-	810
Travel	368	-	-	368
Recognition	352	-	-	352
Conferences	45	-	-	45
	<u>\$ 262,337</u>	<u>\$ 24,000</u>	<u>\$ 10,205</u>	<u>\$ 296,542</u>

See accompanying notes.

SENIOR CENTER FOR THE ARTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2012

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising Services</u>	<u>Total Expenses</u>
Professional and licensing fees	\$ 138,478	\$ -	\$ -	\$ 138,478
Food, set and office supplies	52,245	-	-	52,245
Salaries	20,476	-	5,119	25,595
Administrative (in-kind)	-	24,500	-	24,500
Occupancy	17,240	-	4,310	21,550
Printing	8,868	-	-	8,868
Payroll taxes and benefits	3,130	-	783	3,913
Travel	3,626	-	-	3,626
Depreciation	2,686	-	-	2,686
Postage	2,074	-	-	2,074
Other	1,490	-	-	1,490
Dues	598	-	-	598
Conferences	50	-	-	50
Maintenance	25	-	-	25
	<u>\$ 250,986</u>	<u>\$ 24,500</u>	<u>\$ 10,212</u>	<u>\$ 285,698</u>

See accompanying notes.

SENIOR CENTER FOR THE ARTS, INC.
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2013 and 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ (7)	\$ (2,733)
Adjustments to reconcile change in net assets		
to net cash used in operating activities:		
Depreciation	1,705	2,686
Changes in operating assets and liabilities:		
Pledges receivable	(29)	(387)
Prepaid expenses	(2,510)	7,416
Due to FiftyForward	1,787	(135,297)
Deferred revenue	<u>(1,386)</u>	<u>810</u>
Net cash used in operating activities	<u>(440)</u>	<u>(127,505)</u>
Cash and cash equivalents at beginning of year	<u>41,478</u>	<u>168,983</u>
Cash and cash equivalents at end of year		
(substantially held for amount due to FiftyForward)	<u><u>\$ 41,038</u></u>	<u><u>\$ 41,478</u></u>

See accompanying notes.

SENIOR CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2013 and 2012

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

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

Financial Statement Presentation

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

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

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally the donors of these assets permit the Organization to use all or part of the income on related investments for general or specific purposes. The Organization has no permanently restricted net assets at June 30, 2013 and 2012.

Cash and Cash Equivalents

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

SENIOR CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2013 and 2012

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

Property and Equipment

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

Deferred Revenue

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

Contributions

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

Donated Assets

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

Income Taxes

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

SENIOR CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2013 and 2012

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

Income Taxes (Continued)

The Organization follows Financial Accounting Standards Board Accounting Standard Codification guidance concerning the accounting for income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement. Tax years that remain open for examination include years ended June 30, 2010 through June 30, 2013. The Organization has no tax penalties or interest reported in the accompanying financial statements.

Functional Expenses

The costs of providing services have been summarized on a functional basis in the statements of activities. Accordingly, costs have been allocated among program, general and administrative, and fundraising services based on estimates made by management.

Estimates

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

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 (a) create or enhance long-lived assets or (b) 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. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses.

SENIOR CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2013 and 2012

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

In-Kind Contributions (Continued)

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.

Subsequent Events

The Organization evaluated subsequent events through September 9, 2013 when these financial statements were available to be issued. The Organization is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2013</u>	<u>2012</u>
Automobiles	\$ 2,555	\$ 2,555
Equipment	<u>7,250</u>	<u>7,250</u>
	9,805	9,805
Less: accumulated depreciation	<u>(6,904)</u>	<u>(5,199)</u>
Net property and equipment	<u>\$ 2,901</u>	<u>\$ 4,606</u>

Depreciation expense totaled \$1,705 and \$2,686 for the years ended June 30, 2013 and 2012, respectively.

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at June 30, 2013 and 2012 consisted of a pledge receivable from FiftyForward Endowment.

NOTE 4 – IN-KIND CONTRIBUTIONS

The Organization received total in-kind contributions of \$24,500 from FiftyForward, during the year ended June 30, 2012, which was comprised of in-kind administrative services. The \$24,500 contribution is disclosed as in-kind revenue and in-kind administrative expense in the statement of

SENIOR CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS (Continued)
June 30, 2013 and 2012

NOTE 4 – IN-KIND CONTRIBUTIONS (Continued)

activities and the statement of functional expenses for the year ended June 30, 2012. The Organization received no in-kind administrative services from FiftyForward during the year ended June 30, 2013.

NOTE 5 – 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.

The Organization conducts its operations in a building owned by FiftyForward and pays annual rent of \$21,000 under an informal agreement.

At June 30, 2013 and 2012, the Organization had \$40,282 and \$38,495, respectively, due to FiftyForward for costs incurred by FiftyForward on the Organization's behalf.

NOTE 6 – CONCENTRATIONS

The Organization receives a significant amount of its support through grants from the Tennessee and Metro Arts Commissions. In 2013 and 2012, these grants accounted for approximately 13% and 12%, respectively, of the Organization's total revenues. A significant reduction in the level of this support, if this were to occur, could have an adverse effect on the Organization's programs and services.