

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

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

June 30, 2017 and 2016

**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, 2017 and 2016, 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.

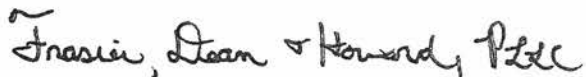
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2017 and 2016, 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.



October 11, 2017
Nashville, Tennessee

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.
AND THE J. B. KNOWLES TRUST
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,872,142	\$ 1,902,286
Accounts receivable	82,519	96,068
Grants receivable	242,282	162,416
Promises to give	411,200	597,627
Conservator receivables	239,890	355,544
Prepaid expenses	83,121	35,698
Total current assets	2,931,154	3,149,639
Promises to give, net of current portion	-	375,000
Land, building and equipment, net	8,244,208	8,031,545
Conservator trust funds	3,194,642	3,405,773
Prepaid rent - Bellevue Center	1,248,202	1,361,425
Other current assets	15,928	-
J. B. Knowles Trust Fund cash	44,992	44,609
J. B. Knowles Trust Fund investments	1,554,027	1,529,564
Total assets	<u>\$ 17,233,153</u>	<u>\$ 17,897,555</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 156,159	\$ 90,517
Accrued expenses	130,290	100,205
Accrued pension plan liability	66,663	203,067
Deferred revenue	141,577	156,166
Total current liabilities	494,689	549,955
Conservator trust funds	3,194,642	3,405,773
Total liabilities	3,689,331	3,955,728
Net assets:		
Unrestricted	9,793,735	10,018,244
Designated	113,000	-
Total unrestricted net assets	9,906,735	10,018,244
Temporarily restricted	2,038,068	2,349,410
Permanently restricted	1,599,019	1,574,173
Total net assets	13,543,822	13,941,827
Total liabilities and net assets	<u>\$ 17,233,153</u>	<u>\$ 17,897,555</u>

See accompanying notes.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.
AND THE J. B. KNOWLES TRUST
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Contributions	\$ 1,076,671	\$ 404,801	\$ -	\$ 1,481,472
Service fees	1,061,114	-	-	1,061,114
Grant revenue	867,313	-	-	867,313
Special events	362,766	-	-	362,766
United Way	28,400	299,700	-	328,100
Membership dues	282,193	-	-	282,193
Ticket sales	188,785	-	-	188,785
Investment income	-	225	114,846	115,071
In-kind contributions	96,454	-	-	96,454
Other income	31,412	-	-	31,412
Rental income	4,545	-	-	4,545
Gain on disposal of assets	1,200	-	-	1,200
Net assets released from restrictions	<u>1,106,068</u>	<u>(1,016,068)</u>	<u>(90,000)</u>	<u>-</u>
Total public support and revenue	<u>5,106,921</u>	<u>(311,342)</u>	<u>24,846</u>	<u>4,820,425</u>
Expenses:				
Program services	4,264,378	-	-	4,264,378
Support services	<u>954,052</u>	<u>-</u>	<u>-</u>	<u>954,052</u>
Total expenses	<u>5,218,430</u>	<u>-</u>	<u>-</u>	<u>5,218,430</u>
Change in net assets	(111,509)	(311,342)	24,846	(398,005)
Net assets - beginning of year	<u>10,018,244</u>	<u>2,349,410</u>	<u>1,574,173</u>	<u>13,941,827</u>
Net assets - end of year	<u>\$ 9,906,735</u>	<u>\$ 2,038,068</u>	<u>\$ 1,599,019</u>	<u>\$13,543,822</u>

See accompanying notes.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.
AND THE J. B. KNOWLES TRUST
CONSOLIDATED STATEMENT OF ACTIVITIES
For the 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>\$10,018,244</u>	 <u>\$ 2,349,410</u>	 <u>\$ 1,574,173</u>	 <u>\$13,941,827</u>

See accompanying notes.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.
AND THE J. B. KNOWLES TRUST
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2017**

	Program Services										Support Services																																
	Adult Daycare	Foster Grand Parents	Living At Home*	RSVP	College Grove	Donelson	Bordeaux	Brenwood Martin	J. B. Knowles Hart Bldg	Turner Center	Patricia Hart Bldg	Madison	Fifty Forward Travel	Center for the Arts	Care Team	Total	Communication	Fund Raising**	Mgmt and General	Total	Total Expenses																						
\$	128,341	\$	69,948	\$	292,688	\$	157,330	\$	74,528	\$	119,510	\$	45,623	\$	124,268	\$	78,639	\$	88,656	\$	8,740	\$	139,379	\$	14,611	\$	34,511	\$	143,258	\$	1,520,230	\$	103,080	\$	153,449	\$	343,355	\$	599,884	\$	2,120,114		
Salaries	16,275	3,625	25,479	7,740	46,937	69,777	16,599	95,423	63,686	115,879	20,879	114,280	161	22,398	7,522	626,660	4,332	8,797	15,943	29,072	655,732																						
Occupancy	9,441	4,432	38,238	10,289	26,779	15,808	8,644	17,741	15,912	17,898	-	20,243	172,814	92,034	5,901	456,174	5,488	10,194	31,291	46,973	503,147																						
Fees	24,877	3,573	45,869	10,794	9,208	26,084	5,198	67,828	11,580	8,465	-	42,022	1,766	41,689	1,766	299,917	1,539	60,152	3,933	65,624	365,541																						
Supplies	12,375	11,178	50,737	30,470	17,595	20,119	4,510	26,909	6,275	15,631	-	29,059	257	8,420	25,465	259,000	11,763	18,337	-	30,100	289,100																						
Benefits	129	274,870	1,487	4,656	34	117	-	381	1,200	605	-	392	-	-	-	283,871	-	49	-	49	283,920																						
Assistance	9,767	5,245	21,612	11,761	5,393	8,513	3,474	8,672	5,985	6,454	669	10,456	953	2,483	10,683	112,120	7,798	11,602	25,171	44,571	156,691																						
Payroll taxes	12,299	1,315	12,742	3,312	2,652	5,460	3,386	4,874	3,684	10,586	20	7,867	126	1,737	6,070	76,130	586	349	1,001	1,936	78,066																						
Travel	2,383	3,328	6,378	3,339	2,873	13,705	3,948	7,371	2,320	994	-	14,204	-	-	3,971	64,814	1,842	4,268	6,068	12,178	76,992																						
Telephone	1,664	1,252	5,332	1,963	2,851	10,009	1,580	5,150	2,622	7,272	61	9,943	65	8,218	1,987	59,969	1,306	7,899	7,537	16,742	76,711																						
Maintenance	15	9	54	1,108	12	514	16	2,263	399	749	-	976	450	11,471	777	18,813	27,928	6,471	284	34,683	53,496																						
Marketing																																											
Conferences and meetings	1,452	2,853	3,782	3,130	899	1,190	955	1,529	1,229	1,005	-	1,954	37	155	1,907	22,077	1,323	1,805	14,824	17,952	40,029																						
Printing and publications	46	12	200	91	12	91	114	609	179	257	-	474	25	107	733	2,950	17,426	13,925	870	32,221	35,171																						
Postage	10	593	1,030	644	475	116	49	564	1,097	159	-	3,850	105	623	715	10,030	4,835	2,253	1,681	8,769	18,799																						
Dues	190	247	535	325	81	1,347	232	1,029	68	259	-	761	19	680	339	6,112	395	1,419	4,813	6,627	12,739																						
Recognition	487	279	1,133	710	297	484	488	631	270	94	-	1,046	63	-	371	6,353	589	1,028	4,335	5,952	12,305																						
Other	16	148	92	1	-	-	722	103	61	-	-	144	-	-	859	2,146	119	-	600	719	2,865																						
Depreciation	219,967	382,907	507,388	247,663	190,626	292,844	95,538	365,345	195,206	274,963	30,369	397,050	190,650	224,526	212,324	3,827,366	190,349	301,397	461,706	954,052	4,781,418																						
	7,580				2,066	152,239	10,575	76,764	109,501	4,840		72,380	1,667			437,012																											
Total	\$ 227,547	\$ 382,907	\$ 507,388	\$ 247,663	\$ 192,692	\$ 445,083	\$ 106,113	\$ 442,109	\$ 304,707	\$ 279,803	\$ 30,369	\$ 469,430	\$ 190,650	\$ 225,593	\$ 212,324	\$ 4,264,378	\$ 190,349	\$ 301,397	\$ 461,706	\$ 954,052	\$ 5,218,430																						

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 \$56,543 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
For the Year Ended June 30, 2016**

	Program Services										Support Services										
	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	Total Expenses	
Salaries	\$ 105,854	\$ 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	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	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	54,460	30,265	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	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	-	1,434	6,207	-	191	80	-	-	272	-	164	-	-	-	289,880	-	233	234	467	290,347	
Payroll taxes	8,015	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	163,964	7,589	11,587	25,153	44,329	163,964	
Travel	16,472	12,192	2,940	2,064	3,586	2,569	4,474	3,513	6,355	3,056	7,363	70	1,606	6,032	70,835	517	358	952	1,827	72,662	
Maintenance	1,195	6,075	1,838	3,254	9,387	1,794	4,324	2,155	3,909	-	6,023	69	-	2,071	46,427	1,166	11,078	7,433	19,677	66,104	
Printing and publications	55	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	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	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	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	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	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	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 STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2017 and 2016**

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ (398,005)	\$ 355,201
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	437,012	402,896
Amortization of prepaid lease	113,223	80,619
Realized and unrealized (gain) loss on investments, net	(89,994)	22,104
Changes in operating assets and liabilities:		
Accounts receivable	129,203	(54,055)
Grants receivable	(79,866)	8,324
Other current assets	(15,928)	-
Promises to give	561,427	(451,504)
Prepaid expenses	(47,423)	42,891
Accounts payable	65,642	(13,055)
Accrued expenses	30,085	(35,407)
Accrued pension plan liability	(136,404)	45,537
Deferred revenue	(14,589)	(1,560)
Net cash provided by operating activities	<u>554,383</u>	<u>401,991</u>
Cash flows from investing activities:		
Purchase of equipment	(649,675)	(154,451)
Net cash used in investing activities	<u>(649,675)</u>	<u>(154,451)</u>
Cash flows from financing activities:		
Knowles Trust Fund proceeds	573,868	402,469
Knowles Trust Fund purchases	(598,720)	(402,469)
Distributions from Knowles Trust Fund	90,000	90,000
Net cash provided by financing activities	<u>65,148</u>	<u>90,000</u>
Net (decrease) increase in cash and cash equivalents	(30,144)	337,540
Cash and cash equivalents - beginning of year	<u>1,902,286</u>	<u>1,564,746</u>
Cash and cash equivalents - end of year	<u>\$ 1,872,142</u>	<u>\$ 1,902,286</u>

See accompanying notes.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.
AND THE J. B. KNOWLES TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2017 and 2016**

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.

Designated net assets – Net assets designated by the Organization's board for particular purposes.

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, 2017 and 2016**

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 \$209,000 of this balance is restricted for capital expenditures as of June 30, 2017 and 2016.

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, 2017 and 2016. 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, 2017 and 2016 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.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.
AND THE J. B. KNOWLES TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2017 and 2016**

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.

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.

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.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 11, 2017, 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:

- 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;

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2017 and 2016**

NOTE 2 – FAIR VALUE OF INVESTMENTS (Continued)

- 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, 2017 and 2016.

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.

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, 2017:

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2017 and 2016

NOTE 2 – FAIR VALUE OF INVESTMENTS (Continued)

	<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	\$ 234,477	\$ -	\$ -	\$ 234,477
Diversified emerging markets	50,982	-	-	50,982
High yield bond	<u>48,004</u>	<u>-</u>	<u>-</u>	<u>48,004</u>
Total mutual funds	<u>333,463</u>	<u>-</u>	<u>-</u>	<u>333,463</u>
Exchange traded funds (held in J. B. Knowles Trust):				
Large blend	415,987	-	-	415,987
Small/mid blend	96,133	-	-	96,133
Energy limited partnership	<u>89,451</u>	<u>-</u>	<u>-</u>	<u>89,451</u>
Total exchange traded funds	<u>601,571</u>	<u>-</u>	<u>-</u>	<u>601,571</u>
Common trust funds (held in J. B. Knowles Trust):				
Fixed income	-	311,972	-	311,972
Equity funds	<u>-</u>	<u>307,021</u>	<u>-</u>	<u>307,021</u>
Total common trust funds	<u>-</u>	<u>618,993</u>	<u>-</u>	<u>618,993</u>
Total investments	<u>\$ 935,034</u>	<u>\$ 618,993</u>	<u>\$ -</u>	<u>\$ 1,554,027</u>

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>

**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)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</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>

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

	<u>2017</u>	<u>2016</u>
Interest and dividends, net of investment fees	\$ 25,077	\$ 59,066
Realized and unrealized gain (loss)	<u>89,994</u>	<u>(68,835)</u>
	<u>\$ 115,071</u>	<u>\$ (9,769)</u>

NOTE 3 – PROMISES TO GIVE

Promises to give consist of the following at June 30:

	<u>2017</u>	<u>2016</u>
Operating pledge	\$ 100,000	\$ 512,000
United Way allocation	299,700	337,880
Foundation and other	11,500	5,891
FiftyForward Endowment	<u>-</u>	<u>116,856</u>
	<u>\$ 411,200</u>	<u>\$ 972,627</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2017 and 2016**

NOTE 3 – PROMISES TO GIVE (Continued)

	<u>2017</u>	<u>2016</u>
Receivable in less than one year	\$ 411,200	\$ 597,627
Receivable in one to five years	<u>-</u>	<u>375,000</u>
	<u>\$ 411,200</u>	<u>\$ 972,627</u>

NOTE 4 – LAND, BUILDING AND EQUIPMENT

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

	<u>2017</u>	<u>2016</u>
Land	\$ 575,000	\$ 575,000
Building and improvements	12,374,916	11,992,961
Construction in progress	99,347	14,090
Furniture and equipment	1,289,152	1,277,504
Vehicles	<u>683,976</u>	<u>513,160</u>
	15,022,391	14,372,715
Less accumulated depreciation	<u>(6,778,183)</u>	<u>(6,341,170)</u>
	<u>\$ 8,244,208</u>	<u>\$ 8,031,545</u>

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. During the year ended June 30, 2017, the lease was amended to have a maturity date of February 29, 2029. Consequently, prepaid rent is being amortized over the remaining twelve years of the lease. The future lease expenses are as follows:

For the Year	
<u>Ending June 30:</u>	
2018	\$ 113,223
2019	113,223
2020	113,223
2021	113,223
2022	113,223
Thereafter	<u>682,087</u>
	<u>\$ 1,248,202</u>

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2017 and 2016**

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 \$30,225 and \$10,341 to this plan during the years ended June 30, 2017 and 2016, 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.

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>2017</u>	<u>2016</u>
Service costs	\$ -	\$ -
Interest cost	33,902	31,721
Actual return on plan assets	(69,402)	(11,462)
Net asset gain (loss) during the period deferred	21,082	(34,740)
Amortization of net gain	<u>28,701</u>	<u>21,029</u>
Net periodic pension expense	<u>\$ 14,283</u>	<u>\$ 6,548</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2017 and 2016

NOTE 6 – EMPLOYEE PENSION PLANS (Continued)

	<u>2017</u>	<u>2016</u>
Discount rate	3.95%	4.02%
Rate of compensation increase	4.00%	4.00%
Expected rate of return on plan assets	7.00%	7.00%
Measurement date	07/01/2016	07/01/2015
Accumulated benefit obligation	<u>\$ 840,769</u>	<u>\$ 881,151</u>
Change in projected benefit obligation:		
Benefit obligation at beginning of year	\$ (881,151)	\$ (811,970)
Change due to experience/rate	-	-
Interest cost	(33,902)	(31,721)
Actuarial gain (loss)	25,904	(85,278)
Benefit paid	<u>48,380</u>	<u>47,818</u>
Benefit obligation at end of year	<u>\$ (840,769)</u>	<u>\$ (881,151)</u>
Change in plan assets:		
Plan assets at beginning of year	\$ 678,084	\$ 654,441
Expected return on plan assets	48,320	46,202
Benefits paid	(48,380)	(47,818)
Employer contribution	75,000	60,000
Gain (loss)	<u>21,082</u>	<u>(34,741)</u>
Plan assets at end of year	<u>\$ 774,106</u>	<u>\$ 678,084</u>
Disclosure information for fiscal year ended June 30:		
	<u>2017</u>	<u>2016</u>
Reconciliation of funded status:		
Funded status at end of year	\$ (157,530)	\$ (234,375)
Pension expense	(14,283)	(6,548)
Employer contribution	75,000	60,000
(Loss) gain	<u>(106,254)</u>	<u>23,393</u>
Prepaid benefit cost	<u>\$ (203,067)</u>	<u>\$ (157,530)</u>
Change in unrecognized loss:		
Unrecognized loss at beginning of year	\$ 432,529	\$ 333,540
Recognized gain	(28,701)	(21,029)
(Loss) gain due to assets	<u>(46,986)</u>	<u>120,018</u>
Unrecognized loss	<u>\$ 356,842</u>	<u>\$ 432,529</u>

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.
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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 include annuity accounts that are not insured by the Federal Deposit Insurance Corporation (“FDIC”). None of the individual trust fund bank accounts exceeded the \$250,000 FDIC limits at June 30, 2017. One of the individual trust fund bank accounts exceeded the \$250,000 FDIC limits by \$343,507 at June 30, 2016. The Organization has not experienced any losses in such accounts. Conservator trust funds totaled \$3,194,642 and \$3,405,773 at June 30, 2017 and 2016, 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 \$239,890 and \$355,544 at June 30, 2017 and 2016, respectively.

NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS

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

	<u>2017</u>	<u>2016</u>
Capital campaign	\$ 1,425,567	\$ 1,184,279
United Way allocations	299,700	337,880
Promises to give	100,000	500,000
Retired Senior Volunteer Program	69,702	46,500
Madison Station	59,339	59,339
Living At Home	49,906	64,311
Bordeaux	20,000	20,000
General pledges	11,500	5,500
CNM grant remainder	2,354	2,354
Capital campaign pledges	-	12,000
FiftyForward Endowment pledges	-	117,247
	<u>\$ 2,038,068</u>	<u>\$ 2,349,410</u>

NOTE 9 – PERMANENTLY RESTRICTED NET ASSETS

The Organization became the trustee of 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

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NOTE 9 – PERMANENTLY RESTRICTED NET ASSETS (Continued)

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, 2017 and 2016 based on the provisions discussed above, the Organization transferred \$90,000 each year from the Trust which approximated 5.7% of the Trust balance at June 30, 2017 and 2016. The Trust net investment gain (loss) for the years ended June 30, 2017 and 2016 totaled \$114,846 and (\$22,208), 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 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, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted Trust funds	\$ -	\$ -	\$ 1,599,019	\$ 1,599,019
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,599,019</u>	<u>\$ 1,599,019</u>
Trust net assets, beginning of year	\$ -	\$ -	\$ 1,574,173	\$ 1,574,173
Gain	-	-	114,846	114,846
Release	-	-	(90,000)	(90,000)
Trust net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,599,019</u>	<u>\$ 1,599,019</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
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NOTE 9 – PERMANENTLY RESTRICTED NET ASSETS (Continued)

Trust Net Asset Composition by Type of Fund as of June 30, 2016:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</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>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</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>

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, 2017 and 2016.

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, 2017 and 2016, 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:

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NOTE 9 – PERMANENTLY RESTRICTED NET ASSETS (Continued)

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
Cash and cash equivalents	0%	20%
Fixed income	20%	75%
Equity	25%	65%
Publicly traded real estate (REITS)	0%	10%
Alternative investments	0%	5%

Across all asset classes, the investment policy prohibits investments in non-liquid securities, private placements, futures, uncovered options and short sales.

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 were \$2,338,211 as of December 31, 2016.

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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.

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, 2017 and 2016 is as follows:

	<u>2017</u>	<u>2016</u>
Rent and land use	\$ 57,650	\$ 57,650
Assistance	<u>38,804</u>	<u>44,155</u>
	<u>\$ 96,454</u>	<u>\$ 101,805</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. Management believes the Organization is not exposed to any significant credit risk regarding cash balances. Uninsured balances at June 30, 2017 and 2016 totaled \$736,238 and \$618,812, respectively.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.
AND THE J. B. KNOWLES TRUST
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
June 30, 2017 and 2016**

NOTE 12 – CONCENTRATIONS (Continued)

The Organization received a \$1,000,000 contribution from one donor during the year ended June 30, 2016 and \$500,000 of that contribution was outstanding and included in promises to give at June 30, 2016. This \$500,000 promise to give was collected during the year ended June 30, 2017.

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, 2017

Grantor	Program Name	CFDA Number	Contract Number	Receivable June 30, 2016	Cash Receipts	Expenditures	Receivable June 30, 2017
FEDERAL AWARDS							
U.S. Department of Health and Human Services Passed Through:							
TN Dept. of Health and Human Services	Social Services Block Grant	93.667	Z 16-49302	\$ 10,645	\$ 10,645	\$ -	\$ -
TN Dept. of Health and Human Services	Social Services Block Grant	93.667	Z 17-49302	-	98,404	103,505	5,101
Greater Nashville Regional Council	Title IIIB	93.044	2016-10	19,360	19,360	-	-
Greater Nashville Regional Council	Title IIIB	93.044	2017-10	-	39,950	82,000	42,050
Greater Nashville Regional Council	Title IIID	93.043	2016-10	3,273	3,273	-	-
Greater Nashville Regional Council	Title IIID	93.043	2017-10	-	-	7,600	7,600
Greater Nashville Regional Council	Title IIIE	93.044	2017-10	-	5,043	6,000	957
Total for Greater Nashville Regional Council				22,633	67,626	95,600	50,607
Total for U.S. Department of Health and Human Services*				33,278	176,675	199,105	55,708
U.S. Department of Agriculture Passed Through:							
TN Department of Human Services	Child and Adult Food Program	10.558	34740006001	3,828	3,828	-	-
TN Department of Human Services	Child and Adult Food Program	10.558	34740006001	-	3,219	3,219	-
Total for U.S. Department of Agriculture*				3,828	7,047	3,219	-
U.S. Department of Justice Passed Through:							
TN Department of Finance and Administration	Victory Over Crime	16.575	90277	6,724	6,724	-	-
TN Department of Finance and Administration	Victory Over Crime	16.575	90277	-	54,581	60,028	5,447
Total for U.S. Department of Justice*				6,724	61,305	60,028	5,447
Corporation for National and Community Service							
Corporation for National and Community Service	Foster Grandparent Program	94.011	13SFSSTN002	74,010	74,010	-	-
Corporation for National and Community Service	Foster Grandparent Program	94.011	16SFSSTN004	-	219,602	285,710	66,108
Total for CFDA No. 94.011				74,010	293,612	285,710	66,108
Corporation for National and Community Service	Retired Senior Volunteer Program	94.002	12SRSTN004	25,797	25,797	-	-
Corporation for National and Community Service	Retired Senior Volunteer Program	94.002	15SRSTN004	-	79,282	105,117	25,835
Total for CFDA No. 94.002				25,797	105,079	105,117	25,835
Total for Corporation for National and Community Service				99,807	398,691	390,827	91,943
Total Federal Awards				143,637	643,718	653,179	153,098

**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, 2017**

Grantor	Program Name	CFDA Number	Contract Number	Receivable June 30, 2016	Cash Receipts	Expenditures	Receivable June 30, 2017
STATE AWARDS							
TN Commission on Aging -							
Greater Nashville Regional Council	Senior Citizens Operations Grant	N/A	2016-10#	9,560	9,560	-	-
Greater Nashville Regional Council	Senior Citizens Operations Grant	N/A	2017-10#	-	19,150	38,300	19,150
Total for Greater Nashville Regional Council				9,560	28,710	38,300	19,150
Tennessee Arts Commission	Arts Program Categorical Grant	N/A	N/A	3,000	7,400	4,400	-
Metropolitan Nashville Arts Commission	Senior Citizens for the Arts, Inc.	N/A	N/A	-	3,900	3,900	-
Metropolitan Nashville Arts Commission	Basic Operating Support II	N/A	12-B3-05	6,219	30,763	30,684	6,140
Metropolitan Nashville Arts Commission	Community Enhancement	N/A	N/A	-	-	59,900	59,900
Total State Awards				18,779	70,773	137,184	85,190
LOCAL AWARDS							
Williamson County	College Grove Center Grant	N/A	N/A	-	27,956	31,950	3,994
Williamson County	Brentwood Center Grant	N/A	N/A	-	45,000	45,000	-
Total Local Awards				-	72,956	76,950	3,994
Total Federal, State and Local Awards				\$ 162,416	\$ 787,447	\$ 867,313	\$ 242,282

*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, 2017**

	<u>FiftyForward</u>	<u>Senior Center for the Arts, Inc.</u>	<u>The J. B. Knowles Trust</u>	<u>Total</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,622,912	\$ 40,282	\$ -	\$ 1,663,194
Certificates of deposit	208,948	-	-	208,948
Accounts receivable and conservator receivables	322,409	-	-	322,409
Grants receivable	236,142	6,140	-	242,282
Promises to give	411,200	-	-	411,200
Prepaid expenses	82,367	754	-	83,121
Total current assets	2,883,978	47,176	-	2,931,154
Land, building and equipment, net	8,232,666	11,542	-	8,244,208
Conservator trust funds	3,194,642	-	-	3,194,642
Prepaid rent - Bellevue Center	1,248,202	-	-	1,248,202
Other current assets	15,928	-	-	15,928
J. B. Knowles Trust Fund cash	-	-	44,992	44,992
J. B. Knowles Trust Fund investments	-	-	1,554,027	1,554,027
Total assets	<u>\$ 15,575,416</u>	<u>\$ 58,718</u>	<u>\$ 1,599,019</u>	<u>\$ 17,233,153</u>
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$ 156,159	\$ -	\$ -	\$ 156,159
Accrued expenses	130,290	-	-	130,290
Due to (from) related party	(70,239)	70,239	-	-
Accrued pension plan liability	66,663	-	-	66,663
Deferred revenue	118,609	22,968	-	141,577
Total current liabilities	401,482	93,207	-	494,689
Conservator trust funds	3,194,642	-	-	3,194,642
Total liabilities	<u>3,596,124</u>	<u>93,207</u>	<u>-</u>	<u>3,689,331</u>
Net assets:				
Unrestricted	9,828,224	(34,489)	-	9,793,735
Designated	113,000	-	-	113,000
Total unrestricted	9,941,224	(34,489)	-	9,906,735
Temporarily restricted	2,038,068	-	-	2,038,068
Permanently restricted	-	-	1,599,019	1,599,019
Total net assets	<u>11,979,292</u>	<u>(34,489)</u>	<u>1,599,019</u>	<u>13,543,822</u>
Total liabilities and net assets	<u>\$ 15,575,416</u>	<u>\$ 58,718</u>	<u>\$ 1,599,019</u>	<u>\$ 17,233,153</u>

**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>
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,662,616	\$ 30,948	\$ -	\$ 1,693,564
Certificates of deposit	208,722	-	-	208,722
Accounts receivable and conservator receivables	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
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
Total assets	<u>\$ 16,265,582</u>	<u>\$ 57,800</u>	<u>\$ 1,574,173</u>	<u>\$ 17,897,555</u>
Liabilities and Net Assets				
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
Total current liabilities	456,910	93,045	-	549,955
Conservator trust funds	3,405,773	-	-	3,405,773
Total liabilities	<u>3,862,683</u>	<u>93,045</u>	<u>-</u>	<u>3,955,728</u>
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
Total net assets	<u>12,402,899</u>	<u>(35,245)</u>	<u>1,574,173</u>	<u>13,941,827</u>
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 ACTIVITIES
For the Year Ended June 30, 2017**

	FiftyForward	Senior Center for the Arts, Inc.	The J. B. Knowles Trust	Total
Public support and revenue:				
Contributions	\$ 1,464,752	\$ 16,720	\$ -	\$ 1,481,472
Service fees	1,061,114	-	-	1,061,114
Grant revenue	832,229	35,084	-	867,313
Special events	362,766	-	-	362,766
United Way	328,100	-	-	328,100
Membership dues	282,193	-	-	282,193
Ticket sales	-	188,785	-	188,785
Investment income	225	-	114,846	115,071
In-kind contributions	96,454	-	-	96,454
Other income	29,197	2,215	-	31,412
Rental income	-	4,545	-	4,545
Gain on disposal of assets	1,200	-	-	1,200
Net assets released from restrictions	90,000	-	(90,000)	-
Total public support and revenue	4,548,230	247,349	24,846	4,820,425
Expenses:				
Program services	4,017,785	246,593	-	4,264,378
Support services	954,052	-	-	954,052
Total expenses	4,971,837	246,593	-	5,218,430
Change in net assets	(423,607)	756	24,846	(398,005)
Net assets - beginning of year	12,402,899	(35,245)	1,574,173	13,941,827
Net assets - end of year	<u>\$11,979,292</u>	<u>\$ (34,489)</u>	<u>\$1,599,019</u>	<u>\$13,543,822</u>

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.
AND THE J. B. KNOWLES TRUST
CONSOLIDATING SCHEDULE OF ACTIVITIES
For the Year Ended June 30, 2016**

	<u>FiftyForward</u>	<u>Senior Center for the Arts, Inc.</u>	<u>The J. B. Knowles Trust</u>	<u>Total</u>
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	<u>5,383,654</u>	<u>239,151</u>	<u>(112,208)</u>	<u>5,510,597</u>
Expenses:				
Program services	3,867,161	214,156	-	4,081,317
Support services	<u>1,039,707</u>	<u>34,372</u>	<u>-</u>	<u>1,074,079</u>
Total expenses	<u>4,906,868</u>	<u>248,528</u>	<u>-</u>	<u>5,155,396</u>
Change in net assets	476,786	(9,377)	(112,208)	355,201
Net assets - beginning of year	<u>11,926,113</u>	<u>(25,868)</u>	<u>1,686,381</u>	<u>13,586,626</u>
Net assets - end of year	<u>\$12,402,899</u>	<u>\$ (35,245)</u>	<u>\$1,574,173</u>	<u>\$13,941,827</u>