

Senior Center for the Arts, Inc.
Financial Statements
June 30, 2020 and 2019

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Independent Auditor's Report

Board of Directors
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. (the Company), which comprise the statement of financial position as of June 30, 2020 and 2019, 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, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Goodlettsville, Tennessee
November 2, 2020

Senior Center for the Arts, Inc.
Statements of Financial Position
June 30, 2020 and 2019

	2020	2019
ASSETS		
Current assets		
Cash	\$ 8,377	\$ 46,674
Accounts receivable	4,820	-
Grants receivable	-	2,550
Promises to give	412	368
Prepaid expenses	8,744	7,206
Total current assets	<u>22,353</u>	<u>56,798</u>
Property and equipment, net	<u>8,342</u>	<u>9,408</u>
Total assets	<u>\$ 30,695</u>	<u>\$ 66,206</u>
LIABILITIES AND NET ASSETS (DEFICIT)		
Current liabilities		
Due to FiftyForward	\$ 89,014	\$ 118,791
Deferred revenue	22,707	36,314
Total current liabilities	<u>111,721</u>	<u>155,105</u>
Net assets (deficit)		
Net assets without donor restrictions	(81,026)	(88,899)
Net assets with donor restrictions	-	-
Total net assets (deficit)	<u>(81,026)</u>	<u>(88,899)</u>
Total liabilities and net assets (deficit)	<u>\$ 30,695</u>	<u>\$ 66,206</u>

See notes to financial statements.

Senior Center for the Arts, Inc.
Statement of Activities
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenue			
Contributions	\$ 11,511	\$ -	\$ 11,511
Ticket sales	134,066	-	134,066
Other income	3,936	-	3,936
Rental income	401	-	401
Total public support and revenue	<u>149,914</u>	<u>-</u>	<u>149,914</u>
Expenses			
Program services	123,427	-	123,427
Management and general	14,000	-	14,000
Fundraising	4,614	-	4,614
Total expenses	<u>142,041</u>	<u>-</u>	<u>142,041</u>
Change in net assets	7,873	-	7,873
Net assets (deficit) - beginning of year	<u>(88,899)</u>	<u>-</u>	<u>(88,899)</u>
Net assets (deficit) - end of year	<u><u>\$ (81,026)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (81,026)</u></u>

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	<u>192,500</u>	<u>(421)</u>	<u>192,079</u>
Expenses			
Program services	188,947	-	188,947
Management and general	21,000	-	21,000
Fundraising	<u>14,374</u>	<u>-</u>	<u>14,374</u>
Total expenses	<u>224,321</u>	<u>-</u>	<u>224,321</u>
Change in net assets	(31,821)	(421)	(32,242)
Net assets (deficit) - beginning of year	<u>(57,078)</u>	<u>421</u>	<u>(56,657)</u>
Net assets (deficit) - end of year	<u><u>\$ (88,899)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (88,899)</u></u>

See notes to financial statements.

Senior Center for the Arts, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2020

	Program Services	Management and General	Fundraising	Total Expenses
Administrative services	\$ -	\$ 14,000	\$ -	\$ 14,000
Depreciation	1,066	-	-	1,066
Dues	160	-	-	160
Food, set, and office supplies	31,606	-	-	31,606
Other	3,903	-	-	3,903
Payroll taxes and benefits	143	-	36	179
Postage	49	-	-	49
Printing and advertising	1,948	-	-	1,948
Professional and licensing fees	70,006	-	-	70,006
Rent	12,540	-	4,110	16,650
Salaries	1,872	-	468	2,340
Travel	134	-	-	134
	<u>\$ 123,427</u>	<u>\$ 14,000</u>	<u>\$ 4,614</u>	<u>\$ 142,041</u>

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

See notes to financial statements.

Senior Center for the Arts, Inc.
Statements of Cash Flows
For the Year Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 7,873	\$ (32,242)
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	1,066	1,067
Change in assets and liabilities:		
Accounts receivable	(4,820)	-
Grants receivable	2,550	4,885
Promises to give	(44)	53
Prepaid expenses	(1,538)	4,539
Due to FiftyForward	(29,777)	10,527
Deferred revenue	<u>(13,607)</u>	<u>17,405</u>
Net cash (used) provided by operating activities	<u>(38,297)</u>	<u>6,234</u>
Net (decrease) increase in cash	(38,297)	6,234
Cash - beginning of year	<u>46,674</u>	<u>40,440</u>
Cash - end of year	<u><u>\$ 8,377</u></u>	<u><u>\$ 46,674</u></u>

See notes to financial statements.

Senior Center for the Arts, Inc.
Notes to Financial Statements
For the Year Ended June 30, 2020 and 2019

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.

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, 2020 and 2019, 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.

Senior Center for the Arts, Inc.
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2020 and 2019

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.

Senior Center for the Arts, Inc.
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2020 and 2019

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

On July 1, 2019, the Organization adopted Accounting Standards Update 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 results 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 adopted this provision of ASU No. 2018-08 in fiscal year 2020 with no significant impact.

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:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 8,377	\$ 46,674
Accounts receivable	4,820	-
Grants receivable	-	2,550
Promises to give	412	368
	<u>\$ 13,609</u>	<u>\$ 49,592</u>

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.

Note 3—Property and Equipment

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

	<u>2020</u>	<u>2019</u>
Equipment	\$ 23,250	\$ 23,250
Less accumulated depreciation	(14,908)	(13,842)
	<u>\$ 8,342</u>	<u>\$ 9,408</u>

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 an annual administrative fee for services provided. For the years ended June 30, 2020 and 2019, this fee amounted to \$14,000 and \$21,000, respectively. The Organization also conducts its operations in a building owned by FiftyForward and paid annual rent and shared operating expenses of approximately \$16,650 and \$22,200 for the years ended June 30, 2020 and 2019, respectively.

The Organization has historically received loans from FiftyForward, its sole member, to provide the necessary cash infusion to fund its cash flow deficits. At June 30, 2020 and 2019, the Organization had \$89,014 and \$118,791, respectively, due to FiftyForward for costs incurred by FiftyForward on the Organization's behalf.

Senior Center for the Arts, Inc.
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2020 and 2019

Note 5—Advertising Costs

During the years ended June 30, 2020 and 2019, the Organization incurred nondirect-response advertising costs totaling \$710 and \$8,271, respectively. The Organization expenses these costs as incurred.

Note 6—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 2020-05 that deferred the effective date for Organizations who have not adopted the standard until annual period beginning after December 15, 2021. 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. FASB issued ASU 2020-05 that deferred the effective date for Organizations who have not adopted the standard until annual period 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—Going Concern

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Organization operates. It is still unknown the extent to which the Organization will be adversely impacted.

The government mandate closures related to the Coronavirus required the Organization to cease public events until further notice, which has limited the Organization’s main revenue source. Management has been able to obtain grants, limit overhead, and not make related party payments until the events are allowed to occur. Management’s plan has alleviated the substantial doubt about the Organization’s ability to continue as a going concern.

Senior Center for the Arts, Inc.
Notes to Financial Statements (Continued)
For the Year Ended June 30, 2020 and 2019

Note 8—Subsequent Events

The Organization has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2020 through the date the financial statements were available to be issued.

Effective July 1, 2020, the Organization has separated operations from FiftyForward and plans to operate independently.