

Ajax Turner Senior Citizen's Center, Inc.

Financial Statements with Accompanying Information
Years Ended June 30, 2015 and June 30, 2014

and

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Ajax Turner Senior Citizen's Center, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Ajax Turner Senior Citizen's Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 Ajax Turner Senior Citizen's Center, Inc. as of June 30, 2015 and 2014, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2016 on our consideration of Ajax Turner Senior Citizen's Center, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ajax Turner Senior Citizen's Center, Inc.'s internal control over financial reporting and compliance.

Thurman Campbell Group, PLC

Clarksville, TN
January 22, 2016

Ajax Turner Senior Citizen's Center, Inc.
Statements of Financial Position
As of June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current Assets		
Cash	\$ 71,632	\$ 59,534
Accounts Receivable	18,669	7,808
Deposits and Prepaids	<u>5,384</u>	<u>5,384</u>
Total Current Assets	<u>95,685</u>	<u>72,726</u>
Fixed Assets		
Property & Equipment	618,923	608,821
Less: Accumulated Depreciation	<u>(485,455)</u>	<u>(463,917)</u>
Net Fixed Assets	<u>133,468</u>	<u>144,904</u>
Total Assets	<u><u>\$ 229,153</u></u>	<u><u>\$ 217,630</u></u>
 Liabilities and Net Assets		
Current Liabilities		
Accounts Payable	\$ 2,078	\$ 290
Accrued Liabilities	<u>10,011</u>	<u>7,283</u>
Total Current Liabilities	<u>12,089</u>	<u>7,573</u>
 Net Assets		
Unrestricted	<u>217,064</u>	<u>210,057</u>
Total Liabilities and Net Assets	<u><u>\$ 229,153</u></u>	<u><u>\$ 217,630</u></u>

Ajax Turner Senior Citizen's Center, Inc.
Statements of Activities
For the Years Ending June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Unrestricted Net Assets		
Support and Revenue		
Local Support	\$ 350,278	\$ 366,857
Contributions	41,587	40,138
Program Service Fees	214,437	149,931
Fundraising	3,394	3,576
Grants Earned	<u>38,100</u>	<u>35,100</u>
Total Support and Revenue	<u>647,796</u>	<u>595,602</u>
Expenses		
Program Services	599,777	549,715
Supporting Services	<u>41,012</u>	<u>57,290</u>
Total Expenses	<u>640,789</u>	<u>607,005</u>
Change in Net Assets	7,007	(11,403)
Net Assets, Beginning of Year	<u>210,057</u>	<u>221,460</u>
Net Assets, End of Year	<u><u>\$ 217,064</u></u>	<u><u>\$ 210,057</u></u>

Ajax Turner Senior Citizen's Center, Inc.
Statements of Functional Expenses
For the Years Ending June 30, 2015 and 2014

	2015			2014		
	<u>Program</u> <u>Services</u>	<u>Support</u> <u>Services</u>	<u>Total</u> <u>2015</u>	<u>Program</u> <u>Services</u>	<u>Support</u> <u>Services</u>	<u>Total</u> <u>2014</u>
Salaries and Fringe Benefits						
Salaries	\$ 315,660	\$ 20,149	\$ 335,809	\$ 297,658	\$ 18,999	\$ 316,657
Fringe Benefits	<u>42,089</u>	<u>2,687</u>	<u>44,776</u>	<u>37,530</u>	<u>2,396</u>	<u>39,926</u>
Total Salaries and Fringe Benefits	357,749	22,836	380,585	335,188	21,395	356,583
Expenses Before Depreciation						
Food	37,791	-	37,791	30,185	-	30,185
Fundraising	622	-	622	934	-	934
Band Fees	18,943	-	18,943	18,949	-	18,949
Building Occupancy	31,576	2,015	33,591	29,954	1,912	31,866
Utilities	53,823	3,436	57,259	53,204	3,396	56,600
Program Cost	31,878	-	31,878	19,000	-	19,000
Repairs and Maintenance	17,546	1,120	18,666	23,956	1,529	25,485
Office Expenses	4,834	309	5,143	4,531	289	4,820
Professional Fees	-	8,423	8,423	-	26,611	26,611
Insurance	<u>24,769</u>	<u>1,581</u>	<u>26,350</u>	<u>12,233</u>	<u>781</u>	<u>13,014</u>
Total Expenses Before Depreciation	579,531	39,720	619,251	528,134	55,913	584,047
Depreciation	<u>20,246</u>	<u>1,292</u>	<u>21,538</u>	<u>21,581</u>	<u>1,377</u>	<u>22,958</u>
Total Functional Expenses	<u>\$ 599,777</u>	<u>\$ 41,012</u>	<u>\$ 640,789</u>	<u>\$ 549,715</u>	<u>\$ 57,290</u>	<u>\$ 607,005</u>

See Accompanying Notes to Financial Statements

Ajax Turner Senior Citizen's Center, Inc.
Statements of Cash Flows
For the Years Ending June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows From Operating Activities		
Increase (Decrease) in Total Net Assets	\$ 7,007	\$ (11,403)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) Operating Activities:		
Depreciation	21,538	22,958
(Increase) decrease in account receivable	(10,861)	(7,808)
(Increase) decrease in deposits and prepaids	-	100
Increase (decrease) in accounts payable	1,788	290
Increase (decrease) in accrued liabilities	<u>2,728</u>	<u>(532)</u>
Net Cash Provided by (Used in) Operating Activities	<u>22,200</u>	<u>3,605</u>
Cash Flows From Investing Activities		
Payments related to the acquisition of fixed assets	<u>(10,102)</u>	<u>-</u>
Net Cash Provided by (Used in) Investing Activities	<u>(10,102)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	12,098	3,605
Cash and Cash Equivalents at Beginning of Period	<u>59,534</u>	<u>55,929</u>
Cash and Cash Equivalents at Period End	<u><u>\$ 71,632</u></u>	<u><u>\$ 59,534</u></u>

See Accompanying Notes to Financial Statements

Ajax Turner Senior Citizen's Center, Inc.
Notes to Financial Statements

1 Summary of Significant Accounting Policies

Organization - Ajax Turner Senior Citizen's Center, Inc. (the Center) is a nonprofit corporation located in Clarksville, Tennessee, whose purpose is to enrich the lives of citizens ages 55 and older in the Clarksville-Montgomery County area. To accomplish this purpose the Center conducts lectures, educational programs, social events, craft programs, dances and other services for the elderly. The main program services offered by the Center are the Adult Day Care and various dances held throughout the year. The majority of the Center's support is derived from the City of Clarksville, United Way, the Greater Nashville Regional Council and program service fees.

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board, Accounting Standards Codification (FASB ASC) 958-205-55, Presentation of Financial Statements – Implementation Guidance and Illustrations and FASB ASC No. 958-605-25, Recognition of Contributions. Under FASB ASC 958-205-55, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. FASB ASC No. 958-605-25 requires the Center to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets.

Revenue Recognition - Support received is recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restriction. The Center reports any donor-restricted contributions whose restrictions are met in the same accounting period as unrestricted support.

Donated Services - The Center receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under FASB ASC No. 958-605-25 have not been satisfied.

Cash and Cash Equivalents - For purposes of reporting cash flows, cash and cash equivalents include cash on hand, deposits in banks, and short-term, highly liquid investments, which are readily convertible into cash. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for purposes of the statement of cash flows.

Income Taxes - The Center is exempt from federal income taxes under Section 501(c)3 of the Internal Revenue Code. Three years tax returns remain subject to examination at June 30, 2015.

Property and Equipment - The Center capitalizes all expenditures in excess of \$500 for property and equipment at cost. Donations of property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets 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 contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Center reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Center reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

Compensated Absences - Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Center's policy is to recognize these costs when actually paid.

Ajax Turner Senior Citizen's Center, Inc.
Notes to Financial Statements

1 Summary of Significant Accounting Policies (Continued)

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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

Functional Allocation of Expenses – The Center's costs of providing the various programs and other activities have been summarized in the statements of functional expenses. When appropriate, expenses are charged directly to the appropriate functionality, in all other instances the expenses are allocated based on management estimates.

Accounts Receivable – Accounts receivable are stated at unpaid balances. The Center provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of supporters to meet their obligations. It is the Center's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

2 Cash Balances

Cash and cash equivalents, restricted and unrestricted, consist of the following:

	June 30,	
	2015	2014
Cash on hand	\$ 1,037	\$ 1,037
Cash in checking accounts	70,595	58,497
	<u>\$ 71,632</u>	<u>\$ 59,534</u>

The Center maintains cash balances at local financial institutions. As of June 30, 2015 and 2014 all cash accounts maintained 100% FDIC insurance coverage.

3 Accounts Receivable

The Center has accounts receivable that consists primarily of support due from the GNRC, amounting to \$18,669 and \$7,808 at June 30, 2015 and 2014, respectively. Management has evaluated the accounts receivable and believes it to be fully collectible, and accordingly, no allowance for doubtful accounts is considered necessary.

Ajax Turner Senior Citizen's Center, Inc.
Notes to Financial Statements

4 Fixed Assets

Property & Equipment consists of:

	June 30,		Estimated
	2015	2014	Useful Lives
Equipment, furniture, and fixtures	\$ 291,841	\$ 281,739	5-10 years
Vehicles	39,801	39,801	5 years
Leasehold improvements	287,281	287,281	15 years
	618,923	608,821	
Less accumulated depreciation	(485,455)	(463,917)	
Net Fixed Assets	\$ 133,468	\$ 144,904	

Depreciation expense totaled \$21,538 and \$22,958 for 2015 and 2014, respectively.

The City owns the Center's building and leases it to the Center on a month to month basis. Lease payments are one dollar per year. Due to expected lease renewals the Center's leasehold improvements will be depreciated over fifteen years.

Leasehold improvements with book value are being depreciated over 15 years. Generally Accepted Accounting Principles requires leasehold improvements be amortized or depreciated over the lesser of the life of the asset or remaining lease term. Although, due to lease expirations, the Center's building lease is on a month to month status, the Center has elected to depreciate leasehold improvements over their estimated useful lives. It is anticipated that this lease arrangement will continue indefinitely. Should this lease arrangement not be continued, it is likely that these leasehold improvements would be surrendered to the City. A loss contingency has not been accrued because management believes the likelihood of this lease being cancelled is remote.

5 Retirement Plan

The Center participates in a SIMPLE IRA plan that allows the Center's employees to save for retirement. The Center matches employee contributions, up to 3% of the employee's compensation. The Center's contributions were \$7,071 and \$6,374 for 2015 and 2014, respectively.

6 In-kind Contributions

The use of the building has been furnished to the Center at \$1 per year by the City of Clarksville and Montgomery County. The fair value of use of the facilities is recorded as direct support and a like amount is recorded as building occupancy expense. The in-kind contributions related to the use of the building were recorded as \$28,000 for 2015 and \$28,000 in 2014.

7 Economic Dependency

The Center receives grants from the Greater Nashville Regional Council, local assistance from the City of Clarksville and United Way. The Center relies heavily on assistance from these sources and would have to greatly reduce services provided to Center participants if the assistance was significantly reduced. Management does not expect any significant changes in funding.

Ajax Turner Senior Citizen's Center, Inc.
Notes to Financial Statements

8 Subsequent Events

The Center has evaluated subsequent events through January 22, 2016, the date which the financial statements were available to be issued.

9 Concentration of Credit Risk

Substantially all of the Center's accounts receivable balance is comprised of one account, which management has evaluated on a historical basis and have determined the credit risk associated with this entity to be minimal.

10 Assets Transferred to a Recipient Organization

In the past, the Center has made contributions to the Community Foundation of Middle Tennessee (Foundation). These contributions are permanent assets of the Foundation. The Foundation has variance power over the funds. The Foundation is to distribute funds only upon the Center's written request signed by board and management. The funds available to be distributed are limited to 5% of yearly earnings as calculated at the end of the year of request. If no such request is made that year's earnings would be reclassified as permanent asset to the Foundation. If the Center were to cease to continue as a going concern the permanent funds and accumulated earnings of the fund would remain under authority of the Foundation.

As of June 30, 2015 and June 30, 2014 the balance of the fund was \$25,520 and \$25,128 respectively. Grants received from the Foundation were \$1,200 in 2014 and \$0 for 2015.

11 Change in Presentation

Certain items from prior year have been reclassified to conform to current year presentation.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Ajax Turner Senior Citizen's Center, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ajax Turner Senior Citizen's Center, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and June 30, 2014 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 22, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ajax Turner Senior Citizen's Center, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ajax Turner Senior Citizen's Center, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Thurman Campbell Group, PLC

Clarksville, TN

January 22, 2016