

CLARKSVILLE-MONTGOMERY COUNTY  
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.  
FINANCIAL STATEMENTS WITH ACCOMPANYING INFORMATION  
YEARS ENDED JUNE 30, 2005 AND 2004  
and  
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

CLARKSVILLE-MONTGOMERY COUNTY  
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.  
Years ended June 30, 2005 and 2004

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Clarksville-Montgomery County Ajax  
Turner Senior Citizen's Center, Inc.

We have audited the accompanying statements of financial position of Clarksville-Montgomery County Ajax Turner Senior Citizen's Center, Inc. (a nonprofit organization) as of June 30, 2005, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Clarksville-Montgomery County Ajax Turner Senior Citizen's Center, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Clarksville-Montgomery County Ajax Turner Senior Citizen's Center, Inc. as of June 30, 2005, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 18, 2005 on our consideration of Clarksville-Montgomery County Ajax Turner Senior Citizen's Center, Inc.'s internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

August 18, 2005

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CLARKSVILLE-MONTGOMERY COUNTY  
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 55,281	\$ 49,981
Accounts receivable	3,682	5,353
Prepaid expenses	<u>7,204</u>	<u>6,090</u>
Total current assets	<u>66,167</u>	<u>61,424</u>
Furniture and equipment	195,596	183,823
Less accumulated depreciation	<u>168,334</u>	<u>160,892</u>
	<u>27,262</u>	<u>22,931</u>
Other assets, net	<u>170,083</u>	<u>176,459</u>
 TOTAL ASSETS	 \$ <u><u>263,512</u></u>	 \$ <u><u>260,814</u></u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current liabilities:		
Accounts payable	\$ 8,989	\$ 6,055
Accrued payroll	7,725	6,204
Deferred revenue	<u>3,590</u>	<u>3,600</u>
Total current liabilities	<u>20,304</u>	<u>15,859</u>
Net assets:		
Unrestricted	<u>243,208</u>	<u>244,955</u>
Total net assets	<u>243,208</u>	<u>244,955</u>
 TOTAL LIABILITIES AND NET ASSETS	 \$ <u><u>263,512</u></u>	 \$ <u><u>260,814</u></u>

The accompanying notes are an integral part of these financial statements.

CLARKSVILLE-MONTGOMERY COUNTY  
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.  
STATEMENTS OF ACTIVITIES  
Years ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<b>UNRESTRICTED NET ASSETS</b>		
Unrestricted revenues:		
Local support	\$ 212,315	\$ 158,074
Contributions	44,537	50,169
Program service fees	136,900	127,902
Other income	<u>9,291</u>	<u>8,715</u>
<b>TOTAL UNRESTRICTED REVENUES</b>	<u>403,043</u>	<u>344,860</u>
Net assets released from restrictions		
Grants earned	<u>34,200</u>	<u>35,200</u>
	<u>34,200</u>	<u>35,200</u>
<b>TOTAL UNRESTRICTED REVENUES AND OTHER SUPPORT</b>	<u>437,243</u>	<u>380,060</u>
 Expenses:		
Program services	360,006	328,496
Support services	<u>78,984</u>	<u>69,166</u>
<b>Total expenses</b>	<u>438,990</u>	<u>397,662</u>
<b>Increase (decrease) in unrestricted net assets</b>	( <u>1,747</u> )	( <u>17,602</u> )
<b>TEMPORARILY RESTRICTED NET ASSETS</b>		
Grants	34,200	35,200
Net assets released from restrictions		
Grants earned	( <u>34,200</u> )	( <u>35,200</u> )
<b>Increase in temporarily restricted net assets</b>	<u>0</u>	<u>0</u>
<b>Increase (decrease) in total net assets</b>	( <u>1,747</u> )	( <u>17,602</u> )
<b>Net assets, beginning of year</b>	<u>244,955</u>	<u>262,557</u>
<b>Net assets, end of year</b>	<u>\$ 243,208</u>	<u>\$ 244,955</u>

The accompanying notes are an integral part of these financial statements.

CLARKSVILLE-MONTGOMERY COUNTY  
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
Years ended June 30, 2005 and 2004

	Program Services	Supporting Services	Totals Memorandum Only	
			2005	2004
Salaries and fringe benefits:				
Salaries	\$ 164,407	\$ 41,102	\$ 205,509	\$ 179,705
Fringe benefits	<u>15,896</u>	<u>3,974</u>	<u>19,870</u>	<u>16,467</u>
Total salaries and related expenses	180,303	45,076	225,379	196,172
Food	33,869	0	33,869	28,919
Band fees	19,941	0	19,941	15,700
ADC and other services	11,060	0	11,060	17,757
Contributions	0	0	0	5,000
Building occupancy	22,260	5,564	27,824	27,824
Utilities	40,885	10,222	51,107	49,680
Transportation	5,633	1,841	7,474	1,524
Repairs and maintenance	5,826	1,457	7,283	5,931
Supplies	6,517	1,630	8,147	7,052
Office expense	3,855	964	4,819	4,153
Professional fees	0	4,765	4,765	3,891
Insurance	<u>10,792</u>	<u>2,699</u>	<u>13,491</u>	<u>12,149</u>
Total expenses before depreciation	340,941	74,218	415,159	375,752
Depreciation and amortization	<u>19,065</u>	<u>4,766</u>	<u>23,831</u>	<u>21,910</u>
Total functional expenses	\$ <u>360,006</u>	\$ <u>78,984</u>	\$ <u>438,990</u>	\$ <u>397,662</u>

The accompanying notes are an integral part of these financial statements.

CLARKSVILLE-MONTGOMERY COUNTY  
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.  
STATEMENTS OF CASH FLOWS  
Years ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ ( 1,747)	\$ ( 17,602)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	23,831	21,910
(Increase) decrease in:		
Prepaid insurance	( 1,114)	( 155)
Accounts receivable	1,671	( 3,433)
Increase (decrease) in:		
Accounts payable	2,934	19
Accrued expenses	1,521	3,142
Deferred revenue	( 10)	3,600
Net cash provided (used) by operating activities	27,086	7,481
Cash flows from investing activities:		
Acquisition of property, plant, & equipment	( 21,786)	( 9,615)
Net cash provided (used) by investing activities	( 21,786)	( 9,615)
Net increase (decrease) in cash and cash equivalents	5,300	( 2,134)
Cash and cash equivalents, beginning of year	49,981	52,115
Cash and cash equivalents, end of year	<u>\$ 55,281</u>	<u>\$ 49,981</u>

Supplemental Disclosure of Cash Flow Information

Cash paid during the year for:

Interest	<u>\$ 0</u>	<u>\$ 0</u>
Income taxes	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of these financial statements.

CLARKSVILLE-MONTGOMERY COUNTY  
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Organization** - Clarksville-Montgomery County Ajax Turner Senior Citizen's Center, Inc. (Center) is a nonprofit Tennessee corporation whose purpose is to enrich the lives of citizens ages 55 and older. To accomplish this purpose the Association conducts lectures, educational programs, social events, craft programs and provides services to other non-profit organizations.

**Basis of Presentation** - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations and Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made. Under SFAS No. 117, the Organization 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. SFAS No. 116 requires the Organization 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 Organization 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 SFAS No. 116 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 organization is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code.

**Equipment** - Equipment is carried at cost. Depreciation is computed using the straight line method over the estimated useful lives of the respective assets.

**Combined Total Columns** - The combined total columns of the financial statements are captioned "Memo" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present results of operations in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund accounts have not been eliminated.

**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 on a functional basis by department in the statements of functional expenses.

CLARKSVILLE-MONTGOMERY COUNTY  
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS

2 UNINSURED CASH BALANCES

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

	June 30	
	2005	2004
Cash on hand	\$ 325	\$ 300
Cash in checking accounts	54,956	49,681
	<u>\$ 55,281</u>	<u>\$ 49,981</u>

The Center maintains cash balances at local financial institutions. Accounts are Insured by the Federal Deposit Insurance Corporation up to \$100,000. There were no cash balances not covered by FDIC insurance at June 30, 2005 and 2004.

3 EQUIPMENT

Property, plant and equipment consists of:

	June 30		Estimated
	2005	2004	Useful lives
Equipment, furniture, and fixtures	\$ 156,376	\$ 144,603	5 - 10 years
Vehicles	39,220	39,220	5 years
	195,596	183,823	
Accumulated depreciation	<u>168,334</u>	<u>160,892</u>	
	<u>\$ 27,262</u>	<u>\$ 22,931</u>	

Depreciation expense totaled \$7,442 and \$5,966 for 2005 and 2004, respectively.

4 OTHER ASSETS

Other assets consist of:

	June 30	
	2005	2004
1998 Expansion contributions	\$ 140,270	\$ 140,270
2003 Expansion contributions	98,888	98,888
2005 Expansion contributions	10,013	0
	249,171	239,158
Accumulated amortization	<u>79,088</u>	<u>62,699</u>
	<u>\$ 170,083</u>	<u>\$ 176,459</u>

The City retains ownership of the building and leases it to the Center under five year renewable contracts until the year 2008. Lease payments are one dollar per year. Due to expected lease renewals post year 2008, the Center's contribution will be amortized over fifteen years. Amortization expense totaled \$16,389 and \$15,944 for 2005 and 2004, respectively.

CLARKSVILLE-MONTGOMERY COUNTY  
AJAX TURNER SENIOR CITIZEN'S CENTER, INC.  
NOTES TO THE FINANCIAL STATEMENTS

5 IN-KIND CONTRIBUTIONS

The use of the building has been furnished to the Center at less than market value by the City of Clarksville and Montgomery County. The free use of the facilities is recorded as direct support and a like amount is recorded as building occupancy expense.

6 ECONOMIC DEPENDENCY

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

## CONTROL & COMPLIANCE REPORTING



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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors  
Clarksville-Montgomery County Ajax  
Turner Senior Citizen's Center, Inc.

We have audited the financial statements of Clarksville-Montgomery County Ajax Turner Senior Citizen's Center, Inc., as of and for the year ended June 30, 2005, and have issued our report thereon dated August 18, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to an audit of financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clarksville-Montgomery County Ajax Turner Senior Citizen's Center, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Clarksville-Montgomery County Ajax Turner Senior Citizen's Center, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable condition: The limited number of office personnel does not permit a proper segregation of duties.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above is not a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clarksville-Montgomery County Ajax Turner Senior Citizen's Center, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of management and the Board of Directors of the Clarksville-Montgomery County Ajax Turner Senior Citizen's Center, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

August 18, 2005