

SENIOR CENTER FOR THE ARTS, INC.

FINANCIAL STATEMENTS

June 30, 2017 and 2016

SENIOR CENTER FOR THE ARTS, INC.

TABLE OF CONTENTS

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



INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Senior Center for the Arts, Inc. (a nonprofit 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 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, 2017 and 2016, 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.


Nashville, Tennessee
October 2, 2017

SENIOR CENTER FOR THE ARTS, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Current assets:		
Cash and cash equivalents (substantially held for amount due to FiftyForward)	\$ 40,282	\$ 30,948
Pledges receivable	-	391
Grants receivable	6,140	9,219
Prepaid expenses	<u>754</u>	<u>4,633</u>
Total current assets	47,176	45,191
Property and equipment, net	<u>11,542</u>	<u>12,609</u>
Total assets	<u><u>\$ 58,718</u></u>	<u><u>\$ 57,800</u></u>
Liabilities and Net Assets (Deficit)		
Current liabilities:		
Due to FiftyForward (see Note 4)	\$ 70,239	\$ 42,616
Deferred revenue	<u>22,968</u>	<u>50,429</u>
Total liabilities	<u>93,207</u>	<u>93,045</u>
Net assets (deficit):		
Unrestricted	(34,489)	(35,636)
Temporarily restricted	<u>-</u>	<u>391</u>
Total net assets (deficit)	<u>(34,489)</u>	<u>(35,245)</u>
Total liabilities and net assets	<u><u>\$ 58,718</u></u>	<u><u>\$ 57,800</u></u>

See accompanying notes.

SENIOR CENTER FOR THE ARTS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Ticket sales	\$ 188,785	\$ -	\$ 188,785
Grant revenue	35,084	-	35,084
Contributions	16,720	-	16,720
Rental income	4,545	-	4,545
Other income	2,215	-	2,215
Net assets released from restrictions	391	(391)	-
	<u>247,740</u>	<u>(391)</u>	<u>247,349</u>
Total revenue			
Expenses:			
Program services	212,031	-	212,031
Management and general	21,000	-	21,000
Fundraising services	13,562	-	13,562
	<u>246,593</u>	<u>-</u>	<u>246,593</u>
Total expenses			
Change in net assets	1,147	(391)	756
Net assets (deficit) at beginning of year	<u>(35,636)</u>	<u>391</u>	<u>(35,245)</u>
Net assets (deficit) at end of year	<u>\$ (34,489)</u>	<u>\$ -</u>	<u>\$ (34,489)</u>

See accompanying notes.

SENIOR CENTER FOR THE ARTS, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue:			
Ticket sales	\$ 174,615	\$ -	\$ 174,615
Grant revenue	32,165	-	32,165
Contributions	25,064	391	25,455
Rental income	1,360	-	1,360
Other income	5,556	-	5,556
Net assets released from restrictions	458	(458)	-
	<u>239,218</u>	<u>(67)</u>	<u>239,151</u>
Total revenue			
Expenses:			
Program services	214,156	-	214,156
Management and general	21,000	-	21,000
Fundraising services	13,372	-	13,372
	<u>248,528</u>	<u>-</u>	<u>248,528</u>
Total expenses			
Change in net assets	(9,310)	(67)	(9,377)
Net assets (deficit) at beginning of year	<u>(26,326)</u>	<u>458</u>	<u>(25,868)</u>
Net assets (deficit) at end of year	<u>\$ (35,636)</u>	<u>\$ 391</u>	<u>\$ (35,245)</u>

See accompanying notes.

SENIOR CENTER FOR THE ARTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising Services</u>	<u>Total Expenses</u>
Professional and licensing fees	\$ 92,034	\$ -	\$ -	\$ 92,034
Food, set and office supplies	41,708	-	-	41,708
Salaries	27,610	-	6,901	34,511
Occupancy	17,918	-	4,480	22,398
Administrative	-	21,000	-	21,000
Printing and advertising	18,967	-	-	18,967
Payroll taxes and benefits	8,722	-	2,181	10,903
Travel	1,737	-	-	1,737
Depreciation	1,067	-	-	1,067
Other	810	-	-	810
Dues	680	-	-	680
Postage	623	-	-	623
Conferences and training	155	-	-	155
	<u>\$ 212,031</u>	<u>\$ 21,000</u>	<u>\$ 13,562</u>	<u>\$ 246,593</u>

See accompanying notes.

SENIOR CENTER FOR THE ARTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising Services</u>	<u>Total Expenses</u>
Professional and licensing fees	\$ 89,130	\$ -	\$ -	\$ 89,130
Food, set and office supplies	41,742	-	-	41,742
Salaries	27,035	-	6,758	33,793
Printing and advertising	22,993	-	-	22,993
Occupancy	17,760	-	4,440	22,200
Administrative	-	21,000	-	21,000
Payroll taxes and benefits	8,694	-	2,174	10,868
Other	1,944	-	-	1,944
Travel	1,606	-	-	1,606
Postage	1,487	-	-	1,487
Depreciation	1,067	-	-	1,067
Dues	515	-	-	515
Conferences and training	183	-	-	183
	<u>\$ 214,156</u>	<u>\$ 21,000</u>	<u>\$ 13,372</u>	<u>\$ 248,528</u>

See accompanying notes.

SENIOR CENTER FOR THE ARTS, INC.
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	\$ 756	\$ (9,377)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,067	1,067
Changes in operating assets and liabilities:		
Pledges receivable	391	67
Grants receivable	3,079	1,821
Prepaid expenses	3,879	3,189
Due to FiftyForward	27,623	9,361
Deferred revenue	<u>(27,461)</u>	<u>(5,686)</u>
Net cash provided by operating activities	9,334	442
Cash and cash equivalents at beginning of year	<u>30,948</u>	<u>30,506</u>
Cash and cash equivalents at end of year (substantially held for amount due to FiftyForward)	<u><u>\$ 40,282</u></u>	<u><u>\$ 30,948</u></u>

See accompanying notes.

SENIOR CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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

Senior Center for the Arts, Inc. (the “Organization”) was incorporated in September 2004 as a Tennessee 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, Senior Center for the Arts, Inc., and The J.B. Knowles Trust. These financial statements present only the financial position, activities and cash flows of Senior Center for the Arts, Inc. The Organization’s primary sources of revenue are ticket sales, grants and contributions. Following is a summary of the Organization’s significant accounting policies:

Financial Statement Presentation

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

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

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

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally the donors of these assets permit the Organization to use all or part of the income on related investments for general or specific purposes. The Organization has no permanently restricted net assets at June 30, 2017 and 2016.

Cash and Cash Equivalents

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

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

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

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000 with a life expectancy greater than one year. 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 assets.

Deferred Revenue

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

Contributions

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

Donated Assets

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

Income Taxes

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

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

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

Income Taxes (Continued)

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

Functional Expenses

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

Estimates

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

In-Kind Contributions

The Organization records various types of in-kind support including contributed facilities, materials, equipment, and professional services. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received.

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.

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

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

Subsequent Events

The Organization evaluated subsequent events through October 2, 2017 when these financial statements were available to be issued. The Organization is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	<u>2017</u>	<u>2016</u>
Equipment	\$ 23,250	\$ 23,250
Less: accumulated depreciation	<u>(11,708)</u>	<u>(10,641)</u>
Net property and equipment	<u>\$ 11,542</u>	<u>\$ 12,609</u>

Depreciation expense totaled \$1,067 for the years ended June 30, 2017 and 2016.

NOTE 3 – TEMPORARILY RESTRICTED NET ASSETS

There are no temporarily restricted net assets at June 30, 2017 and the June 30, 2016 temporarily restricted net asset balance of \$391 consisted of a pledge receivable from FiftyForward Endowment.

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 \$21,000 annually for administrative services provided. The Organization also conducts its operations in a building owned by FiftyForward and paid annual rent and shared operating expenses of approximately \$22,000 for the years ended June 30, 2017 and 2016.

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

NOTE 4 – RELATED PARTY TRANSACTIONS (Continued)

At June 30, 2017 and 2016, the Organization had \$70,239 and \$42,616, respectively, due to FiftyForward for costs incurred by FiftyForward on the Organization's behalf.

NOTE 5 – CONCENTRATIONS

The Organization receives a significant amount of its support through grants from the Tennessee and Metro Arts Commissions. In 2017 and 2016, these grants accounted for approximately 14.2% and 13.5%, respectively, of the Organization's total revenues. A significant reduction in the level of this support, if this were to occur, could have an adverse effect on the Organization's programs and services.

NOTE 6 – ADVERTISING COSTS

During the years ended June 30, 2017 and 2016, the Organization incurred nondirect-response advertising costs totaling \$10,394 and \$13,469, respectively. The Organization expenses these costs as incurred.

NOTE 7 – LIQUIDITY

As shown in the accompanying financial statements, the Organization incurred a change in net assets of \$756 during the year ended June 30, 2017 and has a net asset deficit of (\$34,489) as of June 30, 2017. Management of the Organization continues to pursue additional revenue sources and to scrutinize expenses. The Organization has historically received loans from FiftyForward, its sole member, to provide the necessary cash infusions to fund its cash flow deficits.