

Fifty Forward

**FIFTYFORWARD
(formerly Senior Citizens, Inc.),
SENIOR CENTER FOR THE ARTS, INC. &
J. B. KNOWLES TRUST**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

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(formerly Senior Citizens, Inc.)
AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

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INDEPENDENT AUDITOR'S REPORT

Board of Directors

FiftyForward (formerly Senior Citizens, Inc.), Senior Center for the Arts, Inc., and J. B. Knowles Trust

174 Rains Avenue

Nashville, TN 37203

We have audited the accompanying statement of financial position of FiftyForward (formerly Senior Citizens, Inc.) (a nonprofit corporation), Senior Center for the Arts, Inc. (a nonprofit organization), and J. B. Knowles Trust (a charitable trust) as of June 30, 2008 and 2007, and the related statements of activities, functional expenses, and cash flows for the years ended June 30, 2008 and 2007. These financial statements are the responsibility of Fifty Forward's management. 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 *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 FiftyForward, Senior Center for the Arts, Inc. and J. B. Knowles Trust as of June 30, 2008 and 2007, 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 our report dated November 21, 2008, on our consideration of the internal control of FiftyForward, Senior Center for the Arts, Inc., and J.B. Knowles Trust over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, 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 considered in assessing the results of our audit.

Our audit was performed for the purposes of forming an opinion on the basic financial statements of FiftyForward, Senior Center for the Arts, Inc., and J.B. Knowles Trust taken as a whole. The accompanying Schedules of Federal Awards and State Awards are presented for purposes of additional analysis as required by the US Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the basic financial statements. The accompanying schedules of assets, liabilities, and net assets and schedules of revenues, expenses, and changes in unrestricted net assets are presented for the purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Joe Osterfeld, CPA
Columbia, Tennessee
November 21, 2008

FIFTYFORWARD (FORMERLY SENIOR CITIZENS, INC.)
SENIOR CENTER FOR THE ARTS, INC. AND J. B. KNOWLES TRUST
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

| | <u>2008</u> | <u>2007</u> |
|--|----------------------|----------------------|
| <u>ASSETS</u> | | |
| Cash - unrestricted | \$ 143,756 | \$ 232,621 |
| Cash - temporarily restricted | 1,561,492 | 372,877 |
| Total operating cash | <u>1,705,248</u> | <u>605,498</u> |
| Investments | 105,985 | 116,729 |
| Accounts receivable | 223,024 | 153,874 |
| Promises to give, current portion | 696,140 | 624,314 |
| Prepaid expenses | 86,229 | 34,301 |
| Total current assets | <u>2,816,626</u> | <u>1,534,716</u> |
| Land, building, and equipment | 12,980,706 | 12,988,895 |
| Accumulated depreciation | <u>(3,871,654)</u> | <u>(3,539,068)</u> |
| Net land, building, and equipment | 9,109,052 | 9,449,827 |
| Other assets: Conservator trust accounts | 389,480 | 300,115 |
| Pledge receivables, less current portion | 179,646 | - |
| Pension plan intangible asset | - | 169,632 |
| Prepaid rent - Bellevue Center | 1,919,439 | 1,976,512 |
| Knowles Trust Fund cash | 21,670 | 20,608 |
| Knowles Trust Fund investments | <u>1,916,533</u> | <u>2,104,682</u> |
| Total assets | <u>\$ 16,352,446</u> | <u>\$ 15,556,092</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| Accounts payable | \$ 109,522 | \$ 84,862 |
| Accrued expenses | 164,982 | 147,864 |
| Accrued pension plan liability | 48,685 | 222,072 |
| Deferred revenue | <u>165,535</u> | <u>123,265</u> |
| Total current liabilities | 488,724 | 578,063 |
| Conservator trust funds | <u>389,480</u> | <u>300,115</u> |
| Total liabilities | 878,204 | 878,178 |
| Net Assets: | | |
| Undesignated | 11,498,747 | 11,355,434 |
| Board designated | <u>200,000</u> | <u>200,000</u> |
| Total unrestricted net assets | 11,698,747 | 11,555,434 |
| Temporarily restricted | 1,837,292 | 997,190 |
| Permanently restricted | <u>1,938,203</u> | <u>2,125,290</u> |
| Total net assets | <u>15,474,242</u> | <u>14,677,914</u> |
| Total liabilities and net assets | <u>\$ 16,352,446</u> | <u>\$ 15,556,092</u> |

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

**FIFTYFORWARD (FORMERLY SENIOR CITIZENS, INC.)
SENIOR CENTER FOR THE ARTS, INC. AND J. B. KNOWLES TRUST
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

| <u>PUBLIC SUPPORT AND REVENUE</u> | <u>2008</u> | <u>2007</u> |
|---|----------------------|----------------------|
| Special events | \$ 508,344 | \$ 486,972 |
| Contributions | 757,655 | 776,475 |
| Sub-total | <u>1,265,999</u> | <u>1,263,447</u> |
| United Way | 36,864 | 49,360 |
| Membership dues | 244,461 | 161,277 |
| In kind support | 92,903 | 254,964 |
| Service fees | 955,689 | 792,548 |
| Interest and dividend income | 131,381 | 109,964 |
| Realized gains (losses) on investments | (2,072) | (28,916) |
| Un-realized gains (losses) in fair value of investments | (160,014) | 251,356 |
| Gain/(loss) on disposal of assets | (19,367) | 1,000 |
| Other income | 22,910 | 8,578 |
| Net assets released from restrictions: Principal transfer | 187,087 | (185,745) |
| Satisfaction of program restrictions: Awards | 1,028,358 | 1,059,604 |
| Satisfaction of timing restrictions: United Way | 500,005 | 488,433 |
| Fifty Forward Endowment | 124,728 | 140,904 |
| Contributions | 862,172 | 393,993 |
| Sub-total of satisfaction of timing restrictions | <u>1,486,905</u> | <u>1,023,330</u> |
| Total public support and revenue | <u>5,271,104</u> | <u>4,760,767</u> |
| <u>EXPENSES</u> | | |
| Program services | 3,987,088 | 3,902,850 |
| Support Services | 1,140,703 | 975,474 |
| Total expenses | <u>5,127,791</u> | <u>4,878,324</u> |
| Increase (decrease) in unrestricted net assets | 143,313 | (117,557) |
| Unrestricted net assets, beginning | 11,555,434 | 11,672,991 |
| Unrestricted net assets, end of year | <u>\$ 11,698,747</u> | <u>\$ 11,555,434</u> |
| <u>Temporarily restricted net assets:</u> | | |
| Awards | \$ 1,028,358 | \$ 1,059,604 |
| United Way | 468,634 | 500,005 |
| Contributions | 1,727,021 | 261,741 |
| Fifty Forward Endowment | 131,352 | 124,309 |
| Net assets released from restrictions: | | |
| Satisfaction of program restrictions | (1,028,358) | (1,059,604) |
| Satisfaction of timing restrictions | (1,486,905) | (1,023,330) |
| Increase (decrease) in temporarily restricted net assets | 840,102 | (137,275) |
| Temporarily restricted net assets, beginning | 997,190 | 1,134,465 |
| Temporarily restricted net assets, end of year | <u>\$ 1,837,292</u> | <u>\$ 997,190</u> |
| <u>Permanently restricted net assets:</u> | | |
| Principle transfer in (out) | \$ (187,087) | \$ 185,745 |
| Increase (decrease) in permanently restricted net assets | (187,087) | 185,745 |
| Permanently restricted net assets, beginning | 2,125,290 | 1,939,545 |
| Permanently restricted net assets, end of year | <u>\$ 1,938,203</u> | <u>\$ 2,125,290</u> |
| Increase (decrease) in net assets | 796,328 | (69,087) |
| Net assets, beginning | 14,677,914 | 14,747,001 |
| Net assets, end of year | <u>\$ 15,474,242</u> | <u>\$ 14,677,914</u> |

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

FIFTY FORWARD (FORMERLY SENIOR CITIZENS, INC.),
SENIOR CENTER FOR THE ARTS, INC., AND J. B. KNOWLES TRUST
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2008

| | Program Services | | | | | | | | | | | | Support Services | | | | | Total Expenses |
|--------------|------------------|-----------|-----------|-----------|-----------|-----------|----------|-----------|-----------|-----------|-----------|-----------|------------------|-----------|-----------|------------|-----------|----------------|
| | Foster | | | | | | Brent- | | | Fity | Center | Fifty | Manage- | | | | | |
| | Adult | Grand | Living At | | College | | | wood | Knowles | Turner | | Forward | for the | Forward | Capital | Fund | Mgmt & | |
| | Daycare | Parents | Home * | RSVP | Grove | Donelson | Bordeaux | Martin | Hart Bldg | Center | Madison | Travel | Arts | Endowment | Campaign | Raising ** | General | |
| Salaries | 111,987 | 57,717 | 317,753 | 149,574 | 68,449 | 135,180 | 44,258 | 98,024 | 128,758 | 69,307 | 124,285 | 6,921 | 75,735 | | 68,467 | 130,862 | 411,487 | \$1,998,764 |
| Benefits | 24,781 | 8,387 | 78,046 | 30,404 | 15,769 | 20,213 | 7,988 | 19,024 | 21,435 | 5,093 | 25,637 | 308 | 14,586 | | 10,971 | 23,440 | 98,096 | 404,178 |
| Payroll tax | 7,852 | 4,152 | 23,328 | 10,540 | 5,057 | 10,226 | 3,336 | 6,277 | 9,571 | 5,210 | 9,317 | 529 | 6,143 | | 5,159 | 9,765 | 31,041 | 147,503 |
| Fees | 2,840 | 1,812 | 30,583 | 3,975 | 15,040 | 16,303 | 957 | 24,126 | 38,125 | 19,254 | 10,195 | 146,035 | 108,898 | | 3,306 | 7,057 | 37,804 | 466,310 |
| Supplies | 18,390 | 418 | 39,855 | 15,326 | 7,321 | 16,455 | 4,949 | 24,823 | 13,798 | 16,789 | 22,486 | 717 | 131,514 | | 837 | 92,356 | 10,111 | 416,145 |
| Telephone | 1,876 | 630 | 9,038 | 2,174 | 2,483 | 12,200 | 1,678 | 11,431 | 4,075 | 23 | 8,593 | - | 2,775 | | 646 | 1,200 | 5,874 | 64,696 |
| Postage | 393 | 260 | 1,581 | 1,557 | 1,747 | 1,897 | 211 | 1,861 | 2,141 | 248 | 3,372 | 433 | 2,777 | | 157 | 13,582 | 16,805 | 49,022 |
| Occupancy | 8,739 | 1,742 | 20,906 | 7,139 | 53,665 | 66,248 | 9,334 | 58,764 | 147,655 | 2,133 | 91,399 | 84 | 8,734 | | 2,049 | 4,041 | 27,687 | 510,319 |
| Maintenance | 684 | 264 | 1,908 | 687 | 2,289 | 6,956 | 218 | 2,418 | 1,665 | 790 | 3,468 | 32 | 843 | | 936 | 8,496 | 1,711 | 33,365 |
| Printing | 339 | 90 | 756 | 2,052 | 199 | 933 | 98 | 526 | 2,394 | 4,933 | 3,482 | 10 | 20,608 | | 7,499 | 14,439 | 60,754 | 119,112 |
| Travel | 21,010 | 1,317 | 14,083 | 3,921 | 3,713 | 10,808 | 2,789 | 2,449 | 1,629 | 2,572 | 9,599 | 97 | 5,014 | | 221 | 864 | 3,758 | 84,644 |
| Conferences | 477 | 1,337 | 4,651 | 2,493 | 833 | 904 | 744 | 886 | 1,275 | 2,456 | 770 | 20 | 686 | | 243 | 2,910 | 7,896 | 28,581 |
| Grant | | | | | | | | | | | | | | 58,907 | | | | 58,907 |
| Assistance | 83 | 239,287 | 58,102 | 3,968 | 56 | 109 | 37 | 72 | 100 | 254 | (95) | 46 | 39 | | 49 | 111 | 527 | 302,745 |
| Dues | 393 | 228 | 2,001 | 1,186 | 339 | 642 | 188 | 1,631 | 452 | 169 | 1,153 | 47 | 906 | | 183 | 891 | 11,455 | 21,864 |
| Recognition | 368 | 1,798 | 1,244 | 3,545 | 450 | 1,073 | 142 | 1,824 | 1,257 | 494 | 1,261 | 21 | 181 | | 247 | 637 | 4,048 | 18,590 |
| Other | - | - | 8 | - | 33 | 22 | 22 | 128 | 56 | 12 | 204 | - | 2,145 | | - | 15 | 13 | 2,658 |
| | 201,012 | 319,439 | 603,843 | 238,541 | 177,443 | 300,169 | 76,949 | 254,264 | 374,386 | 129,737 | 315,126 | 155,300 | 381,584 | 58,907 | 100,970 | 310,666 | 729,067 | 4,727,403 |
| Depreciation | 12,931 | | | | 5,011 | 76,664 | 1,525 | 96,215 | 119,234 | 11,712 | 76,841 | | 255 | | | | | 400,388 |
| Total | \$213,943 | \$319,439 | \$603,843 | \$238,541 | \$182,454 | \$376,833 | \$78,474 | \$350,479 | \$493,620 | \$141,449 | \$391,967 | \$155,300 | \$381,839 | \$58,907 | \$100,970 | \$310,666 | \$729,067 | \$5,127,791 |

Note *: The Living At Home Program includes the following cost centers: Living At Home, Respite, VOCA, and Peer Counseling.

Note **: The Fund Raising support service includes \$87,380 of expenses for special events.

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

FIFTY FORWARD (FORMERLY SENIOR CITIZENS, INC.),
SENIOR CENTER FOR THE ARTS, INC., AND J. B. KNOWLES TRUST
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

| | Program Services | | | | | | | | | | | | Support Services | | | | | |
|--------------|------------------|-----------|-----------|-----------|-----------|-----------|----------|-----------|-----------|-----------|-----------|-----------|------------------|-----------|----------|------------|-----------|-------------|
| | Foster | | | | | | | Brent- | | | | Fity | Center | Fifty | | | Manage- | |
| | Adult | Grand | Living At | | College | | | wood | Knowles | Turner | | Forward | for the | Forward | Capital | Fund | Mgmt & | Total |
| | Daycare | Parents | Home * | RSVP | Grove | Donelson | Bordeaux | Martin | Hart Bldg | Center | Madison | Travel | Arts | Endowment | Campaign | Raising ** | General | Expenses |
| Salaries | 105,256 | 60,916 | 333,183 | 128,642 | 68,836 | 140,230 | 45,031 | 91,114 | 122,739 | 54,065 | 133,064 | 6,761 | 36,857 | | - | 141,634 | 414,791 | \$1,883,119 |
| Benefits | 23,733 | 8,435 | 74,942 | 22,831 | 14,721 | 19,078 | 7,183 | 17,254 | 13,736 | 1,847 | 24,915 | 59 | - | | - | 23,683 | 102,623 | 355,040 |
| Payroll tax | 8,784 | 4,313 | 24,479 | 9,490 | 5,109 | 10,383 | 3,375 | 5,871 | 9,318 | 4,100 | 9,894 | 517 | 5,022 | | - | 10,439 | 45,204 | 156,298 |
| Fees | 1,018 | 1,201 | 25,051 | 2,480 | 7,552 | 10,499 | 3,645 | 20,222 | 32,355 | 6,064 | 9,714 | 123,656 | 99,779 | | - | 7,563 | 47,002 | 397,801 |
| Supplies | 15,811 | 548 | 44,421 | 8,195 | 15,145 | 47,461 | 3,174 | 26,626 | 18,628 | 11,550 | 27,816 | 296 | 93,102 | | 19 | 34,308 | 6,829 | 353,929 |
| Telephone | 1,701 | 684 | 9,468 | 2,356 | 2,613 | 12,940 | 2,353 | 12,997 | 3,892 | 8 | 4,120 | - | 901 | | 1 | 1,762 | 5,643 | 61,439 |
| Postage | 706 | 373 | 2,118 | 1,015 | 1,961 | 2,793 | 292 | 1,332 | 1,375 | 565 | 5,051 | 290 | 2,017 | | 14 | 14,630 | 14,604 | 49,136 |
| Occupancy | 8,983 | 1,672 | 22,031 | 6,561 | 49,840 | 68,699 | 13,946 | 61,229 | 59,751 | 78,192 | 86,751 | - | 22,615 | | - | 5,532 | 15,557 | 501,359 |
| Maintenance | 761 | 288 | 2,393 | 939 | 3,123 | 6,038 | 515 | 1,797 | 1,337 | 401 | 1,558 | 30 | 3,627 | | - | 7,867 | 3,112 | 33,786 |
| Printing | 295 | 110 | 886 | 876 | 988 | 940 | 671 | 927 | 3,058 | 4,020 | 4,421 | 15 | 8,435 | | - | 13,293 | 36,292 | 75,227 |
| Travel | 21,663 | 2,319 | 13,061 | 2,890 | 3,523 | 7,737 | 3,301 | 4,006 | 2,597 | 655 | 11,460 | 241 | 1,014 | | - | 708 | 3,636 | 78,811 |
| Conferences | 515 | 1,205 | 4,005 | 2,877 | 586 | 2,562 | 177 | 519 | 400 | 2,101 | 910 | 13 | - | | - | 1,532 | 3,250 | 20,652 |
| Grant | | | | | | | | | | | | | | 51,513 | | | | 51,513 |
| Assistance | 81 | 313,090 | 45,265 | 3,328 | 61 | 126 | 36 | 70 | 99 | 233 | 99 | - | 828 | | - | 116 | 327 | 363,759 |
| Dues | 746 | 286 | 2,089 | 1,040 | 1,614 | 2,304 | 120 | 2,609 | 1,636 | 147 | 1,862 | 14 | 386 | | - | 725 | 8,405 | 23,983 |
| Recognition | 453 | 2,256 | 1,636 | 2,740 | 442 | 537 | 917 | 116 | 685 | 1,981 | 1,213 | 21 | - | | - | 524 | 3,749 | 17,270 |
| Other | 2 | 2 | 203 | 6 | 43 | 813 | 10 | 44 | 22 | 356 | 47 | - | 5,378 | | - | - | 100 | 7,026 |
| | 190,508 | 397,698 | 605,231 | 196,266 | 176,157 | 333,140 | 84,746 | 246,733 | 271,628 | 166,285 | 322,895 | 131,913 | 279,961 | 51,513 | 34 | 264,316 | 711,124 | 4,430,148 |
| Depreciation | 13,048 | | | | 7,635 | 79,289 | 6,723 | 118,235 | 138,282 | 6,878 | 78,086 | | | | | | | 448,176 |
| Total | \$203,556 | \$397,698 | \$605,231 | \$196,266 | \$183,792 | \$412,429 | \$91,469 | \$364,968 | \$409,910 | \$173,163 | \$400,981 | \$131,913 | \$279,961 | \$51,513 | \$34 | \$264,316 | \$711,124 | \$4,878,324 |

Note *: The Living At Home Program includes the following cost centers: Living At Home, Respite, VOCA, and Peer Counseling.

Note **: The Fund Raising support service includes \$84,971 of expenses for special events.

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

**FIFTYFORWARD (FORMERLY SENIOR CITIZENS, INC.)
SENIOR CENTER FOR THE ARTS, INC. AND J. B. KNOWLES TRUST
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2008 AND 2007**

| | <u>2008</u> | <u>2007</u> |
|--|---------------------|--------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | |
| Increase (decrease) in net assets | \$ 796,328 | \$ (69,087) |
| Adjustments to reconcile increase in net assets to net cash provided (used) by operations: | | |
| Depreciation | 400,388 | 448,176 |
| Amortization of prepaid lease | 57,073 | 52,345 |
| Donation of building | | 117,000 |
| Unrealized (gain) loss in value of investments | 160,015 | (188,257) |
| Unrealized (gain) loss on asset disposal | 19,367 | - |
| (Increase) decrease in: | | |
| Accounts receivable | (69,150) | (39,279) |
| Promises to give | (251,472) | (29,796) |
| Prepaid expenses | (51,928) | (17,009) |
| Prepaid expenses transferred - Turner Center | - | (2,028,857) |
| Conservator trust funds | (89,365) | (165,594) |
| Pension plan intangible asset | 169,632 | 14,753 |
| Increase (decrease) in: | | |
| Accounts payable | 24,660 | (18,706) |
| Accrued expenses | 17,118 | 3,177 |
| Accrued pension plan liability | (173,387) | 36 |
| Deferred revenue | 42,270 | 27,175 |
| Conservator trust funds | 89,365 | 165,594 |
| Total from operations | <u>1,140,914</u> | <u>(1,728,329)</u> |
| <u>INVESTING ACTIVITIES:</u> | | |
| Land, building & equipment purchases | (56,546) | (384,769) |
| Transfer to Prepaid Rent - Turner Center | | 1,976,512 |
| Proceeds from sale of investments | 10,744 | - |
| Purchase of investments | | (10,203) |
| Total from investing | <u>(45,802)</u> | <u>1,581,540</u> |
| <u>FINANCING ACTIVITIES:</u> | | |
| Knowles Trust Fund proceeds | 611,956 | 1,257,178 |
| Knowles Trust Fund purchases | (507,318) | (1,229,344) |
| Distributions from Knowles Trust Fund | (100,000) | (100,000) |
| Capital campaign cash accounts proceeds | | 220,415 |
| Total from financing | <u>4,638</u> | <u>148,249</u> |
| Increase (decrease) in cash | 1,099,750 | 1,460 |
| Beginning cash balance | 605,498 | 604,038 |
| Ending cash balance | <u>\$ 1,705,248</u> | <u>\$ 605,498</u> |

The accompanying notes are an integral part of the financial statements

FIFTYFORWARD (formerly Senior Citizens, Inc.)
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The Board of Director's at their September 11, 2007 meeting approved changing the name of Senior Citizens, Inc., a Tennessee not-for-profit corporation, to FiftyForward with full implementation completed by June 2008. FiftyForward (the Agency), provides programs and services designed to keep seniors, 50 years of age or 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 fund raising, management and general expenses not directly identifiable to any program, but indispensable to these activities and to the Agency's existence.

The Joseph B. Knowles Trust Fund (the Trust Fund) is a trust established to assist in paying for the operating expenses of the Agency's Knowles Senior Center. The Agency and the Trust Fund are governed by the same board of directors. See note 13 for further information on the Trust Fund.

On October 12, 2006, the Agency's board of directors approved the by-laws and board members for the Senior Center for the Arts, Inc. (SCA) a non-profit organization created to support art programs. The Agency's board of directors appoints the board of SCA and has an economic interest in SCA. SCA is consolidated with the Agency.

Basis of Accounting

The consolidated financial statements of the Agency, the Trust Fund, and SCA (the Organizations) have been prepared on the accrual basis of accounting and accordingly reflect all significant accounts receivable, accounts payable, and other liabilities. All significant inter-company accounts and transactions have been eliminated.

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". Under SFAS No. 117, Agency 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.

Accounts Receivable

Accounts receivable are stated at their net realizable value. It is the opinion of management that all accounts receivable at June 30, 2008 and 2007 are collectible.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents are defined as all cash on hand and deposited in FDIC insured bank accounts with a maturity of three months or less. Any cash or investments which the agency holds in a conservator trust are reported separately as other assets.

Deferred Revenue

Income from service fees are deferred and recognized over the periods to which the service fees relate.

Donated Assets

Marketable securities and other non cash donations are recorded as contributions at their estimated fair market values at the date of the donation.

FIFTYFORWARD (formerly Senior Citizens, Inc.)
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

Donations of Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support 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 use to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how these long lived assets must be maintained. Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Agency reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated Services

Agency records donated services when they create or enhance a non-financial asset or for specialized skills provided by entities or persons possessing those skills that would be purchased if they were not donated.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Fair Values of Financial Instruments

Financial instruments of Agency include cash, short term trade accounts receivable, and trade accounts payable. Management estimates that the fair value of all financial instruments at June 30, 2008 and 2007 do not differ materially from the carrying values of the financial instruments recorded in the accompanying balance sheet.

Income Tax Status

FiftyForward and Senior Center for the Arts, Inc. are exempt organizations which are not considered private foundations and are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The J.B Knowles Trust is a charitable trust and is exempt from federal income taxes. Accordingly, no provisions for income taxes have been made.

Planned Major Maintenance Activities

Costs or fair market value for donated items and services for planned major maintenance in excess of \$10,000 are treated as additions to property and equipment and depreciated over their estimated useful lives using the straight-line method. For the year ended June 30, 2008, there were no planned major maintenance activities.

Promises to Give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

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 assets and is reflected as an expense in the Statement of Functional Expenses.

FIFTYFORWARD (formerly Senior Citizens, Inc.)
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - CASH AND CREDIT RISK

All cash and certificate of deposits of the Organizations are deposited in FDIC insured banks and in brokerage money market accounts. The Organizations had deposits exceeding the \$100,000 FDIC deposit insurance coverage. Due to the float on outstanding checks, the credit risks for excess balances were \$1,318,730 and \$269,995 at June 30, 2008 and June 30, 2007, respectively. On October 3, 2008, legislation increased the FDIC deposit insurance coverage to \$250,000 effective until December 31, 2009. The Organizations opened new bank accounts and subsequently do not have any material balances not covered by FDIC deposit insurance. Consistent with the American Institute of Certified Public Accountants Audit and Accounting Guide for Not-for-Profit Organizations, cash in which is donor restricted for long term purposes is segregated as a non-current asset.

| | <u>2008</u> | <u>2007</u> |
|---------------------------|---------------------|-------------------|
| Cash in banks and on hand | \$ 143,756 | \$ 232,621 |
| Money market funds | <u>1,561,492</u> | <u>372,877</u> |
| Operating cash | 1,705,248 | 605,498 |
| Money market funds | <u>21,670</u> | <u>20,608</u> |
| Total cash | <u>\$ 1,726,918</u> | <u>\$ 626,106</u> |

NOTE 3 - INVESTMENTS

The Organizations' investments consist of certificates of deposit in FDIC insured banks which initially mature in more than 3 months and mutual funds invested through brokerage accounts. These investments are carried at market value. Cost basis in the investments are:

| | <u>2008</u> | <u>2007</u> |
|-------------------|---------------------|---------------------|
| Fixed Income | \$ 694,419 | \$ 845,333 |
| Real Estate | 107,683 | 105,860 |
| Common stock | 1,114,431 | 971,434 |
| Mutual Funds | <u>21,670</u> | <u>20,608</u> |
| Total Investments | <u>\$ 1,938,203</u> | <u>\$ 1,943,235</u> |

There were material declines in the fair value of the investments after fiscal year end. The fair value of the Agency's investments at October 31, 2008 was \$1,594,885

FIFTYFORWARD (formerly Senior Citizens, Inc.)
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consist of :

| | 2008 | 2007 |
|--------------------------|-------------------|-------------------|
| Grantor receivables | \$ 105,567 | \$ 106,695 |
| Service fees receivables | 117,457 | 47,179 |
| Total Receivables | <u>\$ 223,024</u> | <u>\$ 153,874</u> |

NOTE 5 - PROMISES TO GIVE

Unconditional promises to give consist of:

| | <u>2008</u> | <u>2007</u> |
|---------------------------------------|-------------------|------------------|
| United Way Allocation | \$ 468,634 | \$ 500,005 |
| Fifty Forward Endowment | 131,352 | 124,309 |
| Capital Campaign Pledges | <u>300,000</u> | <u>-</u> |
| Gross promises to give | 899,986 | 624,314 |
| Less: Unamortized discount | (24,200) | - |
| Less: Allowance for doubtful pledges | <u>-</u> | <u>-</u> |
| Net promises to give | 875,786 | 624,314 |
| Less: Current portion | <u>(696,140)</u> | <u>(624,314)</u> |
| Long-term portion of promises to give | <u>\$ 179,646</u> | <u>\$ -</u> |

Promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 4%. The long-term the promises to give are due as follows: \$92,456 in 2009, \$44,450 in 2010, and \$42,740 in 2011.

NOTE 6 - EMPLOYEE PENSION PLANS

The Agency has an IRS Section 403(b) tax sheltered annuity plan, a defined contribution pension plan, and a defined benefit pension plan. Employees may voluntarily contribute to the tax sheltered annuity plan. The Agency does not make any contributions to this plan.

The Agency also has an IRS Section 401(k) defined contribution retirement plan. Eligibility for participation in the plan are 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 5 years of vesting service. The plan allows for voluntary contributions by employees and provides for employer contributions at the discretion of the Board of Directors. The Agency contributed \$107,111 and \$100,805 to this plan in the years ended June 30, 2008 and 2007.

In January of 1975, the Agency 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 an 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 pension 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 Agency's statement of activities at June 30, 2008 and June 30, 2007:

FIFTYFORWARD (formerly Senior Citizens, Inc.)
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NOTES TO FINANCIAL STATEMENTS
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| Disclosure information for the fiscal year ending: | <u>06/30/08</u> | <u>06/30/07</u> |
|---|--------------------|---------------------|
| <u>Components of Net Periodic Costs:</u> | | |
| Service costs | \$ 9,668 | \$ 11,324 |
| Interest cost | 34,588 | 35,677 |
| Expected return on plan assets | 9,420 | (26,603) |
| Amortization of transition obligations | (32,878) | 4,709 |
| Amortization of net (gain) loss | 11,956 | 21,057 |
| Net periodic pension expense | <u>\$ 32,754</u> | <u>\$ 46,164</u> |
| Discount rate | 6.00% | 6.00% |
| Rate of return on assets | 7.00% | 7.00% |
| Salary increase | 4.00% | 4.00% |
| Measurement date | 07/01/07 | 07/01/06 |
| Accumulated benefit obligation | <u>\$ 565,361</u> | <u>\$ 574,591</u> |
| <u>Change in Projected Benefit Obligation:</u> | | |
| Benefit obligation at beginning of year | \$ 613,426 | \$ 588,188 |
| Service cost | 9,668 | 11,324 |
| Interest cost | 34,588 | 35,677 |
| Actuarial (gain) loss | (43,469) | 14,398 |
| Benefit paid | (35,453) | (36,161) |
| Benefit obligation at end of year | <u>\$ 578,760</u> | <u>\$ 613,426</u> |
| <u>Change in Plan Assets:</u> | | |
| Plan assets at beginning of year | \$ 352,519 | \$ 332,077 |
| Expected return on plan assets | 23,458 | 21,894 |
| Benefits paid | (35,453) | (36,161) |
| Employer contribution | 35,134 | 30,000 |
| Gain (loss) | (30,128) | 4,709 |
| Plan assets at end of year | <u>\$ 345,530</u> | <u>\$ 352,519</u> |
| <u>Reconciliation of Funded Status:</u> | | |
| Funded status at end of year | \$ (222,072) | \$ (222,036) |
| Pension expense | (32,754) | (46,164) |
| Employer contribution | 35,134 | 30,000 |
| Unrecognized gain (loss) | 171,007 | 16,128 |
| (Accrued) prepaid benefit cost | <u>\$ (48,685)</u> | <u>\$ (222,072)</u> |
| | <u>2008</u> | <u>2007</u> |
| <u>Change in Unrecognized Gain/Loss:</u> | | |
| Unrecognized (gain) loss at beginning of year | \$ 207,092 | \$ 218,460 |
| Recognized gain (loss) | (11,956) | (21,057) |
| (Gain) loss due to actuarial experience | (26,469) | 14,398 |
| (Gain) loss due to changes in actuarial assumptions | 15,878 | (4,709) |
| (Gain) loss due to assets | <u>\$ 184,545</u> | <u>\$ 207,092</u> |
| Unrecognized (gain) loss at end of year | | |

FIFTYFORWARD (formerly Senior Citizens, Inc.)
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 7 - LAND, BUILDING, AND EQUIPMENT

Useful lives are 10 to 40 years for buildings and improvements, and 5 to 10 years for furniture and equipment, and 5 years for vehicles. Land, building, and equipment consist of:

| | <u>2008</u> | <u>2007</u> |
|---------------------------------|---------------------|---------------------|
| Land | \$ 1,620,440 | \$ 1,620,440 |
| Building and improvements | 9,798,148 | 9,778,482 |
| Construction in progress | - | 2,028,857 |
| Furniture and equipment | 1,196,298 | 1,228,908 |
| Vehicles | 365,820 | 360,265 |
| | <u>12,980,706</u> | <u>15,016,952</u> |
| CIP transferred to Prepaid Rent | - | (2,028,857) |
| Less: Accumulated depreciation | (3,871,654) | (3,539,068) |
| Total | <u>\$ 9,109,052</u> | <u>\$ 9,449,027</u> |

Construction in progress was for the senior center in Bellevue. The Agency does not own the real estate where the new senior center was built. Expenses relating to the construction have been reclassified to prepaid rent. Future lease expenses are:

| | |
|------------|---------------------|
| 2009 | 60,198 |
| 2010 | 62,572 |
| 2011 | 65,110 |
| 2012 | 67,821 |
| 2013 | 70,715 |
| Thereafter | 1,593,023 |
| | <u>\$ 1,919,439</u> |

NOTE 8 - CONSERVATOR TRUST FUNDS

As a result of a court order naming the Agency 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, except for one account which is in two brokerage accounts, are deposited in federally insured banks and credit unions. One individual trust fund bank accounts exceeded the \$100,000 FDIC deposit insurance coverage by \$0 and \$21,172 at June 30, 2008 and 2007, respectively. See note 2 for changes in the FDIC deposit insurance coverage limit.

NOTE 9 - DEFERRED REVENUE

Deferred revenue consists of payments for services that have not been earned.

NOTE 10 - FINANCIAL DEPENDENCE

The Agency 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 in the Agency's programs and activities. In addition, the grants prescribe allowable expenditure guidelines with which Agency must comply. The grants are received prospectively, subject to subsequent verification of the incurring of allowable expenditures or provision of qualifying services.

FIFTYFORWARD (formerly Senior Citizens, Inc.)
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 11 - IN KIND SUPPORT

The Agency has an in kind agreement with the Metropolitan Government of Nashville and Davidson County to use the site where the 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 Agency 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 Agency 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 Agency has title to the land subject to a provision that if the Agency sells the land the City of Brentwood will receive part of the proceeds.

During the year ended June 30, 2007, the Agency 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 Agency has title to the property subject to a provision that if the Agency ceases to operate a senior center facility, the property will revert back to the local government.

The Agency receives in kind support in the form of meals, uniforms, and medical services provided to its volunteers by other agencies involved in the programs. Also the Agency and SCA receive from time to time in kind professional services, supply, equipment, janitorial services, printing, legal, real estate consulting, and recognition donations. A summary of in kind support received and included in the financial statements is as follows:

| | 2008 | 2007 |
|-----------------------|------------------|-------------------|
| Rent and land use | \$ 57,650 | \$ 66,650 |
| Assistance | - | 68,805 |
| Professional services | - | 489 |
| Supplies | 35,253 | 2,020 |
| Total | <u>\$ 92,903</u> | <u>\$ 137,964</u> |

NOTE 12 - BOARD DESIGNATED NET ASSETS

The Board of Directors for the Agency has designated \$150,000 in a capital reserve fund and \$50,000 in a special needs fund.

NOTE 13 - PERMANENTLY RESTRICTED NET ASSETS

The Agency became the trustee of the Knowles Trust during the fiscal year ended June 30, 2006. A court order approved the transfer of the Knowles Trust to Senior Citizens, Inc. from the former trustee the Mayor of Nashville. The principal in the Knowles Trust Fund is permanently restricted subject to the following provisions. Annually, the Agency has the unrestricted use of the Knowles Trust Fund's net investment income or 5% of the trust fund balance, whichever is greater. If this annual amount is less than \$40,000, the Agency can encroach upon the principal balance up to a minimum of \$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 is reported as a restricted net asset. During the year ended June 30, 2008, based on the provisions discussed above, the Agency received \$100,000 from the Trust which is 5% of the trust fund balance.

FIFTYFORWARD (formerly Senior Citizens, Inc.)
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008 AND 2007

NOTE 14 - FIFTYFORWARD ENDOWMENT, INC.

FiftyForward Endowment (formerly the Senior Citizens Foundation, Inc.), (the Endowment), is an independently governed organization that financially supports the activities of the Agency. The Endowment is organized as a 501(c)(3) not for profit organization for the purpose of supporting activities of senior centers including the Agency but not limited to the Agency. The Agency does not control the decisions and activities of the Endowment and vice versa. The Agency has made grants to the Endowment as disclosed annually in the statement of functional expenses. The Agency is not required to make any grants to the Endowment. Annually, the Endowment makes an unconditional pledge to the Agency for support of the Agency's activities for the next fiscal year that is reported in the statement of activities. The Endowment's pledge is approximately 5% of the fair market value of the Endowment's investments of the Agency's grants. The Endowment is not required to make a pledge to the Agency of this or any other amount and has made different amounts of donations in the past. The Agency's cumulative grants to the Endowment are \$2,370,269, and the Endowment's cumulative pledges and donations to the Agency are \$1,382,266. Since the Agency does not have control over the Endowment's decisions and activities, the fair value of the assets held by the Endowment are not recognized as an asset of the Agency.

**FIFTYFORWARD (FORMERLY SENIOR CITIZENS, INC.
SENIOR CENTER FOR THE ARTS, INC. AND J. B. KNOWLES TRUST
SCHEDULE OF FEDERAL AWARDS
JUNE 30, 2008**

| CFDA Number | State Grant Number | Grantor Agency and Program Name | Balance July 1, 2007 | Grant Cash Receipts | Expenditures | Balance June 30, 2008 |
|---|-----------------------|------------------------------------|-------------------------|------------------------|--------------|--------------------------|
| <u>US Department of Health and Human Services:</u> | | | | | | |
| Passed Through the Tennessee Department of Human Services: | | | | | | |
| 93.667 | Z07031619 | Social Services Block Grant | \$ (3,017) | \$ 3,017 | | \$ - |
| 93.667 | Z08022688 | Social Services Block Grant | \$ - | \$ 49,183 | \$ 53,261 | \$ (4,078) (A) |
| <u>Passed Through the Greater Nashville Regional Council:</u> | | | | | | |
| 93.044 | 2007-10 | Title IIIB | (20,350) | 20,350 | | - |
| 93.043 | 2007-10 | Title IIID | (5,114) | 5,114 | | - |
| 93.044 | 2008-10 | Title IIIB | - | 69,493 | 83,433 | (13,940) (A) |
| 93.043 | 2008-10 | Title IIID | - | 4,086 | 10,455 | (6,369) (A) |
| <u>Passed Through the Tennessee Department of Mental Health and Developmental Disabilities through:</u> | | | | | | |
| Centerstone Community Mental Health Centers, Inc. | | | | | | |
| 93.958 | Centerstone | Peer Counseling | (4,013) | 16,050 | 12,037 | - |
| 93.275 | Centerstone | SAMSA | (5,329) | 4,671 | (658) | - |
| <u>US Department of Agriculture - Passed Through the Department of Human Services:</u> | | | | | | |
| 10.558 | 34740006001 | Child & Adult Food Program | (1,500) | 22,397 | 30,552 | (9,655) (A) |
| <u>National Endowment for the Arts - Passed Through the Tennessee Arts Commission:</u> | | | | | | |
| 45.022 | Z082175400 | Art program | - | 7,500 | 15,000 | (7,500) (A) |
| 45.022 | Z082175500 | Art program | | 4,450 | 5,050 | (600) (A) |
| <u>US Department of Justice - Passed Through the YMCA:</u> | | | | | | |
| 16.588 | YMCA | Victims of Crime Act | - | 9,404 | 10,594 | (1,190) (A) |
| <u>US Department of Justice - Passed Through the Department of Human Services:</u> | | | | | | |
| 16.575 | Z0703312800 | Victims of Crime Act | (4,927) | 47,102 | 48,651 | (6,476) (A) |
| <u>Corporation for National & Community Service:</u> | | | | | | |
| 94.011 | GH07SFSTN002 | Foster Grandparents Program * | (25,312) | 302,453 | 303,325 | (26,184) (A) |
| 94.016 | GH06SCSTN004 | Respite Senior Companion Program * | (4,610) | 51,023 | 50,426 | (4,013) (A) |
| 94.002 | GH06SRSTN008 | Retired Senior Volunteer Program | (9,379) | 112,545 | 112,539 | (9,373) (A) |
| Corporation Totals | | | (39,301) | 466,021 | 466,290 | (39,570) |
| Federal Totals | | | \$ (83,551) | \$ 728,838 | \$ 734,665 | \$ (89,378) |

(A): Amounts shown in brackets represents money due from the grantor.

(B): Advances due to the grantor if not used for program purposes.

* : Represents a major program for Single Audit Purposes.

This schedule is prepared on the same (accrual) basis of accounting as the financial statements.

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

**FIFTYFORWARD (FORMERLY SENIOR CITIZENS, INC.
SENIOR CENTER FOR THE ARTS, INC. AND J. B. KNOWLES TRUST
SCHEDULE OF FEDERAL AWARDS
JUNE 30, 2007**

| <u>CFDA Number</u> | <u>State Grant Number</u> | <u>Grantor Agency and Program Name</u> | <u>Balance July 1, 2006</u> | <u>Grant Cash Receipts</u> | <u>Expenditures</u> | <u>Balance June 30, 2007</u> | |
|--|-------------------------------|--|---------------------------------|--------------------------------|---------------------|----------------------------------|-----|
| <u>US Department of Health and Human Services:</u> | | | | | | | |
| Passed Through the Tennessee Department of Human Services: | | | | | | | |
| 93.667 | Z07031619 | Social Services Block Grant | \$ - | \$ 52,200 | \$ 55,217 | \$ (3,017) | (A) |
| Passed Through the Greater Nashville Regional Council: | | | | | | | |
| 93.043 | 2006-10 | Title IIID | (10,625) | 10,625 | | - | |
| 93.044 | 2007-10 | Title IIIB | | 81,400 | 101,750 | (20,350) | (A) |
| 93.043 | 2007-10 | Title IIID | - | 532 | 5,646 | (5,114) | (A) |
| Passed Through the Tennessee Department of Mental Health and Developmental Disabilities through: | | | | | | | |
| Centerstone Community Mental Health Centers, Inc. | | | | | | | |
| 93.958 | Centerstone | Peer Counseling | (1,338) | 14,713 | 17,388 | (4,013) | (A) |
| 93.275 | Centerstone | SAMSA | (5,000) | 21,667 | 21,996 | (5,329) | (A) |
| <u>US Department of Agriculture - Passed Through the Department of Human Services:</u> | | | | | | | |
| 10.558 | 34740006001 | Child & Adult Food Program | (1,500) | 20,376 | 20,376 | (1,500) | (A) |
| <u>National Endowment for the Arts - Passed Through the Tennessee Arts Commission:</u> | | | | | | | |
| 45.022 | Z0703483500 | Art program | - | 7,500 | 7,500 | - | |
| <u>US Department of Justice - Passed Through the Department of Human Services:</u> | | | | | | | |
| 16.575 | Z0703312800 | Victims of Crime Act | (3,300) | 55,932 | 57,559 | (4,927) | (A) |
| <u>Corporation for National & Community Service:</u> | | | | | | | |
| 94.011 | GH07SFSTN002 | Foster Grandparents Program * | (25,490) | 305,092 | 304,914 | (25,312) | (A) |
| 94.016 | GH06SCSTN004 | Respite Senior Companion Program * | (3,893) | 45,473 | 46,190 | (4,610) | (A) |
| 94.002 | GH06SRSTN008 | Retired Senior Volunteer Program | (9,254) | 112,170 | 112,295 | (9,379) | (A) |
| Totals | | | (38,637) | 462,735 | 463,399 | (39,301) | |
| Total Grants Receivable | | | \$ (60,400) | \$ 727,680 | \$ 750,831 | \$ (83,551) | |

(A): Amounts shown in brackets represents money due from the grantor.

(B): Advances due to the grantor if not used for program purposes.

* : Represents a major program for Single Audit Purposes.

This schedule is prepared on the same (accrual) basis of accounting as the financial statements.

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

**FIFTYFORWARD (FORMERLY SENIOR CITIZENS, INC.
SENIOR CENTER FOR THE ARTS, INC. AND J. B. KNOWLES TRUST
SCHEDULE OF STATE AND LOCAL AWARDS
JUNE 30, 2008**

| <u>State Grant Number</u> | <u>Grantor Agency and Program Name</u> | <u>Balance July 1, 2007</u> | <u>Grant Cash Receipts</u> | <u>Expenditures</u> | <u>Balance June 30, 2008</u> | |
|--|--|---------------------------------|--------------------------------|---------------------|----------------------------------|-----|
| <u>Tennessee Department of Mental Health and Developmental Disabilities:</u> | | | | | | |
| GR061724900 | Foster Grand Parents Program (Cloverbottom) | \$ (6,000) | \$ 6,000 | \$ 12,000 | \$ (12,000) | (A) |
| <u>Tennessee Commission on Aging - Greater Nashville Regional Council:</u> | | | | | | |
| 2007-10 | Senior Citizens Operations Grant | (17,143) | 43,400 | 26,257 | - | |
| <u>Tennessee Arts Commission</u> | | | | | | |
| 2702693 | Theater in the Grove | | 3,000 | 3,000 | - | |
| <u>Metropolitan Nashville Arts Commission</u> | | | | | | |
| 08-NP-09 | Senior Citizens, Inc. | | 1,000 | 1,200 | (200) | (A) |
| 08-B2-10 | Senior Citizens for the Arts, Inc. | | 16,739 | 20,587 | (3,848) | (A) |
| ABC-08-21 | Senior Citizens for the Arts, Inc. | | 800 | 940 | (140) | (A) |
| | Community Enhancement | | 153,080 | 153,080 | - | |
| State Totals | | <u>\$ (23,143)</u> | <u>\$ 224,019</u> | <u>\$ 217,064</u> | <u>\$ (16,188)</u> | |
| <u>Williamson County:</u> | | | | | | |
| | College Grove Center Grant | - | 35,500 | 35,500 | - | |
| | Brentwood Center Grant | - | 40,000 | 40,000 | - | |
| Local Government Totals | | <u>\$ -</u> | <u>\$ 75,500</u> | <u>\$ 75,500</u> | <u>\$ -</u> | |

(A): Amounts shown in brackets represents money due from the grantor.

(B): Advances due to the grantor if not used for program purposes.

This schedule is prepared on the same (accrual) basis of accounting as the financial statements.

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

**FIFTYFORWARD (FORMERLY SENIOR CITIZENS, INC.
SENIOR CENTER FOR THE ARTS, INC. AND J. B. KNOWLES TRUST
SCHEDULE OF STATE AND LOCAL AWARDS
JUNE 30, 2007**

| <u>State Grant Number</u> | <u>Grantor Agency and Program Name</u> | <u>Balance July 1, 2006</u> | <u>Grant Cash Receipts</u> | <u>Expenditures</u> | <u>Balance June 30, 2007</u> | |
|--|---|---------------------------------|--------------------------------|---------------------|----------------------------------|-----|
| <u>Tennessee Department of Mental Health and Developmental Disabilities:</u> | | | | | | |
| GR061724900 | Foster Grand Parents Program (Cloverbottom) | \$ (6,000) | \$ 6,000 | \$ 6,000 | \$ (6,000) | (A) |
| <u>Tennessee Commission on Aging - Greater Nashville Regional Council:</u> | | | | | | |
| 2007-10 | Senior Citizens Operations Grant | (6,936) | 43,400 | 53,607 | (17,143) | (A) |
| | Tennessee Arts Commission - TAC Touring Grant Senior Citizens for the Arts, Inc. | | 1,500 | 1,500 | - | |
| State Totals | | <u>\$ (12,936)</u> | <u>\$ 50,900</u> | <u>\$ 61,107</u> | <u>\$ (23,143)</u> | |
| <u>Davidson County:</u> | | | | | | |
| | Donelson Center Grant | | \$ 127,000 | \$ 127,000 | \$ - | |
| | Northwest Center Grant | | 4,000 | 4,000 | | |
| <u>Williamson County:</u> | | | | | | |
| | College Grove Center Grant | - | 16,250 | 16,250 | - | |
| | Brentwood Center Grant | - | 16,250 | 16,250 | - | |
| | <u>Brentwood College Grove Grant:</u> | - | 40,000 | 40,000 | - | |
| <u>Senior Citizens for the Arts, Inc.</u> | | | | | | |
| | Metro Council | - | 50,000 | 50,000 | - | |
| | Metro Arts | - | 10,847 | 10,847 | - | |
| | Community Foundation | - | 5,000 | 5,000 | - | |
| | Metro Gov't of Nashville & Davidson Co. | - | 8,750 | 8,750 | - | |
| Local Government Totals | | <u>\$ -</u> | <u>\$ 278,097</u> | <u>\$ 278,097</u> | <u>\$ -</u> | |

(A): Amounts shown in brackets represents money due from the grantor.

(B): Advances due to the grantor if not used for program purposes.

This schedule is prepared on the same (accrual) basis of accounting as the financial statements.

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

**FiftyForward (formerly Senior Citizens, Inc.)
Senior Center for the Arts, Inc. and J. B. Knowles Trust
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified.

| | <u>FiftyForward</u> | <u>Senior Center for the Arts, Inc.</u> | <u>J.B. Knowles Trust</u> |
|---|---------------------|---|-------------------------------|
| Internal control over financial reporting: | | | |
| • Material weakness(es) identified? | No | Yes | No |
| • Reportable condition(s) identified that are | | | |
| • not considered to be material weaknesses? | No | Yes | No |
| Noncompliance material to financial statements noted? | No | Yes | No |

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Reportable condition(s) identified that are
not considered to be material weaknesses _____ yes X none reported

Type of auditor's report issued on compliance for major programs: unqualified.

Any audit findings disclosed that are required
to be reported in accordance with section
510(a) of Circular A-133? _____ yes X no

Identification of major programs:

CFDA Number(s)

94.011
94.016

Name of Federal Program

Foster Grand Parents Program
Respite Senior Companion Program

Dollar threshold used to distinguish between
type A and type B programs: \$300,000

Auditee qualified as low risk? _____ yes X no

**FiftyForward (formerly Senior Citizens, Inc.)
Senior Center for the Arts, Inc. and J. B. Knowles Trust
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008**

Section II - Financial Statement Findings

Management's General Response - The following findings are solely related to control procedures of Senior Center for the Arts, Inc. a subsidiary of FiftyForward. Prior to January 1, 2008, certain accounting functions were handled by the staff of Senior Center for the Arts. Realizing the need for improvement in certain areas related to control procedures at Senior Center for the Arts, responsibility for the procedures reported upon below was transferred to FiftyForward staff effective January 1, 2008. FiftyForward Management wants to emphasize that they took steps to prevent future occurrences of the issues reflected below prior to fiscal year-end and the audit of the 2007-2008 accounting records.

2008-1: Lack of Documentation, Approval, & Receipting – Senior Center for the Arts, Inc.

- **Criteria – Specific Requirement:** To enable the Senior Center for the Arts, Inc.(SCA) to demonstrate that it has adequate internal controls over disbursements: invoices and other supporting documentation must be retained. Critical internal control steps such as adequate documentation, approvals and receiving need to be documented in writing.
- **Condition:** Critical internal control steps were not documented. During the period July 1, 2007 to December 31, 2007, the Senior Center for the Arts, Inc. maintained its own bookkeeping system, including cash receipts and disbursements. As part of testing both SCA's and FiftyForward's (the Agency) internal controls, a random sample of sixty cash disbursements were selected for testing. The random sample included four disbursements for SCA and 56 for FiftyForward. No exceptions were noted for FiftyForward. For SCA, supporting documentation was missing on one disbursement, approval for payment was not documented on two disbursements, receipting was not documented on two disbursements, and there was no check image on one. Since the original sample contained 25% to 50% in exceptions, a second sample was selected from the same period for SCA disbursements only. In the second sample, twenty-two of 223 disbursements were selected representing 10% of the total checks written. In the second sample, supporting documentation was missing on 4 disbursements totaling \$10,101. Approval for payment was not documented on 5 disbursements totaling \$9,813. Receipting was not documented on 6 disbursements totaling \$10,229.
- **Context:** The second sample covered \$14,483 of expenses as compared to \$107,031 of cash disbursements during the period, representing 13.5% of total expenses.
- **Effect:** The Senior Center for the Arts, Inc. could not document that it has adequate controls over disbursements to prevent fraudulent transactions from occurring.
- **Cause:** Procedures that require documentation prior to payment, documentation of approvals and receipting, and securing of check stock are not being followed.
- **Recommendation:** Internal controls over disbursements should require that receiving of supplies and other materials be documented in writing, should require approval of invoices for payment be documented, and should require invoices or other documentation be available before payment. In addition, blank check stock should be kept in a secure place and signed by authorized personnel only.
- **Response:** The management of FiftyForward became aware of these issues and effective January 1, 2008 removed check writing capabilities from the Senior Center for the Arts, Inc. and implemented procedures to reduce further occurrence of these findings. (Auditor note: Two disbursements for SCA were included in the sample tested during the period January 1, 2008 to June 30, 2008. No exceptions were noted on those disbursements.)

**FiftyForward (formerly Senior Citizens, Inc.)
Senior Center for the Arts, Inc. and J. B. Knowles Trust
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008**

2008-2: Inconsistent Check Signing – Senior Center for the Arts, Inc.

- **Criteria or Specific Requirement:** The persons authorized as check signers for the organization should be the only check signers. Bank reconciliation procedures should include examination of check images clearing with the bank statement for signatures and endorsements.
- **Condition:** In the second sample of SCA cash disbursements tested (see finding 2008-1), there were eight check images in which the signatures did not appear to match the authorized signature on file. These checks totaled \$2,533 in disbursements.
- **Context:** There were 22 checks selected for testing of 223 total checks written.
- **Effect:** Poor internal controls did not detect disbursements that needed further investigation.
- **Cause:** Inadequate controls over check writing and bank reconciliation
- **Recommendation:** Persons authorized to sign checks should be trained in their responsibilities and bank reconciliation procedures should include examination of check images clearing with the bank statement for signatures and endorsements.
- **Response:** Management of FiftyForward concurs and will implement the recommendation. Management would also like to state that check signatures have never been an issue with any previous audit of FiftyForward (or its predecessor, Senior Citizens, Inc.).

2008-3: Inability to Produce Form 1099 Documents – Senior Center for the Arts, Inc.

- **Criteria or Specific Requirement:** Internal Revenue Code requires payments to individual and companies, other than corporations, \$600 and over to be issued Form 1099 – Miscellaneous Income.
- **Condition:** Form 1099 – Miscellaneous Income forms for the 2007 tax year are not available for inspection.
- **Context:** The Senior Center for the Arts, Inc. paid \$108,898 in fees in the form of non-employee compensation.
- **Effect:** Senior Center for the Arts, Inc. did not provide evidence to the auditor that it had prepared Form 1099 – Miscellaneous Income forms for the non-employee compensation paid. The Internal Revenue Service has authority to penalize organizations for failure to prepare and file these forms.
- **Cause:** Inadequate controls over preparing and filing Form 1099.
- **Recommendation:** Controls and procedures should be implemented to ensure that Form 1099's are prepared, filed and retained.
- **Response:** Management wants to emphasize that 1099 documentation has never been an issue with FiftyForward (or its predecessor, Senior Citizens, Inc.), and that procedures are already in place at FiftyForward to properly handle reporting of monies paid for personal services. Changes in responsibilities that were enacted January 1, 2008 will rectify this situation.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

FIFTYFORWARD (formerly Senior Citizens, Inc.)
 SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST
 SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS
 JUNE 30, 2008

| | <u>Agency</u> | <u>Knowles Trust</u> | <u>Senior Center for the Arts</u> | <u>Total</u> |
|---|---------------|--------------------------|---|---------------|
| <u>ASSETS</u> | | | | |
| Cash - unrestricted | \$ 45,390 | | \$ 98,366 | \$ 143,756 |
| Cash - temporarily restricted | 1,561,492 | | | 1,561,492 |
| Total operating cash | 1,606,882 | - | 98,366 | 1,705,248 |
| Investments | 105,985 | | | 105,985 |
| Accounts receivable | 211,536 | | 11,488 | 223,024 |
| Promises to give, current portion | 673,319 | | | 673,319 |
| Prepaid expenses | 83,585 | | 2,644 | 86,229 |
| Total current assets | 2,681,307 | - | 112,498 | 2,793,805 |
| Land, building, and equipment | 12,978,151 | | 2,555 | 12,980,706 |
| Accumulated depreciation | (3,871,399) | | (255) | (3,871,654) |
| Net land, building, and equipment | 9,106,752 | - | 2,300 | 9,109,052 |
| Other assets: Conservator trust accounts | 389,480 | | | 389,480 |
| Pledge receivables, less current portion | 202,467 | | | 202,467 |
| Prepaid rent - Bellevue Center | 1,919,439 | | | 1,919,439 |
| Knowles Trust Fund cash | - | 21,670 | | 21,670 |
| Knowles Trust Fund investments | - | 1,916,533 | | 1,916,533 |
| Total assets | \$ 14,299,445 | \$ 1,938,203 | \$ 114,798 | \$ 16,352,446 |
| <u>LIABILITIES AND NET ASSETS</u> | | | | |
| Accounts payable | \$ 109,522 | | | \$ 109,522 |
| Accrued expenses | 164,982 | | | 164,982 |
| Accrued pension plan liability | 48,685 | | | 48,685 |
| Due to Fifty Forward (Due from Center for the Arts) | (60,408) | | 60,408 | - |
| Deferred revenue | 108,502 | | 57,033 | 165,535 |
| Total current liabilities | 371,283 | - | 117,441 | 488,724 |
| Conservator trust funds | 389,480 | | | 389,480 |
| Total liabilities | 760,763 | - | 117,441 | 878,204 |
| Net Assets: | | | | |
| Undesignated | 11,501,390 | | (2,643) | 11,498,747 |
| Board designated | 200,000 | | | 200,000 |
| Total unrestricted net assets | 11,701,390 | - | (2,643) | 11,698,747 |
| Temporarily restricted | 1,837,292 | | | 1,837,292 |
| Permanently restricted | - | 1,938,203 | | 1,938,203 |
| Total net assets | 13,538,682 | 1,938,203 | (2,643) | 15,474,242 |
| Total liabilities and net assets | \$ 14,299,445 | \$ 1,938,203 | \$ 114,798 | \$ 16,352,446 |

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

SENIOR CITIZENS, INC.
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS
JUNE 30, 2007

| | <u>Agency</u> | <u>Knowles Trust</u> | <u>Senior Center for the Arts</u> | <u>Total</u> |
|--|---------------|--------------------------|---|---------------|
| <u>ASSETS</u> | | | | |
| Cash - unrestricted | \$ 201,387 | | 31,234 | \$ 232,621 |
| Cash - temporarily restricted | 372,877 | | | 372,877 |
| Total operating cash | 574,264 | - | 31,234 | 605,498 |
| Investments | 116,729 | | | 116,729 |
| Accounts receivable | 153,459 | | 415 | 153,874 |
| Promises to give, current portion | 624,314 | | | 624,314 |
| Prepaid expenses | 34,301 | | | 34,301 |
| Total current assets | 1,503,067 | - | 31,649 | 1,534,716 |
| Land, building, and equipment | 12,988,895 | | | 12,988,895 |
| Accumulated depreciation | (3,539,068) | | | (3,539,068) |
| Net land, building, and equipment | 9,449,827 | - | - | 9,449,827 |
| Other assets: Conservator trust accounts | 300,115 | | | 300,115 |
| Pension plan intangible asset | 169,632 | | | 169,632 |
| Prepaid rent - Bellevue Center | 1,976,512 | | | 1,976,512 |
| Knowles Trust Fund cash | - | 20,608 | | 20,608 |
| Knowles Trust Fund investments | - | 2,104,682 | | 2,104,682 |
| Total assets | \$ 13,399,153 | \$ 2,125,290 | \$ 31,649 | \$ 15,556,092 |
| <u>LIABILITIES AND NET ASSETS</u> | | | | |
| Accounts payable | \$ 75,019 | | 9,843 | \$ 84,862 |
| Accrued expenses | 147,864 | | | 147,864 |
| Accrued pension plan liability | 222,072 | | | 222,072 |
| Deferred revenue | 106,233 | | 26,032 | 132,265 |
| Total current liabilities | 551,188 | - | 35,875 | 587,063 |
| Conservator trust funds | 300,115 | | | 300,115 |
| Total liabilities | 851,303 | - | 35,875 | 887,178 |
| Net Assets: | | | | |
| Undesignated | 11,359,660 | | (4,226) | 11,355,434 |
| Board designated | 200,000 | | | 200,000 |
| Total unrestricted net assets | 11,559,660 | - | (4,226) | 11,555,434 |
| Temporarily restricted | 997,190 | | | 997,190 |
| Permanently restricted | - | 2,125,290 | | 2,125,290 |
| Total net assets | 12,556,850 | 2,125,290 | (4,226) | 14,677,914 |
| Total liabilities and net assets | \$ 13,408,153 | \$ 2,125,290 | \$ 31,649 | \$ 15,565,092 |

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

FIFTYFORWARD (formerly Senior Citizens, Inc.)
 SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST
 SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN
 UNRESTRICTED NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2008

| <u>PUBLIC SUPPORT AND REVENUE</u> | Agency Operations | Agency Capital Campaign | Knowles Trust | Senior Center for the Arts | Total |
|---|----------------------|-------------------------------|------------------|----------------------------------|---------------|
| Special events | \$ 508,344 | \$ - | \$ - | \$ - | \$ 508,344 |
| Contributions | 628,778 | 100,970 | - | 27,907 | 757,655 |
| Sub-total | 1,137,122 | 100,970 | - | 27,907 | 1,265,999 |
| United Way | 36,864 | - | - | - | 36,864 |
| Membership dues | 244,461 | - | - | - | 244,461 |
| In kind support | 60,650 | - | - | 32,253 | 92,903 |
| Service fees | 738,316 | - | - | 217,373 | 955,689 |
| Interest and dividend income | 64,403 | - | 66,978 | - | 131,381 |
| Grant to Senior Center for the Arts ** | (71,000) | - | - | 71,000 | - |
| Realized gains (losses) on investments | (1,257) | - | (815) | - | (2,072) |
| Un-realized gains (losses) in fair value of investments | (12,998) | - | (147,016) | - | (160,014) |
| Gain (loss) on disposal of assets | (19,367) | - | - | - | (19,367) |
| Other income | 22,910 | - | - | - | 22,910 |
| Net assets released from restrictions: | | | | | |
| Principal transfer | - | - | 187,087 | - | 187,087 |
| Satisfaction of program restrictions: Awards | 993,469 | - | - | 34,889 | 1,028,358 |
| Satisfaction of timing restrictions: United Way | 500,005 | - | - | - | 500,005 |
| Senior Citizens Foundation | 124,728 | - | - | - | 124,728 |
| Capital Campaign | 862,172 | - | - | - | 862,172 |
| Sub-total of satisfaction of timing restrictions | 1,486,905 | - | - | 34,889 | 1,486,905 |
| Total public support and revenue | 4,680,478 | 100,970 | 106,234 | 383,422 | 5,271,104 |
| <u>EXPENSES</u> | | | | | |
| Program services * | 3,404,279 | 100,970 | 100,000 | 381,839 | 3,987,088 |
| Support Services | 1,134,469 | - | 6,234 | - | 1,140,703 |
| Total expenses | 4,538,748 | 100,970 | 106,234 | 381,839 | 5,127,791 |
| Increase (decrease) in unrestricted net assets | 141,730 | - | - | 1,583 | 143,313 |
| Unrestricted net assets, beginning | 2,765,439 | 8,794,221 | - | (4,226) | 11,555,434 |
| Unrestricted net assets, end of year | \$ 2,907,169 | \$ 8,794,221 | \$ - | \$ (2,643) | \$ 11,698,747 |

Capital Campaign reimbursement to operations consists of:

| | |
|---|------------|
| Transfer of endowment to Senior Citizens Foundation | \$ - |
| Capital Campaign direct expenses this year | 100,970 |
| Total Capital Campaign expenses this year | 100,970 |
| Capital Campaign capitalized expenditures this year | - |
| Total amount reimbursed to operations | \$ 100,970 |

Capital Campaign portion of ending unrestricted net assets consists of:

| | |
|--|--------------|
| City of Brentwood in kind donation of land for center | \$ 375,000 |
| Capital Campaign capitalized expenditures cumulative | 8,419,221 |
| Capital Campaign portion of ending unrestricted net assets | \$ 8,794,221 |

Note *: Operating program services expense includes \$92,903 in kind and \$400,388 depreciation expense.

Note **: The grant to Senior Center for the Arts of \$71,000 is included in program expenses on Fifty Forward's Form 990.

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

SENIOR CITIZENS, INC.
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN
UNRESTRICTED NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

| <u>PUBLIC SUPPORT AND REVENUE</u> | <u>Agency Operations</u> | <u>Agency Capital Campaign</u> | <u>Knowles Trust</u> | <u>Senior Center for the Arts</u> | <u>Total</u> |
|---|------------------------------|--|--------------------------|---|---------------|
| Special events: | \$ 486,972 | \$ - | \$ - | \$ - | \$ 486,972 |
| Contributions | 753,102 | 34 | - | 23,339 | 776,475 |
| Sub-total | 1,240,074 | 34 | - | 23,339 | 1,263,447 |
| United Way | 49,360 | - | - | - | 49,360 |
| Membership dues | 161,277 | - | - | - | 161,277 |
| In kind support | 254,964 | - | - | - | 254,964 |
| Service fees | 628,569 | - | - | 163,979 | 792,548 |
| Interest and dividend income | 40,458 | - | 69,506 | - | 109,964 |
| Realized gains (losses) on investments | - | - | (28,916) | - | (28,916) |
| Un-realized gains (losses) in fair value of investments | - | - | 251,356 | - | 251,356 |
| Gain on disposal of assets | 1,000 | - | - | - | 1,000 |
| Other income | 7,336 | - | - | 1,242 | 8,578 |
| Net assets released from restrictions: | - | - | - | - | - |
| Principal transfer | - | - | (185,745) | - | (185,745) |
| Satisfaction of program restrictions: Awards | 974,007 | - | - | 85,597 | 1,059,604 |
| Satisfaction of timing restrictions: | - | - | - | - | - |
| United Way | 488,433 | - | - | - | 488,433 |
| Senior Citizens Foundation | 140,904 | - | - | - | 140,904 |
| Contributions and Capital Campaign | 393,993 | - | - | - | 393,993 |
| Sub-total of satisfaction of timing restrictions | 1,023,330 | - | - | - | 1,023,330 |
| Total public support and revenue | 4,380,375 | 34 | 106,201 | 274,157 | 4,760,767 |
| <u>EXPENSES</u> | | | | | |
| Program services * | 3,522,855 | 34 | 100,000 | 279,961 | 3,902,850 |
| Support Services | 969,273 | - | 6,201 | - | 975,474 |
| Total expenses | 4,492,128 | 34 | 106,201 | 279,961 | 4,878,324 |
| Increase (decrease) in unrestricted net assets | (111,753) | - | - | (5,804) | (117,557) |
| Unrestricted net assets, beginning | 2,877,192 | 8,794,221 | - | 1,578 | 11,672,991 |
| Unrestricted net assets, end of year | \$ 2,765,439 | \$ 8,794,221 | \$ - | \$ (4,226) | \$ 11,555,434 |

Capital Campaign reimbursement to operations consists of:

Transfer of endowment to Senior Citizens Foundation

Agency operating expenses

Capital Campaign direct expenses this year 34

Capital Campaign indirect expenses this year

Total Capital Campaign expenses this year 34

Capital Campaign capitalized expenditures this year

Total amount reimbursed to operations \$ 34

Capital Campaign portion of ending unrestricted net assets consists of:

City of Brentwood in kind donation of land for center \$ 375,000

Capital Campaign capitalized expenditures cumulative 8,419,221

Capital Campaign portion of ending unrestricted net assets \$ 8,794,221

Note *: Operating program services expense includes \$254,964 in kind and \$448,176 depreciation expense.

The accompanying notes are an integral part of the financial statements