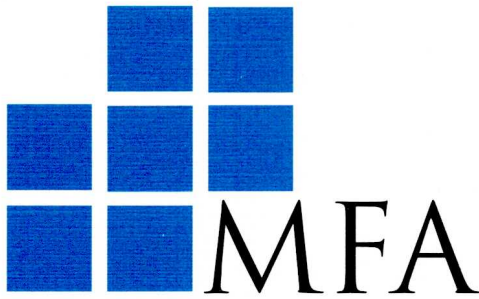


**SENIOR CITIZENS OF HENDERSONVILLE, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

## TABLE OF CONTENTS

Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-10



# MCMURRAY, FOX & ASSOCIATES, PLLC CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Senior Citizens of Hendersonville, Inc.

We have audited the accompanying financial statements of Senior Citizens of Hendersonville, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 risk 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 Citizens of Hendersonville, Inc. as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***McMurray, Fox & Associates***

McMurray, Fox & Associates PLLC  
Hendersonville, Tennessee  
February 7, 2020

**SENIOR CITIZENS OF HENDERSONVILLE, INC.  
STATEMENT OF FINANCIAL POSITION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

**ASSETS**

Current assets	
Cash	\$ 45,606
Grants receivable	15,855
Prepaid assets	<u>4,271</u>
Total current assets	65,732
Property and equipment	
Property and equipment	293,222
Less: accumulated depreciation	<u>(226,613)</u>
Net property and equipment	<u>66,609</u>
Total assets	<u><u>\$ 132,341</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities	
Payroll liabilities	<u>\$ 4,219</u>
Total current liabilities	4,219
Net assets without donor restriction	<u>128,122</u>
Total net assets	<u>128,122</u>
Total liabilities and net assets	<u><u>\$ 132,341</u></u>

See independent auditor's report and notes to financial statements

**SENIOR CITIZENS OF HENDERSONVILLE, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Support		
Federal grant	\$	17,932
State grants		12,550
City & county funding		30,000
United Way funding		13,745
Contributions		8,069
Miscellaneous		3,217
In-kind rent		30,000
Program income		24,491
Fundraising		19,791
Total operating revenues, gain, and other support		<u>159,795</u>
Expenses		
Program		97,340
Management and general		74,938
Fundraising		2,030
Total operating expenses		<u>174,308</u>
Change in net assets		(14,513)
Net assets, beginning of year		<u>142,635</u>
Net assets, end of year	\$	<u><u>128,122</u></u>

See independent auditor's report and notes to financial statements

**SENIOR CITIZENS OF HENDERSONVILLE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

	PROGRAM <u>SERVICES</u>	<u>FUNDRAISING</u>	MANAGEMENT & GENERAL	<u>TOTAL</u>
Depreciation	\$ 7,052	\$ -	\$ 2,351	\$ 9,403
Fundraising expense	-	2,030	-	2,030
Insurance	5,807	-	1,935	7,742
Legal and professional	-	-	4,950	4,950
Office expense	8,651	-	2,884	11,535
Payroll	19,054	-	57,163	76,217
Program	12,747	-	-	12,747
Rent	30,000	-	-	30,000
Telephone	584	-	1,751	2,335
Utilities	11,711	-	3,904	15,615
Vehicle expense	1,734	-	-	1,734
Total expenses	<u>\$ 97,340</u>	<u>\$ 2,030</u>	<u>\$ 74,938</u>	<u>\$ 174,308</u>

See independent auditor's report and notes to financial statements

**SENIOR CITIZENS OF HENDERSONVILLE, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Cash flows from operating activities	
Decrease in net assets	\$ (14,513)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities	
Depreciation	9,403
Increase in accounts receivable	(6,533)
Decrease in prepaid assets	526
Increase in accrued payroll	1,484
Total adjustments	<u>4,880</u>
Net cash used in operating activities	(9,633)
Cash flows from investing activities	
Purchase of equipment	<u>(21,449)</u>
Net cash used in investing assets	<u>(21,449)</u>
Net decrease in cash and cash equivalents	(31,082)
Cash and cash equivalents at beginning of year	<u>76,688</u>
Cash and cash equivalents at end of year	<u><u>\$ 45,606</u></u>

See independent auditor's report and notes to financial statements



**SENIOR CITIZENS OF HENDERSONVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Activities**

Senior Citizens of Hendersonville, Inc. (the "Center"), was incorporated under the laws of the State of Tennessee on July 31, 1986, for the purpose of operating a senior center in Hendersonville, Tennessee to service Hendersonville and Sumner County citizens fifty years of age or older. The Center provides on-site programs in addition to an outreach program to homebound seniors. The Center utilizes a fiscal year beginning July 1 and ending on June 30.

**Basis of Accounting**

The financial statements have been prepared using the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America.

**Income Taxes**

The Center is a non-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code.

**Cash & Cash Equivalents**

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximate fair value because of the short maturities of those financial instruments.

**Use of Estimates**

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

**Basis of Presentation**

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed stipulations. Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or the passage of time. Restrictions that are fulfilled in the same accounting period in which the funds are received are reported in the statement of activities as net assets without donor restrictions. The Center has no net assets with donor restrictions as of June 30, 2019.

See independent auditor's report

**SENIOR CITIZENS OF HENDERSONVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Presentation (continued)**

All contributions are considered to be available for use unless specifically restricted by the donor. Contributions of cash or other assets that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions until the assets are acquired and placed in service as instructed by the donor. Amounts received that are designated for future periods or restricted by the donor for a specific purpose are reported as net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

**Contributed Services**

Contributed services are reflected in the financial statements at the fair value of the services received only when those services either (a) create or enhance nonfinancial 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. Services that do not meet either of the preceding criteria should not be recognized. The Center received several hundred hours of volunteer services during the fiscal year which do not meet stated criteria and therefore are not recorded. There were no additional contributed services for the year ending June 30, 2019.

**Program Expenses**

Program services include events, activities and transactions in which the Center provides service to Sumner County citizens fifty years of age or older.

**Functional Expenses**

The cost of provided program and administration activities has 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. The allocation is based on actual costs and time expended.

**Advertising Costs**

Advertising costs are expensed as incurred. Advertising expense is \$3,449 for the year ending June 30, 2019.

**New Accounting Pronouncements**

In May 2014, the Financial Accounting Standards Board issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). This guidance supersedes the revenue recognition requirements in ASC Topic 605, *Revenue Recognition* (Topic 605), and most industry-specific revenue recognition guidance throughout the Industry Topics of the Accounting Standards Codification. The updated guidance states

See independent auditor's report

**SENIOR CITIZENS OF HENDERSONVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**New Accounting Pronouncements (continued)**

that an entity should recognize revenue to depict the transfer of promised goods or services to entities in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance is effective July 1, 2019, and will be applied using a modified retrospective basis. The Center is in the process of measuring the effects of applying the accounting standard in future applicable periods.

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases*, that provided new guidance related to accounting for leases. Under the new guidance, lessees are required to recognize a right-of-use asset and a lease liability for substantially all leases. The new guidance will continue to classify leases as either financing or operating, with classification affecting the pattern of expense recognition. The accounting applied by a lessor under the new guidance will be substantially equivalent to current lease accounting guidance. Entities have the option to adopt the new guidance using a modified retrospective approach through cumulative effect adjustment to net assets applied either to the beginning of the earliest period presented or the beginning of the period of adoption. The new guidance is effective July 1, 2019. The Center is in the process of measuring the effects of the applying the accounting standard in future applicable periods.

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* effective for fiscal years beginning after December 15, 2017. The new pronouncement primarily changes net asset presentation from three net asset classifications to net assets with and without donor restrictions. We adopted new guidance July 1, 2018.

From time to time, new accounting pronouncements are issued by the FASB or other standard setting bodies that the Board adopts as of the specified effective dates. Unless otherwise discussed, management believes the impact of any other recently issued standards that are not yet effective are either not applicable at this time or will not have a material impact on the financial statements upon adoption.

**NOTE 2 – GRANT INCOME**

The Center is the recipient of an unrestricted grant administered by Greater Nashville Regional Council on behalf of the United States Department of Health and Human Services and the Tennessee Commission on Aging in the amount of \$31,100, of which \$600 was not utilized and cannot be carried forward. The grant received is comprised of federal Title III-B Award of \$18,550 and the Tennessee Commission on Aging Award of \$12,550. In addition, the Center also received unrestricted grants of \$13,745 from the United Way, \$15,000 from Sumner County, Tennessee and \$15,000 from the City of Hendersonville, Tennessee.

See independent auditor's report

**SENIOR CITIZENS OF HENDERSONVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2019**

**NOTE 2 – GRANT INCOME (CONTINUED)**

Grants receivable consists of \$8,355 due from Greater Nashville Regional Council and \$7,500 due from Sumner County Government.

**NOTE 3 – CONTRIBUTIONS**

Senior Citizens of Hendersonville, Inc. received \$8,069 in unrestricted contributions from corporations and individuals during the fiscal year ending June 30, 2019.

**NOTE 4 – PROPERTY AND EQUIPMENT**

Property and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation. The policy of the Center is to capitalize all assets \$250 and above. Property and equipment are depreciated using the straight-line method over the life of the asset, between three and fifteen years. Leasehold improvements are depreciated over the assumed life of the lease, see Note 5. Depreciation expense for the year ending June 30, 2019 totaled \$9,403. Repair and maintenance costs are expensed as incurred.

**NOTE 5 – GIFTS IN KIND**

The Center was the recipient of rent in-kind from the City of Hendersonville during the fiscal year ending June 30, 2019. The City values the cost of the contribution for the use of the building at 197 Imperial Boulevard to be \$30,000. Accordingly, in-kind revenue and rent expense of \$30,000 was recorded by the Center. The lease agreement is open-ended and cancelable by the City at any time.

Other gifts-in-kind during the fiscal year were immaterial.

**NOTE 6– LIQUIDITY**

The Center's assets available at June 30, 2019 equates to \$61,461 consisting of \$45,606 in cash, and accounts receivable of \$15,855. These assets have no donor restrictions and are therefore available to meet general expenditures. The Center is substantially supported by grants, individual contributions, and building use income which is primarily without donor restrictions and are available for general expenditures.

**NOTE 7– SUBSEQUENT EVENTS**

The Center has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2019 through February 7, 2020, the date the financial statements were available to be issued. There were no subsequent events that require recognition in the financial statements.

See independent auditor's report