

**FIFTYFORWARD,  
SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**June 30, 2013 and 2012**

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST**

**TABLE OF CONTENTS**

Independent Auditor's Report.....	1 – 2
Consolidated Financial Statements:	
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities .....	4 – 5
Consolidated Statements of Functional Expenses .....	6 – 7
Consolidated Statements of Cash Flows .....	8
Notes to Consolidated Financial Statements .....	9 – 23
Supplemental Information:	
Schedule of Expenditures of Federal, State and Local Awards.....	24 – 25
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	26 – 27
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by with OMB Circular A-133 .....	28 – 29
Schedule of Findings and Questioned Costs.....	30 – 31
Summary Schedule of Prior Audit Findings .....	32
Consolidating Schedules of Financial Position.....	33 – 34
Consolidating Schedules of Activities .....	35 – 36



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
FiftyForward,  
Senior Center for the Arts, Inc.  
and The J. B. Knowles Trust  
Nashville, Tennessee

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of FiftyForward (a not-for-profit organization), Senior Center for the Arts, Inc. (a not-for-profit organization) and The J. B. Knowles Trust (a charitable trust) (collectively, "the Organization"), which comprise the statements of financial position as of June 30, 2013 and 2012, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of FiftyForward, Senior Center for the Arts, Inc. and The J. B. Knowles Trust as of June 30, 2013 and 2012, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal, state and local awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis. Such information, as well as the consolidating schedules of financial position and consolidating schedules of activities, is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

## Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2013, on our consideration of FiftyForward, Senior Center for the Arts, Inc. and The J. B. Knowles Trust's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* in considering FiftyForward, Senior Center for the Arts, Inc. and The J. B. Knowles Trust's internal control over financial reporting and compliance.

*Frasier, Dean & Howard, PLLC*

October 4, 2013  
Nashville, Tennessee

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC. AND  
THE J. B. KNOWLES TRUST  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 858,852	\$ 888,997
Certificates of deposit	851,054	1,248,553
Investments	36,743	31,818
Accounts receivable	185,319	183,549
Grants receivable	100,017	215,449
Promises to give	989,814	530,981
Prepaid expenses	48,079	22,765
Total current assets	3,069,878	3,122,112
Promises to give, net of current portion	750,000	-
Land, building and equipment, net	8,186,790	8,012,895
Conservator trust funds	913,658	725,309
Prepaid rent - Bellevue Center	1,592,950	1,667,664
Knowles Trust Fund cash	50,091	37,323
Knowles Trust Fund investments	1,649,517	1,612,901
Total assets	<u>\$ 16,212,884</u>	<u>\$ 15,178,204</u>
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable	\$ 228,653	\$ 143,252
Accrued expenses	124,463	140,895
Accrued pension plan liability	303,191	303,191
Deferred revenue	85,475	95,816
Total current liabilities	741,782	683,154
Conservator trust funds	913,658	725,309
Total liabilities	<u>1,655,440</u>	<u>1,408,463</u>
Net assets:		
Unrestricted - undesignated	9,594,346	9,817,237
Temporarily restricted	3,263,490	2,302,280
Permanently restricted	1,699,608	1,650,224
Total net assets	<u>14,557,444</u>	<u>13,769,741</u>
Total liabilities and net assets	<u>\$ 16,212,884</u>	<u>\$ 15,178,204</u>

See accompanying notes.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC. AND  
THE J. B. KNOWLES TRUST  
CONSOLIDATED STATEMENT OF ACTIVITIES  
Year ended June 30, 2013**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Contributions	\$ 875,358	\$ 1,500,859	\$ -	\$ 2,376,217
Service fees	857,291	-	-	857,291
Grant revenue	856,337	-	-	856,337
United Way	27,713	421,421	-	449,134
Special events	356,487	-	-	356,487
Membership dues	225,472	-	-	225,472
Ticket sales	219,921	-	-	219,921
Investment income, net	23,975	8,379	139,385	171,739
In-kind contributions	113,615	-	-	113,615
Other income	16,504	-	-	16,504
Rental income	8,035	-	-	8,035
Net assets released from restrictions	<u>1,059,450</u>	<u>(969,449)</u>	<u>(90,001)</u>	<u>-</u>
Total public support and revenue	<u>4,640,158</u>	<u>961,210</u>	<u>49,384</u>	<u>5,650,752</u>
Expenses:				
Program services	3,973,180	-	-	3,973,180
Support services	<u>889,869</u>	<u>-</u>	<u>-</u>	<u>889,869</u>
Total expenses	<u>4,863,049</u>	<u>-</u>	<u>-</u>	<u>4,863,049</u>
Change in net assets	(222,891)	961,210	49,384	787,703
Net assets - beginning of year	<u>9,817,237</u>	<u>2,302,280</u>	<u>1,650,224</u>	<u>13,769,741</u>
Net assets - end of year	<u>\$ 9,594,346</u>	<u>\$ 3,263,490</u>	<u>\$ 1,699,608</u>	<u>\$ 14,557,444</u>

See accompanying notes.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC. AND  
THE J. B. KNOWLES TRUST  
CONSOLIDATED STATEMENT OF ACTIVITIES  
Year ended June 30, 2012**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Public support and revenue:				
Contributions	\$ 1,433,896	\$ 159,155	\$ -	\$ 1,593,051
Grant revenue	836,714	-	-	836,714
Service fees	782,733	-	-	782,733
United Way	32,367	421,468	-	453,835
Special events	407,296	-	-	407,296
Membership dues	224,718	-	-	224,718
Ticket sales	169,759	-	-	169,759
In-kind contributions	107,183	-	-	107,183
Investment income, net	22,166	21,288	(13,747)	29,707
Other income	16,986	-	-	16,986
Rental income	12,164	-	-	12,164
Net assets released from restrictions	<u>663,734</u>	<u>(563,734)</u>	<u>(100,000)</u>	<u>-</u>
Total public support and revenue	<u>4,709,716</u>	<u>38,177</u>	<u>(113,747)</u>	<u>4,634,146</u>
Expenses:				
Program services	3,879,999	-	-	3,879,999
Support services	<u>954,524</u>	<u>-</u>	<u>-</u>	<u>954,524</u>
Total expenses	<u>4,834,523</u>	<u>-</u>	<u>-</u>	<u>4,834,523</u>
Change in net assets	(124,807)	38,177	(113,747)	(200,377)
Net assets - beginning of year	<u>9,942,044</u>	<u>2,264,103</u>	<u>1,763,971</u>	<u>13,970,118</u>
Net assets - end of year	<u>\$ 9,817,237</u>	<u>\$ 2,302,280</u>	<u>\$ 1,650,224</u>	<u>\$ 13,769,741</u>

See accompanying notes.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC. AND  
THE J. B. KNOWLES TRUST  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
Year ended June 30, 2013**

	Program Services										Support Services										
	Foster Grand Parents	Living At Home*	RSVP	College Grave	Donelson	Burdiaux	Brentwood Martin	Knowles Hart Bldg	Turner Center	Madison	Fifty Forward Travel	Music For Seniors	Center for the Arts	Care Team	Total	Comm	Fund Raising**	Mgmt and General	Total	Total Expenses	
Salaries	\$ 123,766	\$ 66,735	\$ 258,201	\$ 141,437	\$ 60,010	\$ 82,210	\$ 48,371	\$ 112,456	\$ 132,534	\$ 92,813	\$ 124,310	\$ 11,036	\$ 100	\$ 25,178	\$ 101,947	\$ 1,381,104	\$ 81,849	\$ 147,181	\$ 293,565	\$ 522,595	\$ 1,903,699
Occupancy	13,110	2,647	21,121	8,389	46,676	73,365	16,769	78,761	96,289	95,921	101,622	109	895	22,872	5,108	583,854	4,781	9,450	14,729	28,960	612,814
Fees	4,054	3,071	34,519	6,681	8,653	7,070	1,951	12,548	12,163	33,062	12,569	104,553	84,388	129,213	2,003	456,698	6,081	4,772	21,160	32,013	488,711
Benefits	28,382	10,608	68,306	26,287	12,473	12,767	2,887	20,571	20,241	16,221	22,506	335	48	1,042	16,269	258,943	11,301	21,998	97,749	131,048	389,991
Supplies	20,648	1,774	54,642	16,139	3,754	17,647	8,030	39,910	10,273	13,481	40,440	183	596	66,413	1,976	295,906	1,170	31,563	5,163	37,896	333,802
Assistance	49	315,888	1,724	9,933	-	-	-	-	10	170	91	-	-	-	-	327,865	-	-	12	12	327,877
Payroll taxes	9,168	4,909	18,486	10,501	4,505	6,152	3,690	7,366	10,336	6,797	9,292	844	8	1,931	7,700	101,685	6,040	11,064	23,002	40,106	141,791
Travel	19,413	1,717	13,311	3,375	3,780	5,519	5,721	5,185	2,410	6,137	8,155	40	-	368	4,653	79,784	578	166	875	1,619	81,403
Maintenance	90	822	2,344	1,264	1,536	16,945	405	3,089	3,211	2,063	5,479	-	-	-	903	38,151	674	8,684	5,520	14,878	53,029
Telephone	1,827	3,464	5,459	1,712	2,378	7,985	2,866	8,482	1,783	82	8,341	-	1,493	-	1,502	47,374	795	2,228	2,535	5,558	52,932
Marketing and Printing	24	2	8	4,455	1	309	1	835	729	242	643	360	88	17,495	550	25,742	20,233	484	522	21,239	46,981
publications	19	-	165	5,105	598	-	-	108	302	183	266	-	-	-	20	6,766	21,068	2,842	957	24,867	31,633
Postage	30	516	986	2,410	756	625	288	1,299	2,190	26	3,654	145	126	4,145	211	17,407	3,784	2,751	2,030	8,565	25,972
Conferences	579	1,388	1,259	6,556	149	433	632	242	373	341	251	36	351	45	521	13,156	220	1,289	7,402	8,911	22,067
Dues	361	474	944	367	1,063	975	345	1,433	1,006	390	2,631	16	32	810	71	10,918	808	1,519	6,444	8,771	19,689
Recognition	451	204	935	636	239	315	261	1,405	1,174	454	1,607	51	101	352	224	8,409	167	528	2,417	3,112	11,521
Other	32	277	3,941	369	-	258	50	647	92	25	256	-	-	973	-	6,920	-	1	(2,732)	(2,731)	4,189
Depreciation	222,003	414,496	486,351	245,816	146,571	232,575	92,267	294,337	295,116	268,408	342,113	117,708	88,426	270,837	143,658	3,660,682	159,549	246,520	481,350	887,419	4,548,101
	17,621	-	-	-	-	68,360	4,865	65,614	85,094	13,561	55,678	-	-	1,705	-	312,498	-	2,450	-	2,450	314,948
Total	\$ 239,674	\$ 414,496	\$ 486,351	\$ 245,816	\$ 146,571	\$ 300,935	\$ 97,132	\$ 359,951	\$ 380,210	\$ 281,969	\$ 397,791	\$ 117,708	\$ 88,426	\$ 272,542	\$ 143,658	\$ 3,973,180	\$ 159,549	\$ 248,970	\$ 481,350	\$ 889,869	\$ 4,863,049

Note\* The Living At Home Program includes the following cost centers: Living At Home, VOCA, and Meals on Wheels.

Note\*\* The Fund Raising support service includes \$28,229 of expenses for special events.

See accompanying notes.



**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC. AND  
THE J. B. KNOWLES TRUST  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
Year ended June 30, 2012**

	Foster Grand Parents	Living At Home*	Program Services										Support Services					Total	Expenses			
			RSVP	College Grove	Donelson	Bordeaux	Brentwood	Knowles Hart Bldg	Turner Center	Madison	Forward Travel	Music For Seniors	Center for the Arts	Care Team	Total	Comm	Capital Campaign			Fund Raising**	Mgmt and General	
Salaries	\$ 121,391	\$ 65,097	\$ 275,329	\$ 139,369	\$ 76,235	\$ 79,588	\$ 51,645	\$ 111,677	\$ 115,788	\$ 91,515	\$ 122,890	\$ 11,097	\$ 450	\$ 25,595	\$ 98,018	\$ 1,385,684	\$ 77,221	\$ -	\$ 161,621	\$ 290,887	\$ 529,729	\$ 1,915,413
Occupancy	12,282	2,643	21,110	8,548	46,994	56,255	9,235	75,182	80,264	91,041	88,803	160	827	21,550	5,169	520,063	3,732	-	9,575	15,056	28,363	548,426
Fees	3,685	3,062	31,936	5,499	9,009	6,426	1,279	16,532	10,164	45,095	7,699	84,661	72,160	138,478	2,034	437,719	5,168	-	4,419	42,799	52,386	490,105
Benefits	29,516	10,347	75,414	22,352	16,860	5,010	21,273	20,456	17,972	23,268	441	104	1,944	12,759	261,021	11,317	12	29,546	129,289	170,164	431,185	
Assistance	162	301,668	22,890	13,304	81	90	60	107	133	90	262	17	34	77	338,975	125	-	126	283	534	339,509	
Supplies	19,413	3,928	48,934	15,800	7,729	21,106	10,241	43,034	18,648	14,077	36,174	86	1,760	52,245	2,096	295,271	1,023	7	30,617	4,221	35,868	331,139
Payroll taxes	8,991	4,729	19,765	10,398	5,704	6,098	3,843	7,391	8,396	7,842	9,170	848	34	1,969	7,491	102,669	8,920	-	12,170	22,168	43,258	145,927
Travel	18,872	2,043	12,931	2,474	3,400	5,952	7,321	6,430	3,337	10,381	9,738	37	3	3,626	3,671	90,216	573	-	73	888	1,534	91,750
Printing and publications	332	118	597	6,635	155	322	245	1,074	852	671	1,590	387	165	8,868	2,896	24,907	39,825	-	8,750	757	49,332	74,239
Telephone	2,051	2,672	6,363	1,621	2,312	8,426	2,900	10,221	1,492	414	8,255	114	1,165	-	1,054	49,060	1,365	-	1,807	2,203	5,375	54,435
Maintenance	184	658	2,361	1,044	1,891	14,254	648	2,218	3,633	1,790	7,538	-	153	25	712	37,109	557	-	4,284	5,380	10,221	47,330
Postage	50	532	1,020	2,497	679	593	77	1,206	1,720	226	3,452	231	244	2,074	178	14,779	3,957	-	3,809	2,072	9,838	24,617
Dues	101	166	1,537	381	297	391	37	1,262	248	124	386	11	60	598	47	5,646	1,554	-	1,512	6,883	9,949	15,595
Conferences and meetings	553	74	1,385	2,924	375	653	151	443	198	544	986	28	41	50	1,093	9,498	385	-	637	1,650	2,672	12,170
Recognition	647	159	1,049	725	257	284	273	854	413	448	1,031	49	98	-	218	6,505	157	-	462	2,981	3,600	10,105
Other	(22)	(473)	(84)	(10)	(450)	21	102	82	228	527	1,028	-	-	1,490	(79)	2,360	5	-	5	874	884	3,244
Depreciation	218,208	397,423	522,537	233,561	171,528	205,469	91,362	298,986	265,970	282,757	322,270	98,167	77,298	258,512	137,434	3,581,482	155,884	19	269,413	528,391	953,707	4,535,189
	14,579	-	-	-	(526)	65,322	5,420	65,424	77,628	13,857	54,127	-	-	2,686	-	298,517	-	-	817	-	817	299,334
Total	\$ 232,787	\$ 397,423	\$ 522,537	\$ 233,561	\$ 171,002	\$ 270,791	\$ 96,782	\$ 364,410	\$ 343,598	\$ 296,614	\$ 376,397	\$ 98,167	\$ 77,298	\$ 261,198	\$ 137,434	\$ 3,879,999	\$ 155,884	\$ 19	\$ 270,230	\$ 528,391	\$ 954,524	\$ 4,834,523

Note\* The Living At Home Program includes the following cost centers: Living At Home, Senior Companion, VOCA, and Meals on Wheels.

Note\*\* The Fund Raising support service includes \$28,543 of expenses for special events.

See accompanying notes.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC. AND  
THE J. B. KNOWLES TRUST  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
Years ended June 30, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Change in net assets	\$ 787,703	\$ (200,377)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	314,948	299,334
Amortization of prepaid lease	74,714	67,821
Realized and unrealized (gains) losses on investments, net	(144,310)	12,501
Changes in operating assets and liabilities:		
Accounts receivable	(1,770)	(54,508)
Grants receivable	115,432	(11,161)
Promises to give	(1,208,833)	163,481
Prepaid expenses	(25,314)	3,549
Accounts payable	85,401	4,133
Accrued expenses	(16,432)	(12,305)
Accrued pension plan liability	-	33,689
Deferred revenue	(10,341)	(76,463)
Net cash (used in) provided by operating activities	<u>(28,802)</u>	<u>229,694</u>
Cash flows from investing activities:		
Sale (purchase) of certificates of deposit	397,499	(219,548)
Purchase of equipment	(488,843)	(65,534)
Net cash used in investing activities	<u>(91,344)</u>	<u>(285,082)</u>
Cash flows from financing activities:		
Knowles Trust Fund proceeds	190,755	670,345
Knowles Trust Fund purchases	(190,755)	(670,345)
Distributions from Knowles Trust Fund	90,001	100,000
Net cash provided by financing activities	<u>90,001</u>	<u>100,000</u>
Net (decrease) increase in cash	(30,145)	44,612
Cash and cash equivalents - beginning of year	<u>888,997</u>	<u>844,385</u>
Cash and cash equivalents - end of year	<u>\$ 858,852</u>	<u>\$ 888,997</u>

See accompanying notes.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
June 30, 2013 and 2012**

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

**Nature of Activity**

FiftyForward provides programs and services designed to keep seniors, 50 years of age and 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 FiftyForward's existence.

The J. B. Knowles's Trust (the "Trust") is a trust established to assist in paying for the operating expenses of FiftyForward's Knowles Senior Center. FiftyForward and the Trust are governed by the same board of directors.

In September 2004, FiftyForward's Board of Directors approved the by-laws and board members for the Senior Center for the Arts, Inc. ("SCA"), a not-for-profit organization created to support art programs. FiftyForward's board of directors appoints the board of SCA and has an economic interest in SCA.

**Principles of Consolidation**

FiftyForward, the Trust and SCA, collectively ("the Organization"), are included in the accompanying consolidated financial statements. All significant inter-entity transactions and balances have been eliminated in consolidation.

**Financial Statement Presentation**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed for not-for-profit organizations. 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 consolidated statements of activities as net assets released from restrictions. Contributions which are restricted for specific programs are reflected as unrestricted revenue if these funds are received and spent in the same fiscal year.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2013 and 2012**

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

**Financial Statement Presentation (Continued)**

**Permanently restricted net assets** – Net assets subject to donor imposed stipulations that they be maintained permanently by the Organization. Generally, donors of these assets permit the Organization to use all or part of the income earned for general or specific purposes.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with an original maturity when purchased of three months or less to be cash equivalents.

**Unconditional Promises to Give**

Contributions are recognized when a donor makes an unconditional promise to give to the Organization. Contributions that are not restricted, or are restricted by the donor and the restriction expires during the fiscal year, are reported as increases in unrestricted net assets. All other contributions are reported as increases in temporarily or permanently restricted net assets. Management considers all unconditional promises to give to be fully collectible at June 30, 2013 and 2012. Accordingly, no allowance for doubtful accounts has been recorded in the accompanying consolidated statements of financial position.

**Accounts Receivable**

Accounts receivable are stated at their net realizable value. It is the opinion of management that all accounts receivable at June 30, 2013 and 2012 are collectible.

**Land, Building and Equipment**

The Organization capitalizes all expenditures for land, building and equipment in excess of \$5,000. Land, building 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.

**Investments**

The Organization accounts for investments in accordance with Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”) guidelines for not-for-profit organizations. Under these guidelines, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statements of financial position. Investment income and realized and unrealized gains and losses are reported as changes in unrestricted net assets unless the use of income has been restricted by the donor. See Note 2 for additional information on fair value measurements.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2013 and 2012**

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

**Deferred Revenue**

Amounts received in advance for service and program fees are deferred and recognized when earned.

**Estimates**

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes**

FiftyForward and SCA are not-for-profit organizations that are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Trust's income is set aside for charitable purposes. As such, its income should not be subject to federal income tax. Accordingly, the Organization has made no provision for income taxes.

The Organization follows FASB ASC 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 not recognized any tax related interest and penalties in the accompanying consolidated financial statements. Federal tax years that remain open for examination include the years ended June 30, 2010 through June 30, 2013.

For tax years prior to 2011, the Trust failed to file its informational return on a timely basis with the Internal Revenue Service ("IRS"). The Trust had received notices of assessment concerning this matter totaling approximately \$80,000. Subsequent to June 30, 2013, the Trust received notification from the IRS that these assessments would be abated, resulting in no financial consequences to the Organization.

**Donated Goods and Services**

The value of donated goods and services meeting the criteria for recognition are recorded as in-kind contributions, with the corresponding expenses recorded, when the fair values of the goods and services are available.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2013 and 2012**

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

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based upon estimates by management.

**Restricted Endowment Funds**

The Uniform Prudent Management Institutional Funds Act (“UPMIFA”) was enacted in Tennessee effective July 1, 2007. The FASB ASC provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of UPMIFA. The guidance requires that the amount of permanently restricted net assets cannot be reduced by losses on investments of the funds or by an organization’s expenditures from the fund unless the donor required the gift to be held in specific investments or under special circumstances necessary to comply with donor intentions. It also requires disclosure of a description of the governing board’s interpretation of the law that underlies the organization’s net asset classification of donor-restricted endowment funds, a description of the organization’s policies for the appropriation of endowment assets for expenditures (its endowment spending policies), a description of the organization’s endowment investment policies, and additional disclosures not previously required. These disclosures are provided in Note 9.

**Subsequent Events**

The Organization evaluated subsequent events through October 4, 2013, when these consolidated financial statements were available to be issued. Except for the tax abatement matter previously mentioned under income taxes on page 11, management of the Organization is not aware of any significant events that occurred subsequent to the consolidated statement of financial position date but prior to the filing of this report that would have a material impact on the accompanying consolidated financial statements.

**NOTE 2 – FAIR VALUE OF INVESTMENTS**

The Organization has adopted the provisions of the Fair Value Measurement Topic of the FASB ASC. This guidance establishes a framework for measuring fair value for financial assets and financial liabilities. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2013 and 2012**

**NOTE 2 – FAIR VALUE OF INVESTMENTS (Continued)**

*Level 1* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

*Level 2* Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by the observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis:

*Investments* - Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid government securities and certain other products, such as mutual funds. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows and are classified within Level 2 of the valuation hierarchy. In certain cases where there is limited activity, or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy.

No changes in the valuation methodologies have been made during the years ended June 30, 2013 and 2012.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2013 and 2012**

**NOTE 2 – FAIR VALUE OF INVESTMENTS (Continued)**

The following table sets forth the Organization's major categories of assets measured at fair value on a recurring basis, by level within the fair value hierarchy, as of June 30, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Moderate allocation	\$ 14,301	\$ -	\$ -	\$ 14,301
High yield bond	7,390	-	-	7,390
Large blend	6,310	-	-	6,310
Large growth	5,463	-	-	5,463
Diversified emerging markets	<u>3,279</u>	<u>-</u>	<u>-</u>	<u>3,279</u>
Total mutual funds	<u>36,743</u>	<u>-</u>	<u>-</u>	<u>36,743</u>
Mutual funds (held in J. B. Knowles Trust):				
Long/short equity	77,728	-	-	77,728
World allocation	67,298	-	-	67,298
Moderate allocation	<u>27,410</u>	<u>-</u>	<u>-</u>	<u>27,410</u>
Total mutual funds (held in J. B. Knowles Trust)	<u>172,436</u>	<u>-</u>	<u>-</u>	<u>172,436</u>
Exchange traded funds (held in J. B. Knowles Trust):				
Large blend	97,314	-	-	97,314
Equity energy	72,852	-	-	72,852
Diversified emerging markets	<u>39,449</u>	<u>-</u>	<u>-</u>	<u>39,449</u>
Total exchange traded funds	<u>209,615</u>	<u>-</u>	<u>-</u>	<u>209,615</u>
Common trust funds (held in J. B. Knowles Trust):				
Fixed income	-	656,938	-	656,938
Equity funds	<u>-</u>	<u>610,528</u>	<u>-</u>	<u>610,528</u>
Total common trust funds	<u>-</u>	<u>1,267,466</u>	<u>-</u>	<u>1,267,466</u>
Total investments	<u>\$ 418,794</u>	<u>\$ 1,267,466</u>	<u>\$ -</u>	<u>\$ 1,686,260</u>



**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2013 and 2012**

**NOTE 2 – FAIR VALUE OF INVESTMENTS (Continued)**

The following table sets forth the Organization's major categories of assets measured at fair value on a recurring basis, by level within the fair value hierarchy, as of June 30, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds:				
Moderate allocation	\$ 12,571	\$ -	\$ -	\$ 12,571
High yield bond	6,813	-	-	6,813
Large blend	5,148	-	-	5,148
Large growth	4,294	-	-	4,294
Diversified emerging markets	<u>2,992</u>	<u>-</u>	<u>-</u>	<u>2,992</u>
Total mutual funds	<u>31,818</u>	<u>-</u>	<u>-</u>	<u>31,818</u>
Common trust funds (held in J. B. Knowles Trust):				
Equity funds	-	814,844	-	814,844
Fixed income funds	-	630,191	-	630,191
Multi-strategy funds	<u>-</u>	<u>167,866</u>	<u>-</u>	<u>167,866</u>
Total common trust funds	<u>-</u>	<u>1,612,901</u>	<u>-</u>	<u>1,612,901</u>
Total investments	<u>\$ 31,818</u>	<u>\$ 1,612,901</u>	<u>\$ -</u>	<u>\$ 1,644,719</u>

The following schedule summarizes the investment returns for the years ended June 30:

	<u>2013</u>	<u>2012</u>
Interest and dividends, net of investment fees	\$ 60,789	\$ 81,870
Realized and unrealized gains (losses)	<u>110,950</u>	<u>(52,163)</u>
	<u>\$ 171,739</u>	<u>\$ 29,707</u>

**NOTE 3 – PROMISES TO GIVE**

Promises to give consist of the following at June 30:

	<u>2013</u>	<u>2012</u>
United Way allocation	\$ 421,421	\$ 421,468
FiftyForward Endowment	108,393	104,513
Foundation and other	610,000	-
Capital campaign pledges	<u>600,000</u>	<u>5,000</u>
	<u>\$ 1,739,814</u>	<u>\$ 530,981</u>

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2013 and 2012**

**NOTE 3 – PROMISES TO GIVE (Continued)**

	<u>2013</u>	<u>2012</u>
Receivable in less than one year	\$ 989,814	\$ 530,981
Receivable in one to five years	<u>750,000</u>	<u>-</u>
	<u>\$ 1,739,814</u>	<u>\$ 530,981</u>

**NOTE 4 – LAND, BUILDING AND EQUIPMENT**

Land, building and equipment consists of the following at June 30:

	<u>2013</u>	<u>2012</u>
Land	\$ 575,000	\$ 575,000
Building and improvements	10,896,918	10,864,480
Construction in progress	466,527	53,348
Furniture and equipment	1,267,412	1,262,973
Vehicles	<u>397,709</u>	<u>397,709</u>
	13,603,566	13,153,510
Less accumulated depreciation	<u>(5,416,776)</u>	<u>(5,140,615)</u>
	<u>\$ 8,186,790</u>	<u>\$ 8,012,895</u>

Construction in progress represents costs incurred for renovations at the Donelson Center and Senior Center for the Arts, Inc. The completed project cost approximately \$853,500 and was placed in service August 31, 2013.

**NOTE 5 – PREPAID RENT**

During the year ended June 30, 2007, FiftyForward paid for construction and renovation at the YMCA Bellevue Center. FiftyForward leases space but does not own the real estate or building where the YMCA Bellevue Center was built. Expenses relating to the construction have been classified as prepaid rent. The lease agreement has an initial term of 20 years with a right to automatically extend for not more than 4 consecutive periods of 5 years each unless FiftyForward provides notification of termination. The future lease expenses are as follows:

For the Year	
<u>Ending June 30:</u>	
2014	\$ 73,804
2015	77,101
2016	80,619
2017	84,370
2018	88,371
Thereafter	<u>1,188,685</u>
	<u>\$ 1,592,950</u>

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2013 and 2012**

**NOTE 6 – EMPLOYEE PENSION PLANS**

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

The Organization also has an IRS Section 401(k) defined contribution retirement plan. Eligibility for participation in the plan is 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 five years of service. The plan allows for voluntary contributions by employees and provides for employer contributions at the discretion of the Board of Directors. The Organization contributed \$30,000 and \$46,775 to this plan during the years ended June 30, 2013 and 2012, respectively.

In January of 1975, the Organization 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 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 Organization's consolidated statements of activities at June 30:

	<u>2013</u>	<u>2012</u>
Service costs	\$ -	\$ -
Interest cost	33,378	35,473
Expected return on plan assets	(37,725)	(16,881)
Net asset gain (loss) during the period deferred	9,589	(10,250)
Amortization of net gain	<u>16,203</u>	<u>13,624</u>
Net periodic pension expense	<u>\$ 21,445</u>	<u>\$ 21,966</u>
Discount rate	4.48%	5.05%
Rate of compensation increase	4.00%	4.00%
Expected rate of return on plan assets	7.00%	7.00%
Measurement date	07/01/2012	07/01/2011
Accumulated benefit obligation	<u>\$ 822,031</u>	<u>\$ 768,681</u>

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**  
**June 30, 2013 and 2012**

**NOTE 6 – EMPLOYEE PENSION PLANS (Continued)**

	<u>2013</u>	<u>2012</u>
Change in projected benefit obligation:		
Benefit obligation at beginning of year	\$ (768,681)	\$ (726,084)
Service cost	-	-
Interest cost	(33,378)	(35,473)
Actuarial gain	(72,600)	(57,097)
Benefit paid	<u>52,628</u>	<u>49,973</u>
Benefit obligation at end of year	<u>\$ (822,031)</u>	<u>\$ (768,681)</u>
Change in Plan assets:		
Plan assets at beginning of year	\$ 465,490	\$ 456,582
Expected return on plan assets	28,136	27,131
Benefits paid	(52,628)	(49,973)
Employer contribution	68,118	42,000
Gain (loss)	<u>9,589</u>	<u>(10,250)</u>
Plan assets at end of year	<u>\$ 518,705</u>	<u>\$ 465,490</u>
Reconciliation of funded status:		
Funded status at end of year	\$ (303,191)	\$ (269,502)
Pension expense	(21,445)	(21,966)
Employer contribution	68,118	42,000
(Loss) gain	<u>(46,673)</u>	<u>(53,723)</u>
Prepaid benefit cost	<u>\$ (303,191)</u>	<u>\$ (303,191)</u>
Disclosure information for fiscal year ended June 30:		
Change in unrecognized loss:		
Unrecognized loss at beginning of year	\$ 328,143	\$ 274,420
Recognized gain	(16,203)	(13,624)
(Gain) loss due to actuarial experience	-	-
(Gain) loss due to changes in actuarial assumptions	-	-
Loss due to assets	<u>63,011</u>	<u>67,347</u>
Unrecognized loss	<u>\$ 374,951</u>	<u>\$ 328,143</u>

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2013 and 2012**

**NOTE 7 – CONSERVATOR TRUST FUNDS**

As a result of a court order naming the Organization 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 three accounts which are in brokerage accounts, are deposited in federally insured banks and credit unions. None of the individual trust fund bank accounts exceeded the \$250,000 Federal Deposit Insurance Corporation (“FDIC”) limits at June 30, 2013 and 2012.

**NOTE 8 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are restricted for the following purposes or periods at June 30:

	<u>2013</u>	<u>2012</u>
Capital campaign	\$ 1,421,703	\$ 1,719,151
General pledges	610,000	-
Capital campaign pledges	600,000	5,000
United Way allocations	421,421	421,468
FiftyForward Endowment pledges	108,393	104,513
Living At Home	62,000	25,000
Retired Senior Volunteer Program	29,716	19,641
CNM grant remainder	7,507	7,507
Foster Grandparents Program	<u>2,750</u>	<u>-</u>
	<u>\$ 3,263,490</u>	<u>\$ 2,302,280</u>

**NOTE 9 – PERMANENTLY RESTRICTED NET ASSETS**

The Organization became the trustee of The J. B. Knowles Trust (the “Trust”) during the fiscal year ended June 30, 2003. A court order approved the transfer of the Trust to the Organization from the former trustee, the Mayor of Nashville. The principal in the Trust is permanently restricted subject to the following provisions. Annually, the Organization has the unrestricted use of the Trust's net investment income or 5% of the Trust balance, whichever is greater. If this annual amount is less than \$40,000, the Organization can encroach upon the principal balance up to \$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 to the Organization is reported as a permanently restricted net asset. During the years ended June 30, 2013 and 2012 based on the provisions discussed above, the Organization received \$90,001 and \$100,000, respectively, from the Trust which approximated 5.3% and 6.1% of the Trust balance at June 30, 2013 and 2012, respectively. The Trust net investment income (loss) for the years ended June 30, 2013 and 2012 totaled \$139,385 and (\$13,747), respectively.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2013 and 2012**

**NOTE 9 – PERMANENTLY RESTRICTED NET ASSETS (Continued)**

**Interpretation of Relevant Law**

The Board of Trustees of the Organization has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted Trust funds absent explicit donor stipulations to the contrary, such as net accumulations of investment income (loss) needed to meet corpus withdrawals as described above. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent Trust, (b) the original value of subsequent gifts to the permanent Trust, and (c) accumulations to the permanent Trust made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted Trust fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

**Trust Net Asset Composition by Type of Fund as of June 30, 2013:**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted Trust funds	\$ -	\$ -	\$ 1,699,608	\$ 1,699,608
Total	\$ -	\$ -	\$ 1,699,608	\$ 1,699,608
Trust net assets, beginning of year	\$ -	\$ -	\$ 1,650,224	\$ 1,650,224
Income	-	-	139,385	139,385
Release	-	-	(90,001)	(90,001)
Trust net assets, end of year	\$ -	\$ -	\$ 1,699,608	\$ 1,699,608

**Trust Net Asset Composition by Type of Fund as of June 30, 2012:**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted Trust funds	\$ -	\$ -	\$ 1,650,224	\$ 1,650,224
Total	\$ -	\$ -	\$ 1,650,224	\$ 1,650,224

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2013 and 2012**

**NOTE 9 – PERMANENTLY RESTRICTED NET ASSETS (Continued)**

**Trust Net Asset Composition by Type of Fund as of June 30, 2012 (Continued):**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Trust net assets, beginning of year	\$ -	\$ -	\$ 1,763,971	\$ 1,763,971
Loss	-	-	(13,747)	(13,747)
Release	-	-	(100,000)	(100,000)
Trust net assets, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,650,224</u>	<u>\$ 1,650,224</u>

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted Trust funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. No Trust funds had fair values below the level that the donor or UPMIFA required at June 30, 2013 and 2012.

**Trust Investment Policy and Risk Parameters**

The Organization has adopted investment and spending policies for Trust assets that attempt to provide a stable source of perpetual financial support by its Trust while seeking to preserve the purchasing power of the Trust assets. Trust assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period, as well as amounts designated by the Board of Directors, if any, to be held in perpetuity.

At June 30, 2013 and 2012, under the Organization's policy, as approved by the Board of Directors, Trust assets are to be invested under the following allocation guidelines for each asset class:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
Cash and cash equivalents	0%	20%
Fixed income	20%	75%
Equity	25%	65%
Publicly traded real estates (REITS)	0%	10%
Alternative investments	0%	5%

Across all asset classes, the investment policy prohibits investments in non-liquid securities, private placements, futures, uncovered options and short sales.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2013 and 2012**

**NOTE 9 – PERMANENTLY RESTRICTED NET ASSETS (Continued)**

**Strategies Employed for Achieving Investment Objectives**

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The Organization has a policy of appropriating an annual distribution from the Trust funds that shall not exceed net investment income or 5% of the Trust assets value. Specific agreements with donors for income taken relative to their specific restricted gifts are exempted.

**NOTE 10 – FIFTYFORWARD ENDOWMENT, INC.**

FiftyForward Endowment, Inc. (the “Endowment”) is a separate organization that financially supports the activities of the Organization. The Endowment is organized as a 501(c)(3) not-for-profit organization for the purpose of supporting activities of senior citizens including the Organization but not limited to the Organization. The Organization does not control the decisions and activities of the Endowment and vice versa. The Organization has made grants to the Endowment as disclosed annually in the consolidated statements of functional expenses. The Organization is not required to make any grants to the Endowment. Annually, the Endowment makes an unconditional pledge to the Organization for support of the Organization's activities for the next fiscal year that is reported in the consolidated statements of activities. The Endowment's pledge is approximately 5% of the fair market value of the Endowment's investments. The Endowment is not required to make a pledge to the Organization of this or any other amount and has made different amounts of donations in the past. The Organization's cumulative grants to the Endowment are \$2,424,969, and the Endowment's cumulative pledges and donations to the Organization are \$1,972,130 and \$1,863,737 at June 30, 2013 and 2012, respectively.

**NOTE 11 – IN-KIND SUPPORT**

The Organization has an agreement with the Metropolitan Government of Nashville and Davidson County to use the site where The J. B. 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 Organization 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.



**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)  
June 30, 2013 and 2012**

**NOTE 11 – IN-KIND SUPPORT (Continued)**

During the year ended June 30, 2001, the Organization 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 Organization has title to the land subject to a provision that if the Organization sells the land the City of Brentwood will receive a portion of the proceeds.

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

The Organization also receives in-kind support in the form of meals, uniforms, and medical services provided to its volunteers by other agencies involved in the programs. Additionally, the Organization receives in-kind professional services, supplies, equipment, janitorial services, printing, legal, real estate consulting, and recognition donations. A summary of in-kind support received and included as contributions and expenses in the consolidated statements of activities at June 30, 2013 and 2012 is as follows:

	<u>2013</u>	<u>2012</u>
Rent and land use	\$ 57,650	\$ 57,650
Assistance	<u>55,965</u>	<u>49,533</u>
	<u>\$ 113,615</u>	<u>\$ 107,183</u>

**NOTE 12 – CONCENTRATIONS**

The Organization maintains its cash in bank accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Deposits are insured by the FDIC. Management believes the Organization is not exposed to any significant credit risk regarding cash balances. Uninsured balances at June 30, 2013 and 2012 totaled \$76,389 and \$42,096, respectively.

The Organization received a significant amount of its support in 2013 through contributions from one individual. The individual's contributions amounted to 18% of the Organization's total public support and revenues for the year ended June 30, 2013.

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

SUPPLEMENTAL INFORMATION

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC. AND  
THE J. B. KNOWLES TRUST  
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS  
Year ended June 30, 2013**

**FEDERAL AWARDS**

Grantor	Program Name	CFDA Number	Contract Number	Receivable June 30, 2012	Cash Receipts	Expenditures	Receivable June 30, 2013
U.S. Department of Health and Human Services Passed Through:							
TN Dept. of Health and Human Services	Social Services Block Grant	93.667	GR-12-35617-00	\$ 11,181	\$ 11,181	\$ -	\$ -
TN Dept. of Health and Human Services	Social Services Block Grant	93.667	Z 13-49302	-	52,200	52,200	-
Total for CFDA No. 93.667				11,181	63,381	-	-
Greater Nashville Regional Council	Title IIIB	93.044	2012-10	40,598	40,598	-	-
Greater Nashville Regional Council	Title IIIB	93.044	2013-10	-	51,825	69,100	17,275
Greater Nashville Regional Council	Title IIID	93.043	2012-10	8,000	8,000	-	-
Greater Nashville Regional Council	Title IIID	93.043	2013-10	-	1,654	6,574	4,920
Total for Greater Nashville Regional Council				48,598	102,077	75,674	22,195
Total for U.S. Department of Health and Human Services*				59,779	165,458	127,874	22,195
U.S. Department of Agriculture Passed Through:							
TN Department of Human Services	Child and Adult Food Program	10.558	34740006001	3,872	9,784	5,912	-
TN Department of Human Services	Child and Adult Food Program	10.558	34740006001	-	14,634	16,472	1,838
Total for CFDA No. 10.558*				3,872	24,418	22,384	1,838
U.S. Department of Justice Passed Through:							
TN Department of Finance and Administration	Victory Over Crime	16.575	3832	15,441	15,441	-	-
TN Department of Finance and Administration	Victory Over Crime	16.575	90277	-	57,036	60,017	2,981
Total for U.S. Department of Justice*				15,441	72,477	60,017	2,981
Corporation for National and Community Service	Foster Grandparents Program+	94.011	10SFSTN002	77,431	361,933	303,061	18,559
Corporation for National and Community Service	Retired Senior Volunteer Program	94.002	09SRSTN007	22,942	22,942	-	-
Corporation for National and Community Service	Retired Senior Volunteer Program	94.002	12SRSTN006	-	91,827	101,607	9,780
Total for CFDA No. 94.002				22,942	114,769	101,607	9,780
Total for Corporation for National and Community Service*				100,373	476,702	404,668	28,339
Total Federal Awards				179,465	739,055	614,943	55,353

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC. AND  
THE J. B. KNOWLES TRUST  
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS (Continued)  
Year ended June 30, 2013**

**STATE AWARDS**

Grantor	Program Name	CFDA Number	Contract Number	Receivable June 30, 2012	Cash Receipts	Expenditures	Receivable June 30, 2013
TN Commission on Aging -							
Greater Nashville Regional Council	Senior Citizens Operations Grant	N/A	2012-10#	23,050	23,050	-	-
Greater Nashville Regional Council	Senior Citizens Operations Grant	N/A	2013-10#	-	34,350	45,800	11,450
Total for Greater Nashville Regional Council				23,050	57,400	45,800	11,450
Tennessee Arts Commission	Theater in the Grove	N/A	N/A	-	4,450	4,450	-
Tennessee Arts Commission	Arts Program Categorical Grant	N/A	N/A	-	5,400	5,400	-
Metropolitan Nashville Arts Commission	Senior Citizens for the Arts, Inc.	N/A	N/A	-	5,400	5,400	-
Metropolitan Nashville Arts Commission	Basic Operating Support II	N/A	12-B3-05	-	32,900	32,900	-
Metropolitan Nashville Arts Commission	Community Enhancement	N/A	L-2658	12,934	12,934	-	-
Metropolitan Nashville Arts Commission	Community Enhancement	N/A	L-2826	-	37,282	70,500	33,218
Total State Awards				35,984	155,766	164,450	44,668

**LOCAL AWARDS**

Williamson County	College Grove Center Grant	N/A	N/A	-	31,948	31,944	(4)
Williamson County	Brentwood Center Grant	N/A	N/A	-	45,000	45,000	-
Total Local Awards				-	76,948	76,944	(4)
Total Federal, State and Local Awards				\$ 215,449	\$ 971,769	\$ 856,337	\$ 100,017

\*Cash grant receipts represent federal pass-through funds

# Represents state's portion of grant

+ Indicates a major program

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND LOCAL AWARDS**

**NOTE 1 - BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal, State and Local Awards is prepared on the accrual basis of accounting



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

To the Board of Directors of  
FiftyForward, Senior Center for the Arts, Inc. and The J. B. Knowles Trust  
Nashville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of FiftyForward, Senior Center for the Arts, Inc. and The J. B. Knowles Trust (collectively the "Organization"), which comprise the statement of financial position as of June 30, 2013, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 4, 2013.

**Internal Control Over Financial Reporting**

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

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

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

## Compliance and Other Matters

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

## Purpose of this Report

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

*Frasier Dean & Howard, PLLC*

Nashville, Tennessee  
October 4, 2013



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133**

To the Board of Directors of  
FiftyForward, Senior Center for the Arts, Inc. and The J. B. Knowles Trust  
Nashville, Tennessee

**Report on Compliance for Each Major Federal Program**

We have audited FiftyForward, Senior Center for the Arts, Inc. and The J. B. Knowles Trust's (collectively the "Organization") compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2013. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

## Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Krasier, Dean & Howard, PLLC*

Nashville, Tennessee  
October 4, 2013



**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year ended June 30, 2013**

**I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

1. The auditor's report expresses an unqualified opinion on the consolidated financial statements of FiftyForward, Senior Center for the Arts, Inc. and The J. B. Knowles Trust ("the Organization").
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the consolidated financial statements of the Organization were disclosed during the audit.
4. No significant deficiencies relating to the audit of major federal award programs are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for the Organization expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this Schedule.
7. The programs tested as major programs included:

**CFDA Number**  
94.011

**Name of Federal Program or Cluster**  
Foster Grandparents

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. The Organization qualified as a low-risk auditee.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
Year ended June 30, 2013**

**II. FINDINGS RELATED TO THE FINANCIAL STATEMENT AUDIT**

None.

**III. FINDINGS AND QUESTIONED COST FOR FEDERAL AWARD PROGRAMS**

None.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC.  
AND THE J. B. KNOWLES TRUST  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
Year ended June 30, 2013**

None.

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC. AND  
THE J. B. KNOWLES TRUST  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
June 30, 2013**

	<u>FiftyForward</u>	<u>Senior Center for the Arts, Inc.</u>	<u>The J. B. Knowles Trust</u>	<u>Total</u>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 817,814	\$ 41,038	\$ -	\$ 858,852
Certificates of deposit	851,054	-	-	851,054
Investments	36,743	-	-	36,743
Accounts receivable	185,319	-	-	185,319
Grants receivable	100,017	-	-	100,017
Promises to give	989,398	416	-	989,814
Prepaid expenses	38,374	9,705	-	48,079
Total current assets	3,018,719	51,159	-	3,069,878
Promises to give, net of current portion	750,000	-	-	750,000
Land, building and equipment, net	8,183,889	2,901	-	8,186,790
Conservator trust funds	913,658	-	-	913,658
Prepaid rent - Bellevue Center	1,592,950	-	-	1,592,950
Knowles Trust Fund cash	-	-	50,091	50,091
Knowles Trust Fund investments	-	-	1,649,517	1,649,517
Total assets	<u>\$ 14,459,216</u>	<u>\$ 54,060</u>	<u>\$ 1,699,608</u>	<u>\$ 16,212,884</u>
<b>Liabilities and Net Assets</b>				
Current liabilities:				
Accounts payable	\$ 228,653	\$ -	\$ -	\$ 228,653
Accrued expenses	124,463	-	-	124,463
Due to (from) related party	(40,282)	40,282	-	-
Accrued pension plan liability	303,191	-	-	303,191
Deferred revenue	49,833	35,642	-	85,475
Total current liabilities	665,858	75,924	-	741,782
Conservator trust funds	913,658	-	-	913,658
Total liabilities	<u>1,579,516</u>	<u>75,924</u>	<u>-</u>	<u>1,655,440</u>
Net assets:				
Unrestricted - undesignated	9,616,626	(22,280)	-	9,594,346
Temporarily restricted	3,263,074	416	-	3,263,490
Permanently restricted	-	-	1,699,608	1,699,608
Total net assets	<u>12,879,700</u>	<u>(21,864)</u>	<u>1,699,608</u>	<u>14,557,444</u>
Total liabilities and net assets	<u>\$ 14,459,216</u>	<u>\$ 54,060</u>	<u>\$ 1,699,608</u>	<u>\$ 16,212,884</u>

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC. AND  
THE J. B. KNOWLES TRUST  
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION  
June 30, 2012**

	<u>FiftyForward</u>	<u>Senior Center for the Arts, Inc.</u>	<u>The J. B. Knowles Trust</u>	<u>Total</u>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 847,519	\$ 41,478	\$ -	\$ 888,997
Certificates of deposit	1,248,553	-	-	1,248,553
Investments	31,818	-	-	31,818
Accounts receivable	183,549	-	-	183,549
Grants receivable	215,449	-	-	215,449
Promises to give	530,594	387	-	530,981
Prepaid expenses	15,570	7,195	-	22,765
Total current assets	3,073,052	49,060	-	3,122,112
Land, building and equipment, net	8,008,289	4,606	-	8,012,895
Conservator trust funds	725,309	-	-	725,309
Prepaid rent - Bellevue Center	1,667,664	-	-	1,667,664
Knowles Trust Fund cash	-	-	37,323	37,323
Knowles Trust Fund investments	-	-	1,612,901	1,612,901
Total assets	<u>\$ 13,474,314</u>	<u>\$ 53,666</u>	<u>\$ 1,650,224</u>	<u>\$ 15,178,204</u>
<b>Liabilities and Net Assets</b>				
Current liabilities:				
Accounts payable	\$ 143,252	\$ -	\$ -	\$ 143,252
Accrued expenses	140,895	-	-	140,895
Due to (from) related party	(38,495)	38,495	-	-
Accrued pension plan liability	303,191	-	-	303,191
Deferred revenue	58,788	37,028	-	95,816
Total current liabilities	607,631	75,523	-	683,154
Conservator trust funds	725,309	-	-	725,309
Total liabilities	<u>1,332,940</u>	<u>75,523</u>	<u>-</u>	<u>1,408,463</u>
Net assets:				
Unrestricted - undesignated	9,839,481	(22,244)	-	9,817,237
Temporarily restricted	2,301,893	387	-	2,302,280
Permanently restricted	-	-	1,650,224	1,650,224
Total net assets	<u>12,141,374</u>	<u>(21,857)</u>	<u>1,650,224</u>	<u>13,769,741</u>
Total liabilities and net assets	<u>\$ 13,474,314</u>	<u>\$ 53,666</u>	<u>\$ 1,650,224</u>	<u>\$ 15,178,204</u>

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC. AND  
J. B. KNOWLES TRUST  
CONSOLIDATING SCHEDULE OF ACTIVITIES  
Year ended June 30, 2013**

	<u>FiftyForward</u>	<u>Senior Center for the Arts, Inc.</u>	<u>The J. B. Knowles Trust</u>	<u>Total</u>
Public support and revenue:				
Contributions	\$ 2,352,773	\$ 23,444	\$ -	\$ 2,376,217
Service fees	858,114	(823)	-	857,291
Grant revenue	818,037	38,300	-	856,337
United Way	449,134	-	-	449,134
Special events	356,487	-	-	356,487
Membership dues	225,472	-	-	225,472
Ticket sales	-	219,921	-	219,921
Investment income, net	32,354	-	139,385	171,739
In-kind contributions	113,615	-	-	113,615
Other income	8,846	7,658	-	16,504
Rental income	-	8,035	-	8,035
Net assets released from restrictions	90,001	-	(90,001)	-
Total public support and revenue	<u>5,304,833</u>	<u>296,535</u>	<u>49,384</u>	<u>5,650,752</u>
Expenses:				
Program services	3,676,638	296,542	-	3,973,180
Support services	889,869	-	-	889,869
Total expenses	<u>4,566,507</u>	<u>296,542</u>	<u>-</u>	<u>4,863,049</u>
Change in net assets	738,326	(7)	49,384	787,703
Net assets - beginning of year	<u>12,141,374</u>	<u>(21,857)</u>	<u>1,650,224</u>	<u>13,769,741</u>
Net assets - end of year	<u>\$12,879,700</u>	<u>\$ (21,864)</u>	<u>\$1,699,608</u>	<u>\$14,557,444</u>

**FIFTYFORWARD, SENIOR CENTER FOR THE ARTS, INC. AND  
J. B. KNOWLES TRUST  
CONSOLIDATING SCHEDULE OF ACTIVITIES  
Year ended June 30, 2012**

	<b>FiftyForward</b>	<b>Senior Center for the Arts, Inc.</b>	<b>The J. B. Knowles Trust</b>	<b>Total</b>
Public support and revenue:				
Contributions	\$ 1,559,577	\$ 33,474	\$ -	\$ 1,593,051
Grant revenue	802,714	34,000	-	836,714
Service fees	782,701	32	-	782,733
United Way	453,835	-	-	453,835
Special events	407,296	-	-	407,296
Membership dues	224,718	-	-	224,718
Ticket sales	-	169,759	-	169,759
In-kind contributions	107,183	-	-	107,183
Investment income, net	43,454	-	(13,747)	29,707
Other income	7,950	9,036	-	16,986
Rental income	-	12,164	-	12,164
Net assets released from restrictions	100,000	-	(100,000)	-
Total public support and revenue	<u>4,489,428</u>	<u>258,465</u>	<u>(113,747)</u>	<u>4,634,146</u>
Expenses:				
Program services	3,618,801	261,198	-	3,879,999
Support services	954,524	-	-	954,524
Total expenses	<u>4,573,325</u>	<u>261,198</u>	<u>-</u>	<u>4,834,523</u>
Change in net assets	(83,897)	(2,733)	(113,747)	(200,377)
Net assets - beginning of year	<u>12,225,271</u>	<u>(19,124)</u>	<u>1,763,971</u>	<u>13,970,118</u>
Net assets - end of year	<u>\$12,141,374</u>	<u>\$ (21,857)</u>	<u>\$1,650,224</u>	<u>\$13,769,741</u>