

SENIOR CITIZENS OF HENDERSONVILLE, INC.
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2016

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

Mc Murray & Associates

CERTIFIED PUBLIC ACCOUNTANTS

641 East Main Street
Hendersonville, TN 37075
(615) 824-2724
Fax (615) 822-3522

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, 2016, and the related statements of activities, functional expense 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 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 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, 2016, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

McMurray & Associates

McMurray & Associates, CPAs
Hendersonville, Tennessee
January 25, 2017

SENIOR CITIZENS OF HENDERSONVILLE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2016

ASSETS

Current assets	
Cash	\$ 61,058
Contributions receivable	11,622
Total current assets	<u>72,680</u>
Property and equipment	
Property and equipment	270,414
Less: accumulated depreciation	<u>(195,542)</u>
Net property and equipment	<u>74,872</u>
Total assets	<u><u>\$ 147,552</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 3,939
Payroll taxes payable	504
Total current liabilities	<u>4,443</u>
Net assets	
Unrestricted	<u>143,109</u>
Total net assets	<u>143,109</u>
Total liabilities and net assets	<u><u>\$ 147,552</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, 2016

Unrestricted Net Assets

Support

Federal grant	\$	16,950
State grants		13,550
City & county funding		25,000
United Way funding		14,727
Contributions		9,187
Miscellaneous		1,349
In-kind rent		30,000
Program income		12,101
Fundraising		17,358
Total Revenue	\$	<u>140,222</u>

Expenses

Program services

Program expenses	\$	81,819
Fundraising expenses		12,018
Total program services	\$	<u>93,837</u>

Support services

Management and general	\$	56,655
Total support services	\$	<u>56,655</u>

Total expenses	\$	<u>150,493</u>
----------------	----	----------------

Decrease in unrestricted net assets	(10,271)
-------------------------------------	----------

Net assets, beginning of year	<u>153,380</u>
-------------------------------	----------------

Net assets, end of year	<u><u>\$ 143,109</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, 2016

	<u>PROGRAM SERVICES</u>	<u>FUNDRAISING</u>	<u>MANAGEMENT & GENERAL</u>	<u>TOTAL</u>
Depreciation	\$ 8,394	\$ -	\$ 2,798	\$ 11,192
Fundraising expense	-	12,018	-	12,018
Insurance	8,236	-	2,745	10,981
Legal and professional	-	-	3,438	3,438
Maintenance	2,737	-	913	3,651
Office expense	3,970	-	1,323	5,293
Payroll	13,496	-	40,488	53,983
Program	3,262	-	-	3,262
Rent	30,000	-	-	30,000
Telephone	508	-	1,523	2,031
Utilities	10,283	-	3,427	13,711
Vehicle expense	932	-	-	932
Total expenses	\$ 81,819	\$ 12,018	\$ 56,655	\$ 150,493

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, 2016

Cash flows from operating activities	
Increase/(decrease) in net assets	\$ (10,271)
Adjustments to reconcile net income to net cash provided by (used in) operating activities	
Depreciation	11,192
(Increase)/decrease in accounts receivable	(4,347)
Increase/(decrease) in credit card payable	3,494
Increase/(decrease) in payroll taxes and liabilities	216
Total adjustments	<u>\$ 10,555</u>
Net cash provided by operating activities	\$ 284
Cash flows from investing activities	
Purchase of equipment	<u>(2,294)</u>
Net cash used in investing assets	<u>\$ (2,294)</u>
Net decrease in cash and cash equivalents	(2,010)
Cash and cash equivalents at beginning of year	<u>63,068</u>
Cash and cash equivalents at end of year	<u><u>\$ 61,058</u></u>

See independent auditor's report and notes to financial statements

SENIOR CITIZENS OF HENDERSONVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

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 sixty 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.

The Center’s Forms 990, Return of Organization Exempt from Income Tax, for the fiscal years 2016, 2015 and 2014 are subject to examination by the IRS, generally for the three years after they are filed.

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:

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

SENIOR CITIZENS OF HENDERSONVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Temporarily restricted net assets – 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 unrestricted. The Center has no temporarily restricted net assets at June 30, 2016.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Center. The Center has no permanently restricted net assets at June 30, 2016.

All contributions are considered to be available for unrestricted 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 temporarily restricted net assets 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 specific purpose are reported as temporarily restricted or permanently restricted support that increases those net asset classes.

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.

Program Expenses

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

Advertising Costs

Advertising costs are expensed as incurred.

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 \$30,500. The grant is comprised of federal Title III-B Award of \$16,950 and the Tennessee Commission on Aging Award of \$13,550. Grant receivable consists of \$8,372 due from Greater Nashville Regional Council and \$3,250 from the City of Hendersonville for 2015-2016 fiscal year.

See independent auditor's report

SENIOR CITIZENS OF HENDERSONVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 3 – CONTRIBUTIONS

Senior Citizens of Hendersonville, Inc. received \$9,187 in unrestricted contributions from corporations and individuals during the fiscal year ending June 30, 2016. The Center also received unrestricted contributions of \$13,500 from the United Way, \$12,000 from Sumner County, Tennessee and \$13,000 from the City of Hendersonville, Tennessee.

NOTE 4 – CASH

The Center's cash balance at June 30, 2016 consists of \$61,058 cash in bank.

NOTE 5 – 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 8. Donated property and equipment is stated at an estimable fair market value on the date received.

Property and equipment consist of the following as of June 30, 2016:

Furniture and fixtures	\$ 42,569
Equipment	4,562
Leasehold improvements	171,278
Vehicles	<u>52,005</u>
	270,414
Less: accumulated depreciation	<u>(195,542)</u>
Fixed assets, net	<u>\$ 74,872</u>

Depreciation expense for the year ending June 30, 2016 totaled \$11,192. Repair and maintenance costs are expensed as incurred.

NOTE 8 – GIFTS IN KIND

The Center was the recipient of rent in-kind from the City of Hendersonville during the fiscal year ending June 30, 2016. 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, however not for the foreseeable future.

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

SENIOR CITIZENS OF HENDERSONVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 9 – OPERATING LEASES

The Center maintains an operating lease for a copier with Digitec. The lease was renewed on March 4, 2016 and is valid for 12 months. The monthly minimum fee is \$45 for 3,000 copies.

NOTE 10– SUBSEQUENT EVENTS

The Center has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2016 through January 25, 2017, the date the financial statements were available to be issued. There were no subsequent events that require recognition in the financial statements.