

SENIOR CITIZENS OF HENDERSONVILLE, INC.

AUDITED FINANCIAL STATEMENTS

AS OF JUNE 30, 2008

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McMurray & Associates

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying statement of financial position of Senior Citizens of Hendersonville, Inc. (a nonprofit organization) as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Senior Citizens of Hendersonville, Inc. as of June 30, 2008, 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, CPA's
Hendersonville, Tennessee
October 6, 2008

SENIOR CITIZENS OF HENDERSONVILLE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2008

ASSETS

Current Assets

Cash and equivalents	11,133
Contributions receivable	12,467
Prepaid expenses	4,014
Total Current Assets	<u>27,614</u>

Fixed Assets

Property, plant and equipment, net of depreciation	53,694
Assets held for sale	1,597
Total Fixed Assets	<u>55,291</u>

Other Assets

Inventory	1,200
Total Assets	<u>84,105</u>

LIABILITIES

Current Liabilities

Accounts payable	765
Payroll taxes payable	1,077
Total Current Liabilities	<u>1,842</u>

Net Assets

Unrestricted net assets	72,263
Temporarily Restricted Net Assets	10,000
Total Net Assets	<u>82,263</u>

Total Liabilities & Net Assets	<u>84,105</u>
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SENIOR CITIZENS OF HENDERSONVILLE, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2008

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUES			
Federal Funding	16,500	2,500	19,000
State of Tennessee	10,600	-	10,600
City & County Funding	24,000	-	24,000
United Way Funding	801	7,500	8,301
Contributions	16,433	-	16,433
In-Kind Rent	30,000	-	30,000
Fundraising	3,644	-	3,644
Program Income	38,539	-	38,539
Total Revenue	<u>140,517</u>	<u>10,000</u>	<u>150,517</u>
Net Assets Released from Restrictions	10,902	(10,902)	-
EXPENSES			
Fundraising Expenses	-	-	-
Program Expenses	38,995	-	38,995
Total Expenses	<u>38,995</u>	<u>-</u>	<u>38,995</u>
OPERATING EXPENSES			
Advertising	764	-	764
Bank Service Charge	-	-	-
Dues and Subscriptions	115	-	115
Insurance	7,630	-	7,630
Licenses & Permits	220	-	220
Maintenance & Repair	2,699	-	2,699
Postage & Delivery	273	-	273
Printing & Reproduction	94	-	94
Professional Development	100	-	100
Professional Fees	2,250	-	2,250
Telephone	1,748	-	1,748
Travel	92	-	92
Utilities	12,677	-	12,677
Vehicle Expense	1,572	-	1,572
Wages	45,702	-	45,702
Payroll Tax Expense	2,164	-	2,164
Penalty	-	-	-
Supplies	3,598	-	3,598
Rent	30,000	-	30,000
Depreciation Expense	6,547	-	6,547
Total Operating Expenses	<u>118,245</u>	<u>-</u>	<u>118,245</u>
TOTAL EXPENSES	157,240	-	157,240

SENIOR CITIZENS OF HENDERSONVILLE, INC.
STATEMENT OF ACTIVITIES CONTINUED
FOR THE FISCAL YEAR ENDING JUNE 30, 2008

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
Loss From Operations	(5,821)	(902)	(6,723)
Interest Income	<u>6</u>	<u> </u>	<u>6</u>
Total Other Income	<u>6</u>	<u>-</u>	<u>6</u>
 (Decrease)/Increase in Net Assets	 (5,815)	 (902)	 (6,717)
 Net Assets at June 30, 2007	 <u>78,078</u>	 <u>10,902</u>	 <u>88,980</u>
Net Assets at June 30, 2008	<u><u>72,263</u></u>	<u><u>10,000</u></u>	<u><u>82,263</u></u>

See auditor's report and notes to financial statements

SENIOR CITIZENS OF HENDERSONVILLE, INC.
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDING JUNE 30, 2008

Cash flows from operating activities	
Decrease in Net Assets	\$ <u>(6,717)</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation and amortization	6,547
(Increase) decrease in contributions receivable	(1,599)
(Increase) decrease in prepaid expenses	2,591
Increase (decrease) in accounts payable	(552)
Increase (decrease) in payroll taxes payable	(178)
Total adjustments	<u>6,809</u>
Net cash provided (used) by operating activities	92
Cash flow from investing activities:	
Cash payments for the purchase of property	<u>(475)</u>
Net cash provided (used) by investing activities	(475)
Net increase (decrease) in cash and equivalents	<u>(383)</u>
Cash and equivalents, beginning of year	11,516
Cash and equivalents, end of year	<u><u>\$ 11,133</u></u>

SENIOR CITIZENS OF HENDERSONVILLE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDING JUNE 30, 2008

<u>EXPENSES</u>	<u>PROGRAM SERVICES</u>	<u>MANAGEMENT & GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL</u>
Advertising		764		764
Bank Service Charge		0		0
Dues & Subscriptions		115		115
Instructors	367			367
Insurance	4,578	3,052		7,630
Legal and Professional		2,250		2,250
Licenses & Permits		220		220
Maintenance	810	1,889		2,699
Office Supplies	550	450		1,000
Payroll & Related Expenses	27,216	20,650		47,866
Development		100		100
Supplies	2,209	389		2,598
Rent	30,000			30,000
Telephone	1,224	524		1,748
Travel	92			92
Utilities	9,635	3,042		12,677
Vehicle Expense	1,572			1,572
Depreciation	4,780	1,767		6,547
Total Expenses	<u>83,033</u>	<u>35,212</u>	<u>0</u>	<u>118,245</u>

SENIOR CITIZENS OF HENDERSONVILLE, INC.
SCHEDULE OF FINANCIAL ASSISTANCE
FOR THE YEAR ENDING JUNE 30, 2008

	Balance	Cash	Disbursements	Receivable	Balance
	June 30, 2007	Received	for year ending June 30, 2008	Amount	June 30, 2008
United States Department of Health & Human Services CFDA# 93.044	1,375	15,408	15,408	2,467	2,467
United States Department of Health & Human Services CFDA# 93.043	208	2,708	2,708	0	0
Commission on Aging & Disability GR-0214294-00	883	11,483	11,483	0	0

See auditor's report and notes to financial statements

SENIOR CITIZENS OF HENDERSONVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

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.

Method of Accounting

The Center utilizes the accrual method of accounting.

Property and Equipment

Property and equipment is stated at cost if purchased by the Center. Donated property and equipment is stated at an estimable fair market value on the date received. Depreciation is calculated using the straight line method over the estimated useful lives of the assets. The Center has determined the estimated useful lives of its property and equipment is five to fifteen years.

Income Taxes

Senior Citizens of Hendersonville, Inc., is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and is not subject to income taxes.

Cash Equivalents

The Center considers all short-term investments with an original maturity of three months or less to be cash equivalents.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles require the use of certain estimates by management. Actual results could differ from these estimates.

SENIOR CITIZENS OF HENDERSONVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

Financial Statement Presentation

The Center has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements for Not-for-Profit Organizations*. Under SFAS No. 117, the Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Center is required to present a statement of cash flows. As permitted by the statement, the Center does not use fund accounting.

The Center has also adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions.

NOTE 2 – GRANT INCOME

The Center is the recipient of a 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 \$29,600. The grant is comprised of a Title III-B Award of \$16,500, a Title III-D Award of \$2,500, and the Tennessee Commission on Aging Award of \$10,600. Except for the \$2,500, the grant is unrestricted and it may be used for normal operating expenses of the Center.

NOTE 3 – CONTRIBUTIONS

Senior Citizens of Hendersonville, Inc. received \$16,433 in contributions from corporations and individuals during the fiscal year ending June 30, 2008. All of these contributions were unrestricted by the donors.

SENIOR CITIZENS OF HENDERSONVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

The Center also received contributions of \$13,000 from Sumner County, Tennessee and \$11,000 from the City of Hendersonville, Tennessee. Both of these contributions were unrestricted by the donors. In addition, prior to June 30, 2008, United Way notified the Center that a contribution of \$12,000 would be made for the fiscal year ending June 30, 2008. Consequently, a contribution receivable for this amount along with the \$2,467 received on August 20, 2008 from the Greater Nashville Regional Council has been recorded. As for the \$10,000, it is restricted for use in a future period, that amount will be shown as temporarily restricted net assets in the financial statements for the fiscal year ending June 30, 2008.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2008:

Furniture and Fixtures	\$ 32,501
Equipment	10,303
Leasehold Improvements	123,952
Vehicles	<u>31,122</u>
	197,878
Accumulated Depreciation	<u>(144,184)</u>
Net Fixed Assets	\$ 53,694

Depreciation expense for the year ending June 30, 2008 totaled \$6,548.

In addition, the Center has recorded \$1,597 of fixed assets which are being held for sale and are not being used for the operation of the Center. Therefore, depreciation expense has not been recorded for these assets.

NOTE 5 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions consist of the following:

Net assets released from time restrictions:	
United Way	\$ 10,902

SENIOR CITIZENS OF HENDERSONVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2008

NOTE 5 – CASH

The Center's cash balance at June 30, 2008 consists of \$11,033 cash in bank, and \$100 petty cash. Donor imposed restrictions on cash balances are described in Notes 2 and 3 above.

NOTE 6 – DONATED SERVICES

The Center used the services of many volunteers for fundraising and clerical tasks during the fiscal year ending June 30, 2008. SFAS No. 116 requires donated services to be recorded at fair market value if the services either: (a) create or enhance a nonfinancial asset or (b) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated. 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 require recording.

NOTE 7 – GIFTS IN KIND

The Center was the recipient of rent in kind from the City of Hendersonville during the fiscal year ending June 30, 2008. The City values the cost of the contribution for the use of the building at 133 Campus Drive to be \$30,000. Accordingly, in-kind revenue and rent expense of \$30,000 was recorded by the Center.

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

NOTE 8 – INVENTORY

During a prior year, one donor donated craft projects with a fair market value of approximately \$1,200 to the Center to be used in the various programs. Inventory of \$1,200 was recorded in relation to this donation.