

SENIOR CITIZENS OF HENDERSONVILLE, INC.
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2021

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MCMURRAY, FOX & ASSOCIATES, PLLC CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Senior Citizens of Hendersonville, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Senior Citizens of Hendersonville, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

McMurray, Fox & Associates

McMurray, Fox & Associates PLLC
Hendersonville, Tennessee
February 11, 2022

**SENIOR CITIZENS OF HENDERSONVILLE, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

ASSETS

| | |
|--------------------------------|--------------------------|
| Current assets | |
| Cash | \$ 38,934 |
| Grants receivable | 12,492 |
| Prepaid assets | 3,846 |
| Total current assets | <u>55,272</u> |
| Property and equipment | |
| Property and equipment | 303,136 |
| Less: accumulated depreciation | <u>(248,731)</u> |
| Net property and equipment | <u>54,405</u> |
| Total assets | <u><u>\$ 109,677</u></u> |

LIABILITIES AND NET ASSETS

| | |
|--------------------------------------|--------------------------|
| Current liabilities | |
| Accounts payable | \$ 2,689 |
| Payroll liabilities | 3,078 |
| Note payable - PPP funds | 12,923 |
| Total current liabilities | <u>18,690</u> |
| Total liabilities | 18,690 |
| Net assets without donor restriction | <u>90,987</u> |
| Total net assets | <u>90,987</u> |
| Total liabilities and net assets | <u><u>\$ 109,677</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, 2021

| | |
|---|-------------------------|
| Support | |
| Federal grant | \$ 50,007 |
| State grants | 12,550 |
| City & county funding | 31,000 |
| United Way funding | 11,633 |
| Contributions | 3,370 |
| PPP funds | 13,700 |
| Miscellaneous | 1,923 |
| In-kind rent | 30,000 |
| Program income | 1,636 |
| Fundraising | 9,021 |
| Total operating revenues, gain, and other support | <u>164,840</u> |
| Expenses | |
| Program | 116,139 |
| Management and general | 65,341 |
| Fundraising | 574 |
| Total operating expenses | <u>182,054</u> |
| Change in net assets | (17,214) |
| Net assets, beginning of year | <u>108,201</u> |
| Net assets, end of year | <u><u>\$ 90,987</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, 2021

| | PROGRAM <u>SERVICES</u> | <u>FUNDRAISING</u> | MANAGEMENT & GENERAL | <u>TOTAL</u> |
|------------------------|----------------------------|--------------------|-------------------------|----------------|
| Depreciation | \$ 8,589 | \$ - | \$ 2,863 | \$ 11,452 |
| Fundraising expense | - | 574 | - | 574 |
| Insurance | 6,322 | - | 2,107 | 8,429 |
| Legal and professional | - | - | 5,098 | 5,098 |
| Office expense | 9,902 | - | 3,301 | 13,203 |
| Payroll | 15,795 | - | 47,385 | 63,180 |
| Program | 36,278 | - | - | 36,278 |
| Rent | 30,000 | - | - | 30,000 |
| Telephone | 739 | - | 2,217 | 2,956 |
| Utilities | 7,111 | - | 2,370 | 9,481 |
| Vehicle expense | 1,403 | - | - | 1,403 |
| Total expenses | \$ 116,139 | \$ 574 | \$ 65,341 | \$ 182,054 |

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, 2021

| | |
|--|-------------------------|
| Cash flows from operating activities: | |
| Decrease in net assets | \$ (17,214) |
| Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities: | |
| Depreciation | 11,452 |
| Forgiveness of PPP funds | (13,700) |
| Decrease in grants receivable | (4,999) |
| Increase in prepaid assets | 1,514 |
| Increase/(decrease) in accounts payable | 2,689 |
| Decrease in accrued payroll | 1,287 |
| Total adjustments | <u>(1,757)</u> |
| Net cash used in operating activities | <u>(18,971)</u> |
| Cash flows from investing activities: | |
| Purchase of equipment | <u>(8,044)</u> |
| Net cash used in investing activities | <u>(8,044)</u> |
| Cash flows from financing activities: | |
| Proceeds from note payable - PPP funds | <u>12,923</u> |
| Net cash provided by financing activities | <u>12,923</u> |
| Net decrease in cash and cash equivalents | (14,092) |
| Cash and cash equivalents at beginning of year | <u>53,026</u> |
| Cash and cash equivalents at end of year | <u><u>\$ 38,934</u></u> |

See independent auditor's report and notes to financial statements

SENIOR CITIZENS OF HENDERSONVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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

Basis of Accounting

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

Income Taxes

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

Cash & Cash Equivalents

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

Use of Estimates

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

Basis of Presentation

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

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

Net assets with donor restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Center and/or the passage of time. Restrictions that are fulfilled in the same accounting period in which the funds are received are reported in the statement of activities as net assets without donor restrictions. The Center has no net assets with donor restrictions as of June 30, 2021.

See independent auditor's report

SENIOR CITIZENS OF HENDERSONVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (continued)

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

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only when those services either (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. Services that do not meet either of the preceding criteria should not be recognized. The Center received several hundred hours of volunteer services during the fiscal year which do not meet stated criteria and therefore are not recorded. There were no additional contributed services for the year ending June 30, 2021.

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606). This guidance supersedes the revenue recognition requirements in Accounting Standards Codification (ASC) Topic 605, Revenue Recognition (Topic 605), and most industry-specific revenue recognition guidance throughout the Industry Topics of the ASC. The updated guidance states that an entity should recognize revenue to depict the transfer of promised goods or services to entities in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Center adopted the new standard effective July 1, 2020. There was no change in revenue recognition for the Center as a result of this adoption.

Program Expenses

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

Functional Expenses

The cost of provided program and administration activities has been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocation is based on actual costs and time expended.

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SENIOR CITIZENS OF HENDERSONVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are expensed as incurred. Advertising expense is \$2,062 for the year ending June 30, 2021.

New Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*, that provided new guidance related to accounting for leases. Under the new guidance, lessees are required to recognize a right-of-use asset and a lease liability for substantially all leases. The new guidance will continue to classify leases as either financing or operating, with classification affecting the pattern of expense recognition. The accounting applied by a lessor under the new guidance will be substantially equivalent to current lease accounting guidance. Entities have the option to adopt the new guidance using a modified retrospective approach through a cumulative effect adjustment to retained earnings applied either to the beginning of the earliest period presented or the beginning of the period of adoption. The new guidance is effective June 1, 2022 for the Center.

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

NOTE 2 – NOTE PAYABLE – PPP FUNDS

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally. This prompted President Trump to sign the “Coronavirus Aid, Relief, and Economic Security (CARES) Act” on March 27, 2020. The CARES Act, among other things, includes provisions relating to refundable payroll, tax credits, deferment of employer’s portion of social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property. The CARES Act also appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. On April 3, 2020 the Center’s board approved a \$13,700 request of funds that was approved and deposited into the Center’s account on April 28, 2020. This amount was forgiven in the current fiscal year and was recorded as income. On April 13, 2021, the Center received a second PPP loan in the amount of \$12,923. Management has elected to account for this inflow of

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SENIOR CITIZENS OF HENDERSONVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 – NOTE PAYABLE – PPP FUNDS (CONTINUED)

cash as a loan accruing interest at 1% per annum. The loan has a maturity date of April 13, 2026. This SBA loan is eligible for forgiveness once certain conditions have been met and the forgiveness application is submitted. Once approved, the loan will be reclassified to grant income. The entire loan amount of \$12,923 is classified as current.

NOTE 3 – GRANT INCOME

The Center is the recipient of an unrestricted grant administered by Greater Nashville Regional Council on behalf of the United States Department of Health and Human Services and the Tennessee Commission on Aging in the amount of \$31,500, of which \$1,719 was not utilized and cannot be carried forward. The grant received is comprised of federal Title III-B Award of \$17,281 and the Tennessee Commission on Aging Award of \$12,550. In addition, the Center also received unrestricted grants of \$11,633 from the United Way, \$16,000 from Sumner County, Tennessee and \$15,000 from the City of Hendersonville, Tennessee. Grants receivable consists of \$7,492 due from Greater Nashville Regional Council.

The Center was the recipient of a CARES Act Grant for the grocery program and other supplies reimbursements totaling \$32,776. From this grant, \$5,000 was expended during the year but not reimbursed until the following year, therefore is recorded in grants receivable.

NOTE 4 – CONTRIBUTIONS

Senior Citizens of Hendersonville, Inc. received \$3,370 in unrestricted contributions from corporations and individuals during the fiscal year ending June 30, 2021.

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 6. Depreciation expense for the year ending June 30, 2021 totaled \$11,452. Repair and maintenance costs are expensed as incurred.

NOTE 6 – GIFTS IN KIND

The Center was the recipient of rent in-kind from the City of Hendersonville during the fiscal year ending June 30, 2021. The City values the cost of the contribution for the use of the building at 197 Imperial Boulevard to be \$30,000. Accordingly, in-kind revenue and rent expense of \$30,000 was recorded by the Center. The lease agreement is open-ended and cancelable by the City at any time. Other gifts-in-kind during the fiscal year were immaterial.

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SENIOR CITIZENS OF HENDERSONVILLE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 – LEASES

On May 17, 2021, the Center entered into a 5 year lease with a fair market value purchase option at the end of the lease. The lease payments are \$59 per month. The minimum lease payments for the next five fiscal years are as follows:

| | |
|-------|----------------|
| 2022 | \$ 708 |
| 2023 | 708 |
| 2024 | 708 |
| 2025 | 708 |
| 2026 | <u>649</u> |
| Total | <u>\$3,481</u> |

Total lease payments of \$59 were made in fiscal year ended June 30, 2021.

NOTE 8– LIQUIDITY

The Center's assets available at June 30, 2021 equates to \$51,426 consisting of \$38,934 in cash, and grants receivable of \$12,492. These assets have no donor restrictions and are therefore available to meet general expenditures. The Center is substantially supported by grants, individual contributions, and building use income which is primarily without donor restrictions and are available for general expenditures.

NOTE 9– SUBSEQUENT EVENTS

The Center has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2021 through February 11, 2022, the date the financial statements were available to be issued.

On September 16, 2021 the Center received forgiveness on the PPP loan in the amount of \$12,923.

There were no additional subsequent events that require recognition in the financial statements.