

Ajax Turner Senior Citizen's Center, Inc.

Financial Statements with Accompanying Information
Years Ended June 30, 2011 and June 30, 2010

and

Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

Ajax Turner Senior Citizen's Center, Inc.
To the Board of Directors

We have audited the accompanying statements of financial position of Ajax Turner Senior Citizen's Center, Inc. (a nonprofit organization) as of June 30, 2011 and June 30, 2010 and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Ajax Turner Senior Citizen's Center, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audits 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 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 Ajax Turner Senior Citizen's Center, Inc. as of June 30, 2011 and June 30, 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 23, 2011 on our consideration of Ajax Turner Senior Citizen's Center, Inc.'s internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

Thurman Campbell Group, PLC

August 23, 2011

Ajax Turner Senior Citizen's Center, Inc.

Statements of Financial Position

As of June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Current Assets		
Cash	\$ 81,011	\$ 68,885
Accounts Receivable	11,944	2,781
Deposits and Prepaids	<u>10,370</u>	<u>6,971</u>
Total Current Assets	<u>103,325</u>	<u>78,637</u>
Fixed Assets		
Property & Equipment	312,335	248,735
Less: Accumulated Depreciation	<u>(220,006)</u>	<u>(208,597)</u>
Net Property & Equipment	<u>92,329</u>	<u>40,138</u>
Other Assets, Net	<u>67,918</u>	<u>84,529</u>
TOTAL ASSETS	<u>\$263,572</u>	<u>\$203,304</u>
 LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 1,672	\$ 7,474
Accrued Liabilities	<u>11,845</u>	<u>1,167</u>
Total Current Liabilities	<u>13,517</u>	<u>8,641</u>
 NET ASSETS		
Unrestricted	<u>250,055</u>	<u>194,663</u>
Total Net Assets	<u>250,055</u>	<u>194,663</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$263,572</u>	<u>\$203,304</u>

Ajax Turner Senior Citizen's Center, Inc.

Statements of Activities

Years ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Unrestricted Net Assets:		
Local Support	\$392,828	\$326,736
Contributions	36,319	53,801
Program Service Fees	184,736	133,073
Fundraising	5,876	9,508
Other Income	-	15,088
Grants Earned	<u>53,950</u>	<u>43,380</u>
Total Support and Revenue	673,709	581,586
Expenses:		
Program Services	579,359	548,137
Supporting Services	<u>38,958</u>	<u>38,963</u>
Total Expenses	<u>618,317</u>	<u>587,100</u>
Increase (Decrease) in Unrestricted Net Assets	<u>55,392</u>	<u>(5,514)</u>
Increase (Decrease) in Total Net Assets	55,392	(5,514)
Net Assets, Beginning of Year	<u>194,663</u>	<u>200,177</u>
Net Assets, End of Year	<u><u>\$250,055</u></u>	<u><u>\$194,663</u></u>

Ajax Turner Senior Citizen's Center, Inc.
Statements of Functional Expenses
Years ended June 30, 2011 and 2010

	Program Services	Support Services	Totals Memorandum Only	
			2011	2010
Salaries and Fringe Benefits:				
Salaries	\$293,741	\$18,749	\$ 312,490	\$ 312,803
Fringe Benefits	<u>44,300</u>	<u>2,828</u>	<u>47,128</u>	<u>47,438</u>
Total Salaries and Fringe Benefits	338,041	21,577	359,618	360,241
Food	60,126	-	60,126	41,630
Fundraising	-	1,149	1,149	1,885
Band Fees	20,499	-	20,499	19,614
Building Occupancy	26,320	1,680	28,000	29,694
Utilities	56,394	3,600	59,994	52,300
Program Cost	21,045	-	21,045	15,188
Repairs and Maintenance	8,858	565	9,423	13,485
Supplies	6,768	433	7,201	3,774
Office Expenses	3,742	239	3,981	733
Professional Fees	-	7,317	7,317	6,000
Insurance	<u>11,227</u>	<u>717</u>	<u>11,944</u>	<u>10,815</u>
Total Expenses Before Depreciation	553,020	37,277	590,297	555,359
Depreciation and Amortization	<u>26,339</u>	<u>1,681</u>	<u>28,020</u>	<u>31,741</u>
Total Functional Expenses	<u>\$579,359</u>	<u>\$38,958</u>	<u>\$ 618,317</u>	<u>\$ 587,100</u>

Statements of Cash Flows

As of June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Total Net Assets	\$55,392	\$ (5,514)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating Activities:		
Depreciation & Amortization	28,020	31,741
(Increase) decrease in account receivable	(9,163)	3,426
(Increase) decrease in deposits and prepaids	(3,399)	(292)
Increase (decrease) in accounts payable	(5,802)	262
Increase (decrease) in accrued liabilities	<u>10,678</u>	<u>367</u>
Net Cash Provided by (Used in) Operating Activities	<u>75,726</u>	<u>29,990</u>
CASH FLOWS FROM CAPITAL AND RELATED INVESTING ACTIVITIES		
Payments related to the acquisition of capital assets	<u>(63,600)</u>	<u>(11,771)</u>
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>(63,600)</u>	<u>(11,771)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	12,126	18,219
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>68,885</u>	<u>50,666</u>
CASH AND CASH EQUIVALENTS AT PERIOD END	<u>\$81,011</u>	<u>\$68,885</u>

Ajax Turner Senior Citizen's Center, Inc.
Notes to Financial Statements

1 Summary of Significant Accounting Policies

Organization - Ajax Turner Senior Citizen's Center, Inc. (the Center) is a nonprofit Tennessee corporation whose purpose is to enrich the lives of citizens ages 55 and older in the Clarksville-Montgomery County area. To accomplish this purpose the Center conducts lectures, educational programs, social events, craft programs, dances and other services for the elderly. The majority of the Center's revenue is derived from the City of Clarksville, United Way and the Greater Nashville Regional Council.

Basis of Presentation - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-205-55, Presentation of Financial Statements – Implementation Guidance and Illustrations and Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) No. 958-605-25, Recognition of Contributions. Under FASB ASC 958-205-55, 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. FASB ASC No. 958-605-25 requires the Center to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets, and unrestricted net assets.

Revenue Recognition - Support received is recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restriction. The Center reports any donor-restricted contributions whose restrictions are met in the same accounting period as unrestricted support.

Donated Services - The Center receives donated services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statement of activities because the criteria for recognition of such volunteer effort under FASB ASC No. 958-605-25 have not been satisfied.

Cash and Cash Equivalents - For purposes of reporting cash flows, cash and cash equivalents include cash on hand, deposits in banks, and short-term, highly liquid investments, which are readily convertible into cash. Cash and cash equivalents designated for long-term purposes or received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for purposes of the statement of cash flows.

Income Taxes - The Center is exempt from federal income taxes under Section 501(c)3 of the Internal Revenue Code.

Property and Equipment - The Center capitalizes all expenditures in excess of \$500 for property and equipment at cost. Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor stipulations regarding how long the contributed assets must be used, the Center has adopted a policy of implying a time restriction on contributions of such assets that expires over the assets' useful lives. As a result, all contributions of property and equipment, and of assets contributed to acquire property and equipment, are recorded as restricted support.

Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

Compensated Absences - Compensated absences for sick pay and personal time have not been accrued since they cannot be reasonably estimated. The Center's policy is to recognize these costs when actually paid.

Combined Total Columns - The combined total columns of the financial statements are captioned "Memo" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present results of operations in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund accounts have not been eliminated. Such information should be read in conjunction with the Center's June 30, 2010 financial statements, from which it was derived.

Ajax Turner Senior Citizen's Center, Inc.
Notes to Financial Statements

1 Summary of Significant Accounting Policies (Continued)

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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 financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses - The Center's costs of providing the various programs and other activities have been summarized in the statements of functional expenses. When appropriate, expenses are charged directly to the appropriate functionality, in all other instances the expenses are allocated based on management estimates.

Accounts Receivable - Accounts receivable are stated at unpaid balances. The Center provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances, which may affect the ability of supporters to meet their obligations. It is the Center's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

2 Cash Balances

Cash and cash equivalents, restricted and unrestricted, consist of the following:

	June 30,	
	2011	2010
Cash on hand	\$ 750	\$ 623
Cash in checking accounts	80,261	68,262
	<u>\$ 81,011</u>	<u>\$ 68,885</u>

The Center maintains cash balances at local financial institutions. Due to the recently enacted Dodd-Frank Wall Street Reform and Consumer Protection Act, which provides unlimited FDIC coverage for all noninterest-bearing transaction accounts there were no cash balances in excess of FDIC insurance coverage as of June 30, 2011.

3 Accounts Receivable

The Center has accounts receivable that consists primarily of support due from the City of Clarksville and GNRC amounting to \$11,944 and \$2,781 at June 30, 2011 and 2010, respectively. Management has evaluated the accounts receivable and believes that they are fully collectible.

Ajax Turner Senior Citizen's Center, Inc.
Notes to Financial Statements

4 Equipment

Property, plant and equipment consists of:

	June 30,		Estimated
	2011	2010	Useful lives
Equipment, furniture, and fixtures	\$ 273,115	\$ 209,515	5 - 10 years
Vehicles	39,220	39,220	5 years
	312,335	248,735	
Less accumulated depreciation	220,006	208,597	
	<u>\$ 92,329</u>	<u>\$ 40,138</u>	

Depreciation expense totaled \$11,409 and \$15,129 for 2011 and 2010, respectively.

5 Other Assets

The City owns the Center's building and leases it to the Center under five year renewable contracts until the year 2013. Lease payments are one dollar per year. Due to expected lease renewals the Center's leasehold improvements will be amortized over fifteen years. Amortization expense totaled \$16,611 for 2011 and 2010, respectively.

Other assets consist of:

	June 30,	
	2011	2010
1998 Expansion contributions	\$ 140,270	\$ 140,270
2003 Expansion contributions	98,888	98,888
2005 Expansion contributions	10,013	10,013
	249,171	249,171
Accumulated amortization	181,254	164,642
	<u>\$ 67,918</u>	<u>\$ 84,529</u>

6 Retirement Plan

The Center has a SIMPLE IRA plan that allows for the Center's employees to save for retirement. This type plan allows the Center to match up to 3% of the employee's compensation. The Center's contribution was \$7,276 and \$6,869 for 2011 and 2010, respectively.

7 In-kind Contributions

The use of the building has been furnished to the Center at less than market value by the City of Clarksville and Montgomery County. The free use of the facilities is recorded as direct support and a like amount is recorded as building occupancy expense. The in-kind contributions related to the use of the building were recorded as \$28,000 for 2011 and \$29,694 in 2010.

Ajax Turner Senior Citizen's Center, Inc.
Notes to Financial Statements

8 Economic Dependency

The Center receives grants from the Greater Nashville Regional Council, local assistance from the City of Clarksville and United Way. The Center relies heavily on assistance from these sources and would have to greatly reduce services provided to Center participants if the assistance was significantly reduced. Management does not expect any significant changes in funding.

9 Subsequent Events

The Center has evaluated subsequent events through August 23, 2011, the date which the financial statements were available to be issued.

10 Concentration of Credit Risk

Items exposed to credit risk consist of cash and accounts receivable. The Center's cash is invested with highly reputable banking institutions in the Clarksville-Montgomery County area and as previously mentioned in note 2 do not exceed FDIC limits. The accounts receivable are principally with supporters of the Center. Realization of these receivables is highly likely.



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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
Ajax Turner Senior Citizen's Center, Inc.

We have audited the financial statements of Ajax Turner Senior Citizen's Center, Inc. as of and for the years ended June 30, 2011, and 2010, and have issued our report thereon dated August 23, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weaknesses.

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 *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. 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 financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings to be material weaknesses (10-01).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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.

We noted certain matters that we reported to management of the Organization in a separate letter dated August 23, 2011.

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit Ajax Turner Senior Citizen's Center response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Thurman Campbell Group, PLLC

Clarksville, TN

August 23, 2011

Ajax Turner Senior Citizens Center, Inc.
Schedule of Findings
June 30, 2011

10-01 Internal Control:

Condition: Lack of financial statement oversight.

Criteria: Management should have the requisite skill and knowledge to manage the financial statements on a GAAP basis of accounting.

Effect: Lack of financial statement oversight may lead to erroneous balances, material misstatements and ultimately mislead the users of the financial statements.

Recommendation: Accounting procedures and further training should be sought to allow management to properly produce and oversee GAAP compliant financial statements.

Response: The organization agrees with the recommendation. Procedures will be implemented to facilitate the production of GAAP compliant financial statements.