

**SENIOR CITIZENS OF HENDERSONVILLE, INC.**  
**AUDITED FINANCIAL STATEMENTS**  
**AS OF JUNE 30, 2014**

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CERTIFIED PUBLIC ACCOUNTANTS

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## 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, 2014, 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, 2014, 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  
October 3, 2014

**SENIOR CITIZENS OF HENDERSONVILLE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2014**

**ASSETS**

Current assets	
Cash	\$ 48,350
Contributions receivable	15,444
Prepaid assets	<u>1,649</u>
Total current assets	65,443
Property and equipment	
Property and equipment	298,065
Less: accumulated depreciation	<u>(207,571)</u>
Net property and equipment	90,494
Total assets	<u><u>\$ 155,937</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities	
Accounts payable	\$ 793
Payroll taxes payable	<u>1,587</u>
Total current liabilities	2,380
Net assets	
Unrestricted	<u>153,557</u>
Total net assets	153,557
Total liabilities and net assets	<u><u>\$ 155,937</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, 2014**

Unrestricted Net Assets  
Support

Federal grant	\$ 17,919
State grants	11,700
City & county funding	25,000
United Way funding	11,000
Contributions	15,707
In-kind rent	30,000
Program income	7,614
Fundraising	25,491
Total Revenue	<u>\$ 144,431</u>

Expenses

Program services	
Program expenses	\$ 79,266
Fundraising expenses	7,673
Total program services	<u>\$ 86,939</u>

Support services

Management and general	\$ 59,548
Total support services	<u>\$ 59,548</u>

Total expenses	<u>\$ 146,487</u>
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Decrease in unrestricted net assets	(2,056)
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Net assets, beginning of year, as restated	<u>155,613</u>
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Net assets, end of year	<u><u>\$ 153,557</u></u>
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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, 2014**

	<u>PROGRAM SERVICES</u>	<u>FUNDRAISING</u>	<u>MANAGEMENT &amp; GENERAL</u>	<u>TOTAL</u>
Depreciation	\$ 7,355	\$ -	\$ 2,452	\$ 9,807
Fundraising expense	-	7,673	-	7,673
Insurance	6,766	-	2,255	9,021
Legal and professional	-	-	3,375	3,375
Maintenance	843	-	282	1,125
Office expense	4,392	-	1,464	5,856
Payroll	14,667	-	44,001	58,668
Program	2,383	-	-	2,383
Promotion	-	-	493	493
Rent	30,000	-	-	30,000
Telephone	607	-	1,819	2,426
Utilities	10,223	-	3,407	13,630
Vehicle expense	2,030	-	-	2,030
Total expenses	<u>\$ 79,266</u>	<u>\$ 7,673</u>	<u>\$ 59,548</u>	<u>\$ 146,487</u>

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, 2014**

Cash flows from operating activities	
Increase in net assets	\$ (2,056)
Adjustments to reconcile net income to net cash provided by (used in) operating activities	
Depreciation	9,807
Increase in accounts receivable	(8,043)
Decrease in prepaid assets	2,993
Increase in accounts payable	326
Increase in payroll taxes and liabilities	644
Total adjustments	<u>\$ 5,727</u>
Net cash provided by operating activities	<u>\$ 3,671</u>
Cash flows from investing activities	
Increase in capital assets	<u>\$ -</u>
Net cash used in investing assets	<u>\$ -</u>
Net increase in cash and cash equivalents	3,671
Cash and cash equivalents at beginning of period	<u>44,679</u>
Cash and cash equivalents at end of period	<u><u>\$ 48,350</u></u>

See independent auditor's report and notes to financial statements



**SENIOR CITIZENS OF HENDERSONVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**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, 2014**

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

Financial Statement Presentation

The Center has adopted FASB ASC 958-205-55, *Not-For-Profit Entities—Presentation of Financial Statements—Implementation Guidance and Illustrations*. Under FASB ASC 958, 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 FASB ASC 958, *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.

Functional Expenses

Expenses are charged to program or management and general based on allocation by management.

Advertising Costs

Advertising costs are expensed as incurred.

**NOTE 2 - CORRECTION OF AN ERROR**

In 2014, the Center changed its depreciation estimate for assets placed in service in fiscal years ending June 30, 2010 and 2009 as book depreciation inaccurately reflected tax bonus depreciation. The Center incorrectly accrued for contributions receivable related to a future period in 2013. The cumulative effect on contributions receivable, accumulated depreciation and net assets is reflected below.

	<b><u>2014</u></b>
Contributions receivable, beginning of period	\$ 18,400
Cumulative effective on contributions receivable	(11,000)
Contributions accrued, end of period	8,044
Contributions receivable, end of period	<u>\$ 15,444</u>
Accumulated depreciation, beginning of period	\$ (202,568)
Cumulative effect on accumulated depreciation	4,804
Depreciation	(9,807)
Accumulated depreciation, end of period	<u>\$ (207,571)</u>

See independent auditor's report

**SENIOR CITIZENS OF HENDERSONVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 2 - CORRECTION OF AN ERROR (Continued)**

	<u>2014</u>
Unrestricted, net assets, beginning of period	\$ 161,809
Cumulative effect on unrestricted, net assets	(6,196)
Net loss	<u>(2,056)</u>
Unrestricted, net assets, end of period	<u>\$ 153,557</u>

**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 \$29,619. The grant is comprised of federal Title III-B Award of \$16,500, a Title III-D Award of \$1,419, and the Tennessee Commission on Aging Award of \$11,700.

**NOTE 4 - CONTRIBUTIONS**

Senior Citizens of Hendersonville, Inc. received \$15,707 in unrestricted contributions from corporations and individuals during the fiscal year ending June 30, 2014. The Center also received unrestricted contributions of \$11,000 from the United Way, \$12,000 from Sumner County, Tennessee and \$13,000 from the City of Hendersonville, Tennessee.

**NOTE 5 - CONTRIBUTIONS RECEIVABLE**

Contributions receivable consists of \$15,444 due from Greater Nashville Regional Council for 2013-2014 fiscal year.

**NOTE 6 - PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of June 30, 2014:

Furniture and fixtures	\$ 32,501
Equipment	10,303
Leasehold improvements	171,044
Vehicles	<u>84,217</u>
	298,065
Less: accumulated depreciation	<u>(207,571)</u>
Fixed assets, net	<u>\$ 90,494</u>

Depreciation expense for the year ending June 30, 2014 totaled \$9,807. Property and equipment are depreciated using the straight-line method over the life of the asset, between five and ten years. Leasehold improvements are depreciated over the assumed life of the lease, see Note 8.

See independent auditor's report

**SENIOR CITIZENS OF HENDERSONVILLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**NOTE 7 – CASH**

The Center's cash balance at June 30, 2014 consists of \$48,250 cash in bank, and \$100 petty cash.

**NOTE 8 – DONATED SERVICES**

The Center used the services of many volunteers for fundraising and clerical tasks during the fiscal year ending June 30, 2014. FASB ASC 958-605 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 meet stated criteria and therefore are not recorded.

**NOTE 9 – GIFTS IN KIND**

The Center was the recipient of rent in kind from the City of Hendersonville during the fiscal year ending June 30, 2014. 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.

**NOTE 10 – OPERATING LEASES**

The Center maintains an operating lease for a copier with Digitec. The lease was renewed on June 24, 2014 and is valid for 12 months. The monthly fee remains at \$38.50 for 2,916 copies.

**NOTE 11– SUBSEQUENT EVENTS**

Senior Citizens of Hendersonville has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2014 through October 3, 2014, the date the financial statements were available to be issued. There were no subsequent events that require recognition in the financial statements.