

SENIOR CITIZENS OF HENDERSONVILLE, INC.
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2022

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Senior Citizens of Hendersonville, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Senior Citizens of

Hendersonville, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Senior Citizens of Hendersonville, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Senior Citizens of Hendersonville, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

McMurray, Fox & Associates

McMurray, Fox & Associates, PLLC
Hendersonville, Tennessee
January 23, 2023

SENIOR CITIZENS OF HENDERSONVILLE, INC.
STATEMENT OF FINANCIAL POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

ASSETS

Current assets	
Cash	\$ 25,034
Grants receivable	12,492
Prepaid assets	<u>3,024</u>
Total current assets	40,550
Property and equipment	
Property and equipment	303,136
Less: accumulated depreciation	<u>(259,982)</u>
Net property and equipment	<u>43,154</u>
Total assets	<u><u>\$ 83,704</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 2,379
Payroll liabilities	<u>4,526</u>
Total current liabilities	<u>6,905</u>
Total liabilities	6,905
Net assets without donor restriction	<u>76,799</u>
Total net assets	<u>76,799</u>
Total liabilities and net assets	<u><u>\$ 83,704</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, 2022

Support		
Federal grant	\$	48,466
State grants		12,550
City & county funding		31,000
United Way funding		7,555
Contributions		17,919
PPP		12,923
Miscellaneous		1,688
In-kind rent		30,000
Program income		12,994
Fundraising		25,261
Total operating revenues, gain, and other support		<u>200,356</u>
Expenses		
Program		124,559
Management and general		81,006
Fundraising		8,979
Total operating expenses		<u>214,544</u>
Change in net assets		(14,188)
Net assets, beginning of year		<u>90,987</u>
Net assets, end of year	\$	<u><u>76,799</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, 2022

	<u>PROGRAM</u> <u>SERVICES</u>	<u>FUNDRAISING</u>	<u>MANAGEMENT</u> <u>& GENERAL</u>	<u>TOTAL</u>
Depreciation	\$ 8,438	\$ -	\$ 2,813	\$ 11,251
Fundraising expense	-	8,979	-	8,979
Insurance	2,438	-	813	3,250
Legal and professional	-	-	5,400	5,400
Office expense	13,504	-	4,501	18,005
Payroll	20,820	-	62,459	83,279
Program	38,978	-	-	38,978
Rent	30,000	-	-	30,000
Telephone	700	-	2,100	2,800
Utilities	8,761	-	2,920	11,681
Vehicle expense	921	-	-	921
Total expenses	<u>\$ 124,559</u>	<u>\$ 8,979</u>	<u>\$ 81,006</u>	<u>\$ 214,544</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, 2022

Cash flows from operating activities:	
Decrease in net assets	\$ (14,188)
Adjustments to reconcile decrease in net assets to net cash provided by (used in) operating activities:	
Depreciation	11,251
Forgiveness of PPP funds	(12,923)
Increase in prepaid assets	822
Increase/(decrease) in accounts payable	(310)
Decrease in accrued payroll	1,448
Total adjustments	<u>288</u>
Net cash used in operating activities	<u>(13,900)</u>
Net decrease in cash and cash equivalents	(13,900)
Cash and cash equivalents at beginning of year	<u>38,934</u>
Cash and cash equivalents at end of year	<u><u>\$ 25,034</u></u>

See independent auditor's report and notes to financial statements

SENIOR CITIZENS OF HENDERSONVILLE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022.

See independent auditor’s report

SENIOR CITIZENS OF HENDERSONVILLE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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 hundreds of 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, 2022.

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 THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs are expensed as incurred. There was no advertising expense for the year ending June 30, 2022.

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 July 1, 2022 for the Center. The Center is evaluating the effect on the financial statements.

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 – 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

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SENIOR CITIZENS OF HENDERSONVILLE, INC.
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – PPP FUNDS (CONTINUED)

a second PPP loan in the amount of \$12,923. The loan was forgiven in the current year and shown as income

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 \$2,000 was not utilized and cannot be carried forward. The grant received is comprised of federal Title III-B Award of \$4,016. In addition, the Center also received unrestricted grants of \$7,555 from the United Way, \$16,000 from Sumner County, Tennessee and \$15,000 from the City of Hendersonville, Tennessee. Grants receivable consists of \$12,492 due from Greater Nashville Regional Council of \$7,372.

The Center was the recipient of a CARES Act Grant for the grocery program and other supplies reimbursements totaling \$27,500. 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 \$17,919 in unrestricted contributions from corporations and individuals during the fiscal year ending June 30, 2022.

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, 2022 totaled \$11,251. 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, 2022. 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 THE FINANCIAL STATEMENTS
JUNE 30, 2022

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 four fiscal years are as follows:

2023	708
2024	708
2025	708
2026	<u>649</u>
Total	<u>\$2,773</u>

Total lease payments of \$708 were made in fiscal year ending June 30, 2022.

NOTE 8– LIQUIDITY

The Center's assets available at June 30, 2022 equate to \$37,526 consisting of \$25,034 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, 2022 through January 23, 2023, the date the financial statements were available to be issued.

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