



SeniorCitizens<sup>INC.</sup>

**SENIOR CITIZENS, INC.,  
SENIOR CENTER FOR THE ARTS, INC. &  
J. B. KNOWLES TRUST**

**AUDITED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL INFORMATION  
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

**JOE OSTERFELD, CPA  
CERTIFIED PUBLIC ACCOUNTANT  
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SENIOR CENTER FOR THE ARTS, INC. & J. B. KNOWLES TRUST  
AUDITED FINANCIAL STATEMENTS  
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FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors

Senior Citizens, Inc., Senior Center for the Arts, Inc. and J.B. Knowles Trust

174 Rains Avenue

Nashville, TN 37203

I have audited the accompanying statement of financial position of Senior Citizens, Inc. (a nonprofit organization), Senior Center for the Arts, Inc. (a nonprofit organization), and the J. B. Knowles Trust (a charitable trust) as of June 30, 2007 and 2006, and the related statements of activities, functional expenses, and cash flows for the years ended June 30, 2007 and 2006. These financial statements are the responsibility of the Organizations' management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Senior Citizens, Inc., Senior Center for the Arts, Inc. and the J.B. Knowles Trust as of June 30, 2007 and 2006, 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*, I have also issued my report dated November 8, 2007, on my consideration of Senior Citizens, Inc.'s, Senior Center for the Arts, Inc.'s, and the J.B. Knowles Trust's internal control over financial reporting and my 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.

My audit was performed for the purposes of forming an opinion on the basic financial statements of Senior Citizens, Inc. Senior Center for the Arts, Inc.'s, and the J.B. Knowles Trust taken as a whole. The accompanying Schedules of Federal Awards and State and Local Awards are presented for purposes of additional analysis as required by the US Office of Management and Budget Circular A-133., *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the basic financial statements. The accompanying schedules of assets, liabilities, and net assets and revenues, expenses, and changes in unrestricted net assets are presented for the purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



Joe Osterfeld, CPA  
Columbia, Tennessee  
November 8, 2007

**SENIOR CITIZENS, INC.**  
**SENIOR CENTER FOR THE ARTS, INC. & J. B. KNOWLES TRUST**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2007 AND 2006**

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash - unrestricted	\$ 232,621	\$ 341,722
Cash - temporarily restricted	372,877	262,316
Total operating cash	<u>605,498</u>	<u>604,038</u>
Investments	116,729	106,526
Accounts receivable	153,874	114,595
Promises to give, current portion	624,314	594,518
Prepaid expenses	34,301	17,292
Total current assets	<u>1,534,716</u>	<u>1,436,969</u>
Land, building, and equipment	12,988,895	14,622,963
Accumulated depreciation	(3,539,068)	(3,090,892)
Net land, building, and equipment	<u>9,449,827</u>	<u>11,532,071</u>
Other assets: Conservator trust accounts	300,115	134,521
Pension plan intangible asset	169,632	184,385
Prepaid rent - Turner Center	1,976,512	-
Knowles Trust Fund cash	20,608	58,385
Knowles Trust Fund investments	2,104,682	1,881,160
Capital campaign cash accounts	-	220,415
Total assets	<u>\$ 15,556,092</u>	<u>\$ 15,447,906</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	\$ 84,862	\$ 103,568
Accrued expenses	147,864	144,690
Accrued pension plan liability	222,072	222,036
Deferred revenue	123,265	96,090
Total current liabilities	<u>578,063</u>	<u>566,384</u>
Conservator trust funds	300,115	134,521
Total liabilities	<u>878,178</u>	<u>700,905</u>
Net Assets:		
Undesignated	11,355,434	11,472,991
Board designated	200,000	200,000
Total unrestricted net assets	<u>11,555,434</u>	<u>11,672,991</u>
Temporarily restricted	997,190	1,134,465
Permanently restricted	2,125,290	1,939,545
Total net assets	<u>14,677,914</u>	<u>14,747,001</u>
Total liabilities and net assets	<u>\$ 15,556,092</u>	<u>\$ 15,447,906</u>

The accompanying notes are an integral part of the financial statements.

**SENIOR CITIZENS, INC.**  
**SENIOR CENTER FOR THE ARTS, INC. & J. B. KNOWLES TRUST**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED JUNE 30, 2007 AND 2006**

<u>PUBLIC SUPPORT AND REVENUE</u>	<u>2007</u>	<u>2006</u>
Special events	\$ 486,972	\$ 429,623
Contributions	776,475	819,229
Sub-total	<u>1,263,447</u>	<u>1,248,852</u>
United Way	49,360	33,647
Membership dues	161,277	139,523
In kind support	254,964	132,794
Service fees	792,548	571,118
Investment income	332,404	131,019
Gain on disposal	1,000	1,000
Other income	8,578	9,468
Net assets released from restrictions: Principal transfer	(185,745)	61,902
Satisfaction of timing restrictions		
Satisfaction of program restrictions: Awards	1,059,604	875,845
Satisfaction of timing restrictions: United Way	488,433	474,155
Senior Citizens Foundation	140,904	112,847
Contributions	<u>393,993</u>	<u>2,558,119</u>
Sub-total of satisfaction of timing restrictions	<u>1,023,330</u>	<u>3,145,121</u>
Total public support and revenue	<u>4,760,767</u>	<u>6,350,289</u>
<u>EXPENSES</u>		
Program services	3,902,850	3,453,311
Support Services	<u>975,474</u>	<u>995,802</u>
Total expenses	<u>4,878,324</u>	<u>4,449,113</u>
Increase (decrease) in unrestricted net assets	(117,557)	1,901,176
Unrestricted net assets, beginning	11,672,991	9,771,815
Unrestricted net assets, end of year	<u>\$ 11,555,434</u>	<u>\$ 11,672,991</u>
<u>Temporarily restricted net assets:</u>		
Awards	\$ 1,059,604	\$ 875,845
United Way	500,005	490,018
Contributions	261,741	708,854
Senior Citizens Foundation	124,309	102,000
Net assets released from restrictions:		
Satisfaction of program restrictions	(1,059,604)	(875,845)
Satisfaction of timing restrictions	<u>(1,023,330)</u>	<u>(3,145,121)</u>
Increase (decrease) in temporarily restricted net assets	(137,275)	(1,844,249)
Temporarily restricted net assets, beginning	1,134,465	2,978,714
Temporarily restricted net assets, end of year	<u>\$ 997,190</u>	<u>\$ 1,134,465</u>
<u>Permanently restricted net assets:</u>		
Principle transfer in (out)	\$ 185,745	\$ (61,902)
Increase (decrease) in permanently restricted net assets	185,745	(61,902)
Permanently restricted net assets, beginning	1,939,545	2,001,447
Permanently restricted net assets, end of year	<u>\$ 2,125,290</u>	<u>\$ 1,939,545</u>
Increase (decrease) in net assets	(69,087)	(4,975)
Net assets, beginning	14,747,001	14,751,976
Net assets, end of year	<u>\$ 14,677,914</u>	<u>\$ 14,747,001</u>

The accompanying notes are an integral part of the financial statements.

SENIOR CITIZENS, INC.,  
SENIOR CENTER FOR THE ARTS, INC., AND J. B. KNOWLES TRUST  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2007

	Program Services												Support Services					Total
	Foster						Brent-	J.B.			Center	Senior			Manage-			
	Adult	Grand	Living Al		College		Hadley	wood	Knowles	Turner	Fountain	for the	Citizens	Capital	Fund	Mgmt &		
	<u>Daycare</u>	<u>Parents</u>	<u>Home *</u>	<u>RSVP</u>	<u>Grove</u>	<u>Donelson</u>	<u>Park</u>	<u>Martin</u>	<u>Hart Bldg</u>	<u>Center</u>	<u>Madison</u>	<u>Tours</u>	<u>Arts</u>	<u>Foundation</u>	<u>Campaign</u>	<u>Raising **</u>	<u>General</u>	
Salaries	105,256	60,916	333,183	128,642	68,836	140,230	45,031	91,114	122,739	54,065	133,064	6,761	36,857	-	141,634	414,791	\$1,883,119	
Benefits	23,733	8,435	74,942	22,831	14,721	19,078	7,183	17,254	13,736	1,847	24,915	59	-	-	23,683	102,623	355,040	
Payroll tax	8,784	4,313	24,479	9,490	5,109	10,383	3,375	5,871	9,318	4,100	9,894	517	5,022	-	10,439	45,204	156,298	
Fees	1,018	1,201	25,051	2,480	7,552	10,499	3,645	20,222	32,355	6,064	9,714	123,656	99,779	-	7,563	47,002	397,801	
Supplies	15,811	548	44,421	8,195	15,145	47,461	3,174	26,626	18,628	11,550	27,816	296	93,102	19	34,308	6,829	353,929	
Telephone	1,701	684	9,468	2,356	2,613	12,940	2,353	12,997	3,892	8	4,120	-	901	1	1,762	5,643	61,439	
Postage	706	373	2,118	1,015	1,961	2,793	292	1,332	1,375	565	5,051	290	2,017	14	14,630	14,604	49,136	
Occupancy	8,983	1,672	22,031	6,561	49,840	68,699	13,946	61,229	59,751	78,192	86,751	-	22,615	-	5,532	15,557	501,359	
Maintenance	761	288	2,393	939	3,123	6,038	515	1,797	1,337	401	1,558	30	3,627	-	7,867	3,112	33,786	
Printing	295	110	886	876	988	940	671	927	3,058	4,020	4,421	15	8,435	-	13,293	36,292	75,227	
Travel	21,663	2,319	13,061	2,890	3,523	7,737	3,301	4,006	2,597	655	11,460	241	1,014	-	708	3,636	78,811	
Conferences	515	1,205	4,005	2,877	586	2,562	177	519	400	2,101	910	13	-	-	1,532	3,250	20,652	
SCF Grant															51,513		51,513	
Assistance	81	313,090	45,265	3,328	61	126	36	70	99	233	99	-	828	-	116	327	363,759	
Dues	746	286	2,089	1,040	1,614	2,304	120	2,609	1,636	147	1,862	14	386	-	725	8,405	23,983	
Recognition	453	2,256	1,636	2,740	442	537	917	116	685	1,981	1,213	21	-	-	524	3,749	17,270	
Other	2	2	203	6	43	813	10	44	22	356	47	-	5,378	-	-	100	7,026	
	190,508	397,698	605,231	196,266	176,157	333,140	84,746	246,733	271,628	166,285	322,895	131,913	279,961	51,513	34	264,316	711,124	4,430,148
Depreciation	13,048				7,635	79,289	6,723	118,235	138,282	6,878	78,086						448,176	
Total	\$203,556	\$397,698	\$605,231	\$196,266	\$183,792	\$412,429	\$91,469	\$364,968	\$409,910	\$173,163	\$400,981	\$131,913	\$279,961	\$51,513	\$34	\$264,316	\$711,124	\$4,878,324

Note \*: The Living At Home Program includes the following cost centers: Living At Home, Respite, VOCA, and Peer Counseling.

Note \*\*: The Fund Raising support service includes \$84,971 of expenses for special events.

The accompanying notes are an integral part of the financial statements.

SENIOR CITIZENS, INC.,  
SENIOR CENTER FOR THE ARTS, INC., AND J. B. KNOWLES TRUST  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2006

	Program Services										Support Services					Total
	Foster							Brent-	J.B.	Center	Senior	Manage-				
	Adult	Grand	Living At		College		Hadley	wood	Knowles		for the	Citizens	Capital	Fund	Mgmt &	
	<u>Daycare</u>	<u>Parents</u>	<u>Home *</u>	<u>RSVP</u>	<u>Grove</u>	<u>Donelson</u>	<u>Park</u>	<u>Martin</u>	<u>Hart Bldg</u>	<u>Madison</u>	<u>Arts</u>	<u>Foundation</u>	<u>Campaign</u>	<u>Raising **</u>	<u>General</u>	
Salaries	106,135	58,110	383,999	135,499	69,222	137,799	46,794	83,337	121,088	127,596			14,704	122,977	415,733	\$1,822,993
Benefits	25,794	7,716	86,113	26,929	13,987	20,303	3,172	15,316	12,383	26,323			297	22,278	112,892	373,503
Payroll tax	7,921	4,226	28,203	10,114	5,297	10,303	4,380	5,333	9,147	9,528			1,121	9,106	38,469	143,148
Fees	944	1,242	25,530	2,136	8,135	55,305	313	15,506	25,488	8,472	68,544		9,709	7,398	27,378	256,100
Supplies	15,465	1,298	47,761	5,006	14,698	15,713	4,386	14,274	6,822	21,580	7,648		772	98,433	6,270	260,126
Telephone	1,815	991	11,133	3,086	2,494	13,716	870	13,107	3,694	4,645			790	862	5,570	62,773
Postage	767	421	3,054	1,006	1,959	3,013	425	1,391	787	5,358	101		123	12,795	17,175	48,375
Occupancy	7,717	1,869	22,540	7,157	48,171	90,996	8,442	45,896	64,157	87,849	23,407		3,911	3,357	17,328	432,797
Maintenance	264	116	1,336	263	2,088	4,593	362	1,141	220	672	6,984		1,079	278	926	20,322
Printing	228	787	2,133	510	1,007	1,001	443	1,222	3,500	3,572	4,419		2,069	14,086	39,183	74,160
Travel	24,507	1,807	18,789	2,448	3,812	9,715	2,533	5,603	2,414	8,481	374			250	3,240	83,973
Conferences	974	287	2,612	625	307	737	474	422	285	124			1,905	2,637	5,845	17,234
SCF Grant												67,273				67,273
Assistance	82	289,120	58,872	2,936	60	96	37	59	85	94	3,229		13	88	318	355,089
Dues	255	125	2,314	547	367	670	100	735	471	1,210	205		5,037	280	6,318	18,634
Recognition	97	359	587	2,119	138	331	24	3,399	440	813			73	94	1,802	10,276
Other	1	1	3	-	74	583	5	17	38	20	3,092		3	-	79	3,916
	192,966	368,475	694,979	200,381	171,816	364,874	72,760	206,758	251,019	306,337	118,003	67,273	41,606	294,919	698,526	4,050,692
Depreciation	12,564				7,931	74,790	3,201	112,033	139,163	48,739						398,421
Total	\$205,530	\$368,475	\$694,979	\$200,381	\$179,747	\$439,664	\$75,961	\$318,791	\$390,182	\$355,076	\$118,003	\$67,273	\$41,606	\$294,919	\$698,526	\$4,449,113

Note \*: The Living At Home Program includes the following cost centers: Living At Home, Respite, VOCA, and Peer Counseling.

Note \*\*: The Fund Raising support service includes \$96,488 of expenses for special events.

The accompanying notes are an integral part of the financial statements.

SENIOR CITIZENS, INC.  
SENIOR CENTER FOR THEARTS, INC., AND J. B. KNOWLES TRUST  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Increase (decrease) in net assets	\$ (69,087)	\$ (4,975)
Adjustments to reconcile increase in net assets to net cash provided (used) by operations:		
Depreciation	448,176	398,421
Amortization of prepaid lease	52,345	-
Donation of building	117,000	-
Unrealized (gain) loss in value of investments	(188,257)	(69,148)
(Increase) decrease in:		
Accounts receivable	(39,279)	28,332
Promises to give	(29,796)	4,989
Prepaid expenses	(17,009)	(7,692)
Construction in progress transfer to prepaid expenses	(2,028,857)	-
Conservator trust funds	(165,594)	(98,661)
Pension plan intangible asset	14,753	(27,169)
Increase (decrease) in:		
Accounts payable	(18,706)	19,344
Accrued expenses	3,177	64,391
Accrued pension plan liability	36	66,418
Deferred revenue	27,175	80,334
Conservator trust funds	165,594	98,661
Total from operations	<u>(1,728,329)</u>	<u>553,245</u>
<u>INVESTING ACTIVITIES:</u>		
Land, building & equipment purchases	(384,769)	(2,338,173)
Construction in progress transfer to prepaid expenses	1,976,512	
Proceeds from sale of investments	-	2,003,108
Purchase of investments	(10,203)	(3,431)
Total from investing	<u>1,581,540</u>	<u>(338,496)</u>
<u>FINANCING ACTIVITIES:</u>		
Knowles Trust Fund proceeds	1,257,178	1,911,391
Knowles Trust Fund purchases	(1,229,344)	(1,883,449)
Distributions from Knowles Trust Fund	(100,000)	(100,000)
Capital campaign cash accounts proceeds	220,415	175,281
Total from financing	<u>148,249</u>	<u>103,223</u>
Increase (decrease) in cash	1,460	317,972
Beginning cash balance	604,038	286,066
Ending cash balance	<u>\$ 605,498</u>	<u>\$ 604,038</u>

The accompanying notes are an integral part of the financial statements



SENIOR CITIZENS, INC.,  
SENIOR CENTER FOR THE ARTS, INC. AND J. B. KNOWLES TRUST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Senior Citizens, Inc. (the Agency), a Tennessee not-for-profit corporation, provides programs and services designed to keep seniors, 55 years of age or older, fit, healthy, and involved; and to provide social services to enable home bound seniors to remain independent in their own home as long as possible. Supportive services include fund raising, management and general expenses not directly identifiable to any program, but indispensable to these activities and to the Agency's existence.

The Joseph B. Knowles Trust Fund (the Trust Fund) is a trust established to assist in paying for the operating expenses of the Agency's Knowles Senior Center. The Agency and the Trust Fund are governed by the same board of directors. See note 13 for further information on the Trust Fund.

Senior Center for the Arts, Inc. (SCA) is a non-profit organization that supports art programs. The Agency's board of directors appoints the board of SCA and has an economic interest in SCA. SCA is consolidated with the Agency. See note 15 for further information on SCA.

Basis of Accounting

The consolidated financial statements of the Agency, the Fund, and SCA have been prepared on the accrual basis of accounting and accordingly reflect all significant accounts receivable, accounts payable, and other liabilities. All significant inter company accounts and transactions have been eliminated.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Not-for-Profit Organizations". Under SFAS No. 117, Agency 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.

Accounts Receivable

Accounts receivable are stated at their net realizable value. It is the opinion of management that all accounts receivable at June 30, 2007 and 2006 are collectible.

Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents are defined as all cash on hand and deposited in FDIC insured bank accounts with a maturity of three months or less. Any cash or investments which the agency holds in a conservator trust are reported separately as other assets.

Deferred Revenue

Income from service fees are deferred and recognized over the periods to which the service fees relate.

Donated Assets

Marketable securities and other non cash donations are recorded as contributions at their estimated fair market values at the date of the donation.

**SENIOR CITIZENS, INC.,  
SENIOR CENTER FOR THE ARTS, INC. AND J. B. KNOWLES TRUST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006**

Donations of Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how these long lived assets must be maintained, Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Agency reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Donated Services

Agency records donated services when they create or enhance a non-financial asset or for specialized skills provided by entities or persons possessing those skills that would be purchased if they were not donated.

Expense Allocation

The costs of providing various programs and other activities have 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.

Fair Values of Financial Instruments

Financial instruments of Agency include cash, short term trade accounts receivable, and trade accounts payable. Management estimates that the fair value of all financial instruments at June 30, 2007 and 2006 do not differ materially from the carrying values of the financial instruments recorded in the accompanying balance sheet.

Income Tax Status

Senior Citizens, Inc. and Senior Center for the Arts, Inc. are exempt organizations which are not considered private foundations and are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The J.B Knowles Trust Fund is a charitable trust and is exempt from federal income taxes. Accordingly, no provisions for income taxes have been made.

Promises to Give

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed on a straight-line basis over the estimated useful life of assets and is reflected as an expense in the Statement of Functional Expenses.

Use of Estimates

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

SENIOR CITIZENS, INC.,  
SENIOR CENTER FOR THE ARTS, INC. AND J. B. KNOWLES TRUST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

NOTE 2 - CASH AND CREDIT RISK

All cash and certificate of deposits of Senior Citizens, Inc., Senior Center for the Arts, Inc., and J. B. Knowles Trust are deposited in FDIC insured banks and in brokerage money market accounts. The Agency had deposits exceeding the \$100,000 FDIC deposit insurance coverage. Due to the float on outstanding checks, the credit risks for these excess balances were \$269,995 and \$442,256 at June 30, 2007 and June 30, 2006, respectively. Consistent with the American Institute of Certified Public Accountants Audit and Accounting Guide for Not-for-Profit Organizations, cash in which is donor restricted for long term purposes is segregated as a non-current asset.

	<u>2007</u>	<u>2006</u>
Cash in banks and on hand	\$ 232,621	\$ 341,721
Money market funds	<u>372,877</u>	<u>262,317</u>
Operating cash	605,498	604,038
Cash	-	220,414
Money market funds	<u>20,608</u>	<u>58,385</u>
Total cash	<u>\$ 626,106</u>	<u>\$ 882,838</u>

NOTE 3 - INVESTMENTS

The Organizations' investments consist of certificates of deposit in FDIC insured banks which mature in more than 3 months and mutual funds invested through brokerage accounts. These investments are carried at market value. The unrealized gains (losses) are \$182,055 and (\$69,148) at June 30, 2007 and June 30, 2006, respectively. The unrealized gains (losses) are reported as part of the investment income on the statement of Activities. The Organizations' cost basis in the investments are:

	<u>2007</u>	<u>2006</u>
Certificates of Deposit	\$ -	\$ 959,643
Fixed Income	\$ 845,333	
Real Estate	105,860	-
Common stock	971,434	990,818
Mutual Funds	<u>20,608</u>	<u>105,267</u>
Total Investments	<u>\$ 1,943,235</u>	<u>\$ 2,055,728</u>

NOTE 4 - CONSERVATOR TRUST FUNDS

As a result of a court order naming the Agency conservator, trust accounts are established for the purpose of receiving income and paying personal expenses of individuals that are the subject of the court order. All of the trust funds, except for one account which is in two brokerage accounts, are deposited in federally insured banks and credit unions. One individual trust fund bank accounts exceeded the \$100,000 FDIC deposit insurance coverage by \$27,427 and \$21,172 at June 30, 2007 and 2006, respectively.

SENIOR CITIZENS, INC.,  
SENIOR CENTER FOR THE ARTS, INC. AND J. B. KNOWLES TRUST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006

NOTE 5 - ACCOUNTS RECEIVABLE

Accounts receivable consist of:

	<u>2007</u>	<u>2006</u>
Grantor receivables	\$ 106,695	\$ 73,336
Service fees receivables	47,179	41,259
Total Receivables	<u>\$ 153,874</u>	<u>\$ 114,595</u>

NOTE 6 - PROMISES TO GIVE

Unconditional promises to give consist of:

	<u>2007</u>	<u>2006</u>
United Way Allocation	\$ 500,005	\$ 490,018
Senior Citizens Foundation	124,309	102,000
Capital Campaign Pledges	-	2,500
Gross promises to give	<u>624,314</u>	<u>594,518</u>
Less: Unamortized discount	-	-
Less: Allowance for doubtful pledges	-	-
Net promises to give	<u>624,314</u>	<u>594,518</u>
Less: Current portion	<u>(624,314)</u>	<u>(594,518)</u>
Long-term portion of promises to give	<u>\$ -</u>	<u>\$ -</u>

Promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 6%. The long-term portion, if any, of the promises at June 30, 2007 are due during the fiscal year end 2008.

NOTE 7 - EMPLOYEE PENSION PLANS

The Agency has an IRS Section 403(b) tax sheltered annuity plan, a defined contribution money purchase pension plan, and a defined benefit pension plan. Employees may voluntarily contribute to the tax sheltered annuity plan. The Agency does not make any contributions to this plan.

Effective July 1, 1992, the agency established a defined contribution money purchase pension plan which is paid for by the employer. In July 2001, the money purchase plan was converted into a profit sharing plan. In July 2006, the profit sharing plan was converted into a 401(k) plan. Eligibility for participation in the plan is attainment of age 21 and completion of one year of service in which 1,000 hours of service is completed. Participants become fully vested after 3 years of vesting service. During the first plan year, 4% of each eligible employee's compensation was contributed to the money purchase plan. The board of directors may change this funding level for future years but did not for the years ended June 30, 2007 and 2006. The Agency contributed \$100,805 and \$67,702 to this plan in the years ended June 30, 2007 and 2006.

In January of 1975, the Agency established an employer paid defined benefit pension plan. As a result of establishing the defined contribution plan discussed previously, participation in the defined benefit plan is limited to those employees employed prior to June 30, 1992. All participants and all benefits in the defined benefit are plan 100% vested. The benefits are based on an employee's years of service and annual pay. The funding of this defined benefit plan is based on an actuarial determination using the aggregate cost method which spreads the cost of projected benefits over the employees' aggregate projected future compensation.

SENIOR CITIZENS, INC.,  
SENIOR CENTER FOR THE ARTS, INC. AND J. B. KNOWLES TRUST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006

For employees who are participants in both the defined benefit plan and the defined contribution plan, any amount determined to be due to an employee under this defined benefit plan is determined as the minimum pension benefit. If the pension under the defined contribution plan exceeds the minimum pension benefit, then the employee will only receive the defined contribution plan benefit. If the defined contribution plan benefit is less than the minimum pension benefit, then the defined benefit pension plan makes up the difference so that the employee's pension plan is equal to the minimum pension benefit. Shown below is the funded status of the defined benefit plan and amounts recognized in the Agency's statement of activities at June 30, 2007 and June 30, 2006:

Disclosure information for the fiscal year ending:	<u>6/30/2007</u>	<u>6/30/2006</u>
<u>Components of Net Periodic Costs:</u>		
Service costs	\$ 11,324	\$ 9,471
Interest cost	35,677	34,196
Expected return on plan assets	(26,603)	(6,971)
Amortization of transition obligations	4,709	(16,902)
Amortization of net (gain) loss	21,057	19,455
Net periodic pension expense	<u>\$ 46,164</u>	<u>\$ 39,249</u>
Discount rate	6.00%	6.00%
Rate of return on assets	7.00%	7.00%
Salary increase	4.00%	4.00%
Measurement date	7/1/2006	7/1/2005
Accumulated benefit obligation	<u>\$ 574,591</u>	<u>\$ 554,113</u>
<u>Change in Projected Benefit Obligation:</u>		
Benefit obligation at beginning of year	\$ 588,188	\$ 555,997
Service cost	11,324	9,471
Interest cost	35,677	34,196
Actuarial (gain) loss	14,398	24,776
Benefit paid	(36,161)	(36,252)
Benefit obligation at end of year	<u>\$ 613,426</u>	<u>\$ 588,188</u>
<u>Change in Plan Assets:</u>		
Plan assets at beginning of year	\$ 332,077	\$ 361,358
Expected return on plan assets	21,894	23,873
Benefits paid	(36,161)	(36,252)
Employer contribution	30,000	-
Gain (loss)	4,709	(16,902)
Plan assets at end of year	<u>\$ 352,519</u>	<u>\$ 332,077</u>
<u>Reconciliation of Funded Status:</u>		
Funded status at end of year	\$ (222,036)	\$ (155,618)
Pension expense	(46,164)	(39,249)
Employer contribution	30,000	-
Unrecognized gain (loss)	16,128	(27,169)
(Accrued) prepaid benefit cost	<u>\$ (222,072)</u>	<u>\$ (222,036)</u>

SENIOR CITIZENS, INC.,  
SENIOR CENTER FOR THE ARTS, INC. AND J. B. KNOWLES TRUST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006

Disclosure information for the fiscal year ending:

	<u>2007</u>	<u>2006</u>
<u>Change in Unrecognized Gain/Loss:</u>		
Unrecognized (gain) loss at beginning of year	\$ 218,460	\$ 196,237
Recognized gain (loss)	(21,057)	(19,455)
(Gain) loss due to actuarial experience	14,398	24,776
(Gain) loss due to changes in actuarial assumptions		
(Gain) loss due to assets	(4,709)	16,902
Unrecognized (gain) loss at end of year	<u>\$ 207,092</u>	<u>\$ 218,460</u>

NOTE 8 - LAND, BUILDING, AND EQUIPMENT

Useful lives are 10 to 40 years for buildings and improvements, and 5 to 10 years for furniture and equipment, and 5 years for vehicles. Land, building, and equipment consist of:

	<u>2007</u>	<u>2006</u>
Land	\$ 1,620,440	\$ 1,620,440
Building and improvements	9,779,282	9,512,339
Construction in progress	2,028,857	2,018,837
Furniture and equipment	1,228,908	1,203,426
Vehicles	360,265	267,921
	<u>15,017,752</u>	<u>14,622,963</u>
CIP transferred to Prepaid Rent	(2,028,857)	
Less: Accumulated depreciation	(3,539,068)	(3,090,892)
Total	<u>\$ 9,449,827</u>	<u>\$ 11,532,071</u>

Construction in progress is the Turner Center in Bellevue. The Agency does not own the real estate where this center was built. Expenses relating to the construction have been reclassified to prepaid rent. Future lease payments are:

2008	\$ 57,977
2009	60,198
2010	62,572
2011	65,110
2012	67,821
Thereafter	<u>1,662,834</u>
	<u>\$ 1,976,512</u>

NOTE 9 - FINANCIAL DEPENDENCE

The Agency and SCA are substantially funded by grants from federal, state, and local government agencies and by annual contributions from United Way. A significant reduction in the level of this support, if this were to occur, may have an effect in the Agency's and SCA's programs and activities. In addition, the grants prescribe allowable expenditure guidelines with which Agency must comply. The grants are received prospectively, subject to subsequent verification of the incurring of allowable expenditures or provision of qualifying services.

**SENIOR CITIZENS, INC.,  
SENIOR CENTER FOR THE ARTS, INC. AND J. B. KNOWLES TRUST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006**

**NOTE 10 - IN KIND SUPPORT**

The Agency had an agreement effective October 1, 1991 with the J.B. Knowles Trust Fund to lease the J.B. Knowles Senior Citizens Center for \$1 per year for 25 years. The fair market value for rental of this facility is estimated to be \$40,000 per year. This use ended with the move of the Knowles Center to the Hart Building site in January 2006. See note 13. The Agency has an in kind agreement with the Metropolitan Government of Nashville and Davidson County to use the site where the Knowles Center Hart Building is located as a senior center for 40 years for \$1. The fair value of the use of the land for the forty years is estimated to be \$16,250 per year for a total of \$650,000.

The Agency also has in kind agreements to use its College Grove and Hadley Park facilities. The fair market value of the rent of these facilities is estimated to be \$41,400 and \$9,000 per year respectively.

During the year ended June 30, 2001 the Agency received a donation of land with a fair market value of \$375,000 from the City of Brentwood, which is the site of the Martin Senior Center. The Agency has title to the land subject to a provision that if the Agency sells the land the City of Brentwood will receive part of the proceeds.

During the year ended June 30, 2007, the Agency received a donation of a building at 3315 John Malette Drive in Nashville, Tennessee with a fair market value of \$117,000 from Metropolitan/Davidson County for its Northwest Senior Center site. The Agency has title to the property subject to a provision that if the Agency ceases to operate a senior center facility, the property will revert back to the local government.

The Agency also receives in kind support in the form of meals, uniforms, and medical services provided to its volunteers by other agencies involved in the programs. Also the Agency receives from time to time in kind professional services, supply, equipment, janitorial services, printing, legal, real estate consulting, and recognition donations. A summary of in kind support received and included in the financial statements is as follows:

	<u>2007</u>	<u>2006</u>
Rent and land use	\$ 66,650	\$ 64,850
Assistance	68,805	63,174
Professional services	489	1,330
Supplies	2,020	3,440
Total	<u>\$ 137,964</u>	<u>\$ 132,794</u>

**NOTE 11 - DEFERRED REVENUE**

Deferred revenue consists of payments for services that have not been earned.

**NOTE 12 - BOARD DESIGNATED NET ASSETS**

The Board of Directors for Senior Citizens, Inc. has designated \$150,000 in a capital reserve fund and \$50,000 in a special needs fund.

SENIOR CITIZENS, INC.,  
SENIOR CENTER FOR THE ARTS, INC. AND J. B. KNOWLES TRUST  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2007 AND 2006

NOTE 13 - PERMANENTLY RESTRICTED NET ASSETS

The Agency became the trustee of the Knowles Trust during the fiscal year ended June 30, 2006. A court order approved the transfer of the Knowles Trust to Senior Citizens, Inc. from the former trustee the Mayor of Nashville. The principal in the Knowles Trust Fund is permanently restricted subject to the following provisions. Annually, the Agency has the unrestricted use of the Knowles Trust Fund's net investment income or 5% of the trust fund balance, whichever is greater. If this annual amount is less than \$40,000, the Agency can encroach upon the principal balance up to a minimum of \$40,000. However, any encroachment decreasing the principal balance by more than 10% must be approved by the court. Based on these provisions, the initial balance that was transferred is reported as a restricted net asset. During the year ended June 30, 2007, based on the provisions discussed above, the Agency received \$100,000 from the Trust which is less than 5% of the trust fund balance.

NOTE 14 - SENIOR CITIZENS FOUNDATION, INC.

Senior Citizens Foundation, Inc. (the Foundation) is an independently governed organization that financially supports the activities of Senior Citizens, Inc. (the Agency). The Foundation is organized as a 501(c)(3) not for profit organization for the purpose of supporting activities of senior centers including the Agency but not limited to the Agency. The Agency does not control the decisions and activities of the Foundation and vice versa. The Agency has made grants to the Foundation as disclosed annually in the statement of functional expenses. The Agency is not required to make any grants to the Foundation. Annually, the Foundation makes an unconditional pledge to the Agency for support of the Agency's activities for the next fiscal year that is reported in the statement of activities. The Foundation's pledge is approximately 5% of the fair market value of the Foundation's investments of the Agency's grants. The Foundation is not required to make a pledge to the Agency of this or any other amount and has made different amounts of donations in the past. The Agency's cumulative grants to the Foundation are \$2,311,362, and the Foundation's cumulative pledges and donations to the Agency are \$1250,914. Since the Agency does not have control over the Foundation's decisions and activities, the fair value of the assets held by the Foundation is not recognized as an asset of the Agency.

NOTE 15 - SENIOR CENTER FOR THE ARTS

On October 12, 2006, the board of directors approved the by-laws and board members for the Senior Center for the Arts, Inc. (SCA) a non-profit organization created to support art programs. The Agency's board of directors controls and takes an economic interest in SCA, therefore, it will be consolidated with the Agency.

For the years ended June 30, 2006 and 2007, the assets, liabilities, revenues and expenses of SCA are consolidated with and reported on the Agency's financial statements.



SENIOR CITIZENS, INC.,  
SENIOR CENTER FOR THE ARTS, INC., AND J. B. KNOWLES TRUST  
SCHEDULE OF FEDERAL AWARDS  
JUNE 30, 2007

CFDA Number	State Grant Number	Grantor Agency and Program Name	Balance July 1, 2006	Grant Cash Receipts	Expenditures	Balance June 30, 2007	
<u>US Department of Health and Human Services:</u>							
Passed Through the Tennessee Department of Human Services:							
93.667	Z07031619	Social Services Block Grant	\$ -	\$ 52,200	\$ 55,217	\$ (3,017)	(A)
Passed Through the Greater Nashville Regional Council:							
93.043	2006-10	Title IIID	(10,625)	10,625		-	
93.044	2007-10	Title IIIB		81,400	101,750	(20,350)	(A)
93.043	2007-10	Title IIID	-	532	5,646	(5,114)	(A)
Passed Through the Tennessee Department of Mental Health and Developmental Disabilities through:							
Centerstone Community Mental Health Centers, Inc.							
93.958	Centerstone	Peer Counseling	(1,338)	14,713	17,388	(4,013)	(A)
93.275	Centerstone	SAMSA	(5,000)	21,667	21,996	(5,329)	(A)
<u>US Department of Agriculture - Passed Through the Department of Human Services:</u>							
10.558	34740006001	Child & Adult Food Program	(1,500)	20,376	20,376	(1,500)	(A)
<u>National Endowment for the Arts - Passed Through the Tennessee Arts Commission:</u>							
45.022	Z0703483500	Art program	-	7,500	7,500	-	
<u>US Department of Justice - Passed Through the Department of Human Services:</u>							
16.575	Z0703312800	Victims of Crime Act	(3,300)	55,932	57,559	(4,927)	(A)
<u>Corporation for National &amp; Community Service:</u>							
94.011	GH07SFSTN002	Foster Grandparents Program *	(25,490)	305,092	304,914	(25,312)	(A)
94.016	GH06SCSTN004	Respite Senior Companion Program *	(3,893)	45,473	46,190	(4,610)	(A)
94.002	GH06SRSTN008	Retired Senior Volunteer Program	(9,254)	112,170	112,295	(9,379)	(A)
Totals			(38,637)	462,735	463,399	(39,301)	
Federal Totals			\$ (60,400)	\$ 727,680	\$ 750,831	\$ (83,551)	

(A): Amounts shown in brackets represents money due from the grantor.

(B): Advances due to the grantor if not used for program purposes.

\* : Represents a major program for Single Audit Purposes.

This schedule is prepared on the same (accrual) basis of accounting as the financial statements.

The accompanying notes are an integral part of the financial statements.

SENIOR CITIZENS, INC.,  
SENIOR CENTER FOR THE ARTS, INC., AND J. B. KNOWLES TRUST  
SCHEDULE OF FEDERAL AWARDS  
JUNE 30, 2006

CFDA Number	State Grant Number	Grantor Agency and Program Name	Balance July 1, 2005	Grant Cash Receipts	Expenditures	Balance June 30, 2006	
<u>US Department of Health and Human Services:</u>							
Passed Through the Tennessee Department of Human Services:							
93.667	Z06026041	Social Services Block Grant	\$ -	\$ 52,200	\$ 52,200	\$ -	
Passed Through the Greater Nashville Regional Council:							
93.044	2006-10	Title IIIB	(12,624)	80,100	67,476	-	(A)
93.043	2006-10	Title IIID	-	10,600	21,225	(10,625)	
Passed Through the Tennessee Department of Mental Health and Developmental Disabilities through:							
Centerstone Community Mental Health Centers, Inc.							
93.958	Centerstone	Peer Counseling	(14,013)	16,050	3,375	(1,338)	(A)
93.275	Centerstone	SAMSA		20,000	25,000	(5,000)	
<u>US Department of Agriculture - Passed Through the Department of Human Services:</u>							
10.558	34740006001	Child & Adult Food Program	-	18,439	19,939	(1,500)	
<u>National Endowment for the Arts - Passed Through the Tennessee Arts Commission:</u>							
45.022	Z0602824300	Art program	-	5,100	5,100	-	
<u>US Department of Justice - Passed Through the Department of Human Services:</u>							
16.575	Z0009933701	Victims of Crime Act	-	62,511	65,811	(3,300)	
<u>Corporation for National &amp; Community Service:</u>							
94.011	GH02SFSTN072	Foster Grandparents Program *	(25,456)	288,892	288,926	(25,490)	(A)
94.016	GH03SCSTN004	Respite Senior Companion Program *	(4,567)	45,450	44,776	(3,893)	(A)
94.002	GH02SRSTN068	Retired Senior Volunteer Program	(9,181)	110,785	110,858	(9,254)	(A)
Totals			(39,204)	445,127	444,560	(38,637)	
Federal Totals			\$ (65,841)	\$ 710,127	\$ 704,686	\$ (60,400)	

(A): Amounts shown in brackets represents money due from the grantor.

(B): Advances due to the grantor if not used for program purposes.

\* : Represents a major program for Single Audit Purposes.

This schedule is prepared on the same (accrual) basis of accounting as the financial statements.

The accompanying notes are an integral part of the financial statements.

SENIOR CITIZENS, INC.,  
SENIOR CENTER FOR THE ARTS, INC., AND J. B. KNOWLES TRUST  
SCHEDULE OF STATE AND LOCAL AWARDS  
JUNE 30, 2007

<u>State Grant Number</u>	<u>Grantor Agency and Program Name</u>	<u>Balance July 1, 2006</u>	<u>Grant Cash Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2007</u>	
<u>Tennessee Department of Mental Health and Developmental Disabilities:</u>						
GR061724900	Foster Grand Parents Program (Cloverbottom)	\$ (6,000)	\$ 6,000	\$ 6,000	\$ (6,000)	(A)
<u>Tennessee Commission on Aging - Greater Nashville Regional Council:</u>						
2007-10	Senior Citizens Operations Grant	(6,936)	43,400	53,607	(17,143)	(A)
	Tennessee Arts Commission - TAC Touring Grant Senior Center for the Arts, Inc.		1,500	1,500	-	
State Totals		<u>\$ (12,936)</u>	<u>\$ 50,900</u>	<u>\$ 61,107</u>	<u>\$ (23,143)</u>	
<u>Davidson County:</u>						
	Donelson Center Grant		\$ 127,000	\$ 127,000	\$ -	
	Northwest Center Grant		4,000	4,000	-	
<u>Williamson County:</u>						
	College Grove Center Grant	-	16,250	16,250	-	
	Brentwood Martin Center Grant	-	16,250	16,250	-	
	<u>City of Brentwood Grant to Brentwood Martin Center</u>	-	40,000	40,000	-	
<u>Senior Center for the Arts, Inc.</u>						
	Metro Council	-	50,000	50,000	-	
	Metro Arts	-	10,847	10,847	-	
	Community Foundation	-	5,000	5,000	-	
	Metro Gov't of Nashville & Davidson Co.	-	8,750	8,750	-	
Local Government Totals		<u>\$ -</u>	<u>\$ 278,097</u>	<u>\$ 278,097</u>	<u>\$ -</u>	

(A): Amounts shown in brackets represents money due from the grantor.

(B): Advances due to the grantor if not used for program purposes.

This schedule is prepared on the same (accrual) basis of accounting as the financial statements.

The accompanying notes are an integral part of the financial statements.

SENIOR CITIZENS, INC.,  
SENIOR CENTER FOR THE ARTS, INC., AND J. B. KNOWLES TRUST  
SCHEDULE OF STATE AND LOCAL AWARDS  
JUNE 30, 2006

<u>State Grant Number</u>	<u>Grantor Agency and Program Name</u>	<u>Balance July 1, 2005</u>	<u>Grant Cash Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2006</u>	
<u>Tennessee Department of Mental Health and Developmental Disabilities:</u>						
GR061724900	Foster Grand Parents Program (Cloverbottom)	\$ (6,000)	\$ 6,000	\$ 6,000	\$ (6,000)	(A)
<u>Tennessee Commission on Aging - Greater Nashville Regional Council:</u>						
2006-10	Senior Citizens Operations Grant	-	35,000	41,936	(6,936)	
<u>Tennessee Arts Commission - TAC Touring Grant</u>						
316.25	Senior Center for the Arts, Inc.	-	1,000	1,000	-	
State Totals		<u>\$ (6,000)</u>	<u>\$ 42,000</u>	<u>\$ 48,936</u>	<u>\$ (12,936)</u>	
<u>Davidson County:</u>						
	Donelson Center Grant		\$ 25,000	\$ 25,000	\$ -	
<u>Williamson County:</u>						
	College Grove Center Grant	-	16,250	16,250	-	
	Brentwood Martin Center Grant	-	16,250	16,250	-	
	<u>City of Brentwood Grant to Brentwood Martin Center</u>	-	40,000	40,000	-	
<u>Senior Center for the Arts, Inc.</u>						
	Metro Nashville Arts Commission	-	26,219	26,219	-	
Local Government Totals		<u>\$ -</u>	<u>\$ 123,719</u>	<u>\$ 123,719</u>	<u>\$ -</u>	

(A): Amounts shown in brackets represents money due from the grantor.

(B): Advances due to the grantor if not used for program purposes.

This schedule is prepared on the same (accrual) basis of accounting as the financial statements.

The accompanying notes are an integral part of the financial statements.

Senior Citizens, Inc.  
Senior Center for the Arts, Inc., and J. B. Knowles Trust  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2007

**Section I - Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued: unqualified.

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Reportable condition(s) identified that are not considered to be material weaknesses ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: unqualified.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

☐ yes ☒ no

Identification of major programs:

CFDA Number(s)

94.011

94.016

Name of Federal Program

Foster Grand Parents Program

Respite Senior Companion Program

Dollar threshold used to distinguish between type A and type B programs:

\$300,000

Auditee qualified as low risk?

☒ yes ☐ no

**Section II - Financial Statement Findings**

No matters were reported.

**Section III - Federal Award Findings and Questioned Costs**

No matters were reported.

SENIOR CITIZENS, INC.  
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST  
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS  
JUNE 30, 2007

	<u>Agency</u>	<u>Knowles Trust</u>	<u>Center for the Arts</u>	<u>Total 2007</u>
<u>ASSETS</u>				
Cash - unrestricted	\$ 201,387		31,234	\$ 232,621
Cash - temporarily restricted	372,877			372,877
Total operating cash	574,264	-	31,234	605,498
Investments	116,729			116,729
Accounts receivable	153,459		415	153,874
Promises to give, current portion	624,314			624,314
Prepaid expenses	34,301			34,301
Total current assets	1,503,067	-	31,649	1,534,716
Land, building, and equipment	12,988,895			12,988,895
Accumulated depreciation	(3,539,068)			(3,539,068)
Net land, building, and equipment	9,449,827	-	-	9,449,827
Other assets: Conservator trust accounts	300,115			300,115
Pension plan intangible asset	169,632			169,632
Prepaid rent - Bellevue Center	1,976,512			1,976,512
Knowles Trust Fund cash	-	20,608		20,608
Knowles Trust Fund investments	-	2,104,682		2,104,682
Total assets	\$ 13,399,153	\$ 2,125,290	\$ 31,649	\$ 15,556,092
<u>LIABILITIES AND NET ASSETS</u>				
Accounts payable	\$ 75,019		9,843	\$ 84,862
Accrued expenses	147,864			147,864
Accrued pension plan liability	222,072			222,072
Deferred revenue	97,233		26,032	123,265
Total current liabilities	542,188	-	35,875	578,063
Conservator trust funds	300,115			300,115
Total liabilities	842,303	-	35,875	878,178
Net Assets:	-			-
Undesignated	11,359,660		(4,226)	11,355,434
Board designated	200,000			200,000
Total unrestricted net assets	11,559,660	-	(4,226)	11,555,434
Temporarily restricted	997,190			997,190
Permanently restricted	-	2,125,290		2,125,290
Total net assets	12,556,850	2,125,290	(4,226)	14,677,914
Total liabilities and net assets	\$ 13,399,153	\$ 2,125,290	\$ 31,649	\$ 15,556,092

The accompanying notes are an integral part of the financial statements.

SENIOR CITIZENS, INC.  
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST  
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS  
JUNE 30, 2006

	<u>Agency</u>	<u>Knowles Trust</u>	<u>Center for the Arts</u>	<u>Total 2006</u>
<u>ASSETS</u>				
Cash - unrestricted	\$ 339,323		\$ 2,399	\$ 341,722
Cash - temporarily restricted	262,316			262,316
Total operating cash	601,639	-	2,399	604,038
Investments	106,526			106,526
Accounts receivable	111,394		3,201	114,595
Promises to give, current portion	594,518			594,518
Prepaid expenses	17,292			17,292
Total current assets	1,431,369	-	5,600	1,436,969
Land, building, and equipment	14,622,963			14,622,963
Accumulated depreciation	(3,090,892)			(3,090,892)
Net land, building, and equipment	11,532,071	-	-	11,532,071
Other assets: Conservator trust accounts	134,521			134,521
Pension plan intangible asset	184,385			184,385
Knowles Trust Fund cash	-	58,385		58,385
Knowles Trust Fund investments	-	1,881,160		1,881,160
Capital campaign cash accounts	220,415			220,415
Capital campaign investments	-			-
Long term portion of promises to give	-			-
Total assets	\$ 13,502,761	\$ 1,939,545	\$ 5,600	\$ 15,447,906
<u>LIABILITIES AND NET ASSETS</u>				
Accounts payable	\$ 103,568			\$ 103,568
Accrued expenses	144,690			144,690
Accrued pension plan liability	222,036			222,036
Deferred revenue	92,068		4,022	96,090
Total current liabilities	562,362	-	4,022	566,384
Conservator trust funds	134,521			134,521
Total liabilities	696,883	-	4,022	700,905
Net Assets:				
Undesignated	11,471,413		1,578	11,472,991
Board designated	200,000			200,000
Total unrestricted net assets	11,671,413	-	1,578	11,672,991
Temporarily restricted	1,134,465			1,134,465
Permanently restricted	-	1,939,545		1,939,545
Total net assets	12,805,878	1,939,545	1,578	14,747,001
Total liabilities and net assets	\$ 13,502,761	\$ 1,939,545	\$ 5,600	\$ 15,447,906

The accompanying notes are an integral part of the financial statements.

SENIOR CITIZENS, INC.  
SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST  
SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN  
UNRESTRICTED NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2007

<u>PUBLIC SUPPORT AND REVENUE</u>	Agency Operations	Capital Campaign	Center for the Arts	Total 2007
Special events	\$ 486,972	\$ -	\$ -	\$ 486,972
Contributions	753,102	34	23,339	776,475
Sub-total	1,240,074	34	23,339	1,263,447
United Way	49,360	-	-	49,360
Membership dues	161,277	-	-	161,277
In kind support	254,964	-	-	254,964
Service fees	628,569	-	163,979	792,548
Investment income	332,404	-	-	332,404
Gain on disposal	1,000	-	-	1,000
Other income	7,336	-	1,242	8,578
Net assets released from restrictions:				
Principal transfer	(185,745)	-	-	(185,745)
Satisfaction of program restrictions: Awards	974,007	-	85,597	1,059,604
Satisfaction of timing restrictions:				
United Way	488,433	-	-	488,433
Senior Citizens Foundation	140,904	-	-	140,904
Contributions	393,993	-	-	393,993
Sub-total of satisfaction of timing restrictions	1,023,330	-	-	1,023,330
Total public support and revenue	4,486,576	34	274,157	4,760,767
<u>EXPENSES</u>				
Program services *	3,622,855	34	279,961	3,902,850
Support Services	975,474	-	-	975,474
Total expenses	4,598,329	34	279,961	4,878,324
Increase (decrease) in unrestricted net assets	(111,753)	-	(5,804)	(117,557)
Unrestricted net assets, beginning	2,877,192	8,794,221	1,578	11,672,991
Unrestricted net assets, end of year	\$ 2,765,439	\$ 8,794,221	\$ (4,226)	\$ 11,555,434

Capital Campaign reimbursement to operations consists of:

Transfer of endowment to Senior Citizens Foundation	
Agency operating expenses	
Capital Campaign direct expenses this year	34
Capital Campaign indirect expenses this year	
Total Capital Campaign expenses this year	34
Capital Campaign capitalized expenditures this year	-
Total amount reimbursed to operations	\$ 34

Capital Campaign portion of ending unrestricted net assets consists of:

City of Brentwood in kind donation of land for center	\$ 375,000
Capital Campaign capitalized expenditures cumulative	8,419,221
Capital Campaign portion of ending unrestricted net assets	\$ 8,794,221

Note \*: Operating program services expense includes \$254,964 in kind and \$448,176 depreciation expense.

The accompanying notes are an integral part of the financial statements.



**SENIOR CITIZENS, INC.**  
**SENIOR CENTER FOR THE ARTS, INC. AND J.B. KNOWLES TRUST**  
**SCHEDULE OF REVENUE, EXPENSES, AND CHANGES IN**  
**UNRESTRICTED NET ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2006**

<u>PUBLIC SUPPORT AND REVENUE</u>	Agency Operations	Capital Campaign	Center for the Arts	Total 2006
Special events	\$ 342,398	\$ -	\$ 87,225	\$ 429,623
Contributions	758,383	41,606	19,240	819,229
Sub-total	1,100,781	41,606	106,465	1,248,852
United Way	33,647	-		33,647
Membership dues	139,523	-		139,523
In kind support	132,794	-		132,794
Service fees	571,118	-		571,118
Investment income	131,019	-		131,019
Gain on disposal	1,000	-		1,000
Other income	9,468	-		9,468
Net assets released from restrictions:	-			
Principal transfer	61,902	-		61,902
Satisfaction of program restrictions: Awards	843,526	-	32,319	875,845
Satisfaction of timing restrictions: United Way	474,155	-		474,155
Senior Citizens Foundation	112,847	-		112,847
Capital Campaign	472,947	2,085,172		2,558,119
Sub-total of satisfaction of timing restrictions	1,059,949	2,085,172		3,145,121
Total public support and revenue	4,084,727	2,126,778	138,784	6,350,289
<u>EXPENSES</u>				
Program services *	3,274,499	41,606	137,206	3,453,311
Support Services	929,467	66,335		995,802
Total expenses	4,203,966	107,941	137,206	4,449,113
Increase (decrease) in unrestricted net assets	(119,239)	2,018,837	1,578	1,901,176
Unrestricted net assets, beginning	2,996,431	6,775,384	-	9,771,815
Unrestricted net assets, end of year	\$ 2,877,192	\$ 8,794,221	\$ 1,578	\$ 11,672,991

Capital Campaign reimbursement to operations consists of:

Transfer of endowment to Senior Citizens Foundation	\$ 66,335
Capital Campaign direct expenses this year	41,606
Total Capital Campaign expenses this year	107,941
Capital Campaign capitalized expenditures this year	2,018,837
Total amount reimbursed to operations	\$ 2,126,778

Capital Campaign portion of ending unrestricted net assets consists of:

City of Brentwood in kind donation of land for center	\$ 375,000
Capital Campaign capitalized expenditures cumulative	8,419,221
Capital Campaign portion of ending unrestricted net assets	\$ 8,794,221

Note \*: Operating program services expense includes \$132,794 in kind and \$398,421 depreciation expense.

The accompanying notes are an integral part of the financial statements.