

**BRENNAN SENIOR CENTER
FINANCIAL REPORT
DECEMBER 31, 2015**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1
BASIC FINANCIAL STATEMENTS	
<hr/>	
Financial Statements	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Statement of Functional Expenses	6
Notes to the Financial Statements	7

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Brennan Senior Center, Inc.
Flint, Michigan

We have audited the accompanying financial statements of Brennan Senior Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, cash flows, and functional expenses 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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Brennan Senior Center, Inc. as of December 31, 2015, 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.

Gabridge & Company

Gabridge & Company, PLC
Grand Rapids, MI
May 31, 2016

Brennan Senior Center, Inc.
Statement of Financial Position
December 31, 2015

ASSETS

Current Assets

Cash and Cash Equivalents	\$	3,247
Grants Receivable		6,427
<i>Total Current Assets</i>		9,674

Noncurrent Assets

Furniture and Equipment		20,000
Accumulated Depreciation		(10,000)
Total Fixed Assets, Net		10,000
<i>Total Assets</i>	\$	19,674

LIABILITIES

Current Liabilities

Accounts Payable	\$	2,377
Accrued Payroll and Related Liabilities		265
Related Party Loan - Donald and Edna Tolbert		1,500
<i>Total Liabilities</i>		4,142

NET ASSETS

<i>Unrestricted</i>		15,532
<i>Temporarily Restricted</i>		-
<i>Permanently Restricted</i>		-
<i>Total Net Assets</i>		15,532
<i>Total Liabilities and Net Assets</i>	\$	19,674

The Notes to the Financial Statements are an integral part of these Financial Statements

Brennan Senior Center, Inc.
Statement of Activities and Changes in Net Assets
December 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenue, Gains and Other Support				
Local Grants	\$ 77,238	\$ -	\$ -	\$ 77,238
Program Income	1,495	-	-	1,495
Donations - Cash	4,112	-	-	4,112
Donations - In Kind	32,430	-	-	32,430
Fundraising	5,051	-	-	5,051
Miscellaneous	8,292	-	-	8,292
Net Assets Released from Restriction				
Restrictions Satisfied by Payments	-	-	-	-
Total Revenue, Gains and Other Support	<u>128,618</u>	<u>-</u>	<u>-</u>	<u>128,618</u>
Expenses				
Program Services	99,716	-	-	99,716
Supporting Services				
Management and General	29,616	-	-	29,616
Fundraising	798	-	-	798
Total Expenses	<u>130,130</u>	<u>-</u>	<u>-</u>	<u>130,130</u>
Change in Net Assets	(1,512)	-	-	(1,512)
<i>Net Assets at Beginning of Period</i>	17,044	-	-	17,044
Net Assets at End of Period	<u>\$ 15,532</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,532</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Brennan Senior Center, Inc.
Statement of Cash Flows
December 31, 2015

Cash Flows From Operating Activities	
Decrease in Net Assets	\$ (1,512)
Adjustments to Reconcile Decrease in Net Assets to Net Cash Provided by	
Operating Activities:	
Depreciation	4,000
Changes in Operating Assets and Liabilities:	
Grants Receivable	(71)
Accounts Payable	432
Accrued Payroll and Related Liabilities	(1,604)
Related Party Loan	1,500
<i>Net Cash Provided by Operating Activities</i>	<u>2,745</u>
Net Increase (Decrease) in Cash and Investments	2,745
<i>Cash and Investments at Beginning of Period</i>	502
<i>Cash and Investments at End of Period</i>	<u>\$ 3,247</u>

The Notes to the Financial Statements are an integral part of these Financial Statements

Brennan Senior Center, Inc.
Statement of Functional Expenses
December 31, 2015

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and Wages	\$ 23,208	\$ 2,579	\$ -	\$ 25,787
Payroll Taxes	2,341	260	-	2,601
Fees for Services				
Instructors	3,560	-	-	3,560
Accounting and Audit	-	9,345	-	9,345
Legal	-	650	-	650
Advertising and Promotion	3,225	-	-	3,225
Office Expenses	-	9,601	-	9,601
Information Technology	3,585	398	-	3,983
Occupancy	52,973	5,886	-	58,859
Travel	2,048	-	-	2,048
Depreciation	3,600	400	-	4,000
Insurance	4,476	497	-	4,973
Miscellaneous	230	-	-	230
Other Programming Expenses	470	-	-	470
Fundraising Expenses	-	-	798	798
<i>Total Functional Expenses</i>	\$ 99,716	\$ 29,616	\$ 798	\$ 130,130

The Notes to the Financial Statements are an integral part of these Financial Statements

Brennan Senior Center

Notes to the Financial Statements

Note 1 – Statement of Purpose

Brennan Senior Center (the “Organization”) is a tax-exempt, nonprofit Michigan Corporation whose sources of revenue are derived principally from a county millage, government grants, foundation grants, and public contributions. The Organization provides programs, services, and activities that will enable them to maintain their dignity and independence.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles. Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC) 958-205, Financial Statements of Not-for-Profit Organizations. Under ASC 958-205, the Organization is required to report financial information regarding its financial position and activities according classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Total net assets for the Organization as of December 31, 2015 were \$15,532 as compared to \$17,044 as of December 31, 2014.

Support and Revenue

All cash contributions are recorded in the period received as unrestricted support. Contributions of donated non-cash assets are recorded at their fair values in the period received.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and the applicable income tax regulations of the State of Michigan, the Organization is exempt from income taxes. The organization is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3). There were no unrelated business activities in 2015. Accordingly, no tax expense was incurred during the year ended December 31, 2015.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2015 there are no uncertain positions taken expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, these are currently no audits for any tax periods in progress.

Brennan Senior Center

Notes to the Financial Statements

Advertising Cost

The Organization follows the policy of charging the cost of advertising to expense as incurred.

Capital Assets

Capital assets are recorded at cost when purchased and fair market value when donated. When items of capital assets are sold or retired, the related cost of accumulated depreciation is removed from the accounts, and any gain or loss is included in income. The Organization has established a threshold of \$5,000 for capitalization of depreciable assets, in addition to a useful life of at least two years. Major outlays for capital assets and improvements are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is calculated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Method</u>	<u>Life</u>
Furniture and equipment	Straight Line	3 - 10 Years

Net Assets

The Organization classifies net assets into three categories for accounting and reporting purposes unrestricted, temporarily restricted, or permanently restricted. Unrestricted net assets are not subject to specific donor-imposed restrictions and may be used as the Organization sees fit in furtherance of its missions. Temporarily restricted net assets carry specific donor-imposed restrictions on the expense or other use of contributed funds. Temporary restrictions may expire either because of the passage of time or because the restriction was fulfilled. When temporary restrictions have been satisfied they are reported as released from restrictions. Permanently restricted net assets are those subject to donor-imposed restrictions that will never lapse, thus requiring the assets to be maintained permanently as endowed funds.

Use of Estimates

The preparation of financial statement 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 reported amounts of revenues, expenses, and other changes in net assets during the reporting period. Actual results could differ from the estimates.

Note 3 – Deposits

Deposits – The Organization maintains its cash balances in one financial institution located in Michigan. At year end, the carrying amount of the Organizations deposits was \$3,247 and the bank balance was \$2,082. All of the Organizations deposits were insured by FDIC or NCUA coverage. The Organization did not have an uninsured cash balance at December 31, 2015.

Brennan Senior Center

Notes to the Financial Statements

Note 4 – Capital Assets

Capital asset activity for the year ended December 31, 2014 was as follows:

	<u>December 31,</u> <u>2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>December 31,</u> <u>2015</u>
Property & Equipment				
Furniture and equipment	\$ 20,000	\$ -	\$ -	\$ 20,000
<i>Total Capital Assets</i>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
		-		
Less Accumulated Depreciation	<u>6,000</u>	<u>4,000</u>	<u>-</u>	<u>10,000</u>
<i>Net Property & Equipment</i>	<u>\$ 14,000</u>	<u>\$ (4,000)</u>	<u>\$ -</u>	<u>\$ 10,000</u>

Depreciation expense for the year ending December 31, 2015 was \$4,000.

Note 5 – In-Kind Contributions

The Center recognized \$32,430 of In-Kind contributions for the year ended December 31, 2015.

In-Kind donation revenue audit fee expense were recognized for \$3,630 for the annual financial audit paid by Genesee County.

An In-Kind donation from the City of Flint was received in the form of rent for the use of the Center. The estimated fair market value of the rent recognized was \$28,800.

Note 6 – Uncertainties

Brennan Senior Center's main source of revenue comes from a property tax millage levied by Genesee County, which must be renewed periodically. If the millage renewal were to ever fail, the viability of the Center's operations and services would be impaired.

Note 7 – Subsequent Events

Management has evaluated subsequent events through May 31, 2016, the date on which the financial statements were available to be issued. There were no material subsequent events.

May 31, 2016

To the Board of Directors of
Brennan Senior Center
Flint, Michigan

We have audited the financial statements of Brennan Senior Center for the year ended December 31, 2015 and have issued our report thereon dated May 31, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 3, 2016. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Brennan Senior Center are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the six months ended December 31, 2015. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements was:

- Management's estimate of the useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide economic benefit in the future.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 31, 2016.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

The following is a summary of our observations with suggestions for improvements that we believe should be brought to your attention:

Comment 2015 - 01 – Loans from Board members (Repeat Comment)

Board members are loaning money to the organization to make payroll or pay vendors. We recommend that management and the Board monitor the financial condition to a level that will ensure that operating expenses will be sufficiently funded with the Center's operating resources.

Management Response

Management hired PPA Financial Concepts as the current accounting firm, in October 2014. One element of the services provided from PPA is assistance with the implementation of sound financial policies and procedures.

This information is intended solely for the use of Board of Directors and management of Brennan Senior Center and is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Gabridge & Company".

Gabridge & Company, PLC
Grand Rapids, MI