

**CENTER FOR INDEPENDENT LIVING
OF MIDDLE TENNESSEE
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED JUNE 30, 2011 AND 2010**

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Center for Independent Living of Middle Tennessee

We have audited the accompanying statements of financial position of the Center for Independent Living of Middle Tennessee (a Tennessee not-for-profit corporation, the "Organization") as of June 30, 2011 and 2010 and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center for Independent Living of Middle Tennessee as of June 30, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2012, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Blankenship CPA Group, PLLC

May 30, 2012

**CENTER FOR INDEPENDENT LIVING
OF MIDDLE TENNESSEE
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010**

	2011	2010
ASSETS		
Cash	\$ 13,004	\$ 7,783
Accounts receivable	<u>64,233</u>	<u>28,002</u>
Total assets	<u><u>\$ 77,237</u></u>	<u><u>\$ 35,785</u></u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 11,004	\$ 3,305
Accrued vacation and holiday	<u>21,837</u>	<u>16,960</u>
Total liabilities	32,841	20,265
Net assets - unrestricted	<u>44,396</u>	<u>15,520</u>
Total liabilities and net assets	<u><u>\$ 77,237</u></u>	<u><u>\$ 35,785</u></u>

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

**CENTER FOR INDEPENDENT LIVING
OF MIDDLE TENNESSEE
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010
Revenues and other support:		
Government grants	\$ 563,606	\$ 485,348
Fees for services	10,175	17,179
Contributions	4,701	9,386
Miscellaneous	4,604	-
	<u>583,086</u>	<u>511,913</u>
Total revenues and other support		
Functional expenses:		
Program services		
Work incentives planning and assistance	282,114	257,606
Independent living services	272,096	246,958
	<u>554,210</u>	<u>504,564</u>
Total functional expenses		
Increase in net assets	28,876	7,349
Net assets, beginning of year	<u>15,520</u>	<u>8,171</u>
Net assets, end of year	<u><u>\$ 44,396</u></u>	<u><u>\$ 15,520</u></u>

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

**CENTER FOR INDEPENDENT LIVING
OF MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2011**

	WORK INCENTIVES PLANNING AND ASSISTANCE	INDEPENDENT LIVING SERVICES	TOTAL
Salaries	\$ 192,496	\$ 166,979	\$ 359,475
Employee benefits	35,405	35,203	70,608
Payroll taxes	17,957	15,243	33,200
Rent	2,115	21,994	24,109
Insurance	2,841	2,740	5,581
Travel	9,630	4,861	14,491
Professional services	7,434	9,149	16,583
Communications	4,594	1,666	6,260
Contract services	2,978	4,354	7,332
Miscellaneous	250	2,255	2,505
Supplies	3,431	4,866	8,297
Postage	872	316	1,188
Printing	1,506	360	1,866
Meeting expenses	449	1,593	2,042
Dues and subscriptions	156	517	673
	<hr/>	<hr/>	<hr/>
Total functional expenses	<u>\$ 282,114</u>	<u>\$ 272,096</u>	<u>\$ 554,210</u>

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

**CENTER FOR INDEPENDENT LIVING
OF MIDDLE TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2010**

	WORK INCENTIVES PLANNING AND ASSISTANCE	INDEPENDENT LIVING SERVICES	TOTAL
Salaries	\$ 178,076	\$ 154,470	\$ 332,546
Employee benefits	30,946	30,769	61,715
Payroll taxes	16,671	14,151	30,822
Rent	1,993	20,727	22,720
Insurance	7,238	6,983	14,221
Travel	8,678	4,378	13,056
Professional services	3,563	4,385	7,948
Communications	4,679	1,696	6,375
Contract services	2,290	3,348	5,638
Miscellaneous	285	2,575	2,860
Supplies	1,127	1,598	2,725
Postage	924	335	1,259
Printing	811	194	1,005
Meeting expenses	208	739	947
Dues and subscriptions	117	388	505
Community education	-	222	222
	<hr/>	<hr/>	<hr/>
Total functional expenses	<u>\$ 257,606</u>	<u>\$ 246,958</u>	<u>\$ 504,564</u>

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

**CENTER FOR INDEPENDENT LIVING
OF MIDDLE TENNESSEE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2011 AND 2010**

	2011	2010
Cash flows from operating activities:		
Increase in net assets	\$ 28,876	\$ 7,349
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities:		
(Increase) decrease in operating assets:		
Accounts receivable	(36,231)	(24,855)
Increase (decrease) in operating liabilities:		
Accounts payable	7,700	(1,276)
Accrued vacation and holiday	4,876	588
Total adjustments	(23,655)	(25,543)
Net cash provided (used) by operating activities	5,221	(18,194)
Net increase (decrease) in cash	5,221	(18,194)
Cash, beginning of year	7,783	25,977
Cash, end of year	\$ 13,004	\$ 7,783

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

**CENTER FOR INDEPENDENT LIVING
OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

The Center for Independent Living of Middle Tennessee (CILMT) (the "Organization") serves a multi-county area in the central portion of middle Tennessee. This area includes Davidson County, Cheatham County, Wilson County, Robertson County, Rutherford County, Sumner County, and Williamson County. The Organization is located in Nashville, Tennessee, which is near the center of its geographical area of service. CILMT is affiliated with over 400 other related organizations nation-wide through Center for Independent Living Associations.

A local Board of Directors (over 50% of whom have disabilities) governs CILMT. CILMT is a private not-for-profit corporation dedicated to advancing the independence of all persons with disabilities as well as to provide group educational, group guidance and advocacy services on behalf of these persons. CILMT has operated in Middle Tennessee since 1992.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash

Cash consist principally of checking and savings account balances with financial institutions.

Revenue and Support

CILMT receives a significant portion of its revenue from reimbursement grants from the Social Security Administration and the U.S. Department of Education. The income from these grants is recorded in the period that the applicable expenditures are incurred.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the statements of activities as net assets released in satisfaction of program restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as unrestricted. There were no temporarily or permanently restricted net assets as of June 30, 2011 or 2010.

**CENTER FOR INDEPENDENT LIVING
OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is a not-for-profit corporation exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

Furniture and Equipment

Furniture and equipment are stated at acquisition cost or at estimated fair value at the time of the gift, if donated. Depreciation was calculated by the straight-line method over estimated useful lives ranging from five to ten years. Certain equipment has been purchased, in part, with grant funds and is subject to return to the grantor either upon its disposition or for failure to comply with the terms and conditions of the grant contract for the useful life of the equipment.

Advertising

All advertising costs are expensed when incurred. There were no direct response advertising costs incurred in 2011 or 2010.

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

Donated Goods and Services

Donated facilities and materials are recorded as contributions in the period received at their estimated fair value, if there is an objective and measurable basis for determining such value.

Donated services are recognized if they create or enhance nonfinancial assets or the donated service requires specialized skills, was performed by a donor who possess such skills, and would have been purchased if not donated. Such services are recognized at fair value as support and expense in the period the services were performed.

A number of unpaid volunteers have made significant contributions of their time to assist in implementing various programs and exhibits. The value of contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

**CENTER FOR INDEPENDENT LIVING
OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 3 - CONCENTRATIONS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist primarily of cash on deposit with several financial institutions. At June 30, 2011, CILMT had no accounts on deposit that exceeded the amounts insured by the Federal Deposit Insurance Corporation.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consist of monies which are due from other agencies that share office expenses and service. Agencies which share the Organization's office owed a total of \$6,517 at June 30, 2010.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2011</u>	<u>2010</u>
Office furniture and equipment	\$ 62,453	\$ 62,453
Less accumulated depreciation	<u>(62,453)</u>	<u>(62,453)</u>
	<u>\$ -</u>	<u>\$ -</u>

No depreciation expense was recognized for the years ended June 30, 2011 and 2010.

NOTE 6 - QUESTIONED COSTS

Questioned costs are those amounts charged to a funded program that may not be in compliance with requirements set forth in contracts, statutes, and regulations governing allowability or eligibility. A questioned cost may not be reimbursed by the State or Federal government or the State or Federal agency may require that the funds already expended be refunded to the agency. These amounts can be "questioned" by the State or Federal government for the specific grant to which they apply. The determination as to whether such costs will be allowed or disallowed under the grants will be made by the individual grantor agencies at a later date. No liability is needed as of June 30, 2011 for the repayment of questioned costs as no Grantor State or Federal agency has made a determination of the appropriateness of any questioned costs. The Board of Directors deems the possibility of a refund to be remote, as the Organization has accommodated their objective to the provisions of their grants.

**CENTER FOR INDEPENDENT LIVING
OF MIDDLE TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2011 AND 2010**

NOTE 7 - GOVERNMENT GRANTS

The Organization received grant money as follows for the year ended June 30:

<u>Agency</u>	<u>Program</u>	<u>2011</u>	<u>2010</u>
Social Security Administration	Work Incentives Planning and Assistance	\$ 358,572	\$ 258,393
U.S. Department of Education	Independent Living Services	<u>205,034</u>	<u>226,955</u>
		<u>\$ 563,606</u>	<u>\$ 485,348</u>

NOTE 8 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 30, 2012, the date which the financial statements were available to be issued.

SUPPLEMENTAL SCHEDULES

**CENTER FOR INDEPENDENT LIVING OF MIDDLE TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011**

Program	FEDERAL CFDA Number	Contract Number	Federal Expenditures
Social Security Administration			
Work Incentives Planning and Assistance Program	96.008	14-W-50082-4-05	\$ 247,171
United States Department of Education			
Independent Living Program	84.132A	H132A950036-10	235,733
Working to Independence	84.400A	H400A100158	<u>42,376</u>
Total Expenditures			<u>\$ 525,280</u>

COMPLIANCE SECTION

REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Center for Independent Living of Middle Tennessee

We have audited the financial statements of the Center for Independent Living of Middle Tennessee (a Tennessee not-for-profit corporation, the "Organization") as of and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated May 30, 2012. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Blankenship CPA Group, PLLC

May 30, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of
Center for Independent Living of Middle Tennessee

Compliance

We have audited the Center for Independent Living of Middle Tennessee's (a Tennessee not-for-profit corporation, the "Organization") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2011. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization's compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

Blankenship CPA Group, PLLC

May 30, 2012

**CENTER FOR INDEPENDENT LIVING OF MIDDLE TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2011**

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of the Center for Independent Living of Middle Tennessee (the Organization).
2. No instances of noncompliance material to the financial statements of the Organization were disclosed during the audit.
3. No significant deficiency in internal control over major federal award programs was disclosed during the audit.
4. The auditors' report on compliance for the major federal award programs for the Organization expresses an unqualified opinion on all major federal programs.
5. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.
6. The programs tested as major programs included:
 - a. U.S. Department of Education – Independent Living Program - CFDA 84.132A
 - b. Social Security Administration - Work Incentives Planning and Assistance Program - CFDA 96.008.
7. The Organization was not determined to be a low-risk auditee.