

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NASHVILLE, TENNESSEE

CONSOLIDATED FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND
INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2020 AND 2019

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TENNESSEE DISABILITY COALITION AND SUBSIDIARY

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2020

Chairman: Megan Hart
Vice-Chairman: Clarissa Williams
Treasurer: Errol Elshtain
Secretary: Alecia Talbott
Past Chairman: Anita Teague
Membership Chairman: Tara Mohundro
Treva Maitland
Brandon Brown
Ruth Hemphill
Lisa Primm
Dylan Brown
Karen Harrison
Michelle Rigler
Katherine Moore
Sandi Klink

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Tennessee Disability Coalition and Subsidiary
Nashville, Tennessee

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Tennessee Disability Coalition and Subsidiary (collectively the "Coalition"), which comprise the consolidated statements of financial position as of June 30, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 Coalition'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tennessee Disability Coalition and Subsidiary as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements of the Coalition taken as a whole. The other information on page i and the additional information on pages 19-20 is presented for additional analysis and is not a required part of the consolidated financial statements. The schedule of expenditures of federal awards on pages 19-20, as required by Title 2 U.S. *Code of Federal Regulation* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). The list of principal officials on page i is required by the *Audit Manual* issued by the Comptroller of the Treasury of the State of Tennessee. 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 consolidated financial statements. The information on pages 19-20 has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2021 on our consideration of the Coalition'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 solely 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 effectiveness of the Coalition's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control over financial reporting and compliance.

 K. H. CPAs PLLC

Nashville, Tennessee
January 29, 2021

TENNESSEE DISABILITY COALITION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
Cash	\$ 1,203,488	\$ 878,050
Certificates of deposit	525,325	508,120
Government grants receivable	214,009	199,294
Foundation grants and other receivables	191,161	38,349
Other current assets	8,555	4,650
Property and equipment, net	<u>1,238,993</u>	<u>1,278,343</u>
 TOTAL ASSETS	 <u>\$ 3,381,531</u>	 <u>\$ 2,906,806</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ 28,967	\$ 46,985
Accrued expenses	<u>86,901</u>	<u>79,889</u>
 TOTAL LIABILITIES	 <u>115,868</u>	 <u>126,874</u>
 <u>NET ASSETS</u>		
Without donor restrictions	3,115,663	2,753,409
With donor restrictions	<u>150,000</u>	<u>26,523</u>
 TOTAL NET ASSETS	 <u>3,265,663</u>	 <u>2,779,932</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 3,381,531</u>	 <u>\$ 2,906,806</u>

See accompanying notes to consolidated financial statements.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>			<u>2019</u>		
	<u>Without Donor</u>	<u>With Donor</u>		<u>Without Donor</u>	<u>With Donor</u>	
	<u>Restrictions</u>	<u>Restrictions</u>	<u>Totals</u>	<u>Restrictions</u>	<u>Restrictions</u>	<u>Totals</u>
SUPPORT AND REVENUES						
Public support:						
Government grants	\$ 856,349	\$ -	\$ 856,349	\$ 844,802	\$ -	\$ 844,802
Contractual agreements	241,116	-	241,116	245,551	-	245,551
Foundation grants	164,486	225,000	389,486	125,339	-	125,339
Contributions	18,398	-	18,398	61,885	-	61,885
Allocation - marriage license fees	785,319	-	785,319	792,797	-	792,797
Revenue:						
Membership dues	1,328	-	1,328	125	-	125
Rental income	44,396	-	44,396	66,596	-	66,596
Conference income	65,705	-	65,705	56,316	-	56,316
Interest income	20,510	-	20,510	9,451	-	9,451
Miscellaneous	4,299	-	4,299	500	-	500
Gain on property damage due to tornado	337,156	-	337,156	-	-	-
Net assets released from restriction	<u>101,523</u>	<u>(101,523)</u>	<u>-</u>	<u>152,341</u>	<u>(152,341)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>2,640,585</u>	<u>123,477</u>	<u>2,764,062</u>	<u>2,355,703</u>	<u>(152,341)</u>	<u>2,203,362</u>
EXPENSES						
Program services:						
Benefits to Work	471,175	-	471,175	477,204	-	477,204
Traumatic Brain Injury	304,514	-	304,514	333,519	-	333,519
Family to Family	278,008	-	278,008	303,993	-	303,993
Other disability programs	729,662	-	729,662	800,973	-	800,973
Supporting services:						
Management and general	458,004	-	458,004	424,359	-	424,359
Fundraising	<u>36,968</u>	<u>-</u>	<u>36,968</u>	<u>17,888</u>	<u>-</u>	<u>17,888</u>
TOTAL EXPENSES	<u>2,278,331</u>	<u>-</u>	<u>2,278,331</u>	<u>2,357,936</u>	<u>-</u>	<u>2,357,936</u>
CHANGE IN NET ASSETS	362,254	123,477	485,731	(2,233)	(152,341)	(154,574)
NET ASSETS - BEGINNING OF YEAR	<u>2,753,409</u>	<u>26,523</u>	<u>2,779,932</u>	<u>2,755,642</u>	<u>178,864</u>	<u>2,934,506</u>
NET ASSETS - END OF YEAR	<u>\$ 3,115,663</u>	<u>\$ 150,000</u>	<u>\$ 3,265,663</u>	<u>\$ 2,753,409</u>	<u>\$ 26,523</u>	<u>\$ 2,779,932</u>

See accompanying notes to consolidated financial statements.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services						
	Benefits to Work	Traumatic Brain Injury	Family to Family	Other Disability Programs	Management and General	Fundraising	Totals
Salaries and wages	\$ 317,842	\$ 208,693	\$ 186,642	\$ 398,376	\$ 124,503	\$ 13,886	\$ 1,249,942
Employee benefits and taxes	123,068	64,558	54,326	107,065	36,151	4,032	389,200
Professional services	-	428	1,637	24,013	153,112	7,935	187,125
Supplies	2,007	4,111	2,769	12,200	7,851	5,145	34,083
Communications	9,525	3,025	1,981	6,786	21,941	-	43,258
Printing	705	2,577	1,280	8,890	3,612	152	17,216
Postage	1,175	38	138	428	(672)	-	1,107
Occupancy	3,993	5,324	5,324	19,964	41,227	-	75,832
Insurance	-	-	-	-	12,515	-	12,515
Travel and conferences	11,267	13,087	20,787	60,660	10,997	5,818	122,616
Dues and subscriptions	236	865	916	750	1,693	-	4,460
Licenses and permits	-	-	400	2,569	10,899	-	13,868
Contributions	-	-	-	81,179	-	-	81,179
Interest	-	-	-	-	2,114	-	2,114
Miscellaneous	-	-	-	-	4,466	-	4,466
Depreciation	1,357	1,808	1,808	6,782	27,595	-	39,350
	<u>\$ 471,175</u>	<u>\$ 304,514</u>	<u>\$ 278,008</u>	<u>\$ 729,662</u>	<u>\$ 458,004</u>	<u>\$ 36,968</u>	<u>\$ 2,278,331</u>

See accompanying notes to consolidated financial statements.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services						
	Benefits to Work	Traumatic Brain Injury	Family to Family	Other Disability Programs	Management and General	Fundraising	Totals
Salaries and wages	\$ 325,470	\$ 210,259	\$ 201,243	\$ 459,421	\$ 128,551	\$ 14,337	\$ 1,339,281
Employee benefits and taxes	118,072	53,195	43,479	98,861	31,837	3,551	348,995
Professional services	-	3,450	1,800	82,126	131,939	-	219,315
Supplies	2,051	11,857	4,966	11,014	6,884	-	36,772
Communications	11,618	3,776	1,374	6,661	17,255	-	40,684
Printing	700	20,774	5,831	7,263	5,856	-	40,424
Postage	256	174	196	795	-	-	1,421
Occupancy	3,432	4,576	4,576	17,159	39,714	-	69,457
Insurance	-	-	-	-	11,794	-	11,794
Travel and conferences	14,180	22,349	37,792	53,284	7,189	-	134,794
Dues and subscriptions	-	1,210	570	3,438	1,843	-	7,061
Licenses and permits	-	-	267	3,121	10,915	-	14,303
Contributions	-	-	-	50,705	-	-	50,705
Miscellaneous	-	-	-	-	1,595	-	1,595
Depreciation	1,425	1,899	1,899	7,125	28,987	-	41,335
	<u>\$ 477,204</u>	<u>\$ 333,519</u>	<u>\$ 303,993</u>	<u>\$ 800,973</u>	<u>\$ 424,359</u>	<u>\$ 17,888</u>	<u>\$ 2,357,936</u>

See accompanying notes to consolidated financial statements.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 485,731	\$ (154,574)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	39,350	41,335
(Increase) decrease in:		
Government grants receivable	(14,715)	(12,458)
Foundation grants and other receivables	(152,812)	142,632
Other current assets	(3,905)	14,384
Increase (decrease) in:		
Accounts payable	(18,018)	7,757
Accrued expenses	<u>7,012</u>	<u>63,706</u>
TOTAL ADJUSTMENTS	<u>(143,088)</u>	<u>257,356</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>342,643</u>	<u>102,782</u>
INVESTING ACTIVITIES		
Purchase of certificates of deposit	(17,205)	(508,120)
Acquisition of property and equipment	<u>-</u>	<u>(625)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(17,205)</u>	<u>(508,745)</u>
INCREASE (DECREASE) IN CASH	325,438	(405,963)
CASH - BEGINNING OF YEAR	<u>878,050</u>	<u>1,284,013</u>
CASH - END OF YEAR	<u>\$ 1,203,488</u>	<u>\$ 878,050</u>

See accompanying notes to consolidated financial statements.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 1 - GENERAL

Tennessee Disability Coalition (“TDC”) is a Tennessee nonprofit corporation. The TDC is an alliance of organizations and individuals who have joined to promote the full and equal participation of men, women, and children with disabilities in all aspects of life. The TDC works to advocate for public policy that ensures self-determination, independence, empowerment and inclusion for people with disabilities in areas such as accessibility, education, healthcare, housing and voting rights. The TDC is supported primarily with government grants.

In November 2011, the TDC formed Family Voices of Tennessee, LLC (“Voices”), a single-member nonprofit limited liability company. Voices assumes the programming decisions for the TDC’s Family Voices program.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements include the accounts of Tennessee Disability Coalition and Family Voices of Tennessee, LLC (collectively the “Coalition”). All significant intercompany accounts and transactions have been eliminated in consolidation.

The accompanying consolidated financial statements present the financial position and change in net assets of the Coalition on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

Resources are classified as net assets without donor restrictions and net assets with donor restrictions, based on the existence or absence of donor-imposed restrictions, as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Coalition. These net assets may be used at the discretion of the Coalition’s management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Coalition or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. The Coalition’s net assets with donor restrictions as of June 30, 2020 and 2019 relate to grants from the Healing Trust and the Robert Wood Johnson Foundation, respectively.

Donor/grantor restricted contributions are reported as increases in net assets with donor/grantor restrictions. When a restriction expires, net assets are reclassified from net assets with donor/grantor restrictions to net assets without donor/grantor restrictions in the Consolidated Statements of Activities.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Support

Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. A contribution is conditional if an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets exists. The presence of both a barrier and a right of return or right of release indicates that a recipient is not entitled to the contribution until it has overcome the barrier(s) in the agreement. Conditional promises to give are not recognized until the barrier(s) in the agreement are overcome.

Grants awarded are generally considered nonreciprocal transactions restricted by sponsors for certain purposes. Grant revenue is recognized when the conditions upon which it depends are substantially met, which primarily is when qualifying expenses occur. Payments received in advance of conditions being met, if any, are recorded as deferred revenue on the statements of financial position. There were no deferred revenues recognized as of June 30, 2020 or 2019.

In accordance with Tennessee Code Annotated §36-6-413, a fee is imposed upon the issuance of a marriage license. A portion of such fees is allocated to the Coalition for education, information, publications and capacity building efforts focused on strengthening services and referral networks to families and children. Marriage license fees are recognized by the Coalition in the period the fee is assessed by the service provider.

Revenue for conference income is recognized at the point in time that the goods or services transfer to the resource provider. Revenue for membership dues and rental income is recognized over the period of time the payment represents. Revenue received prior the date the control of the goods, services or benefits transfer is recorded as deferred revenue.

When necessary, the Coalition provides for losses on grants, contract and other receivables when management determines the receivable will not be collected. Management believes that all grants, contract and other receivables are fully collectible at June 30, 2020 and 2019 and that no allowance is necessary.

Cash

Cash consists principally of checking accounts.

Certificates of Deposit

The certificates of deposit are held by a financial institution and are valued at cost plus accrued interest. At June 30, 2020, the Coalition held four certificates of deposit with original maturities in excess of three months when purchased. The certificates of deposit mature beginning September 2020 through September 2023. Interest rates range from 0% to 3.15%.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Funds Held for Federal Purposes

In prior years, the Coalition received grant funds totaling \$90,355 to make non-interest bearing second mortgage loans for homes sold to qualified buyers under the Department of Housing and Urban Development (HUD) HOPE for Homeownership of Single Family Homes (HOPE III) home ownership program. Principal payments received from these mortgages are restricted for other HUD projects. As of June 30, 2020, principal payments collected of \$90,355 were available for other HUD projects.

Property and Equipment

Property and equipment are reported at cost at the date of purchase or at estimated fair value at the date of gift to the Coalition. The Coalition's policy is to capitalize purchases with a cost of \$5,000 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets as follows: three to five years for furniture and equipment and ten to thirty-nine years for building and improvements.

Program and Supporting Services

The following program and supporting services allocations are included in the accompanying consolidated financial statements:

Program services

Benefits to Work - an initiative that focuses on the dissemination of information to individuals with disabilities of the resources and incentives that are available to them as they move from social security benefits to employment. Benefits counseling is provided.

Traumatic Brain Injury - a program of education and training for professionals who serve individuals that have traumatic brain injuries.

Family to Family - consists of activities to assist families of children with disabilities or special health care needs to navigate health systems and make appropriate decisions in the care and well-being of their children.

Other disability programs - consists of multiple programs which advocate, educate and train individuals about people with disabilities, support individuals for transition back into the community after becoming disabled and mentors' individuals who are associated with individuals who have disabilities.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Program and Supporting Services

Supporting services

Management and general - includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Includes costs associated with providing coordination and articulation of the Coalition's program strategy, business management, general record-keeping, budgeting and related purposes.

Fundraising - includes costs of activities directed toward appeals for financial support. Other activities include the cost of solicitations and creation and distribution of fundraising materials.

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. The expenses that are allocated include salaries and related benefits, which are allocated based on estimated time expended on those resources, and occupancy expenses, which are allocated based on estimates of related use of the property.

Income Taxes

The Coalition qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, income taxes are not provided. The Coalition files a U.S. Federal Form 990 for organizations exempt from income tax.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Coalition's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying consolidated financial statements.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Consolidated Financial Statements

The preparation of consolidated financial statements in conformity with GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Pronouncements

On July 1, 2019, the Coalition adopted Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers (Topic 606)* and all subsequent amendments to the ASU (collectively, “ASC 606”), which supersedes most existing revenue recognition guidance and outlines a single comprehensive standard for revenue recognition across all industries. ASC 606 requires revenue to be recognized in an amount that reflects the considerations to which the Coalition expects to be entitled in an exchange of goods or services. The Coalition adopted ASC 606 using the modified retrospective method applied to all contracts not completed as of July 1, 2019. The Coalition performed an analysis of revenue streams and transactions to determine in-scope applicability. The revenue streams considered in-scope for purposes of ASC 606 include revenues associated with conference income and membership dues. The Coalition recognizes revenues that fall within the scope of ASC 606 as it satisfies its obligation to the customer. The adoption of ASC 606 did not result in a material change to the accounting for any of the in-scope revenue streams; as such, the Coalition did not record a cumulative effect adjustment.

On July 1, 2019, the Coalition adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605)*, as amended, as management believes the standard improves the usefulness and understandability of the Coalition’s financial reporting. This guidance is intended to clarify and improve the scope and the accounting guidance for contributions received and contributions made. Key provisions in this guidance include clarification regarding the accounting for grants and contracts as exchange transactions or contributions and improve guidance to better distinguish between conditional and unconditional contributions. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Authoritative Accounting Guidance

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on the principle of whether or not the lease is effectively a financed purchase by the lessee. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease, respectively. A lessee is also required to record a right-of-use asset and a lease liability for all leases with a term of greater than 12 months regardless of their classification. Leases with a term of 12 months or less will be accounted for similar to existing guidance for operating leases today. The new standard requires lessors to account for leases using an approach that is substantially equivalent to existing guidance for sales-type leases, direct financing leases and operating leases. In July 2018, the FASB issued ASU 2018-10, *Codification Improvements to Topic 842, Leases*, which makes narrow scope improvements to the standard for specific issues. In July 2018, the FASB also issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provided an additional transition option that allows companies to continue applying the guidance under the current lease standard in the comparative periods presented in the financial statements. ASU 2018-11 also provides lessors with a practical expedient, in certain circumstances, to not separate non-lease components from the associated lease component, similar to the expedient provided for lessees. In December 2018, the FASB issued ASU 2018-20, *Narrow-Scope Improvements for Lessors*. This ASU provides an election for lessors to exclude sales and related taxes from consideration in the contract, requires lessors to exclude from revenue and expense lessor costs paid directly to a third party by lessees, and clarifies lessors’ accounting for variable payments related to both lease and non-lease components.

An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The Coalition expects to adopt the guidance retrospectively at the beginning of the period of adoption, July 1, 2022, through a cumulative-effect adjustment, and will not apply the new standard to comparative periods presented. The new standard provides a number of practical expedients. Upon adoption, the Coalition expects to elect all the practical expedients available.

The Coalition continues to assess the effect the guidance will have on its existing accounting policies and the financial statements.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Events Occurring After Reporting Date

The Coalition has evaluated events and transactions that occurred between June 30, 2020 and January 29, 2021, the date the consolidated financial statements were available to be issued, for possible recognition or disclosure in the consolidated financial statements.

NOTE 3 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following as of June 30:

	<u>2020</u>	<u>2019</u>
Financial assets:		
Cash	\$ 1,203,488	\$ 878,050
Certificates of deposit	525,325	508,125
Government grants receivable	214,009	199,294
Foundation grants and other receivables	<u>191,161</u>	<u>38,349</u>
Total financial assets	2,133,983	1,623,818
Less amounts not available to be used within one year:		
Net assets with donor restrictions	150,000	26,523
Designated for other HUD projects	<u>90,355</u>	<u>90,355</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,893,628</u>	<u>\$ 1,506,940</u>

As part of the liquidity management plan, the Coalition invests cash in excess of normal requirements in certificates of deposits.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

NOTE 4 - GOVERNMENT GRANTS RECEIVABLE

Government grants receivable consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Social Security Administration - Benefits to Work grant	\$ 19,659	\$ 26,516
U.S. Department of Health and Human Services - Family to Family Health Information Center	50,269	49,905
Tennessee Department of Health - Traumatic Brain Injury grant	80,433	74,598
Tennessee Department of Health - Newborn Hearing Consultation grant	19,734	20,245
Tennessee Department of Health - Parent to Parent	27,094	19,620
Vanderbilt University Medical Center - Rural Leadership Ed for NDRP and Families Based in Middle Tennessee	<u>16,820</u>	<u>8,410</u>
	<u>\$ 214,009</u>	<u>\$ 199,294</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Buildings and improvements	\$ 1,480,159	\$ 1,480,159
Land	250,000	250,000
Furniture and equipment	<u>80,218</u>	<u>80,218</u>
	1,810,377	1,810,377
Less: accumulated depreciation	<u>(571,384)</u>	<u>(532,034)</u>
Total	<u>\$ 1,238,993</u>	<u>\$ 1,278,343</u>

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of June 30, 2020, consisted of a grant receivable in the amount of \$150,000 with time restrictions.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

NOTE 7 - CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Coalition to concentrations of credit risk includes government grants receivable, government grant revenues, contractual agreement revenues and revenues from the allocation of marriage fees. Government grants received consisted of 31% and 38% of total support for the years ended June 30, 2020 and 2019. Contractual agreement revenues received consisted of 9% and 11% of total support for the years ended June 30, 2020 and 2019. The allocation of marriage license fees revenue consisted of 28% and 36% of total support for the years ended June 30, 2020 and 2019, respectively. A reduction in the level of funding from these sources would have a significant impact on the Coalition's activities. At June 30, 2020, receivables from two government grants totaled approximately \$178,000, or 83% of total government grant receivables. At June 30, 2019, receivables from three government grants totaled approximately \$199,000, or 99% of total government grant receivables. At June 30, 2020, foundation grants receivable of approximately \$191,000 were from two donors.

The Coalition maintains cash at reputable financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to statutory limits. The Coalition's cash balance may, at time, exceed statutory limits. The Coalition has not experienced any losses in such accounts and management considers this to be a normal business risk.

NOTE 8 - RETIREMENT PLAN

The Coalition maintains a 403(b) retirement plan for its employees. Contributions to the plan are based on the employees' gross salaries and employees can make elective contributions to the plan. The costs of this employee benefit plan are charged to expense and totaled \$52,886 for the year ended June 30, 2020 and \$45,929 for the year ended June 30, 2019.

NOTE 9 - LEASES

The Coalition leases property and equipment under operating leases. Rental expense was \$18,323 for the year ended June 30, 2020 (\$41,843 for the year ended June 30, 2019). Future minimum rental payments due for these leases are \$4,478 annually through 2023.

The Coalition shares office services and leases a significant portion of its Nashville, Tennessee office building to five nonprofit organizations that are members of the Coalition, which share common disability-related causes with the Coalition.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

NOTE 9 - LEASES (CONTINUED)

The rents paid to the Coalition during the year ended June 30 are as follows:

	<u>2020</u>	<u>2019</u>
Autism Society of Middle Tennessee	\$ 10,302	\$ 20,604
Brain Injury Association of TN	2,422	4,152
Center for Independent Living of Middle Tennessee	20,727	27,636
STEP - Support and Training of Exceptional Parents	<u>5,536</u>	<u>8,604</u>
	<u>\$ 38,987</u>	<u>\$ 60,996</u>

As discussed in Note 10, the leases to other nonprofit members of the Coalition were discontinued as a result of a tornado that caused significant damage to the Coalition's building. The timing and recommitment for these tenants to re-enter their leases is unknown.

The carrying value of its land and office building at June 30, 2020 was \$1,037,335 (\$1,067,990 at June 30, 2019).

NOTE 10 - PROPERTY DAMAGE FROM TORNADO

In March 2020, the Coalition building sustained significant damage as a result of a tornado. Insurance proceeds are anticipated to restore the building, including personal property back to its previous condition. The Coalition was able to quickly respond to move to a remote working environment, however the building tenants and their related leases were discontinued as a result of the damage. A gain, related to insurance proceeds of \$337,156 had been realized as of June 30, 2020. This included \$22,120 for business interruption related to the tenant leases and \$315,036 related to real and personal property.

Additional insurance proceeds were realized subsequent to year end for both property and business interruption coverage. The property damage proceeds are anticipated to be re-invested in full for repairs to the building subsequent to year-end.

The Coalition entered into a contract for building repairs of approximately \$385,000. Work is anticipated to be complete in March 2021.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2020 AND 2019

NOTE 11 - COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Coalition operates. The Coalition’s leadership team is evaluating the evolving situation and will implement appropriate countermeasures as determined to be appropriate.

SUPPLEMENTARY INFORMATION

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

Grant Description	Notes	Federal CFDA#	Grant Number	(Accrued)	7/1/19 - 6/30/20		(Accrued)
				Deferred 7/1/2019	Receipts	Expenditures	Deferred 6/30/2020
<u>SOCIAL SECURITY ADMINISTRATION</u>							
Social Security - Work Incentives Planning and Assistance Program - Benefits to Work	*	96.008	WIP15050464-01-00	\$ (26,516)	\$ 26,516	\$ -	\$ -
Social Security - Work Incentives Planning and Assistance Program - Benefits to Work	*	96.008	WIP15050464-05-01	-	235,341	255,000	(19,659)
Total CFDA 96.008				(26,516)	261,857	255,000	(19,659)
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>							
DIRECT:							
Affordable Care Act - Family to Family Health Information Centers		93.504	H84MC00004-12-00	(49,905)	95,290	95,654	(50,269)
Total CFDA 93.504				(49,905)	95,290	95,654	(50,269)
<u>PASSED THROUGH VANDERBILT UNIVERSITY MEDICAL CENTER</u>							
Rural Leadership Ed for NDRP and Families Based in Middle Tennessee		93.110	VUMC6918	(8,410)	-	8,410	(16,820)
Total CFDA 93.110				(8,410)	-	8,410	(16,820)
<u>PASSED THROUGH TENNESSEE DEPARTMENT OF HEALTH</u>							
Traumatic Brain Injury State Demonstration Grant Program		93.234	GR18-58447	(74,598)	74,598	-	-
Traumatic Brain Injury State Demonstration Grant Program		93.234	GR18-58447	-	260,296	340,729	(80,433)
Total CFDA 93.234				(74,598)	334,894	340,729	(80,433)
Universal Newborn Hearing Screening		93.251	GR18-53506-04	(20,245)	20,245	-	-
Universal Newborn Hearing Screening		93.251	GR18-53506-04	-	118,734	138,468	(19,734)
Total CFDA 93.251				(20,245)	138,979	138,468	(19,734)
Services for Children and Youth with Special Health Care Needs		93.994	GR-18-57589	(19,620)	19,620	-	-
Services for Children and Youth with Special Health Care Needs		93.994	GR-18-57589	-	132,390	159,484	(27,094)
Total CFDA 93.994				(19,620)	152,010	159,484	(27,094)
<u>PASSED THROUGH SYRACUSE UNIVERSITY</u>							
Disability and Rehabilitation Research Program		93.433	90DP0090-01-00	-	14,352	14,352	-
Total CFDA 93.433				-	14,352	14,352	-
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ (199,294)	\$ 997,382	\$ 1,012,097	\$ (214,009)

*Denotes a major program under Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirement Cost Principles, and Audit Requirements for Federal Awards*.

See Notes to Schedule of Expenditures of Federal Awards on page 18.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Tennessee Disability Coalition and Subsidiary under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Coalition, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the Coalition.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Coalition has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

OTHER REPORTS

INDEPENDENT AUDITOR’S 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
Tennessee Disability Coalition and Subsidiary
Nashville, Tennessee

We have audited, 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, the consolidated financial statements of Tennessee Disability Coalition and Subsidiary (the “Coalition”), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated January 29, 2021.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the consolidated financial statements, we considered the Coalition’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Coalition’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Coalition’s internal control.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s consolidated financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Coalition's consolidated financial statements are free from 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, 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*.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature of K. H. CPA PLLC

Nashville, Tennessee
January 29, 2021

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE

To the Board of Directors
Tennessee Disability Coalition and Subsidiary
Nashville, Tennessee

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Tennessee Disability Coalition and Subsidiary's (the "Coalition") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Coalition's major federal programs for the year ended June 30, 2020. The Coalition's major federal program is identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for the Coalition's major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Coalition'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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Coalition's compliance.

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, the Coalition complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the Coalition is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Coalition's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, 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 Coalition's internal control over compliance.

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. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

K. H. CPA PLLC

Nashville, Tennessee
January 29, 2021

FOR THE YEAR ENDED JUNE 30, 2020

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2020

Section II - Financial Statement Findings

There were no audit findings in the prior or current year.

Section III - Federal Award Findings and Questioned Costs

There were no federal award findings in the prior or current year.