

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NASHVILLE, TENNESSEE

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

JUNE 30, 2013 AND 2012

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

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JUNE 30, 2013 AND 2012

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## 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 statements of financial position as of June 30, 2013 and 2012, 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 REPSONSIBILITY

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 of 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 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 financial statement presentation.

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

## OPINION

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tennessee Disability Coalition and Subsidiary as of June 30, 2013 and 2012, 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 as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* is presented for purposes of additional analysis and is also 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 consolidated financial statements. The information 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 13, 2014, on our consideration of the Coalition's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control over financial reporting and compliance.

*Kraft CPAs PLLC*

Nashville, Tennessee  
January 13, 2014

TENNESSEE DISABILITY COALITION AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2013 AND 2012

|                                      | <u>2013</u>             | <u>2012</u>             |
|--------------------------------------|-------------------------|-------------------------|
| <u>ASSETS</u>                        |                         |                         |
| Cash                                 | \$ 565,733              | \$ 585,370              |
| Government grants receivable         | 203,912                 | 219,716                 |
| Contract and other receivables       | 212,589                 | 24,171                  |
| Other current assets                 | 1,436                   | 17,308                  |
| Mortgages receivable                 | 5,923                   | 7,078                   |
| Property and equipment, net          | <u>1,518,329</u>        | <u>1,558,656</u>        |
| <br>TOTAL ASSETS                     | <br><u>\$ 2,507,922</u> | <br><u>\$ 2,412,299</u> |
| <u>LIABILITIES AND NET ASSETS</u>    |                         |                         |
| LIABILITIES                          |                         |                         |
| Accounts payable                     | \$ 87,509               | \$ 27,626               |
| Accrued expenses                     | 49,887                  | 55,391                  |
| Note payable                         | <u>250,000</u>          | <u>250,000</u>          |
| <br>TOTAL LIABILITIES                | <br>387,396             | <br>333,017             |
| NET ASSETS                           |                         |                         |
| Unrestricted                         | <u>2,120,526</u>        | <u>2,079,282</u>        |
| <br>TOTAL NET ASSETS                 | <br><u>2,120,526</u>    | <br><u>2,079,282</u>    |
| <br>TOTAL LIABILITIES AND NET ASSETS | <br><u>\$ 2,507,922</u> | <br><u>\$ 2,412,299</u> |

See accompanying notes to consolidated financial statements.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

|                                    | <u>2013</u>         | <u>2012</u>         |
|------------------------------------|---------------------|---------------------|
| SUPPORT AND REVENUES               |                     |                     |
| Public support:                    |                     |                     |
| Government grants                  | \$ 793,873          | \$ 988,985          |
| Contractual agreements             | 420,864             | -                   |
| Other grants                       | 35,000              | 58,694              |
| Contributions                      | 9,460               | 8,650               |
| Allocation - marriage license fees | 665,786             | 668,116             |
| Revenue:                           |                     |                     |
| Interest                           | 1,411               | 1,377               |
| Membership dues                    | 210                 | 2,930               |
| Rental income                      | 66,863              | 73,909              |
| Miscellaneous                      | <u>22,961</u>       | <u>14,371</u>       |
| TOTAL SUPPORT AND REVENUE          | <u>2,016,428</u>    | <u>1,817,032</u>    |
| EXPENSES                           |                     |                     |
| Program services:                  |                     |                     |
| Benefits to Work                   | 477,378             | 240,778             |
| Traumatic Brain Injury             | 347,145             | 416,489             |
| Family to Family                   | 82,054              | 90,675              |
| Other disability programs          | 736,403             | 642,462             |
| Supporting services:               |                     |                     |
| Management and general             | 318,699             | 282,521             |
| Fundraising                        | <u>13,505</u>       | <u>66,812</u>       |
| TOTAL EXPENSES                     | <u>1,975,184</u>    | <u>1,739,737</u>    |
| CHANGE IN NET ASSETS               | 41,244              | 77,295              |
| NET ASSETS - BEGINNING OF YEAR     | <u>2,079,282</u>    | <u>2,001,987</u>    |
| NET ASSETS - END OF YEAR           | <u>\$ 2,120,526</u> | <u>\$ 2,079,282</u> |

See accompanying notes to consolidated financial statements.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

OPERATING ACTIVITIES

|  |           |           |
|--|-----------|-----------|
| Change in net assets   | \$ 41,244 | \$ 77,295 |
| Adjustments to reconcile change in net assets to net cash<br>(used in) provided by operating activities: |           |           |
| Depreciation   | 49,036    | 48,098    |
| (Increase) decrease in:  |           |           |
| Government grants receivable   | 15,804    | (11,559)  |
| Contract and other receivables   | (188,418) | 703       |
| Other current assets   | 15,872    | 3,818     |
| Mortgage receivable  | 1,155     | 5,333     |
| Increase (decrease) in:  |           |           |
| Accounts payable   | 59,883    | 16,370    |
| Accrued expenses   | (5,504)   | 19,884    |

|                 |          |        |
|-----------------|----------|--------|
| NET ADJUSTMENTS | (52,172) | 82,647 |
|-----------------|----------|--------|

|   |          |         |
|---|----------|---------|
| NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES | (10,928) | 159,942 |
|---|----------|---------|

INVESTING ACTIVITIES

|                                       |         |   |
|---------------------------------------|---------|---|
| Acquisition of property and equipment | (8,709) | - |
|---------------------------------------|---------|---|

|                                       |         |   |
|---------------------------------------|---------|---|
| NET CASH USED IN INVESTING ACTIVITIES | (8,709) | - |
|---------------------------------------|---------|---|

FINANCING ACTIVITIES

|  |   |           |
|--|---|-----------|
| Proceeds from note payable             | - | 250,000   |
| Principal payments on mortgage payable | - | (551,707) |

|                                       |   |           |
|---------------------------------------|---|-----------|
| NET CASH USED IN FINANCING ACTIVITIES | - | (301,707) |
|---------------------------------------|---|-----------|

|                      |          |           |
|----------------------|----------|-----------|
| NET DECREASE IN CASH | (19,637) | (141,765) |
|----------------------|----------|-----------|

|                          |         |         |
|--------------------------|---------|---------|
| CASH - BEGINNING OF YEAR | 585,370 | 727,135 |
|--------------------------|---------|---------|

|                    |            |            |
|--------------------|------------|------------|
| CASH - END OF YEAR | \$ 565,733 | \$ 585,370 |
|--------------------|------------|------------|

ADDITIONAL CASH FLOW INFORMATION:

|               |          |           |
|---------------|----------|-----------|
| Interest paid | \$ 6,717 | \$ 23,786 |
|---------------|----------|-----------|

See accompanying notes to consolidated financial statements.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

|                             | 2013                |                           |                     |                        |                   |                  |                     |
|-----------------------------|---------------------|---------------------------|---------------------|------------------------|-------------------|------------------|---------------------|
|                             | Program Services    |                           |                     | Other                  | Management        | Fundraising      | Totals              |
|                             | Benefits<br>to Work | Traumatic<br>Brain Injury | Family to<br>Family | Disability<br>Programs | and General       |                  |                     |
| Salaries and wages          | \$ 203,404          | \$ 224,584                | \$ 54,070           | \$ 343,613             | \$ 122,784        | \$ 10,815        | \$ 959,270          |
| Employee benefits and taxes | 64,070              | 76,159                    | 12,633              | 97,582                 | 29,917            | 2,690            | 283,051             |
| Professional services       | 184,952             | 2,815                     | 750                 | 126,139                | 50,209            | -                | 364,865             |
| Supplies                    | 1,669               | 3,042                     | 13                  | 6,766                  | 8,138             | -                | 19,628              |
| Communications              | 5,517               | 4,184                     | 2,877               | 7,275                  | 10,938            | -                | 30,791              |
| Printing                    | 3,782               | 964                       | 133                 | 12,926                 | 2,802             | -                | 20,607              |
| Postage                     | 1,172               | 697                       | 30                  | 580                    | 2,226             | -                | 4,705               |
| Occupancy                   | 2,238               | 4,476                     | 2,238               | 16,784                 | 23,630            | -                | 49,366              |
| Insurance                   | 2,738               | 3,023                     | 728                 | 4,737                  | 1,685             | -                | 12,911              |
| Travel and conferences      | 7,016               | 21,016                    | 7,640               | 60,370                 | 3,054             | -                | 99,096              |
| Equipment                   | 5                   | 4,336                     | 1                   | 15                     | 155               | -                | 4,512               |
| Property tax                | -                   | -                         | -                   | -                      | 9,727             | -                | 9,727               |
| Interest                    | -                   | -                         | -                   | -                      | 6,717             | -                | 6,717               |
| Dues and subscriptions      | -                   | -                         | 375                 | 4,645                  | 115               | -                | 5,135               |
| Licenses and permits        | -                   | -                         | -                   | 1,590                  | 1,429             | -                | 3,019               |
| Contributions               | -                   | -                         | -                   | 41,190                 | -                 | -                | 41,190              |
| Family stipends             | -                   | -                         | -                   | 25                     | -                 | -                | 25                  |
| Bad debt                    | -                   | -                         | -                   | 200                    | 4,589             | -                | 4,789               |
| Miscellaneous               | -                   | -                         | 324                 | 4,192                  | 2,228             | -                | 6,744               |
| Depreciation                | 815                 | 1,849                     | 242                 | 7,774                  | 38,356            | -                | 49,036              |
|                             | <u>\$ 477,378</u>   | <u>\$ 347,145</u>         | <u>\$ 82,054</u>    | <u>\$ 736,403</u>      | <u>\$ 318,699</u> | <u>\$ 13,505</u> | <u>\$ 1,975,184</u> |

See accompanying notes to consolidated financial statements.



2012

| Program Services    |                           |                     |                                 |                           |                  |                     |
|---------------------|---------------------------|---------------------|---------------------------------|---------------------------|------------------|---------------------|
| Benefits<br>to Work | Traumatic<br>Brain Injury | Family to<br>Family | Other<br>Disability<br>Programs | Management<br>and General | Fundraising      | Totals              |
| \$ 166,428          | \$ 202,386                | \$ 47,321           | \$ 345,278                      | \$ 81,045                 | \$ -             | \$ 842,458          |
| 50,192              | 66,698                    | 11,352              | 84,798                          | 19,234                    | -                | 232,274             |
| 151                 | 7,870                     | 12,066              | 46,209                          | 44,840                    | 66,812           | 177,948             |
| 2,435               | 20,064                    | 5,151               | 7,828                           | 12,918                    | -                | 48,396              |
| 5,727               | 4,649                     | 2,925               | 9,597                           | 8,977                     | -                | 31,875              |
| 2,635               | 16,600                    | 793                 | 5,106                           | 2,058                     | -                | 27,192              |
| 1,283               | 602                       | 21                  | 726                             | 1,013                     | -                | 3,645               |
| 1,067               | 3,040                     | 317                 | 3,221                           | 39,908                    | -                | 47,553              |
| 2,748               | 3,341                     | 781                 | 4,453                           | 1,216                     | -                | 12,539              |
| 6,427               | 84,380                    | 9,157               | 52,558                          | 3,608                     | -                | 156,130             |
| 3                   | 2,902                     | -                   | 10                              | 105                       | -                | 3,020               |
| 237                 | 537                       | 70                  | 715                             | 7,585                     | -                | 9,144               |
| 616                 | 1,398                     | 183                 | 1,860                           | 19,729                    | -                | 23,786              |
| -                   | 205                       | -                   | 5,325                           | 294                       | -                | 5,824               |
| 1                   | 3                         | 300                 | 2,096                           | 2,309                     | -                | 4,709               |
| -                   | -                         | -                   | 62,500                          | -                         | -                | 62,500              |
| -                   | -                         | -                   | 250                             | -                         | -                | 250                 |
| -                   | -                         | -                   | -                               | -                         | -                | -                   |
| 28                  | -                         | -                   | 2,306                           | 62                        | -                | 2,396               |
| 800                 | 1,814                     | 238                 | 7,626                           | 37,620                    | -                | 48,098              |
| <u>\$ 240,778</u>   | <u>\$ 416,489</u>         | <u>\$ 90,675</u>    | <u>\$ 642,462</u>               | <u>\$ 282,521</u>         | <u>\$ 66,812</u> | <u>\$ 1,739,737</u> |

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2013 AND 2012

NOTE 1 - GENERAL

Tennessee Disability Coalition ("TDC") is a Tennessee nonprofit corporation. The Coalition 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 Coalition 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 Coalition is supported primarily with government grants.

In November 2011, the Coalition formed Family Voices of Tennessee, LLC ("Voices"), a single-member nonprofit limited liability company. Voices will assume the programming decisions for the Coalition's Family Voices program.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The 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 unrestricted, temporarily restricted or permanently restricted net assets, based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* are free of donor-imposed restrictions. All revenues, gains and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with the donors' stipulations results in the release of the restriction.
- *Temporarily restricted net assets* are limited as to use by donor-imposed restrictions that expire with the passage of time or that can be satisfied by use for the specific purpose.
- *Permanently restricted net assets* are amounts required by donors to be held in perpetuity, including gifts requiring that the principal be invested and the income or specific portions thereof be used for operations.

The Coalition had no temporarily or permanently restricted net assets as of June 30, 2013 and 2012.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013 AND 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Support

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

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 Statement of Activities as net assets released from restrictions.

The Coalition also receives government grant and contract revenue. Government grant and contract revenues are recognized in the period a liability is incurred for eligible expenditures under the terms of the grant or contract.

Cash

Cash consists principally of checking accounts.

Grants, Contract and Other Receivables

Grants, contract and other receivables are stated at unpaid balances. 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, 2013 and 2012 and that no allowance is necessary.

Mortgages Receivable

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, 2013, principal payments collected of \$84,432 were available for other HUD projects and outstanding mortgages receivable under the program were \$5,923. As of June 30, 2012, principal payments collected of \$83,277 were available and mortgages receivable under the program were \$7,078.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013 AND 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 in the workplace so that they may make informed decisions about their transition.

Traumatic Brain Injury - consists of activities which provide education and training to relevant individuals who work with children with pediatric brain injuries.

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

Other Disability Programs - consists of multiple programs which 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.

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.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013 AND 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

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.

The Coalition files a U.S. Federal Form 990 for organizations exempt from income tax. Tax returns for years prior to fiscal year 2010 are no longer open to examination.

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.

Events Occurring After Reporting Date

The Coalition has evaluated events and transactions that occurred between June 30, 2013 and January 13, 2014, the date the consolidated financial statements were available to be issued, for possible recognition or disclosure in the consolidated financial statements.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013 AND 2012

NOTE 3 - GOVERNMENT GRANTS RECEIVABLE

Government grants receivable consists of the following at June 30:

|   | <u>2013</u>       | <u>2012</u>       |
|---|-------------------|-------------------|
| Social Security Administration - Benefits to Work grant   | \$ -              | \$ 45,546         |
| U. S. Department of Health and Human Services -<br>Health Care Needs grant  | 28,717            | 41,070            |
| U. S. Department of Health and Human Services -<br>State Implementation Grant for Improving Services for<br>Children and Youth with ASD | 19,071            | 19,838            |
| Tennessee Department of Health - Traumatic Brain Injury grant   | 88,449            | 64,480            |
| Tennessee Department of Health - Newborn Hearing<br>Consultation grant  | 30,298            | 26,574            |
| Vanderbilt University Medical Center - Rural Leadership<br>Ed for NDRP and Families Based in Middle Tennessee                           | 11,354            | -                 |
| Tennessee Department of Health - Services for Children and<br>Youth with Special Health Care Needs                                      | 13,673            | -                 |
| U.S. Election Assistance Commission - Clemson University<br>Research Alliance for Accessible Voting grant                               | 12,350            | 22,208            |
|   | <u>\$ 203,912</u> | <u>\$ 219,716</u> |

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

|                                | <u>2013</u>         | <u>2012</u>         |
|--------------------------------|---------------------|---------------------|
| Buildings and improvements     | \$ 1,463,544        | \$ 1,463,544        |
| Land                           | 250,000             | 250,000             |
| Furniture and equipment        | 71,504              | 62,795              |
|                                | 1,785,048           | 1,776,339           |
| Less: accumulated depreciation | <u>(266,719)</u>    | <u>(217,683)</u>    |
| Total                          | <u>\$ 1,518,329</u> | <u>\$ 1,558,656</u> |

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013 AND 2012

**NOTE 5 - NOTE PAYABLE**

During 2012, the Coalition entered into a note payable agreement for \$250,000 with a bank to refinance the remaining balance on the existing mortgage payable the Coalition had on their office building. Interest was charged at a fixed rate of 2.65% and was payable monthly. The note matured in December 2013 and was repaid. The note was collateralized by a deposit account held at the same bank which had a balance of \$252,526 as of June 30, 2013 and \$251,153 as of June 30, 2012. This account is included in cash on the statement of financial position.

**NOTE 6 - 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 39% and 54% of total support for the years ended June 30, 2013 and 2012, respectively. Contractual agreement revenues received consisted of 21% and 0% of total support for the years ended June 30, 2013 and 2012, respectively. The allocation of marriage license fees revenue consisted of 33% and 37% of total support for the years ended June 30, 2013 and 2012 respectively. A reduction in the level of funding from these sources would have a significant impact on the Coalition's activities. At June 30, 2013, receivables from three sources totaled approximately \$147,000, or 77% of total government grant receivables. At June 30, 2012, receivables from five sources totaled approximately \$200,000, or 91% of total government grant receivables.

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 7 - 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 \$22,010 for the year ended June 30, 2013 and \$19,386 for the year ended June 30, 2012.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013 AND 2012

NOTE 8 - LEASES

The Coalition leases property and equipment under short-term operating leases. Rental expense was \$9,562 for the year ended June 30, 2013 (\$11,820 at June 30, 2012).

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.

Each of these organizations also has a board member on the Coalition's board. The rents paid to the Coalition during the year ended June 30 are as follows:

|  | <u>2013</u>      | <u>2012</u>      |
|--|------------------|------------------|
| Autism Society of Middle Tennessee                 | \$ 15,760        | \$ 16,500        |
| Brain Injury Association of TN                     | 7,995            | 8,370            |
| Center for Independent Living of Middle Tennessee  | 24,114           | 23,184           |
| STEP - Support and Training of Exceptional Parents | 6,138            | 6,426            |
| Tennessee Mental Health Consumer's Association     | <u>11,403</u>    | <u>15,204</u>    |
|  | <u>\$ 65,410</u> | <u>\$ 69,684</u> |

Future minimum rental payments due to the Coalition under non-cancelable leases for year ending June 30, 2014 are \$28,914.

The carrying value of its land and office building at June 30, 2013 was \$1,238,851 (\$1,269,721 at June 30, 2012).



## SUPPLEMENTARY INFORMATION

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2013

| Grant Description   | Notes | Federal CFDA# | Grant Number     | (Accrued) Deferred 7/1/2012 | 7/1/12 - 6/30/13 |              | (Accrued) Deferred 6/30/2013 |
|---|-------|---------------|------------------|-----------------------------|------------------|--------------|------------------------------|
|   |       |               |                  |                             | Receipts         | Expenditures |                              |
| <u>SOCIAL SECURITY ADMINISTRATION</u>   |       |               |                  |                             |                  |              |                              |
| Social Security - Work Incentives Planning and Assistance Program - Benefits to Work      |       | 96.008        | 14-W-50081-4-05  | \$ (45,546)                 | \$ 78,480        | \$ 32,934    | \$ -                         |
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>                                       |       |               |                  |                             |                  |              |                              |
| DIRECT:   |       |               |                  |                             |                  |              |                              |
| Affordable Care Act - Family to Family Health Information Centers                         |       |               |                  |                             |                  |              |                              |
| Affordable Care Act - Family to Family Health Information Centers                         |       | 93.504        | H84MC00004-09-00 | (29,071)                    | 29,071           | -            | -                            |
| Affordable Care Act - Family to Family Health Information Centers                         |       | 93.504        | H84MC00004-09-01 | (11,999)                    | 73,319           | 82,397       | (21,077)                     |
| Affordable Care Act - Family to Family Health Information Centers                         |       | 93.504        | H84MC00004-10-00 | -                           | -                | 7,640        | (7,640)                      |
| Total CFDA 93.504   |       |               |                  | (41,070)                    | 102,390          | 90,037       | (28,717)                     |
| Maternal and Child Health Federal Consolidated Programs:                                  |       |               |                  |                             |                  |              |                              |
| Autism Planning   |       | 93.110        | H6MMC22711-01-00 | (19,838)                    | 84,729           | 83,962       | (19,071)                     |
| PASSED THROUGH TENNESSEE DEPARTMENT OF HEALTH   |       |               |                  |                             |                  |              |                              |
| Services for Children and Youth with Special Health Care Needs                            |       | 93.110        | GR-13-36369      | -                           | -                | 13,673       | (13,673)                     |
| PASSED THROUGH VANDERBILT UNIVERSITY MEDICAL CENTER                                       |       |               |                  |                             |                  |              |                              |
| Rural Leadership Ed for NDRP and Families Based in Middle Tennessee                       |       | 93.110        | VUMC6918         | -                           | 10,634           | 21,988       | (11,354)                     |
| Total CFDA 93.110   |       |               |                  | (19,838)                    | 95,363           | 119,623      | (44,098)                     |
| PASSED THROUGH TENNESSEE DEPARTMENT OF HEALTH   |       |               |                  |                             |                  |              |                              |
| Traumatic Brain Injury State Demonstration Grant Program                                  |       |               |                  |                             |                  |              |                              |
| Traumatic Brain Injury State Demonstration Grant Program                                  | *     | 93.234        | GR-12-37840      | (64,480)                    | 340,784          | 276,304      | -                            |
| Traumatic Brain Injury State Demonstration Grant Program                                  | *     | 93.234        | GR-13-34753-00   | -                           | -                | 88,449       | (88,449)                     |
| Total CFDA 93.234   |       |               |                  | (64,480)                    | 340,784          | 364,753      | (88,449)                     |
| Universal Newborn Hearing Screening   |       |               |                  |                             |                  |              |                              |
| Universal Newborn Hearing Screening   |       | 93.251        | GR-12-35519-00   | (26,574)                    | 26,574           | -            | -                            |
| Universal Newborn Hearing Screening   |       | 93.251        | GR-12-33853-08   | -                           | 69,813           | 100,111      | (30,298)                     |
| Total CFDA 93.251   |       |               |                  | (26,574)                    | 96,387           | 100,111      | (30,298)                     |
| <u>U.S. ELECTION ASSISTANCE COMMISSION</u>  |       |               |                  |                             |                  |              |                              |
| PASSED THROUGH CLEMSON UNIVERSITY   |       |               |                  |                             |                  |              |                              |
| U.S. Election Assistance Commission Research Grants                                       |       |               |                  |                             |                  |              |                              |
| 2010 Voting Technology and Accessibility Research-Accessible Voting Technology Initiative |       | 90.403        | 1557-224-2008497 | (22,208)                    | 96,273           | 86,415       | (12,350)                     |
| TOTAL EXPENDITURES OF FEDERAL AWARDS  |       |               |                  |                             |                  |              |                              |
|   |       |               |                  | \$ (219,716)                | \$ 809,677       | \$ 793,873   | \$ (203,912)                 |

\*Denotes a major program under OMB Circular A-133.

Basis of Presentation

This Schedule of Expenditures of Federal Awards includes the federal grant activity of Tennessee Disability Coalition and Subsidiary and is presented in accordance with accounting principles generally accepted in the United States of America, which is the same basis of accounting as the basic consolidated financial statements. This schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

## 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 financial statements of Tennessee Disability Coalition and Subsidiary (the "Coalition") which comprise the consolidated statement of financial position as of June 30, 2013 and the related consolidated statements of activities 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 13, 2014.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the 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 determination of financial statement amounts. 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

This report is intended solely to describe the scope of our testing of internal control and compliance and the results of that testing, and do not 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.

A handwritten signature in black ink that reads "Kraft CPAs PLLC". The signature is stylized, with the first letters of each word being capitalized and prominent.

Nashville, Tennessee  
January 13, 2014

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY OMB CIRCULAR A-133

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 U.S Office of Management and Budget ("OMB") *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Coalition's major federal program for the year ended June 30, 2013. 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 laws, regulations, contracts, and grants applicable to its major federal program.

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 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 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 on 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, 2013.

#### 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 a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance the major federal program 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Kraft CPAs PLLC*

Nashville, Tennessee  
January 13, 2014

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2013

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

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes        X   No
- Significant deficiency(s) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes        X   None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes        X   No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes        X   No
- Significant deficiency(s) identified that are not considered to be material weakness(es)? \_\_\_\_\_ Yes        X   None reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? \_\_\_\_\_ Yes        X   No

Identification of major programs:

| <i>CFDA Number(s)</i> | <i>Name of Federal Program or Cluster</i>                |
|-----------------------|--|
| 93.234                | Traumatic Brain Injury State Demonstration Grant Program |

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?   X   Yes      \_\_\_\_\_ No