

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NASHVILLE, TENNESSEE

CONSOLIDATED FINANCIAL STATEMENTS,

SUPPLEMENTARY INFORMATION

AND

INDEPENDENT AUDITOR'S REPORTS

JUNE 30, 2016 AND 2015

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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 consolidated statements of financial position as of June 30, 2016 and 2015, and the related consolidated statements of activities, cash flows and functional expenses 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, 2016 and 2015, 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 accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the consolidated 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 December 22, 2016 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 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.

A handwritten signature in black ink that reads "Kraft CPAs PLLC". The signature is stylized, with the first letter of "Kraft" being a large, looped capital "K".

Nashville, Tennessee
December 22, 2016

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
<u>ASSETS</u>		
Cash	\$ 834,557	\$ 593,200
Government grants receivable	230,387	219,164
Contract and other receivables	80,777	80,783
Other current assets	15,399	13,853
Property and equipment, net	<u>1,403,291</u>	<u>1,429,148</u>
TOTAL ASSETS	<u>\$ 2,564,411</u>	<u>\$ 2,336,148</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ 36,198	\$ 28,103
Accrued expenses	<u>49,125</u>	<u>62,459</u>
TOTAL LIABILITIES	85,323	90,562
<u>NET ASSETS</u>		
Unrestricted	<u>2,479,088</u>	<u>2,245,586</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,564,411</u>	<u>\$ 2,336,148</u>

See accompanying notes to consolidated financial statements.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
SUPPORT AND REVENUES		
Public support:		
Government grants	\$ 937,722	\$ 967,962
Contractual agreements	223,258	224,166
Other grants	32,586	42,582
Contributions	10,438	15,103
Allocation - marriage license fees	734,103	669,040
Revenue:		
Membership dues	875	1,676
Rental income	74,060	80,551
Miscellaneous	<u>7,841</u>	<u>20,693</u>
TOTAL SUPPORT AND REVENUE	<u>2,020,883</u>	<u>2,021,773</u>
EXPENSES		
Program services:		
Benefits to Work	431,406	437,353
Traumatic Brain Injury	324,451	337,955
Family to Family	195,911	199,122
Other disability programs	529,915	515,610
Supporting services:		
Management and general	295,671	315,342
Fundraising	<u>10,027</u>	<u>10,736</u>
TOTAL EXPENSES	<u>1,787,381</u>	<u>1,816,118</u>
CHANGE IN NET ASSETS	233,502	205,655
NET ASSETS - BEGINNING OF YEAR	<u>2,245,586</u>	<u>2,039,931</u>
NET ASSETS - END OF YEAR	<u>\$ 2,479,088</u>	<u>\$ 2,245,586</u>

See accompanying notes to consolidated financial statements.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

	<u>2016</u>	<u>2015</u>
OPERATING ACTIVITIES		
Change in net assets	<u>\$ 233,502</u>	<u>\$ 205,655</u>
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	42,472	48,028
(Increase) decrease in:		
Government grants receivable	(11,223)	37,499
Contract and other receivables	6	2,889
Other current assets	(1,546)	2,162
Mortgage receivable	-	4,190
Increase (decrease) in:		
Accounts payable	8,095	(34,950)
Accrued contract expense	-	(325,000)
Accrued expenses	<u>(13,334)</u>	<u>7,979</u>
NET ADJUSTMENTS	<u>24,470</u>	<u>(257,203)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>257,972</u>	<u>(51,548)</u>
INVESTING ACTIVITIES		
Acquisition of property and equipment	<u>(16,615)</u>	<u>(8,089)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(16,615)</u>	<u>(8,089)</u>
NET INCREASE (DECREASE) IN CASH	241,357	(59,637)
CASH - BEGINNING OF YEAR	<u>593,200</u>	<u>652,837</u>
CASH - END OF YEAR	<u>\$ 834,557</u>	<u>\$ 593,200</u>
ADDITIONAL CASH FLOW INFORMATION:		
Interest paid	<u>\$ -</u>	<u>\$ 40</u>

See accompanying notes to consolidated financial statements.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2016 AND 2015

2016

	<u>Program Services</u>				<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
	<u>Benefits to Work</u>	<u>Traumatic Brain Injury</u>	<u>Family to Family</u>	<u>Other Disability Programs</u>			
Salaries and wages	\$ 293,551	\$ 218,671	\$ 129,533	\$ 264,909	\$ 79,524	\$ 7,979	\$ 994,167
Employee benefits and taxes	86,427	66,118	24,393	56,380	20,414	2,048	255,780
Professional services	25	2,712	14,534	50,931	75,121	-	143,323
Supplies	12,501	1,933	1,547	5,108	6,225	-	27,314
Communications	9,165	3,891	2,538	4,143	11,703	-	31,440
Printing	1,452	1,329	3,267	6,245	7,506	-	19,799
Postage	2,258	426	165	534	1,398	-	4,781
Occupancy	3,396	4,528	4,528	16,978	34,207	-	63,637
Insurance	-	-	-	-	13,068	-	13,068
Travel and conferences	21,219	22,960	13,316	54,370	7,280	-	119,145
Property tax	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Dues and subscriptions	-	-	75	1,017	716	-	1,808
Licenses and permits	285	380	380	3,524	3,267	-	7,836
Contributions	-	-	132	60,139	117	-	60,388
Miscellaneous	-	-	-	-	2,423	-	2,423
Depreciation	1,127	1,503	1,503	5,637	32,702	-	42,472
	<u>\$ 431,406</u>	<u>\$ 324,451</u>	<u>\$ 195,911</u>	<u>\$ 529,915</u>	<u>\$ 295,671</u>	<u>\$ 10,027</u>	<u>\$ 1,787,381</u>

See accompanying notes to consolidated financial statements.

2015

Program Services						
Benefits to Work	Traumatic Brain Injury	Family to Family	Other Disability Programs	Management and General	Fundraising	Totals
\$ 295,370	\$ 226,066	\$ 126,582	\$ 248,391	\$ 91,659	\$ 8,557	\$ 996,625
91,328	65,737	24,312	59,170	20,734	2,081	263,362
261	3,170	8,956	53,911	80,268	-	146,566
10,390	5,312	1,057	4,533	12,412	-	33,704
7,384	3,865	12,824	3,984	7,405	-	35,462
916	5,463	3,420	2,438	2,874	-	15,111
1,494	393	113	712	-	-	2,712
3,856	5,562	5,142	19,282	43,989	-	77,831
3,118	2,578	854	4,127	780	98	11,555
22,439	17,906	15,537	52,541	10,072	-	118,495
-	-	-	-	4,129	-	4,129
-	-	-	-	40	-	40
-	40	40	868	250	-	1,198
-	-	-	2,100	598	-	2,698
-	-	50	55,828	-	-	55,878
-	53	-	112	2,559	-	2,724
797	1,810	235	7,613	37,573	-	48,028
<u>\$ 437,353</u>	<u>\$ 337,955</u>	<u>\$ 199,122</u>	<u>\$ 515,610</u>	<u>\$ 315,342</u>	<u>\$ 10,736</u>	<u>\$ 1,816,118</u>

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2016 AND 2015

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 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, 2016 and 2015.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

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.

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.

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, 2016 and 2015 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, 2016 and 2015, principal payments collected of \$90,355 were available for other HUD projects.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

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, 2016 AND 2015

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. 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.

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, 2016 and December 22, 2016, 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, 2016 AND 2015

NOTE 3 - GOVERNMENT GRANTS RECEIVABLE

Government grants receivable consisted of the following at June 30:

	<u>2016</u>	<u>2015</u>
Social Security Administration - Benefits to Work grant	\$ 53,060	\$ 39,448
U. S. Department of Health and Human Services - Health Care Needs grant	86,888	27,366
Tennessee Department of Health - Traumatic Brain Injury grant	64,085	103,284
Tennessee Department of Health - Newborn Hearing Consultation grant	16,174	14,701
Vanderbilt University Medical Center - Rural Leadership Ed for NDRP and Families Based in Middle Tennessee	10,180	10,994
Tennessee Department of Health - Services for Children and Youth with Special Health Care Needs	<u>-</u>	<u>23,371</u>
	<u>\$ 230,387</u>	<u>\$ 219,164</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2016</u>	<u>2015</u>
Buildings and improvements	\$ 1,480,159	\$ 1,463,544
Land	250,000	250,000
Furniture and equipment	<u>79,593</u>	<u>79,593</u>
	1,809,752	1,793,137
Less: accumulated depreciation	<u>(406,461)</u>	<u>(363,989)</u>
Total	<u>\$ 1,403,291</u>	<u>\$ 1,429,148</u>

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

NOTE 5 - 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 46% and 48% of total support for the years ended June 30, 2016 and 2015, respectively. Contractual agreement revenues received consisted of 11% of total support for the years ended June 30, 2016 and 2015, respectively. The allocation of marriage license fees revenue consisted of 36% and 33% of total support for the years ended June 30, 2016 and 2015, respectively. A reduction in the level of funding from these sources would have a significant impact on the Coalition's activities. At June 30, 2016, receivables from four grants totaled approximately \$204,000, or 89% of total government grant receivables. At June 30, 2015, receivables from four grants totaled approximately \$193,000, or 88% 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 6 - 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 \$31,604 for the year ended June 30, 2016 and \$31,921 for the year ended June 30, 2015.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2016 AND 2015

NOTE 7 - LEASES

The Coalition leases property and equipment under short-term operating leases. Rental expense was \$24,646 for the year ended June 30, 2016 (\$17,823 for the year ended June 30, 2015).

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>2016</u>	<u>2015</u>
Autism Society of Middle Tennessee	\$ 17,070	\$ 20,534
Brain Injury Association of TN	4,800	4,400
Center for Independent Living of Middle Tennessee	33,161	39,034
STEP - Support and Training of Exceptional Parents	8,993	6,772
Community Shares	<u>4,356</u>	<u>4,719</u>
	<u>\$ 68,380</u>	<u>\$ 75,459</u>

Future minimum rental payments due to the Coalition under non-cancelable leases for year ending June 30, 2017 are \$75,880.

The carrying value of its land and office building at June 30, 2016 was \$1,164,794 (\$1,179,608 at June 30, 2015).

SUPPLEMENTARY INFORMATION

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2016

Grant Description	Notes	Federal CFDA#	Grant Number	(Accrued)	7/1/15 - 6/30/16		(Accrued)
				Deferred 7/1/2015	Receipts	Expenditures	Deferred 6/30/2016
<u>SOCIAL SECURITY ADMINISTRATION</u>							
Social Security - Work Incentives Planning and Assistance Program - Benefits to Work		96.008	WIP13050361-01-00	\$ (39,448)	\$ 58,909	\$ 19,461	\$ -
Social Security - Work Incentives Planning and Assistance Program - Benefits to Work		96.008	WIP15050464-01-00	-	194,530	247,590	(53,060)
Total CFDA 96.008				(39,448)	253,439	267,051	(53,060)
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>							
DIRECT:							
Affordable Care Act - Family to Family Health Information Centers		93.504	H84MC00004-10-03	(27,366)	55,332	103,616	(75,650)
Affordable Care Act - Family to Family Health Information Centers		93.504	H84MC00004-11-02	-	-	11,238	(11,238)
Total CFDA 93.504				(27,366)	55,332	114,854	(86,888)
PASSED THROUGH TENNESSEE DEPARTMENT OF HEALTH							
Services for Children and Youth with Special Health Care Needs		93.110	GR-13-36269-03	(23,371)	105,991	82,620	-
				(23,371)	105,991	82,620	-
PASSED THROUGH VANDERBILT UNIVERSITY MEDICAL CENTER							
Rural Leadership Ed for NDRP and Families Based in Middle Tennessee		93.110	VUMC6918	(10,994)	10,994	10,180	(10,180)
Total CFDA 93.110				(34,365)	116,985	92,800	(10,180)
PASSED THROUGH TENNESSEE DEPARTMENT OF HEALTH							
Traumatic Brain Injury State Demonstration Grant Program	*	93.234	GR-14-41275-01	(67,702)	67,702	-	-
Traumatic Brain Injury State Demonstration Grant Program	*	93.234	GR-14-41275-02	(35,582)	343,357	339,419	(31,644)
Traumatic Brain Injury State Demonstration Grant Program	*	93.234	GR-14-41275-03	-	-	32,441	(32,441)
Total CFDA 93.234				(103,284)	411,059	371,860	(64,085)
Universal Newborn Hearing Screening		93.251	GR-15-41369-00	(14,701)	14,701	-	-
Universal Newborn Hearing Screening		93.251	GR-15-41369-00	-	74,983	91,157	(16,174)
Total CFDA 93.251				(14,701)	89,684	91,157	(16,174)
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ (219,164)	\$ 926,499	\$ 937,722	\$ (230,387)

*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*.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

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, 2016. 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 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, 2016 and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated December 22, 2016.

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 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

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.

A handwritten signature in black ink that reads "Kraft CPAs PLLC". The signature is written in a cursive, flowing style.

Nashville, Tennessee
December 22, 2016

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

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, 2016. 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, 2016.

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.

A handwritten signature in black ink that reads "Knight CPAs PLLC". The signature is written in a cursive, flowing style.

Nashville, Tennessee
December 22, 2016

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(s) identified? _____ 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? _____ Yes X None reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?

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

\$750,000

Auditee qualified as low-risk auditee?

 X Yes No