

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NASHVILLE, TENNESSEE

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

JUNE 30, 2018 AND 2017

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JUNE 30, 2018 AND 2017

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TENNESSEE DISABILITY COALITION AND SUBSIDIARY

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2018

Chairman: Anita Teague
Vice-Chairman: Brandon Brown
Treasurer: Lisa Primm
Secretary: Ruth Hemphill
Errol Elshtain
Karen Harrison
Tara Mohundro
Alecia Talbott
Denise Wardle
Clarissa Williams
Megan Hart
Michelle Rigler
Steven Glowicki

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, 2018 and 2017, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Coalition's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

OPINION

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tennessee Disability Coalition and Subsidiary as of June 30, 2018 and 2017, 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 February 27, 2019 on our consideration of the Coalition's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Coalition's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Coalition's internal control over financial reporting and compliance.



Nashville, Tennessee
February 27, 2019

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
Cash	\$ 1,284,013	\$ 1,142,721
Government grants receivable	186,836	176,373
Foundation grants receivable	137,005	-
Other receivables	43,976	92,670
Other current assets	19,034	2,557
Property and equipment, net	<u>1,319,053</u>	<u>1,361,172</u>
TOTAL ASSETS	<u>\$ 2,989,917</u>	<u>\$ 2,775,493</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>LIABILITIES</u>		
Accounts payable	\$ 39,228	\$ 31,041
Accrued expenses	<u>16,183</u>	<u>53,833</u>
TOTAL LIABILITIES	55,411	84,874
<u>NET ASSETS</u>		
Unrestricted	2,755,642	2,690,619
Temporarily restricted	<u>178,864</u>	<u>-</u>
TOTAL NET ASSETS	<u>2,934,506</u>	<u>2,690,619</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,989,917</u>	<u>\$ 2,775,493</u>

See accompanying notes to consolidated financial statements.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>			<u>2017</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Totals</u>	<u>Total Unrestricted</u>
SUPPORT AND REVENUES				
Public support:				
Government grants	\$ 944,699	\$ -	\$ 944,699	\$ 968,570
Contractual agreements	240,000	-	240,000	237,003
Foundation grants	34,681	275,000	309,681	46,424
Contributions	27,187	-	27,187	30,053
Contribution received in donation of Parents Reaching Out, Inc.	-	-	-	10,012
Allocation - marriage license fees	798,824	-	798,824	740,406
Revenue:				
Membership dues	700	-	700	5,049
Rental income	66,273	-	66,273	81,660
Miscellaneous	1,212	-	1,212	7,546
Net assets released from restriction	<u>96,136</u>	<u>(96,136)</u>	<u>-</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>2,209,712</u>	<u>178,864</u>	<u>2,388,576</u>	<u>2,126,723</u>
EXPENSES				
Program services:				
Benefits to Work	441,361	-	441,361	463,851
Traumatic Brain Injury	412,404	-	412,404	379,164
Family to Family	181,787	-	181,787	187,712
Other Disability Programs	709,460	-	709,460	552,797
Supporting services:				
Management and general	384,406	-	384,406	319,680
Fundraising	<u>15,271</u>	<u>-</u>	<u>15,271</u>	<u>11,988</u>
TOTAL EXPENSES	<u>2,144,689</u>	<u>-</u>	<u>2,144,689</u>	<u>1,915,192</u>
CHANGE IN NET ASSETS	65,023	178,864	243,887	211,531
NET ASSETS - BEGINNING OF YEAR	<u>2,690,619</u>	<u>-</u>	<u>2,690,619</u>	<u>2,479,088</u>
NET ASSETS - END OF YEAR	<u>\$ 2,755,642</u>	<u>\$ 178,864</u>	<u>\$ 2,934,506</u>	<u>\$ 2,690,619</u>

See accompanying notes to consolidated financial statements.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2018

	Program Services						
	Benefits	Traumatic	Family to	Other	Management	Fundraising	Totals
	to Work	Brain Injury	Family	Disability	and General		
				Programs			
Salaries and wages	\$ 293,730	\$ 284,292	\$ 128,020	\$ 319,191	\$ 119,591	\$ 12,319	\$ 1,157,143
Employee benefits and taxes	104,672	85,990	26,619	67,588	29,423	2,952	317,244
Professional services	-	670	450	117,378	91,042	-	209,540
Supplies	2,979	1,473	2,763	17,453	3,353	-	28,021
Communications	8,993	3,175	2,182	7,385	14,641	-	36,376
Printing	1,290	1,002	609	3,300	8,521	-	14,722
Postage	1,537	42	130	649	119	-	2,477
Occupancy	6,274	8,366	8,366	31,372	62,747	-	117,125
Insurance	-	-	-	-	12,053	-	12,053
Travel and conferences	20,111	25,149	10,298	58,299	7,824	-	121,681
Dues and subscriptions	306	290	415	3,607	1,542	-	6,160
Licenses and permits	17	20	-	1,957	801	-	2,795
Contributions	-	-	-	74,021	-	-	74,021
Bad debt	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	3,212	-	3,212
Depreciation	1,452	1,935	1,935	7,260	29,537	-	42,119
	<u>\$ 441,361</u>	<u>\$ 412,404</u>	<u>\$ 181,787</u>	<u>\$ 709,460</u>	<u>\$ 384,406</u>	<u>\$ 15,271</u>	<u>\$ 2,144,689</u>

See accompanying notes to consolidated financial statements.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2017

	Program Services						
	Benefits to Work	Traumatic Brain Injury	Family to Family	Other Disability Programs	Management and General	Fundraising	Totals
Salaries and wages	\$ 321,031	\$ 259,249	\$ 129,712	\$ 266,680	\$ 104,334	\$ 10,026	\$ 1,091,032
Employee benefits and taxes	94,583	75,935	22,767	50,160	19,549	1,962	264,956
Professional services	24	2,634	14,120	49,481	72,984	-	139,243
Supplies	13,318	2,059	1,648	5,442	6,629	-	29,096
Communications	11,579	4,916	3,207	5,234	14,785	-	39,721
Printing	1,874	945	289	4,436	7,544	-	15,088
Postage	2,071	391	151	489	1,285	-	4,387
Occupancy	3,628	4,838	4,838	18,140	28,781	-	60,225
Insurance	-	-	-	-	12,053	-	12,053
Travel and conferences	14,177	24,603	8,656	42,710	12,959	-	103,105
Dues and subscriptions	-	290	450	397	649	-	1,786
Licenses and permits	288	383	384	3,562	3,304	-	7,921
Contributions	-	-	-	85,476	-	-	85,476
Bad debt	-	-	-	12,607	-	-	12,607
Miscellaneous	160	1,431	-	2,393	2,393	-	6,377
Depreciation	1,118	1,490	1,490	5,590	32,431	-	42,119
	<u>\$ 463,851</u>	<u>\$ 379,164</u>	<u>\$ 187,712</u>	<u>\$ 552,797</u>	<u>\$ 319,680</u>	<u>\$ 11,988</u>	<u>\$ 1,915,192</u>

See accompanying notes to consolidated financial statements.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	<u>\$ 243,887</u>	<u>\$ 211,531</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for bad debts	-	12,607
Depreciation	42,119	42,119
(Increase) decrease in:		
Government grants receivable	(10,463)	41,407
Other grants receivable	(137,005)	-
Other receivables	48,694	(11,893)
Other current assets	(16,477)	12,842
Increase (decrease) in:		
Accounts payable	8,187	(5,157)
Accrued expenses	<u>(37,650)</u>	<u>4,708</u>
TOTAL ADJUSTMENTS	<u>(102,595)</u>	<u>96,633</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>141,292</u>	<u>308,164</u>
INCREASE IN CASH	141,292	308,164
CASH - BEGINNING OF YEAR	<u>1,142,721</u>	<u>834,557</u>
CASH - END OF YEAR	<u>\$ 1,284,013</u>	<u>\$ 1,142,721</u>

See accompanying notes to consolidated financial statements.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2018 AND 2017

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. The Coalition’s temporarily restricted net assets as of June 30, 2018 relate to a grant from the Robert Wood Johnson Foundation.
- *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 permanently restricted assets as of June 30, 2018 and 2017.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018 AND 2017

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 Consolidated 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, 2018 and 2017 and that no allowance is necessary.

Funds Held for Federal Purposes

In prior years, the Coalition received grant funds totaling \$90,355 to make non-interest bearing second mortgage loans for homes sold to qualified buyers under the Department of Housing and Urban Development (HUD) HOPE for Homeownership of Single Family Homes (HOPE III) home ownership program. Principal payments received from these mortgages are restricted for other HUD projects. As of June 30, 2018, 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, 2018 AND 2017

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, 2018 AND 2017

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, 2018 and February 27, 2019, 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, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Authoritative Accounting Guidance

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

An entity may adopt the guidance either (1) retrospectively to each prior reporting period presented in the financial statements with a cumulative-effect adjustment recognized at the beginning of the earliest comparative period presented or (2) retrospectively at the beginning of the period of adoption through a cumulative-effect adjustment. The Coalition expects to adopt the guidance retrospectively at the beginning of the period of adoption, July 1, 2020, through a cumulative-effect adjustment, if an adjustment is necessary based on review of the Coalition's leases on that date.

The new standard provides a number of practical expedients. Upon adoption, the Coalition expects to elect all the practical expedients available.

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

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018 AND 2017

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions,” and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017 and interim periods within fiscal years beginning after December 15, 2018, with early adoption permitted. The Coalition is currently evaluating the impact of the adoption of this guidance will have on its consolidated financial statements.

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. The Coalition has not yet selected a transition method and is currently evaluating the effect that the updated standard will have on the consolidated financial statements.

NOTE 3 - ACQUISITION

Effective February 1, 2017, TDC acquired the remaining assets of Parents Reaching Out, Inc. (“PRO”) which concurrently dissolved. As part of the acquisition, TDC was not required to pay for the \$10,012 cash obtained as part of the acquisition. The funds received are treated as a contribution on the Consolidated Statement of Activities. TDC will continue the programs previously performed by PRO. The acquisition was accounted for in accordance with the Business Combinations Topic of the Financial Accounting Standards Board.

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018 AND 2017

NOTE 4 - GOVERNMENT GRANTS RECEIVABLE

Government grants receivable consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Social Security Administration - Benefits to Work grant	\$ 59,308	\$ 46,286
U.S. Department of Health and Human Services - Health Care Needs grant	15,853	15,853
Tennessee Department of Health - Traumatic Brain Injury grant	59,018	75,143
Tennessee Department of Health - Newborn Hearing Consultation grant	24,822	26,879
Tennessee Department of Health - Parent to Parent	11,015	-
Vanderbilt University Medical Center - Rural Leadership Ed for NDRP and Families Based in Middle Tennessee	16,820	-
Tennessee Department of Health - Services for Families with Infants and Children Exposed to Zika	<u>-</u>	<u>12,212</u>
	<u>\$ 186,836</u>	<u>\$ 176,373</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Buildings and improvements	\$ 1,480,159	\$ 1,480,159
Land	250,000	250,000
Furniture and equipment	<u>79,593</u>	<u>79,593</u>
	1,809,752	1,809,752
Less: accumulated depreciation	<u>(490,699)</u>	<u>(448,580)</u>
Total	<u>\$ 1,319,053</u>	<u>\$ 1,361,172</u>

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018 AND 2017

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 40% and 46% of total support for the years ended June 30, 2018 and 2017, respectively. Contractual agreement revenues received consisted of 11% of total support for the years ended June 30, 2018 and 2017. The allocation of marriage license fees revenue consisted of 34% and 35% of total support for the years ended June 30, 2018 and 2017, respectively. A reduction in the level of funding from these sources would have a significant impact on the Coalition's activities. At June 30, 2018, receivables from three government grants totaled approximately \$143,000, or 77% of total government grant receivables. At June 30, 2017, receivables from three government grants totaled approximately \$148,000, or 84% of total government grant receivables. At June 30, 2018, other grants receivable of approximately \$137,000 were from one donor.

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 \$39,414 for the year ended June 30, 2018 and \$33,959 for the year ended June 30, 2017.

NOTE 8 - LEASES

The Coalition leases property and equipment under operating leases. Rental expense was \$17,200 for the year ended June 30, 2018 (\$19,475 for the year ended June 30, 2017). Future minimum rental payments due for these leases are \$4,478 annually through 2023.

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

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2018 AND 2017

NOTE 8 - LEASES (CONTINUED)

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

	<u>2018</u>	<u>2017</u>
Autism Society of Middle Tennessee	\$ 11,959	\$ 20,604
Brain Injury Association of TN	4,152	5,654
Center for Independent Living of Middle Tennessee	34,806	37,632
STEP - Support and Training of Exceptional Parents	7,701	8,304
Community Shares	<u>1,815</u>	<u>4,356</u>
	<u>\$ 60,433</u>	<u>\$ 76,550</u>

Future minimum rental payments due to the Coalition under non-cancelable leases for year ending June 30, 2019 are \$60,696.

The carrying value of its land and office building at June 30, 2018 was \$1,099,037 (\$1,135,247 at June 30, 2017).

SUPPLEMENTARY INFORMATION

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

Grant Description	Notes	Federal CFDA#	Grant Number	(Accrued)	7/1/17 - 6/30/18		(Accrued)
				Deferred 7/1/2017	Receipts	Expenditures	Deferred 6/30/2018
<u>SOCIAL SECURITY ADMINISTRATION</u>							
Social Security - Work Incentives Planning and Assistance Program - Benefits to Work		96.008	WIP15050464-03-00	\$ (46,286)	\$ 241,979	\$ 255,001	\$ (59,308)
Total CFDA 96.008				(46,286)	241,979	255,001	(59,308)
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>							
DIRECT:							
Affordable Care Act - Family to Family Health Information Centers		93.504	H84MC00004-13-00	(9,066)	9,066	-	-
Affordable Care Act - Family to Family Health Information Centers		93.504	H84MC00004-14-00	(6,787)	77,114	86,180	(15,853)
Total CFDA 93.504				(15,853)	86,180	86,180	(15,853)
PASSED THROUGH VANDERBILT UNIVERSITY MEDICAL CENTER							
Rural Leadership Ed for NDRP and Families Based in Middle Tennessee		93.110	VUMC6918	-	-	16,820	(16,820)
Total CFDA 93.110				-	-	16,820	(16,820)
PASSED THROUGH TENNESSEE DEPARTMENT OF HEALTH							
Traumatic Brain Injury State Demonstration Grant Program	*	93.234	GR-14-41275-02	(75,143)	75,143	-	-
Traumatic Brain Injury State Demonstration Grant Program	*	93.234	GR-18-58447	-	391,047	450,065	(59,018)
Total CFDA 93.234				(75,143)	466,190	450,065	(59,018)
Universal Newborn Hearing Screening		93.251	GR-18-53506	(26,879)	124,512	122,455	(24,822)
Total CFDA 93.251				(26,879)	124,512	122,455	(24,822)
Birth Defects and Development Disabilities - Prevention and Surveillance		93.073	GR-17-52881	(12,212)	31,075	18,863	-
Total CFDA 93.073				(12,212)	31,075	18,863	-
Services for Children and Youth with Special Health Care Needs		93.994	GR-18-57589	-	5,049	16,064	(11,015)
Total CFDA 93.994				-	5,049	16,064	(11,015)
PASSED THROUGH SYRACUSE UNIVERSITY							
Disability and Rehabilitation Research Program		93.433	90DP0090-01-00	-	12,149	12,149	-
Total CFDA 93.433				-	12,149	12,149	-
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ (176,373)	\$ 967,134	\$ 977,597	\$ (186,836)

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

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

TENNESSEE DISABILITY COALITION AND SUBSIDIARY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

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, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Coalition, it is not intended to and does not present the consolidated financial position, changes in net assets, or cash flows of the Coalition.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

OTHER REPORTS

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Tennessee Disability Coalition and Subsidiary (the "Coalition"), which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated February 27, 2019.

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.

Kraft CPAs PLLC

Nashville, Tennessee
February 27, 2019

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, 2018. 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, 2018.

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.

Handwritten signature in black ink that reads "K. HCPA PLLC".

Nashville, Tennessee
February 27, 2019

TENNESSEE DISABILITY COALITION AND SUBSIDIARY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2018

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>
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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

TENNESSEE DISABILITY COALITION AND SUBSIDIARY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018 (CONTINUED)

Section II - Financial Statement Findings

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

Section III - Federal Award Findings

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