

TENNESSEE DISABILITY COALITION

FINANCIAL STATEMENTS

Years Ended June 30, 2009 and 2008

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214 Overlook Circle, Suite 250
Brentwood, Tennessee 37027
615 . 467 . 7300 MAIN
615 . 467 . 7301 FAX
www.bpmcpas.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Tennessee Disability Coalition
Nashville, Tennessee

We have audited the accompanying statement of financial position of Tennessee Disability Coalition as of June 30, 2009, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Tennessee Disability Coalition as of June 30, 2008, were audited by another auditor whose report dated December 24, 2008, expressed an unqualified opinion on those statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tennessee Disability Coalition as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2010 on our consideration of Tennessee Disability 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* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Tennessee Disability Coalition taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Byrd, Proctor & Mills, P.C.

March 11, 2010

TENNESSEE DISABILITY COALITION
STATEMENTS OF FINANCIAL POSITION
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 760,491	\$ 763,079
Grants receivable - government	382,623	319,575
Grants receivable - other	22,900	9,552
Accounts receivable	26,517	34,345
Prepaid expense	<u>1,428</u>	<u>25,868</u>
Total current assets	1,193,959	1,152,419
PROPERTY AND EQUIPMENT		
Building	1,169,889	1,158,152
Land	250,000	250,000
Furniture and equipment	<u>139,132</u>	<u>139,132</u>
	1,559,021	1,547,284
Less: accumulated depreciation	<u>(182,231)</u>	<u>(140,178)</u>
	1,376,790	1,407,106
OTHER ASSETS		
Mortgages receivable	17,760	20,475
Security deposit	<u>5,083</u>	<u>5,993</u>
	<u>22,843</u>	<u>26,468</u>
	<u>\$ 2,593,592</u>	<u>\$ 2,585,993</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 1,350	\$ 18,777
Accrued expenses	39,275	65,507
Mortgage payable - current portion	<u>30,590</u>	<u>28,232</u>
Total current liabilities	71,215	112,516
MORTGAGE PAYABLE - less current portion	582,427	612,320
NET ASSETS		
Unrestricted	1,849,595	1,770,802
Temporarily restricted	<u>90,355</u>	<u>90,355</u>
	<u>1,939,950</u>	<u>1,861,157</u>
	<u>\$ 2,593,592</u>	<u>\$ 2,585,993</u>

See accompanying notes.

TENNESSEE DISABILITY COALITION
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
UNRESTRICTED NET ASSETS		
Support, Revenue, and Reclassifications		
Government grants	\$ 1,667,863	\$ 2,200,348
Nongovernment grants	55,688	19,688
Professional services revenue	-	3,750
Contributions	16,043	31,622
Interest	7,198	24,836
Allocation - marriage license fees	650,289	679,766
Rental income	49,824	37,944
Membership dues	4,050	2,410
Miscellaneous	15,853	1,734
	<u>2,466,808</u>	<u>3,002,098</u>
EXPENSES		
Program services		
ADA and other program expenses	52,612	50,002
Advocacy	502,158	1,195,063
Family Voices	218,350	212,150
Benefits to Work	239,310	213,586
Traumatic Brain Injury	135,894	126,939
TMHCA - Consumer Family Support / Peer Center	445,969	445,009
Systems Change grant - Public Policy / Vote Project	375,964	397,785
Supporting services		
Management and general	417,759	500,863
	<u>2,388,015</u>	<u>3,141,397</u>
CHANGE IN NET ASSETS - UNRESTRICTED	78,793	(139,299)
NET ASSETS, BEGINNING OF YEAR	<u>1,861,157</u>	<u>2,000,456</u>
NET ASSETS, END OF YEAR	<u>\$ 1,939,950</u>	<u>\$ 1,861,157</u>

See accompanying notes.

TENNESSEE DISABILITY COALITION
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2009 and 2008

2009

	ADA and					TMHCA	Systems Change			
	Other program		Family	Benefits	Traumatic	Consumer Family	Public Policy	Total Program	Management	
	Expenses	Advocacy	Voices	to Work	Brain Injury	Support/Peer Center	Vote Project	Expenses	and General	Total Expense
Salaries and wages	\$ 1,045	\$ 287,115	\$ 118,051	\$ 179,642	\$ 77,463	\$ -	\$ 168,273	\$ 831,589	\$ 182,593	\$ 1,014,182
Employee benefits	177	75,267	26,715	19,647	22,021	-	30,794	174,620	39,011	213,631
Payroll taxes	543	25,410	9,967	14,603	6,436	-	12,401	69,361	17,341	86,702
Contractual services	-	-	19,877	-	-	-	7,600	27,477	-	27,477
Professional services	(2,201)	1,153	2,051	-	1,420	338,722	90,112	431,258	22,569	453,827
Supplies	(264)	2,617	826	330	2,205	10,113	2,681	18,508	1,743	20,251
Communications	107	13,835	7,835	5,142	2,811	15,832	4,238	49,798	8,695	58,493
Printing	18	923	2,495	1,767	2,157	6,734	22,726	36,819	(1,550)	35,269
Postage	-	887	344	780	605	677	7,886	11,179	(376)	10,803
Rent	-	47,591	-	-	1,655	15,003	-	64,249	10,653	74,902
Insurance	-	-	-	-	-	12,391	-	12,391	18,882	31,273
Travel	(1,650)	45,673	29,065	16,494	11,028	39,193	4,120	143,923	(8,793)	135,130
Conferences	86	339	1,124	905	8,045	4,041	15,570	30,109	1,302	31,411
Equipment lease and maintenance	-	540	-	-	-	100	-	640	(2,678)	(2,038)
Building repairs and maintenance	-	-	-	-	-	-	-	-	19,545	19,545
Interest	-	-	-	-	-	-	-	-	49,041	49,041
Dues and subscriptions	-	-	-	-	-	-	5,314	5,314	845	6,159
Licenses and permits	-	-	-	-	-	-	4,250	4,250	2,613	6,863
Contributions	54,750	50	-	-	-	-	-	54,800	173	54,973
Utilities	-	759	-	-	47	3,165	-	3,971	14,095	18,066
Miscellaneous	1	-	-	-	-	-	-	1	1	2
Depreciation	-	-	-	-	-	-	-	-	42,053	42,053
	<u>\$ 52,612</u>	<u>\$ 502,158</u>	<u>\$ 218,350</u>	<u>\$ 239,310</u>	<u>\$ 135,894</u>	<u>\$ 445,969</u>	<u>\$ 375,964</u>	<u>\$ 1,970,256</u>	<u>\$ 417,759</u>	<u>\$ 2,388,015</u>

See accompanying notes.

TENNESSEE DISABILITY COALITION
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2009 and 2008

2008

	ADA and					TMHCA	Systems Change			
	Other program		Family	Benefits	Traumatic	Consumer Family	Public Policy	Total Program	Management	
	Expenses	Advocacy	Voices	to Work	Brain Injury	Support/Peer Center	Vote Project	Expenses	and General	Total Expense
Salaries and wages	\$ 12,538	\$ 520,649	\$ 107,103	\$ 162,640	\$ 75,048	\$ -	\$ 169,592	\$ 1,047,570	\$ 204,183	\$ 1,251,753
Employee benefits	2,122	94,856	17,662	12,032	15,413	-	21,720	163,805	27,632	191,437
Payroll taxes	870	43,012	9,213	13,402	6,036	-	13,216	85,749	16,757	102,506
Contractual services	-	-	17,035	-	1,067	-	19,583	37,685	-	37,685
Professional services	100	8,180	3,651	703	587	323,134	88,832	425,187	34,798	459,985
Supplies	137	11,783	1,973	588	1,876	17,758	6,692	40,807	20,322	61,129
Communications	284	27,066	7,745	4,387	2,457	13,953	4,139	60,031	19,546	79,577
Printing	231	3,074	1,948	1,398	4,237	7,600	27,136	45,624	3,315	48,939
Postage	94	1,862	407	466	343	2,052	8,108	13,332	1,684	15,016
Rent	373	49,343	2,373	-	4,229	16,493	3,945	76,756	16,553	93,309
Insurance	-	-	-	-	-	13,578	-	13,578	25,241	38,819
Travel	1,010	102,997	38,881	17,390	9,251	40,931	9,994	220,454	12,819	233,273
Conferences	243	1,602	4,159	570	6,167	6,591	18,371	37,703	3,274	40,977
Equipment lease and maintenance	-	134	-	-	162	650	-	946	240	1,186
Building repairs and maintenance	-	-	-	-	-	-	-	-	2,387	2,387
Property tax	-	-	-	-	-	-	-	-	9,161	9,161
Interest	-	-	-	-	-	-	-	-	51,233	51,233
Dues and subscriptions	-	-	-	-	-	-	4,937	4,937	450	5,387
Licenses and permits	-	-	-	-	-	-	1,500	1,500	2,100	3,600
Contributions	32,000	-	-	-	-	-	20	32,020	450	32,470
Utilities	-	930	-	-	66	2,269	-	3,265	6,023	9,288
Background checks	-	-	-	10	-	-	-	10	-	10
Constructions cost - non capitalized	-	-	-	-	-	-	-	-	1,619	1,619
Bad debt	-	325,979	-	-	-	-	-	325,979	-	325,979
Miscellaneous	-	3,596	-	-	-	-	-	3,596	2,650	6,246
Depreciation	-	-	-	-	-	-	-	-	38,426	38,426
	\$ 50,002	\$ 1,195,063	\$ 212,150	\$ 213,586	\$ 126,939	\$ 445,009	\$ 397,785	\$ 2,640,534	\$ 500,863	\$ 3,141,397

See accompanying notes.

TENNESSEE DISABILITY COALITION
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 78,793	\$ (139,299)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	42,053	38,426
(Increase) decrease in:		
Grants receivable	(76,396)	116,189
Accounts receivable	7,828	5,544
Prepaid expenses	24,440	(24,606)
Mortgages receivable	2,715	2,797
Security deposits	910	-
Increase (decrease) in:		
Accounts payable	(17,427)	(51,931)
Accrued expenses	(26,232)	11,567
Deferred revenue	<u>-</u>	<u>(6,678)</u>
Net cash provided (used) by operating activities	36,684	(47,991)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	<u>(11,737)</u>	<u>(547,999)</u>
Net cash used by investing activities	(11,737)	(547,999)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on long-term debt	<u>(27,535)</u>	<u>(25,342)</u>
Net cash used by financing activities	<u>(27,535)</u>	<u>(25,342)</u>
Net decrease in cash	(2,588)	(621,332)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>763,079</u>	<u>1,384,411</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 760,491</u></u>	<u><u>\$ 763,079</u></u>
SUPPLEMENTAL DISCLOSURES		
Interest paid	<u><u>\$ 49,041</u></u>	<u><u>\$ 51,233</u></u>

See accompanying notes.

TENNESSEE DISABILITY COALITION
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Tennessee Disability Coalition (the Coalition) 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.

Basis of Presentation

The Coalition reports its information regarding its financial position and activities in accordance with the Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS 117, the Coalition is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporary restricted net assets and permanently restricted net assets, based upon the existence or absence of donor-imposed restrictions. In addition, the Coalition reports information regarding contributions in accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. In prior years, the Coalition sold homes to qualified buyers in the HOPE3 home ownership program. Payments received toward mortgages financing the purchases of those homes, held by the Coalition, are restricted for other HUD projects. At June 30, 2009, the balance of temporarily restricted net assets is \$90,355 which is the total amount of mortgages outstanding and mortgages repaid to the Coalition.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash Equivalents

The Coalition considers all highly liquid investments and certificates of deposits with original maturities of three months or less, to be cash equivalents.

Revenue and Support

The Coalition receives much of its income from grants from various federal and State of Tennessee governmental agencies. The Coalition records income from these grants in the period that the applicable expenditures are incurred.

Contributions

All 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. When a restriction expires, (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

TENNESSEE DISABILITY COALITION
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

Donated Services

Unpaid volunteers make contributions of time in various administrative, fundraising, and program functions. The value of contributed time is not reflected in the financial statements as it is not susceptible to an objective measurement or valuation.

Property and Equipment

Property and equipment are carried at cost. Donated equipment is recorded at its fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, presently three to thirty nine years. Certain equipment has been purchased, in part, with grant funds and is subject to return to the grantor either upon its ultimate disposition or for failure to comply with the terms and conditions of the grant contract for the useful life of the equipment.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

The Coalition is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Therefore, no provision has been made for federal income taxes in the accompanying financial statements.

Pension Plan

The Tennessee Disability Coalition maintains a 403(b) retirement plan for its employees who have completed one year of employment. 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 \$25,603 and \$25,792 for the years ended June 30, 2009 and 2008, respectively.

Evaluation of Events Occurring After The Financial Statement Date

Management has evaluated subsequent events through March 11, 2010, the date the financial statements were available to be issued.

TENNESSEE DISABILITY COALITION
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 2 — GRANTS RECEIVABLE - GOVERNMENT

Grants receivable – government includes grants due from government agencies, and consists of the following:

Agency	Program Activity	2009	2008
Federal:			
Social Security Administration	Benefits To Work	\$ 78,990	\$ 60,434
U.S. Department of Health and Human Services	Health Care Information/ Education for Families of Children with Special Needs	54,589	17,147
State of Tennessee:			
Department of Mental Retardation Services	Advocacy	-	64,192
Department of Health	Newborn Hearing	6,569	22,594
Department of Health	Traumatic Brain Injury	41,328	29,047
Tennessee Mental Health And Developmental Disabilities	Consumer Family Support/ Peer Support Center	195,421	98,955
Department of Education	Special Education Improvement	5,726	27,206
		<u>\$ 382,623</u>	<u>\$ 319,575</u>

NOTE 3 — GRANTS RECEIVABLE – OTHER

Grants receivable – other includes grants due from nongovernmental organizations, and consists of the following:

Grantor	Program Activity	2009	2008
Syracuse University	ADA expenditures	\$ 12,565	\$ 1,667
Vanderbilt University	Lend grant	9,688	7,266
Other	Various	647	619
		<u>\$ 22,900</u>	<u>\$ 9,552</u>

TENNESSEE DISABILITY COALITION
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 4 — ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

	<u>2009</u>	<u>2008</u>
Tennessee Mental Health Consumers Association	\$ 22,779	\$ 30,369
Support and Training for Exceptional Parents	66	(110)
Center for Independent Living	460	2,960
Autism Society of Middle Tennessee	645	1,813
Employees and other	<u>2,567</u>	<u>(687)</u>
	<u>\$ 26,517</u>	<u>\$ 34,345</u>

Autism Society of Middle Tennessee, Center for Independent Living, Tennessee Mental Health Consumer Association, and Support and Training for Exceptional Parents lease office space from the Coalition under one year leases and share office services with the Coalition. These organizations are also members of the Coalition, and share common disability-related causes.

NOTE 5 — MORTGAGES RECEIVABLE

In prior years, the Coalition sold homes to qualified buyers in the HOPE for Homeownership of Single Family Homes program (HOPE III). The Coalition holds the second mortgages at a zero interest rate to buyers. Payments received toward these mortgages are temporarily restricted for other HUD projects, and it is the intent of the Coalition to remit these monies to HUD as they are collected.

NOTE 6 — MORTGAGE PAYABLE

The Coalition has a mortgage payable to Regions Bank of \$613,017 and \$640,552 as of June 30, 2009 and 2008, respectively, payable in monthly installments of \$6,381, accruing interest at 7.70%. The final payment is due November 2021. The office building at 955 Woodland Street, Nashville, TN collateralizes the mortgage.

Aggregate mortgage payable maturities are as follows for the next five years ended June 30:

2010	\$ 30,590
2011	33,030
2012	35,665
2013	38,510
2014	41,582

NOTE 7 — ALLOCATION OF MARRIAGE LICENSE FEES

Effective July 1, 2002, the Coalition began receiving a portion of the marriage license fees collected by the State of Tennessee. Amounts received for the allocation of marriage license fees consisted of 26% and 22% of total support for the years ended June 30, 2009 and 2008, respectively.

TENNESSEE DISABILITY COALITION
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 8 — CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Coalition to concentrations of credit risk consist of their grants receivable. The grant receivable represents concentration of credit risk to the extent that they are received from concentrated sources. The Coalition receives a substantial amount of its support from governmental grants. A significant reduction in the levels of this support, if this was to occur, could have an effect on the Coalition's programs and activities. Based on the upcoming fiscal year's budget, the funding is expected to continue for the current year to meet budgeted expenditures.

The Coalition received Federal grants of \$367,592 and \$327,996 for the years ended June 30, 2009 and 2008, respectively. These amounts consisted of 15% and 11% of total support, respectively. The Coalition also received State of Tennessee grants of \$1,300,271 and \$1,872,352 for the years ended June 30, 2009 and 2008, respectively. These amounts consisted of 53% and 61% of total support, respectively.

All of the Coalition's cash is held in two financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures aggregate deposits up to \$250,000 and \$100,000 for the years ended June 30, 2009 and 2008 respectively, per bank. At June 30, 2009 and 2008, deposits exceeded insured amounts by approximately \$309,000 and \$663,000 respectively.

NOTE 9 — QUESTIONED COSTS AND CONTINGENCIES

Questioned costs are those amounts charged to a funded program that may not be in compliance with requirements set forth in contracts, statutes, and regulations governing allowability or eligibility. A questioned cost may not be reimbursed by the State of Tennessee (the "State"), and may require that the funds already expended be refunded. These amounts can be "questioned" by the State for the specific grant to which they apply. The determination as to whether such costs will be allowed or disallowed under the grants will be made by the individual grantor agencies at a later time. No liability is needed as of June 30, 2009 for these costs as no determination has been made by the grantor agencies as to any amount for any grant. The Board deems the contingency remote, as the Coalition has accommodated the objective of the organization to the provisions of the grant.

NOTE 10 — COMMITMENTS

The Coalition leased office space in Memphis and Knoxville. The leases for the Memphis and Knoxville offices were terminated during 2009. Office equipment and storage is leased under various term agreements, but no lease is considered a capital lease under FASB Statement 13.

NOTE 11 — RECLASSIFICATIONS

The 2008 financial statements have been reclassified to comply with the presentation of the 2009 financial statements. Net assets and changes in net assets are unchanged due to the reclassifications.

SUPPLEMENTARY INFORMATION

TENNESSEE DISABILITY COALITION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2009

Federal Grantor/ Pass-Through Grantor	CFDA Number	Contract Number	Beginning (Accrued) Deferred	Cash Receipts	Expenditures	Ending (Accrued) Deferred
<u>Federal Awards</u>						
Social Security Administration:						
Benefits to work	96.008	14-W-50081-4-02	\$ (60,434)	\$ 60,434	\$ -	\$ -
Benefits to work	96.008	14-W-50081-4-03	-	203,075	282,065	(78,990)
Tennessee Department of Mental Health & Developmental Disabilities Division of Recovery Services:						
Family support/ advocacy/ consumer support/ recovery services	93.958	GR-08-21462-01	(98,955)	98,955	-	-
(Peer Support Center)	93.234	GR-09-24416-00	-	294,260	489,681	(195,421)
Tennessee Department of Health - Bureau of Health Services Administration:						
Traumatic Brain Injury	93.234	GR-08-20882-00	(29,047)	29,047	-	-
Traumatic Brain Injury	93.234	GR-09-24925-00	-	112,674	154,001	(41,327)
Newborn Hearing Consultation	93.251	GR-08-20813-00	(22,594)	22,594	-	-
Newborn Hearing Consultation	93.251	GR-09-24017-00	-	56,781	62,235	(5,454)
U.S. Department of Health and Human Services:						
Heath Care Information & Education for Families of children with Special						
Health Care Needs	93.110	H84MC00004	(17,147)	17,147	-	-
Health Care Needs	93.110	H84MC00004-07-00	-	44,648	99,237	(54,589)
Tennessee Department of Education - Division of Special Education:						
Special Education improvement	84.323A	GR-07-18008-01	(27,206)	27,206	-	-
Special Education improvement	84.323A	GR-09-24952-00	-	13,898	19,625	(5,727)
Total federal awards			<u>\$ (255,383)</u>	<u>\$ 980,719</u>	<u>\$ 1,106,844</u>	<u>\$ (381,508)</u>

13 See accompanying notes.

TENNESSEE DISABILITY COALITION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
Year Ended June 30, 2009

Federal Grantor/ Pass-Through Grantor	CFDA Number	Contract Number	Beginning (Accrued) Deferred	Cash Receipts	Expenditures	Ending (Accrued) Deferred
<u>State Financial Assistance</u>						
Tennessee Department of Finance and Administration						
Division of Mental Retardation Services:						
Advocacy - East (see note 2)	N/A	FA-06-16357-00	\$ (64,192)	\$ 297,607	\$ 268,855	\$ -
Advocacy - West (see note 2)	N/A	FA-06-16356-00	-	311,752	355,203	-
Total state awards			<u>\$ (64,192)</u>	<u>\$ 609,359</u>	<u>\$ 624,058</u>	<u>\$ -</u>
Total federal and state awards			<u>\$ (319,575)</u>	<u>\$ 1,590,078</u>	<u>\$ 1,730,902</u>	<u>\$ (381,508)</u>

Basis of presentation:

Note 1: The accompanying Schedule of Expenditures of Federal and State Financial Assistance summarizes the expenditures of Tennessee Disability Coalition under programs of the federal and state governments for the year ended June 30, 2009. The schedule is presented using the modified accrual basis of accounting.

Note 2: The Advocacy - East and Advocacy - West grants ended during the year ended June 30, 2009. There are no ending (accrued) deferred balances to report.



214 Overlook Circle, Suite 250
Brentwood, Tennessee 37027
615 . 467 . 7300 MAIN
615 . 467 . 7301 FAX
www.bpmcpas.com

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
Nashville, Tennessee

We have audited the financial statements of Tennessee Disability Coalition (a nonprofit organization) as of and for the year ended June 30, 2009, and have issued our report thereon dated March 11, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tennessee Disability Coalition's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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*.

We noted certain matters that we reported to management of Tennessee Disability Coalition in a separate letter dated March 11, 2010.

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

Byrd, Proctor & Mills, P.C.

March 11, 2010



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615 . 467 . 7301 FAX
www.bpmcpas.com

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133

To the Board of Directors
Tennessee Disability Coalition
Nashville, Tennessee

Compliance

We have audited the compliance of Tennessee Disability Coalition (a nonprofit organization) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Tennessee Disability Coalition's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Tennessee Disability Coalition's management. Our responsibility is to express an opinion on Tennessee Disability Coalition's compliance based on our audit.

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

In our opinion, Tennessee Disability Coalition complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2009-1 and 2009-2.

Internal Control Over Compliance

The management of Tennessee Disability Coalition is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Tennessee Disability Coalition's internal control over compliance with the requirements that could have a direct and material effect on a major federal

program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Tennessee Disability Coalition's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Tennessee Disability Coalition's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Tennessee Disability Coalition's response and, accordingly, we express no opinion on it.

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

Byrd, Proctor & Mills, P.C.

March 11, 2010

TENNESSEE DISABILITY COALITION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness identified? No

Significant deficiencies identified that are not considered to be material weaknesses? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weaknesses identified? No

Significant deficiencies identified that are not considered to be material weaknesses? None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.234	Traumatic Brain Injury State Demonstration Grant Program
93.958	Block Grants for Community Mental Health Services

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

Auditee qualified as low-risk auditee? No

TENNESSEE DISABILITY COALITION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

		<u>Questioned Costs</u>
	DEPARTMENT OF HEALTH AND HUMAN SERVICES AND STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH DEVELOPMENTAL DISABILITIES	
2009-1	<p>Block Grants for Community Mental Health Services CFDA No. 93.958, Grant No. GR-09-24416-00 Grant Period - June 30, 2009</p> <p>Condition: Approval of seven grant expenditures selected for testing was not documented on the supporting documentation.</p> <p>Criteria: All grant expenditures should be approved by management for payment and posting to the related grant.</p> <p>Cause: Procedures are in place for management approval, but approval was not documented.</p> <p>Effect: Costs charged to the grants may be posted in error, and become a disallowed cost.</p> <p>Population and Sample Size: A sample of sixty grant transactions totaling approximately \$45,700 was selected for audit from a population of 556 grant transactions totaling approximately \$489,500.</p> <p>Recommendation: Approval for all grant expenses should be documented in accordance with the Coalition's internal control procedures.</p> <p>Response: The finding is about the approval of some of the DMHDD grant expenses, primarily with the TMHCA professional fees. These invoices were created in-house and therefore did not follow the normal procedures. However, starting July 1, 2009, the Tennessee Disability Coalition is no longer processing TN Mental Health Consumer Assoc. payroll or expenses and we have ceased using the invoicing process. Invoices now come from that organization and will follow existing procedures to be approved before being paid.</p>	\$ 17,855
2009-2	<p>Block Grants for Community Mental Health Services CFDA No. 93.958, Grant No. GR-09-24416-00 Grant Period - June 30, 2009</p> <p>Condition: The Coalition's workers' compensation/employers' liability insurance policy was less than required amounts as stated in the grant</p>	

TENNESSEE DISABILITY COALITION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

contract. Coalition's insurance limits were \$100,000 for bodily injury by accident/each accident, \$500,000 bodily injury by disease/policy limit, and \$100,000 bodily injury by disease/each employee.

Criteria: Workers' compensation/employers' liability insurance must have a limit not less than the relevant statutory amount or \$1,000,000 per occurrence for employers' liability, whichever is greater.

Cause: The Coalition did not maintain minimum coverage as required by the grant contract.

Effect: Noncompliance may be considered a material breach of the grant contract.

Recommendation: Increase the workers' compensation/employers' liability insurance policy limits that meet or exceed the relevant statutory amount or \$1,000,000, whichever is greater.

Response: The Tennessee Disability Coalition corrected this in November 2009 immediately upon being aware of the deficiency. To prevent this in the future, the finance director and operations director have agreed to review all grants when the grants change or when insurance is being renewed to make sure that the Coalition is in compliance with insurance requirements.

The lifting power of many wings

can achieve twice the distance of flying alone.

CORRECTIVE ACTION PLAN

June 30, 2009

Department of Health and Human Services and
State of Tennessee of Mental Health Development Disabilities



Tennessee Disability Coalition respectfully submits the following corrective action plan for the year ended June 30, 2009.

Name and address of independent public accounting firm: Byrd, Proctor & Mills, P.C.

Audit period: June 30, 2009

The findings from the 2009 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

DEPARTMENT OF HEALTH AND HUMAN SERVICES AND STATE OF TENNESSEE DEPARTMENT OF MENTAL HEALTH DEVELOPMENTAL DISABILITIES

Block Grants for Community Mental Health Services
CFDA No. 93.958, Grant No. GR-09-24416-00
Grant Period - June 30, 2009

- | | |
|--------|---|
| 2009-1 | <p>Recommendation: Approval for all grant expenses should be documented in accordance with the Coalition's internal control procedures</p> <p>Action Taken: The finding is about the approval of some of the DMHDD grant expenses, primarily the TMHCA professional fees. These invoices were created in-house and therefore did not follow the normal procedures. However, starting July 1, 2009, the Tennessee Disability Coalition is no longer processing TN Mental Health Consumer Assoc. payroll or expenses and we have ceased using the invoicing process. Invoices now come from that organization and will follow existing procedures to be approved before being paid.</p> |
| 2009-2 | <p>Recommendation: Increase the workers' compensation/employers' liability insurance policy limits that meet or exceed the relevant</p> |

statutory amount or \$1,000,000, whichever is greater.

Action Taken: The Tennessee Disability Coalition corrected this in November 2009 immediately upon being made aware of the deficiency. To prevent this in the future, the finance director and operations director have agreed to review all grants when the grants change or when insurance is being renewed to make sure that the Coalition is in compliance with insurance requirements.

If the Department of Health and Human Services and State of Tennessee of Mental Health Development Disabilities has questions regarding this plan, please call Carol Westlake at 615-383-9442.

Sincerely yours,

A handwritten signature in blue ink that reads "Carol Westlake". The signature is fluid and cursive, with a long horizontal stroke at the end.

Carol Westlake

Executive Director