

THE ARC OF DAVIDSON COUNTY
AUDITED FINANCIAL STATEMENTS

Years ended June 30, 2008 and 2007

THE ARC OF DAVIDSON COUNTY

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FRASIER, DEAN & HOWARD, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

3310 WEST END AVENUE, SUITE 550
NASHVILLE, TENNESSEE 37203
PHONE 615-383-6592, FAX 615-383-7094

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
The Arc of Davidson County
Nashville, Tennessee

We have audited the accompanying statements of financial position of The Arc of Davidson County (a nonprofit corporation) as of June 30, 2008 and 2007, and the related statements of activities, functional expenses and cash flows for the years 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 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 a 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audits provide 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 The Arc of Davidson County as of June 30, 2008 and 2007 and the changes in net assets and its cash flows for the years 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 December 11, 2008 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of The Arc of Davidson County taken as a whole. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis 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.

Frasier, Dean & Howard, PLLC

December 11, 2008

THE ARC OF DAVIDSON COUNTY
STATEMENTS OF FINANCIAL POSITION
June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 381,879	\$ 409,924
Investments	27,844	26,814
Government grant receivables	-	11,461
Government contract receivables	147,648	3,926
Receivables - other - no allowance necessary	10,425	10,425
Prepaid expenses	<u>13,733</u>	<u>13,636</u>
Total current assets	<u>581,529</u>	<u>476,186</u>
Property and equipment:		
Office furniture and equipment	42,506	42,506
Less accumulated depreciation	<u>(37,680)</u>	<u>(35,405)</u>
Net property and equipment	<u>4,826</u>	<u>7,101</u>
Total assets	<u><u>\$ 586,355</u></u>	<u><u>\$ 483,287</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 71,656	\$ 62,068
Loan from State of Tennessee	102,130	-
Deferred revenues	<u>7,500</u>	<u>7,500</u>
Total current liabilities	<u>181,286</u>	<u>69,568</u>
Net assets:		
Unrestricted:		
Operating	387,317	396,193
Furniture and equipment	<u>4,826</u>	<u>7,101</u>
Total unrestricted net assets	392,143	403,294
Temporarily restricted	<u>12,926</u>	<u>10,425</u>
Total net assets	<u>405,069</u>	<u>413,719</u>
Total liabilities and net assets	<u><u>\$ 586,355</u></u>	<u><u>\$ 483,287</u></u>

See accompanying notes.

THE ARC OF DAVIDSON COUNTY
STATEMENT OF ACTIVITIES
For the year ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support:			
United Way	\$ 6,210	\$ 10,425	\$ 16,635
Government grants:			
Family support program	745,082	-	745,082
Respite program	46,357	-	46,357
Government contracts:			
Support coordination program	862,009	-	862,009
Contributions	10,175	2,501	12,676
Memberships	920	-	920
Interest	10,568	-	10,568
Cart revenues	233,000	-	233,000
Net assets released from restrictions - satisfaction of program restrictions	<u>10,425</u>	<u>(10,425)</u>	<u>-</u>
Total revenues and other support	<u>1,924,746</u>	<u>2,501</u>	<u>1,927,247</u>
Expenses:			
Program services:			
Support coordination	758,492	-	758,492
Family support	722,359	-	722,359
Respite	42,022	-	42,022
Development and membership	34,995	-	34,995
Legal advocacy	46,760	-	46,760
Educational advocacy	26,967	-	26,967
Support services:			
Management and general	<u>304,302</u>	<u>-</u>	<u>304,302</u>
Total expenses	<u>1,935,897</u>	<u>-</u>	<u>1,935,897</u>
Change in net assets	(11,151)	2,501	(8,650)
Net assets, beginning of year	<u>403,294</u>	<u>10,425</u>	<u>413,719</u>
Net assets, end of year	<u><u>\$ 392,143</u></u>	<u><u>\$ 12,926</u></u>	<u><u>\$ 405,069</u></u>

See accompanying notes.

THE ARC OF DAVIDSON COUNTY
STATEMENT OF ACTIVITIES
For the year ended June 30, 2007

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues and other support:			
United Way	\$ 4,376	\$ 10,425	\$ 14,801
Government grants:			
Family support program	745,081	-	745,081
Respite program	46,357	-	46,357
Other	4,000	-	4,000
Government contracts:			
Support coordination program	830,073	-	830,073
Contributions	1,924	-	1,924
Memberships	1,295	-	1,295
Interest	9,900	-	9,900
Cart revenues	233,000	-	233,000
Net assets released from restrictions - satisfaction of program restrictions	<u>8,256</u>	<u>(8,256)</u>	<u>-</u>
Total revenues and other support	<u>1,884,262</u>	<u>2,169</u>	<u>1,886,431</u>
Expenses:			
Program services:			
Support coordination	721,353	-	721,353
Family support	757,333	-	757,333
Advocacy	9,116	-	9,116
Respite	43,743	-	43,743
Development and membership	16,695	-	16,695
Home of your own	1,737	-	1,737
Support services:			
Management and general	<u>255,901</u>	<u>-</u>	<u>255,901</u>
Total expenses	<u>1,805,878</u>	<u>-</u>	<u>1,805,878</u>
Change in net assets	78,384	2,169	80,553
Net assets, beginning of year	<u>324,910</u>	<u>8,256</u>	<u>333,166</u>
Net assets, end of year	<u><u>\$ 403,294</u></u>	<u><u>\$ 10,425</u></u>	<u><u>\$ 413,719</u></u>

See accompanying notes.

THE ARC OF DAVIDSON COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2008

	<u>Support Coordination</u>	<u>Family Support</u>	<u>Respite</u>	<u>Development and Membership</u>	<u>Legal Advocacy</u>	<u>Educational Advocacy</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries	\$ 492,323	\$ 63,969	\$ -	\$ -	\$ 38,462	\$ 23,389	\$ 618,143	\$ 167,109	\$ 785,252
Client benefits	-	633,319	40,000	-	-	-	673,319	-	673,319
Employee benefits	105,092	9,104	-	-	-	-	114,196	23,792	137,988
Travel	63,359	398	-	-	844	-	64,601	437	65,038
Payroll taxes	35,671	5,808	-	-	2,942	1,595	46,016	12,761	58,777
Office rent	25,974	3,596	1,998	1,598	799	799	34,764	5,195	39,959
Supplies	8,228	1,131	-	177	1,981	280	11,797	17,276	29,073
Postage	4,840	3,331	24	19,716	77	34	28,022	854	28,876
Telephone	20,239	1,067	-	-	155	595	22,056	6,766	28,822
Insurance	-	-	-	-	-	-	-	26,000	26,000
Professional services	1,143	-	-	-	125	160	1,428	22,823	24,251
Equipment rental and maintenance	-	-	-	-	-	-	-	9,700	9,700
Affiliation fees	-	-	-	8,019	-	-	8,019	-	8,019
Conferences	69	597	-	4,090	596	-	5,352	862	6,214
Miscellaneous	-	-	-	53	550	-	603	3,210	3,813
Printing and publications	1,286	39	-	1,338	79	115	2,857	933	3,790
Other rent	-	-	-	-	-	-	-	2,402	2,402
Depreciation	-	-	-	-	-	-	-	2,275	2,275
License and fees	18	-	-	4	-	-	22	1,462	1,484
Subscriptions	250	-	-	-	150	-	400	445	845
	<u>\$ 758,492</u>	<u>\$ 722,359</u>	<u>\$ 42,022</u>	<u>\$ 34,995</u>	<u>\$ 46,760</u>	<u>\$ 26,967</u>	<u>\$ 1,631,595</u>	<u>\$ 304,302</u>	<u>\$ 1,935,897</u>

See accompanying notes.

THE ARC OF DAVIDSON COUNTY
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2007

	<u>Support Coordination</u>	<u>Family Support</u>	<u>Advocacy</u>	<u>Respite</u>	<u>Development and Membership</u>	<u>Home of Your Own</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Total Expenses</u>
Salaries	\$ 469,975	\$ 95,896	\$ -	\$ 3,070	\$ -	\$ -	\$ 568,941	\$ 140,685	\$ 709,626
Client benefits	-	633,319	-	40,000	-	-	673,319	-	673,319
Employee benefits	90,942	12,573	-	-	-	-	103,515	19,270	122,785
Travel	61,622	221	-	-	-	-	61,843	-	61,843
Payroll taxes	35,429	7,193	-	233	-	-	42,855	10,996	53,851
Office rent	18,415	2,304	3,764	323	1,084	1,300	27,190	12,510	39,700
Telephone	20,762	1,278	2	16	227	75	22,360	5,209	27,569
Supplies	9,223	1,192	43	2	111	110	10,681	13,292	23,973
Professional services	6,080	807	-	-	-	-	6,887	16,272	23,159
Insurance	-	-	-	-	-	-	-	18,000	18,000
Postage	3,909	1,529	142	99	6,407	34	12,120	468	12,588
Equipment rental and maintenance	-	-	-	-	-	-	-	11,088	11,088
Affiliation fees	-	-	-	-	8,692	-	8,692	-	8,692
Conferences	161	500	5,117	-	141	218	6,137	1,034	7,171
Specific assistance/awards	4,000	198	-	-	-	-	4,198	-	4,198
Depreciation	-	-	-	-	-	-	-	3,452	3,452
Printing and publications	499	288	-	-	-	-	787	1,655	2,442
License and fees	-	35	-	-	1	-	36	1,700	1,736
Subscriptions	336	-	48	-	32	-	416	200	616
Miscellaneous	-	-	-	-	-	-	-	70	70
	<u>\$ 721,353</u>	<u>\$ 757,333</u>	<u>\$ 9,116</u>	<u>\$ 43,743</u>	<u>\$ 16,695</u>	<u>\$ 1,737</u>	<u>\$ 1,549,977</u>	<u>\$ 255,901</u>	<u>\$ 1,805,878</u>

See accompanying notes.

THE ARC OF DAVIDSON COUNTY
STATEMENTS OF CASH FLOWS
For the years ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ (8,650)	\$ 80,553
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	2,275	3,452
Realized and unrealized (gain) loss on investments	(1,030)	(989)
Changes in current assets and liabilities:		
Government grant receivables	11,461	(11,461)
Government contract receivables	(143,722)	14,052
Prepaid expenses	(97)	(8,048)
Other assets	-	(2,051)
Accounts payable and accrued expenses	9,588	(12,841)
Net cash (used in) provided by operating activities	<u>(130,175)</u>	<u>62,667</u>
Cash flows from financing activities:		
Proceeds from loan from State of Tennessee	<u>102,130</u>	<u>-</u>
Net cash provided by financing activities	<u>102,130</u>	<u>-</u>
Change in cash and cash equivalents	(28,045)	62,667
Cash and cash equivalents, beginning of year	<u>409,924</u>	<u>347,257</u>
Cash and cash equivalents, end of year	<u><u>\$ 381,879</u></u>	<u><u>\$ 409,924</u></u>

See accompanying notes.

THE ARC OF DAVIDSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2008 and 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Arc of Davidson County (the “Organization”) is a nonprofit corporation conducting programs for the benefit of individuals with intellectual and developmental disabilities and their families. The Organization is affiliated with the U.S. Arc and the Arc of Tennessee. The State of Tennessee Department of Finance and Administration, Division of Mental Retardation Services and the Nashville Area United Way provide partial support on an annual basis.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (“SFAS”) No. 117, *Financial Statements of Not-for-Profit Organizations*. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. The Organization has no permanently restricted net assets at June 30, 2008 and 2007.

Cash Equivalents

Cash equivalents consist of short-term, highly liquid investments with original maturities of ninety days or less.

Revenue and Support

The Arc of Davidson County receives much of its income from grants and contracts from the State of Tennessee Department of Finance and Administration, Division of Mental Retardation Services and the Council on Developmental Disabilities. The Organization records income from the grants and contracts in the period that the applicable expenditures are incurred.

THE ARC OF DAVIDSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2008 and 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. 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 statements of activities as net assets released from restrictions.

Unconditional Promises to Give

The Organization has also adopted SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Investments

The Organization has adopted the provisions of SFAS No. 124, *Accounting for Certain Investments Held by Not-for-Profit Organizations*. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets.

Property and Equipment

Property and equipment are carried at cost. Donated equipment is recorded at market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from five to ten years.

THE ARC OF DAVIDSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2008 and 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and generally does not meet the requirements for recognition under accounting principles generally accepted in the United States of America which stipulates such services would ordinarily be purchased and be provided by persons with specialized skills in the performance of such services.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements 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 accounting principles generally accepted in the United States of America 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 Arc of Davidson County is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as other than a private foundation. Accordingly, no provision has been made for federal income taxes in the accompanying financial statements.

Pension Plan

The Organization maintains a tax deferred annuity plan covering substantially all of its employees with at least one year or more of employment. The costs of this employee benefit plan are charged to expense. The Organization contributes 6% of employee salaries into the annuity annually. Pension expense for the years ended June 30, 2008 and 2007 was \$40,248 and \$38,126, respectively.

THE ARC OF DAVIDSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2008 and 2007

NOTE 2 – GOVERNMENT GRANT RECEIVABLES AND CONTRACT RECEIVABLES

The Organization was due \$147,648 and \$3,926 from the State of Tennessee Department of Finance and Administration, Division of Mental Retardation Services for contract monies for support coordination activities for the years ended June 30, 2008 and 2007, respectively. At June 30, 2008 and 2007, the Organization was also owed \$0 and \$11,461, respectively, from the State of Tennessee under its family support and respite programs.

NOTE 3 – GOVERNMENT GRANTS AND CONTRACTS

During the years ended June 30, 2008 and 2007, the Organization earned grant monies from the State of Tennessee Department of Finance and Administration, Division of Mental Retardation Services totaling \$791,439 and \$791,438, respectively, consisting of the following:

	<u>2008</u>	<u>2007</u>
Respite activities	\$ 46,357	\$ 46,357
Family support services	<u>745,082</u>	<u>745,081</u>
	<u>\$ 791,439</u>	<u>\$ 791,438</u>

During the years ended June 30, 2008 and 2007, the Organization earned contract monies from the State of Tennessee Department of Finance and Administration, Division of Mental Retardation Services totaling \$862,009 and \$830,073, respectively, for support coordination services.

NOTE 4 – INVESTMENTS

Investments as of June 30, 2008 and 2007 are held in a long-term government bond fund.

The following schedule summarizes investment return at June 30:

	<u>2008</u>	<u>2007</u>
Realized and unrealized gains	<u>\$ 1,030</u>	<u>\$ 989</u>

NOTE 5 – QUESTIONED COSTS/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 or the State agency may require that the funds already expended be refunded to the State. These amounts can be “questioned” by the State for the specific grant or contract to which they apply. The determination as to whether such costs will be allowed or disallowed under the grants or contracts is subject to review by the individual grantor agencies. No liability is recorded as of June 30, 2008 and 2007 for any refundable costs.

THE ARC OF DAVIDSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2008 and 2007

NOTE 6 – OPERATING LEASE COMMITMENTS

The Organization leases its office space under a lease that expires August 31, 2011. Under terms of the lease agreement, the agreement may be terminated with 90 days notice. The annual lease payments totaled \$39,959 and \$39,700, respectively for the years ended June 30, 2008 and 2007.

Office equipment is leased under various operating lease agreements. Future minimum lease payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2008 are as follows:

Year ending June 30,	
2009	\$ 4,292
2010	3,374
2011	2,719
2012	<u>453</u>
	<u>\$ 10,838</u>

NOTE 7 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods at June 30:

	<u>2008</u>	<u>2007</u>
United Way grants for the coming year	\$ 10,425	\$ 10,425
Contributions	<u>2,501</u>	<u>-</u>
	<u>\$ 12,926</u>	<u>\$ 10,425</u>

NOTE 8 – CART REVENUES

In 1982, B&R Salvage, Inc. ("B&R") was engaged by the Organization to assist in the collection and sale of contributed property. The Organization entered into a contract, effective January 1, 2001, with J&I Advisory Support, LLC ("J&I"), an affiliate of B&R. J&I provides solicitation, trucking and transportation services in connection with property contributions, generally clothing and household goods. Goods donated to the Organization through J&I's solicitation are sold by the Organization in bulk to B&R. B&R generally sells the goods to the general public through thrift stores. The terms of the contracts with B&R and J&I set the price per cart for goods acquired by B&R from the Organization. The contract provides for 24 semimonthly minimum payments by B&R to the Organization totaling \$218,000 per year. This amount reflects the amounts payable to the Organization by B&R for the sale of donated goods net of amounts payable by the Organization to J&I for solicitation, transportation and trucking services rendered by J&I. Determination of amounts payable to the Organization in excess of the minimum are determined and paid in the January following each calendar year. The Organization received \$233,000 under this arrangement for each of the years ended June 30, 2008 and 2007.

THE ARC OF DAVIDSON COUNTY
NOTES TO THE FINANCIAL STATEMENTS (Continued)
June 30, 2008 and 2007

NOTE 9 – CLIENT BENEFITS

In 1993, the Organization began receiving monies from the State of Tennessee Department of Finance and Administration, Division of Mental Retardation Services for family support services to be provided to persons with severe disabilities and who are eligible for such support. Certain requirements must be met as provided by the Family Support Guidelines Act before support can be given by the Organization. The Organization paid \$633,319 for each of the years ended June 30, 2008 and 2007, to eligible persons for family support services.

NOTE 10 – CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of account, grant and contracts receivable. Grant and contract receivables represent concentration of credit risk to the extent that they are received from concentrated sources. The Organization receives a substantial amount of its support from governmental grants and contracts. A significant reduction in the levels of this support, if this were to occur, could have an adverse effect on the Organization's programs and activities.

The Organization maintains cash balances which may, at times, exceed federally insured amounts. In management's opinion, risk related to such deposits is minimal based on the credit rating of its depositories.

NOTE 11 – LINE OF CREDIT

During 2007, the Organization obtained a bank line of credit arrangement allowing for maximum borrowings of \$100,000, with interest on any outstanding balances based on a rate of prime plus 1%. No draws were made from the line of credit during the years ended June 30, 2008 and 2007, respectively.

NOTE 12 – LOAN FROM STATE OF TENNESSEE

During 2008, the Organization received a loan from the State of Tennessee Department of Finance and Administration in the amount of \$102,130 in order to have adequate working capital to continue services to eligible recipients under the support coordination program. This arrangement is non-interest bearing and amounts loaned to the Organization will be recouped from payments to be made to the Organization during 2009.

SUPPLEMENTAL INFORMATION

THE ARC OF DAVIDSON COUNTY
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the year ended June 30, 2008

	<u>Grant Number</u>	<u>Balance Receivable June 30, 2007</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Balance Receivable June 30, 2008</u>
State Awards:					
Tennessee Department of Finance and Administration					
Tennessee Division of Mental Retardation Services					
Family Support Services Program	Z-05-022077-03	\$ -	\$ 745,082	\$ 745,082	\$ -
Family Support Services Program	Z-05-022077-02	8,602	8,602	-	-
Respite Services Program	Z-05-022080-03	-	46,357	46,357	-
Respite Services Program	Z-05-022080-02	2,859	2,859	-	-
Total State Awards		<u>\$ 11,461</u>	<u>\$ 802,900</u>	<u>\$ 791,439</u>	<u>\$ -</u>

NOTES TO THE SCHEDULE OF STATE AWARDS

Note 1 - Basis of Accounting - The Supplementary Schedule of Expenditures of State Awards is prepared on the accrual basis of accounting.