

TENNESSEE DISABILITY COALITION
AUDITED FINANCIAL STATEMENTS
Year Ended June 30, 2007

Nancy C. Crabtree
Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tennessee Disability Coalition
Nashville, Tennessee

I have audited the accompanying statement of financial position of the Tennessee Disability Coalition (a nonprofit corporation) as of June 30, 2007, 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. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Tennessee Disability Coalition as of June 30, 2007 and the changes in 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, I have issued my report dated December 19, 2007 on my consideration of the Tennessee Disability Coalition's internal control over financial reporting and on my 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 my 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 my audit.

My audit was performed for the purpose of forming an opinion on the basic financial statements of the Tennessee Disability Coalition taken as a whole. The accompanying Schedule of Federal and State Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audit 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 my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Nancy C. Crabtree

Nashville, Tennessee
December 19, 2007

TENNESSEE DISABILITY COALITION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2007

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1384411
Grants receivable (government) - Note B	443649
Grants receivable (other) - Note C	1667
Accounts receivable - Note D	39889
Security deposit	5993
Prepaid expenses	<u>1261</u>

Total Current Assets \$ 1876870

Mortgages Receivable - Note E \$ 23272

Property and Equipment:

Building - Note F	\$ 887205
Office furniture and equipment	130643
Less accumulated depreciation	<u>(120314)</u>

Total Property and Equipment \$ 897534

Total Assets \$ 2797676

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 70708
Accrued vacation pay	53940
Deferred revenue	6678
Mortgage payable - current portion - Note F	<u>25766</u>

Total Current Liabilities \$ 157092

Mortgage payable - noncurrent portion Note F \$ 640128

Total Liabilities \$ 797220

Net Assets:

Unrestricted:

Operating	\$ 1012567
Furniture and equipment	<u>897534</u>
Total Unrestricted Net Assets	\$ 1910101

Permanently Restricted - Note A	<u>90355</u>
Total Net Assets	<u>\$ 2000456</u>

Total Liabilities and Net Assets \$ 2797676

See accompanying notes to the financial statements.

TENNESSEE DISABILITY COALITION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues and Other Support:				
Government grants	\$ 2078884	\$	\$	\$ 2078884
Family Voices grants (non-governmental)	9216			9216
ADA grants (non-governmental)	26161			26161
Systems Change grant (non-governmental)	2400			2400
TMHCA grant (non-governmental)	24091			24091
CCHD grant (non-governmental)		14684		14684
Professional service revenue	7200			7200
Contributions	18156			18156
Interest	53079			53079
Allocation - marriage license fees	690478			690478
Membership dues	2990			2990
Miscellaneous	6588			6588
Net assets released from restrictions:				
Satisfaction of program restrictions	116742	(116742)		
Total Revenues and Other Support	\$ 3035985	\$ (102058)	\$	\$ 2933927
Expenses:				
Program Services:				
ADA	\$ 28342	\$	\$	\$ 28342
Advocacy	867983			867983
Family Voices	219455			219455
Benefits To Work	170273			170273
Traumatic Brain Injury	129785			129785
TMHCA -- Consumer Family Support/Peer Center	448557			448557
Systems Change -- Public Policy/Vote Project	349206			349206
Support Services:				
Management and general	397300			397300
Total Expenses	\$ 2610901	\$	\$	\$ 2610901
Increase (Decrease) in Net Assets	\$ 425084	\$ (102058)	\$	\$ 323026
Net Assets at the beginning of the year	1485017	102058	90355	1677430
Net Assets at the end of the year	\$ 1910101	\$ 0	\$ 90355	\$ 2000456

See accompanying notes to the financial statements.

TENNESSEE DISABILITY COALITION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

	ADA	Advocacy	Family Voices	Benefits to Work	Traumatic Brain Injury
Salaries	\$ 12538	\$ 538425	\$ 107722	\$ 109017	\$ 72840
Employee benefits	2020	89473	19991	6434	15847
Payroll taxes	883	43440	9431	9621	5730
Contractual services	8325		27695		
Professional services	300	3440			772
Supplies	481	11960	6803	27400	6182
Communications	270	24904	6136	3727	2313
Printing	411	1346	2532	1960	3519
Postage	200	1226	993	209	301
Rental expense	1035	46704	6569		6887
Insurance					
Travel	1246	98630	26825	10654	7705
Conferences	80	850	2443	1124	6765
Equipment rental & maintenance	13	2953	43	2	163
Interest					
Family stipends			2247		300
Dues & subscriptions	540		25	35	
Licenses & permits					310
Contributions					
Utilities		4632		10	151
Background checks				80	
Construction costs (noncapitalized)					
Depreciation					
Total	\$ 28342	\$ 867983	\$ 219455	\$ 170273	\$ 129785

See accompanying notes to the financial statements.

TENNESSEE DISABILITY COALITION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007

	TMHCA Consumer Family Support/ Peer Center	Systems Change Public Policy/ Vote Project	Total Program Expenses	Management & General	Total Expenses
Salaries	\$ 260286	\$ 157048	\$ 1257876	\$ 185877	\$ 1443753
Employee benefits	23498	20119	177382	35821	213203
Payroll taxes	27082	12357	108544	14608	123152
Contractual services		19000	55020		55020
Professional services	13882	55955	74349	43180	117529
Supplies	19881	13167	85874	9220	95094
Communications	12392	3463	53205	6018	59223
Printing	4949	22211	36928	2314	39242
Postage	2738	7295	12962	1823	14785
Rental expense	17865	10923	89983	28946	118929
Insurance	17907		17907	22636	40543
Travel	43380	10845	199285	2429	201714
Conferences	982	10964	23208	5317	28525
Equipment rental & maintenance	927	26	4127	214	4341
Interest				30561	30561
Family stipends			2547		2547
Dues & subscriptions		2983	3583	752	4335
Licenses & permits	3	2850	3163	1418	4581
Contributions				300	300
Utilities	2785		7578		7578
Background checks			80		80
Construction costs (noncapitalized)				2575	2575
Depreciation				3291	3291
Total	\$ 448557	\$ 349206	\$ 2213601	\$ 397300	\$ 2610901

See accompanying notes to the financial statements.

TENNESSEE DISABILITY COALITION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2007

Cash Flows from Operating Activities:

Cash received from support and revenues	\$ 934831
Cash received from government grants	1749105
Interest received	53079
Cash paid to suppliers and employees	<u>(2609668)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 127347</u>

Cash Flows from Investing Activities:

Acquisition of equipment	\$ (1000)
Acquisition of building	<u>(887205)</u>
Net Cash Provided (Used) by Investing Activities	<u>\$ (888205)</u>

Cash Flows from Financing Activities:

Proceeds from mortgages	\$ 2633
Net proceeds from mortgage payable (building)	<u>665894</u>
Net Cash Provided (Used) by Financing Activities	<u>\$ 668527</u>

Net Increase (Decrease) in Cash and Cash Equivalents \$ (92331)

Cash and Cash Equivalents at beginning of the year 1476742

Cash and Cash Equivalents at end of the year \$ 1384411

See accompanying notes to the financial statements.

TENNESSEE DISABILITY COALITION
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED JUNE 30, 2007

RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED (USED)
BY OPERATING ACTIVITIES:

Increase in Net Assets	\$ 323026
Adjustments of reconcile the increase in net assets to Net cash provided (used) by operating activities:	
Depreciation	3291
(Increase) decrease in:	
Grants receivable (government)	(329779)
Grants receivable (other)	6269
Contracts receivable (government)	172454
Accounts receivable	(37850)
Security deposit	(3275)
Prepaid expenses	20075
Increase (decrease) in:	
Account payable	61880
Accrued vacation pay	6635
Deferred revenue	(8006)
Due to TMHCA	(87373)
Net Cash provided (used) by operating activities	<u>\$ 127347</u>

See accompanying notes to the financial statements.

TENNESSEE DISABILITY COALITION
NOTES TO THE FINANCIAL STATEMENTS

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follow:

1. Nature of Organization. The Tennessee Disability Coalition is a nonprofit corporation created to insure that persons with disabilities in Tennessee have comprehensive and appropriate services available to them and in close proximity to them.
2. Basis of Presentation. The Tennessee Disability 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 Corporation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets, based upon the existence or absence of donor-imposed restrictions. In addition, the Corporation reports information regarding contributions in accordance with SFAS No. 11, 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. The Tennessee Disability Coalition has received monies from donors for specific program activities. As of June 30, 2006, not all monies that have been received for these programs have been expended. These monies can and will be expended in the subsequent year. The total of these temporarily restricted net assets as of June 30, 2006 is \$ 102058. In prior years, the Tennessee Disability Coalition sold homes to qualified buyers in the HOPE3 home ownership program. Payments received toward these mortgages are permanently restricted for other HUD projects and until released for that purpose, the Tennessee Disability Coalition will have permanently restricted net assets. For the year ended June 30, 2006, the balance of permanently restricted net assets is \$ 90355, which is the total amount of second mortgages held by the Tennessee Disability Coalition.
3. Basis of Accounting. The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principle
4. Cash Equivalents. Cash equivalents consist of short-term, highly liquid investments which are readily convertible into cash within ninety days of purchase.
5. Revenue and Support. The Tennessee Disability Coalition receives much of its income from grants from the State of Tennessee Department of Finance and Administration, Division of Mental Retardation Services, the Tennessee Department of Health, Division of Health Services Administration, from the State of Tennessee, Department of Education, Division of Special Education, and from the Tennessee Department of Mental Health and Developmental Disabilities (TDMHDD), Division of Recovery Services. The Tennessee Disability Coalition also receives grant monies from the U.S. Department of Health and Human Services and from the Social Security Administration. The Corporation records income from these grants in the period that the applicable expenditures are incurred.

TENNESSEE DISABILITY COALITION
NOTES TO THE FINANCIAL STATEMENTS (continued)

6. 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.
7. 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, presently five to ten 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. Equipment totaling \$ 1000 was purchased during the year ended June 30, 2007. In addition, a building was purchased during the year. More information is disclosed in Note F.
8. Donated Services. Unpaid volunteers make contributions of time in various administrative, fund-raising, 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.
9. 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.
10. 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.
11. Income Taxes. The Tennessee Disability Coalition is exempt from federal income taxes under Section 501 (c) (3) of the Internal Revenue Code and therefore no provision has been made for federal income taxes in the accompanying financial statements.
12. Pension Plan. The Tennessee Disability Coalition maintains a 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 contribute themselves to the plan. The costs of this employee benefit plan are charged to expense and total \$ 22122 for the year ended June 30, 2007.

NOTE B - GRANTS RECEIVABLE (GOVERNMENT):

The Tennessee Disability Coalition is due grant monies from State and Federal agencies for the following programs:

<u>Agency</u>	<u>Program Activity</u>	<u>Amount</u>
U.S. Department of Health and Human Services	Health Care Information / Education for Families of Children with Special Needs	\$ 56143
State of Tennessee - Department of Health	Newborn Hearing	21668
	Traumatic Brain Injury	25663

TENNESSEE DISABILITY COALITION
NOTES TO THE FINANCIAL STATEMENTS (continued)

<u>Agency</u>	<u>Program Activity</u>	<u>Amount</u>
State of Tennessee - Division of Mental Retardation Services	Advocacy	193210
Tennessee Mental Health & Developmental Disabilities	Consumer Family Support Peer Support Center	85205
State of Tennessee Department of Education	Special Education Improvement	6462
Social Security Administration	Benefits To Work	<u>55298</u>
	Total	<u>\$ 443649</u>

NOTE C - GRANTS RECEIVABLE (OTHER):

The Tennessee Disability Coalition is due monies from Syracuse University in the amount of \$ 1667 ADA expenditures incurred in the year ended June 30, 2007.

NOTE D - ACCOUNTS RECEIVABLE:

The Tennessee Disability Coalition is due monies from other agencies that share office space and office services with the Coalition (\$11942), as well as monies due from employees (\$3859). These agencies include the Autism Society of Middle Tennessee, Brain Injury Association of Tennessee, Center for Independent Living, Community Shares of Tennessee, the Tennessee Mental Health Consumer Association and Support and Training for Exceptional Parents. In addition, monies are due from TMHCA-Corporate for program expenditures not reimbursed by the TMHCA grant (\$24088). Accounts receivable total \$ 39889 for the year ended June 30, 2007.

NOTE E - MORTGAGES RECEIVABLE:

In prior years, the Tennessee Disability Coalition sold homes to qualified buyers in the Hope3 home ownership program. The Coalition holds the second mortgages at a zero interest rate to the buyers. Payments received toward these mortgages are permanently restricted for other HUD projects, and it is the intent of the Coalition to remit these monies to HUD as they are collected.

NOTE F - BUILDING AND MORTGAGE PAYABLE:

On November 21, 2006, the Tennessee Disability Coalition purchased an office building. Building space is shared with other member of the Cooperative, as mentioned in Note D. Renovations had to be made to the building before the Tennessee Disability Coalition could move in. Total building costs amounted to \$ 887205. To purchase the building, the Tennessee Disability Coalition secured a fifteen year mortgage payable at 7.700% per annum. Monthly payments are \$ 6381 and began on November 21, 2006. The mortgage is scheduled to be paid off on November 21, 2021. The outstanding balance of the note as of

TENNESSEE DISABILITY COALITION
NOTES TO THE FINANCIAL STATEMENTS (continued)

June 30, 2007 was \$ 665894, of which \$ 25766 will be paid off in the next fiscal year ended June 30, 2008 and the remaining balance of \$ 640128 will be paid in years subsequent to that year.

NOTE G – ALLOCATION OF MARRIAGE LICENSE FEES:

Effective July 1, 2002, the Tennessee Disability Coalition was to receive a portion of the marriage license fees collected by the State of Tennessee. For the year ended June 30, 2007, the Corporation received \$ 690478.

NOTE H – 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 of the State agency may require that the funds already expended be refunded back to the State. 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, 2007 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 Corporation has accommodated the objective of the organization to the provisions of the grant.

NOTE I – COMMITMENTS:

The Tennessee Disability Coalition leased office space in Nashville, Memphis and Knoxville. Annual lease payment totaled \$ 118929 for the year ended June 30, 2007. As mentioned in Note F, the Tennessee Disability Coalition purchased a building and will no longer be involved in a long term leasing arrangement for the Nashville office. The leases for the other offices vary in length of duration. Office equipment is leased under various term agreements, but no lease is considered a capital lease under FASB Statement 13. Future minimum rental payments for leases with initial lease terms exceeding one year for each of the next five years are:

<u>Year Ended</u>	<u>Amount</u>
June 30, 2008	67467
June 30, 2009	67467
June 30, 2010	67467
June 30, 2011	67467
June 30, 2012	<u>67467</u>
Total	<u>\$ 337335</u>

TENNESSEE DISABILITY COALITION
NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE K CONCENTRATION OF CREDIT RISK:

Financial instruments that potentially subject the Corporation 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 Corporation 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 Corporation'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.