

WILLIAMSON COUNTY YOUTH, INC.

FINANCIAL STATEMENTS

JUNE 30, 2008 AND 2007

(With Independent Auditors' Report Thereon)

FARMER & ASSOCIATES, PLLC

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Independent Auditors' Report

To the Board of Directors
Williamson County Youth, Inc.

We have audited the accompanying comparative statement of financial position of Williamson County Youth, Inc. as of June 30, 2008 and 2007 and the related comparative statements of activities, changes in net assets, 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. 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of Williamson County Youth, Inc. as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Farmer & Associates, PLLC

September 01, 2008
Franklin, Tennessee

WILLIAMSON COUNTY YOUTH, INC.

COMPARATIVE STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2008 AND 2007

ASSETS	2008	2007
CURRENT ASSETS		
Cash and cash equivalents	\$ 126,545	\$ 121,354
Unconditional promises to give	60,250	62,000
Contracts receivables	76,961	24,144
Total Current Assets	263,756	207,498
Restricted cash	52,680	5,804
PROPERTY AND EQUIPMENT		
Land	80,000	80,000
Building and improvements	220,169	220,169
Furniture and equipment	80,461	46,333
Vehicles	34,156	34,156
	414,786	380,658
Less accumulated depreciation	120,141	104,548
Total Property and Equipment	294,645	276,110
Total Assets	\$ 611,081	\$ 489,412
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Mortgage payable - current portion	\$ 1,969	\$ 1,800
Accounts payable	5,898	6,086
Accrued expenses	9,686	4,571
Total Current Liabilities	17,553	12,457
Mortgage payable - long term portion	143,447	145,427
Total liabilities	161,000	157,884
NET ASSETS		
Unrestricted	390,081	234,853
Temporarily restricted	60,000	96,675
Total Net Assets	450,081	331,528
Total Liabilities and Net Assets	\$ 611,081	\$ 489,412

See notes to financial statements.

WILLIAMSON COUNTY YOUTH, INC.

COMPARATIVE STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
Changes in Unrestricted Net Assets		
Support and Revenue		
Reimbursement	\$331,601	\$149,906
Contributions	171,880	192,437
Interest and other	7,230	13,751
Net assets released from restriction	177,174	61,985
Total Support and Revenue	<u>687,884</u>	<u>418,078</u>
Expense		
My Friends House	242,267	311,869
Evening Diversion	67,824	-
Administrative	169,020	86,978
Fundraising	56,894	75,974
	<u>536,006</u>	<u>474,821</u>
Increase (Decrease) in Unrestricted Net Assets	<u>151,878</u>	<u>(56,742)</u>
Change in Temporarily Restricted Net Assets		
Contributions	143,849	105,660
Net assets released from temporary restrictions	177,174	61,985
Total increase (decrease) in temporarily restricted assets	<u>(33,325)</u>	<u>43,675</u>
Total Increase (Decrease) in Net Assets	118,553	(13,067)
Net assets, beginning of year	331,528	344,595
Net assets, end of year	<u>450,081</u>	<u>331,528</u>

See notes to financial statements.

Williamson County Youth, Inc.

Comparative Statements of Functional Expense

For the Years Ended June 30, 2008 and 2007

	2008		2007		Total			
	Program Services MFH	Program Services Evening Division	Management and General	Fund Raising		Program Services	Management and General	Fund Raising
Payroll and payroll taxes	158,575	38,612	103,737	15,838	316,763	26,857	12,208	244,154
Employee benefits	24,767	3,526	3,705	1,681	33,679	2,328	1,058	21,160
Insurance	5,801	5,801	1,520	681	13,813	1,345	611	12,225
Office supplies and expense	-	-	10,014	-	10,014	15,799	-	15,799
Rental, repairs and maintenance	6,274	758	5,130	-	12,162	-	-	24,678
Telephone and utilities	7,691	2,778	4,053	-	14,533	3,482	-	12,436
Food and supplies	16,488	7,660	-	-	24,147	-	-	18,572
Child expense	11,757	2,249	-	-	14,007	17,990	-	17,990
Vehicle expense	-	-	6,941	-	6,941	4,890	-	4,890
Depreciation	-	-	16,896	-	16,896	14,502	-	14,502
Professional fees	5,232	6,215	6,577	-	18,024	6,677	-	6,677
Fundraising	-	-	-	38,684	38,684	-	61,866	61,866
Interest	-	-	9,690	-	9,690	10,589	-	10,589
Travel and mileage	4,286	104	-	-	4,390	3,591	-	3,591
Training and conferences	1,396	120	-	-	1,516	1,068	-	1,068
Miscellaneous	-	-	747	-	747	509	231	4,624
	\$ 242,267	\$ 67,824	169,020	56,894	536,006	86,978	75,974	474,821

See notes to financial statements.

WILLIAMSON COUNTY YOUTH, INC.

COMPARATIVE STATEMENTS OF CASH FLOW

FOR THE YEARS ENDED JUNE 30, 2008 AND 2007

	2008	2007
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ 118,553	\$ (13,067)
Adjustments to reconcile increase (decrease) in net assets to cash provided (used) by operating activities:		
In-Kind (non-cash) contributions of fixed assets	(23,880)	-
Depreciation	16,896	14,502
(Increase) decrease in contract receivable	(52,817)	635
(Increase) decrease in unconditional promises to give	1,750	(7,000)
Increase (decrease) in accounts payable	(188)	(8)
Increase (decrease) in other accrued liabilities	5,115	4,571
Total adjustments	(53,125)	12,701
Net Cash Provided (Used) by Operating Activities	65,429	(367)
Cash Flows From Investing Activities		
Acquisition of plant, property, and equipment	(11,551)	(13,188)
Net Cash Used by Investing Activities	(11,551)	(13,188)
Cash Flows From Financing Activities		
Borrowings	-	-
Payments of mortgage payable	(1,811)	(1,870)
Net Cash Provided (Used) by Financing Activities	(1,811)	(1,870)
Increase (decrease) in cash	52,067	(15,425)
Cash, beginning of year	127,158	142,583
Cash, end of year	\$ 179,225	\$ 127,158
Supplemental disclosures:		
Cash paid for interest	\$ 9,690	\$ 10,590

See notes to financial statements.

WILLIAMSON COUNTY YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND NATURE OF BUSINESS

Williamson County Youth, Inc., a Tennessee not-for-profit corporation (the "Organization"), was organized to assist the youth of Williamson County, Tennessee by providing emergency shelter, food, clothing, counseling and other necessities. The Organization's primary source of revenue is a level two residential services contract; during the fiscal year ended June 30, 2008 there were three child care provider agencies referring children. Under the terms of the contract, the amount of funding received by the Organization is determined based on a daily cost rate per client served. Other sources of revenue include United Way allocations and donor contributions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of Williamson County Youth, Inc. have been prepared on the accrual basis of accounting. The financial statements reflect unrestricted, temporarily restricted, and permanently restricted net assets and activities. Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board-designated amounts for improvement of property at 630 Eastview Dr. of \$87,000 as of June 30, 2008 and 2007, are reported as part of the unrestricted class. The Organization had no permanently restricted net assets at June 30, 2008 and 2007.

Concentration of Credit Risk

All of the Organization's cash is held in one financial institution. The Federal Deposit Insurance Corporation (FDIC) insures aggregate deposits up to \$100,000 per bank per depositor. At June 30, 2008 and 2007 deposits exceeded this limit by approximately \$79,000 and \$27,000 respectively. Typically, approximately forty to fifty percent of the Organization's revenue, (100% of its service fee revenue), is attributable to one source.

Use of Estimates

The preparation of 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.

Promises to Give

Unconditional promises to give are recognized as revenues in the period in which the promises are made. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization recognized unconditional promises to give of approximately \$60,000 in 2008 and \$62,000 in 2007. Promises to give are recorded at their net realizable value and are expected to be collected in less than one year.

WILLIAMSON COUNTY YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contracts Receivable

The Organization's management considers the contract receivable from the Middle Tennessee Collaborative to be fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary. The Organization's policy regarding delinquent receivables is based on the age of the receivable and is charged off when management determines it to be uncollectible.

Property and Equipment

Property and equipment are reported at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Property and equipment are depreciated principally using the straight-line method over their estimated useful lives ranging from five years for furniture and equipment and thirty-one to thirty-nine years for building property and additions.

Long-lived Assets

The Organization periodically reviews the values assigned to long-lived assets to determine if any impairments are other than temporary. Management believes that the long-lived assets in the accompanying statements of financial position are appropriately valued.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor stipulations that limit the use of the donated assets either on a temporary or permanent basis. When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support as unrestricted. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Functional Expense Allocation

The costs of providing various program and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Taxes

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

WILLIAMSON COUNTY YOUTH, INC.
NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain amounts for the prior year presentation have been reclassified to conform to the current year's presentation.

Cash and Cash Equivalents:

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

Contributed Services

During the years ended June 30, 2008 and 2007, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization at the program facilities, but these services do not meet the criteria for recognition as contributed services. The Organization receives more than 3,000 volunteer hours per year.

3. TEMPORARY RESTRICTIONS ON NET ASSETS

Net assets temporarily restricted relate to United Way allocations receivable during the next fiscal year, and contributions received for building repairs and maintenance. Temporarily restricted net assets are available for the following purposes as of June 30:

	<u>2008</u>	<u>2007</u>
For subsequent periods	\$ 60,000	\$ 55,000
For specific purpose	<u>-</u>	<u>41,675</u>
	<u>\$ 60,000</u>	<u>\$ 96,675</u>

4. LINE OF CREDIT

The Organization has an unused line of credit arrangement with a bank with a facility of \$50,000. Borrowings under the line bear interest at the bank's prime lending rate plus 1% and are secured by a deed of trust on certain real estate. The line of credit expired in 2008.

WILLIAMSON COUNTY YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS

5. MORTGAGE PAYABLE

The Organization has a mortgage payable to Green Bank of \$145,416 and \$147,227 as of June 30, 2008 and 2007 respectively payable in monthly installments of \$958 including interest at 6.5%. The final payment is due December 2035. The house at 626 Eastview Dr., Franklin, TN collateralizes the mortgage.

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

2009	1,969
2010	2,081
2011	2,223
2012	2,348
2013 and thereafter	136,795