

**WILLIAMSON COUNTY YOUTH, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2006 AND 2005**

**(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, 2006 and 2005 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, 2006 and 2005, 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*

**December 14, 2006  
Franklin, Tennessee**

Williamson County Youth, Inc.  
Statement of Financial Position  
June 30, 2006 and 2005

	2006	2005
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$142,583	\$73,477
Unconditional promises to give	55,000	55,000
Contracts receivables	24,779	24,408
Total Current Assets	222,363	152,884
<b>PROPERTY AND EQUIPMENT</b>		
Land	80,000	20,000
Building and improvements	220,169	143,428
Furniture and equipment	33,145	17,887
Vehicles	34,156	34,156
	367,470	215,471
Less accumulated depreciation	90,046	87,063
Total Property and Equipment	277,424	128,408
<b>Total Assets</b>	<b>\$499,787</b>	<b>\$281,292</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Mortgage payable	\$149,098	\$0
Accounts payable	6,094	3,153
Accrued expenses	0	3,245
Total Current Liabilities	155,192	6,397
<b>NET ASSETS</b>		
Unrestricted	284,595	219,894
Temporarily restricted	60,000	55,000
Total Net Assets	344,595	274,894
<b>Total Liabilities and Net Assets</b>	<b>\$499,787</b>	<b>\$281,292</b>

See notes to financial statements

Williamson County Youth, Inc.  
Statement of Activities  
For the Periods Ended June 30, 2006 and 2005

	2006	2005
<b>Changes in unrestricted net assets:</b>		
Support and revenue		
Reimbursement contract	\$168,233	\$147,440
Contributions	230,101	167,263
Interest and other	5,132	6,647
Net assets released from temporary restrictions	55,000	112,118
Total support and revenue	458,466	433,467
<b>Expenses:</b>		
Payroll and payroll taxes	213,259	177,588
Employee benefits	18,224	9,064
Insurance	11,193	14,678
Office supplies and expenses	5,852	6,573
Repairs and maintenance	21,575	4,957
Telephone and utilities	13,431	10,471
Food and supplies	24,398	15,434
Child expense	4,742	9,612
Vehicle expense	4,676	3,123
Depreciation	11,256	8,883
Professional fees	15,097	11,791
Benevolent distributions	14,630	31,825
Fundraising	33,867	24,750
Travel and milage	3,406	1,958
Interest	5,205	281
Miscellaneous	1,392	2,895
Total expenses	402,203	333,883
Decrease in unrestricted net assets	56,263	99,585
<b>Changes in temporarily restricted net assets</b>		
Contributions	60,000	61,000
Net assets released from temporary restrictions	55,000	112,118
Increase (decrease) in temporarily restricted net assets	5,000	(51,118)
<b>Total increase (decrease) in net assets</b>	<b>\$61,263</b>	<b>\$48,467</b>

See notes to financial statements

Williamson County Youth, Inc.  
Statement of Increase in Net Assets  
For the Periods Ended June 30, 2006 and 2005

Net assets, beginning of year	\$283,332	
Net assets, as previously reported		\$226,428
Adjustment for overstatement of accumulated depreciation in prior period		<u>8,438</u>
Net assets, beginning of year, as restated		234,866
Total increase in net assets	<u>61,263</u>	<u>48,467</u>
Net assets, end of year	<u>\$344,595</u>	<u>\$283,332</u>

See notes to financial statements

Williamson County Youth, Inc.

Comparative Statements of Functional Expense

For the Years Ended June 30, 2006 and 2005

	20 06			20 05		
	Program Services	Management and General	Fund Raising	Program Services	Management and General	Fund Raising
			Total			Total
Payroll and payroll taxes	\$ 153,429	49,050	10,780	\$ 131,415	35,518	10,655
Employee benefits	12,757	4,192	1,276	6,707	1,813	544
Insurance	7,835	2,574	783	10,862	2,936	881
Office supplies and expense	3,007	2,362	483	3,386	3,004	183
Repairs and maintenance	21,575	-	-	4,957	-	-
Telephone and utilities	13,431	-	-	7,748	2,094	628
Food and supplies	24,398	-	-	15,434	-	-
Child expense	4,742	-	-	9,612	-	-
Vehicle expense	4,676	-	-	3,123	-	-
Depreciation	11,256	-	-	8,883	-	-
Professional fees	810	14,287	-	-	11,791	-
Benevolent distributions	14,630	-	-	31,825	-	-
Fundraising	-	-	33,867	-	-	24,750
Interest	-	5,205	-	1,958	281	-
Travel and mileage	3,406	-	-	1,960	-	-
Miscellaneous	589	803	-	-	793	142
	\$ 276,541	78,473	47,189	\$ 237,870	58,230	37,783
			\$ 402,203			\$ 333,883

See notes to financial statements.

Williamson County Youth, Inc.  
 Statements of Cash Flows  
 For the Year Ended June 30, 2006 and 2005

	2006	2005
<b>Cash Flows From Operating Activities</b>		
Increase (decrease) in net assets	61,263	48,467
Adjustments to reconcile increase (decrease) in net assets to cash provided (used) by operating activities:		
In-kind contribution, (non-cash) of fixed assets	(9,635)	
Depreciation	11,256	8,883
(Increase) decrease in contract receivable	(372)	(14,638)
(Increase) decrease in unconditional promises to give	-	878
Increase (decrease) in accounts payable	2,941	(5,775)
Increase (decrease) in other accrued liabilities	(3,245)	(147)
Total adjustments	946	(10,799)
Net Cash Provided by Operating Activities	62,208	37,667
<b>Cash Flows From Investing Activities</b>		
Acquisition of plant , property and equipment	(142,200)	(36,085)
Net Cash Used by Investing Activities	(142,200)	(36,085)
<b>Cash Flows From Financing Activities</b>		
Borrowings	149,098	
Payments under line of credit arrangement	-	(19,136)
Net Cash Provided Used by Financing Activities	149,098	(19,136)
Increase in cash	69,107	(17,553)
Cash, beginning of year	73,477	91,030
Cash, end of year	\$142,583	73,477
<b>Supplemental disclosures:</b>		
Cash paid for interest	\$5,205	281

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 one residential services contract with Wilson County Youth Ranch. 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 or appropriated amounts, are reported as part of the unrestricted class. The Organization had no permanently restricted net assets at June 30, 2006 and 2005.

##### 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 \$55,000 in 2006 and 2005, respectively. Promises to give are recorded at their net realizable value and are expected to be collected in less than one year.

##### Contracts Receivable

The Organization's management considers the contract receivable from Wilson County Youth Ranch to be fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary.



WILLIAMSON COUNTY YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Reclassifications

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

**WILLIAMSON COUNTY YOUTH, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents:**

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

**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>2006</u>	<u>2005</u>
For subsequent periods	\$ 55,000	\$ 55,000
For specific purpose	5,000	-
	<u>\$ 60,000</u>	<u>\$ 55,000</u>

**4. LINE OF CREDIT**

The Organization has an unused \$50,000 line of credit arrangement with a bank. 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.

**5. MORTGAGE PAYABLE**

The Organization has a mortgage payable to Cumberland Bank as of June 30, 2006 of \$149,334 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:

2007	\$ 1,741
2008	1,780
2009	1,969
2010	2,081
2011 and thereafter	141,793

**WILLIAMSON COUNTY YOUTH, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**6. PRIOR PERIOD ADJUSTMENT**

**Net assets at the beginning of 2005 have been adjusted. This adjustment resulted from a correction of accumulated depreciation that relates to a prior period. The error had no effect on the increase of net assets for 2006 and 2005.**