

WILLIAMSON COUNTY YOUTH, INC.

FINANCIAL STATEMENTS

JUNE 30, 2007 AND 2006

(With Independent Auditors' Report Thereon)

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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, 2007 and 2006 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, 2007 and 2006, 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

January 09, 2008
Franklin, Tennessee

WILLIAMSON COUNTY YOUTH, INC.
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2007 AND 2006

	2007	2006
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 121,354	\$ 142,583
Unconditional promises to give	62,000	55,000
Contracts receivables	24,144	24,779
	207,498	222,363
Total Current Assets		
Restricted cash	5,804	-
	207,498	222,363
PROPERTY AND EQUIPMENT		
Land	80,000	80,000
Building and improvements	220,169	220,169
Furniture and equipment	46,333	33,145
Vehicles	34,156	34,156
	380,658	367,470
Less accumulated depreciation	104,548	90,046
	276,110	277,424
Total Property and Equipment		
	276,110	277,424
Total Assets	\$ 489,412	\$ 499,787
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Mortgage payable - current portion	\$ 1,800	\$ 1,741
Accounts payable	6,086	6,094
Accrued expenses	4,571	-
	12,457	7,835
Total Current Liabilities		
Mortgage payable - long term portion	145,427	147,357
	145,427	147,357
Total liabilities		
	157,884	155,192
NET ASSETS		
Unrestricted	234,853	284,595
Temporarily restricted	96,675	60,000
	331,528	344,595
Total Net Assets		
	331,528	344,595
Total Liabilities and Net Assets	\$ 489,412	\$ 499,787

See notes to financial statements.

WILLIAMSON COUNTY YOUTH, INC.
COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Changes in unrestricted net assets:		
Support and revenue		
Reimbursement contract	\$ 147,076	\$ 158,553
Contributions	195,267	239,781
Interest and other	13,751	5,132
Net assets released from temporary restrictions	61,985	55,000
Total support and revenue	<u>418,078</u>	<u>458,466</u>
Expenses:		
Payroll and payroll taxes	244,154	213,259
Employee benefits	21,159	18,224
Insurance	12,225	11,193
Office supplies and expenses	9,975	4,929
Repairs and maintenance	26,704	23,016
Telephone and utilities	12,436	13,431
Food and supplies	18,572	24,398
Child expense	17,990	19,372
Vehicle expense	4,890	4,676
Depreciation	14,502	11,256
Professional fees	6,677	15,097
Fundraising	61,866	33,867
Travel and milage	3,591	3,406
Training and conferences	1,068	450
Interest	10,590	5,205
Miscellaneous	8,421	424
Total expenses	<u>474,821</u>	<u>402,203</u>
Increase (decrease) in unrestricted net assets	<u>(56,742)</u>	<u>56,263</u>
Changes in temporarily restricted net assets		
Contributions	105,660	60,000
Net assets released from temporary restrictions	61,985	55,000
Increase in temporarily restricted net assets	<u>43,675</u>	<u>5,000</u>
Total increase (decrease) in net assets	(13,067)	61,263
Net assets, beginning of year	<u>344,595</u>	<u>283,332</u>
Net assets, end of year	<u>\$ 331,528</u>	<u>\$ 344,595</u>

See notes to financial statements.

Williamson County Youth, Inc.

Comparative Statements of Functional Expense

For the Years Ended June 30, 2007 and 2006

	2007				2006			
	Program Services	Management and General	Fund Raising	Total	Program Services	Management and General	Fund Raising	Total
Payroll and payroll taxes	\$ 205,089	26,857	12,208	244,154	\$ 153,429	49,050	10,780	213,259
Employee benefits	17,774	2,328	1,058	21,159	12,757	4,192	1,276	18,225
Insurance	10,269	1,345	611	12,225	7,835	2,574	784	11,193
Office supplies and expense	8,379	1,097	499	9,975	4,713	1,465	191	6,369
Rental, repairs and maintenance	26,704	-	-	26,704	21,575	-	-	21,575
Telephone and utilities	10,445	1,369	622	12,436	9,939	3,089	403	13,431
Food and supplies	18,572	-	-	18,572	24,398	-	-	24,398
Child expense	17,990	-	-	17,990	19,372	-	-	19,372
Vehicle expense	4,890	-	-	4,890	4,676	-	-	4,676
Depreciation	12,182	1,595	725	14,502	8,329	2,589	338	11,256
Professional fees	-	6,677	-	6,677	810	14,287	-	15,097
Fundraising	-	-	61,866	61,866	-	-	33,867	33,867
Interest	8,895	1,165	529	10,590	-	5,205	-	5,205
Travel and mileage	3,591	-	-	3,591	3,406	-	-	3,406
Training and conferences	1,068	-	-	1,068	450	-	-	450
Miscellaneous	3,884	4,306	231	8,421	314	98	12	424
	<u>\$ 349,733</u>	<u>46,738</u>	<u>78,349</u>	<u>474,821</u>	<u>\$ 272,003</u>	<u>82,549</u>	<u>47,651</u>	<u>402,203</u>

See notes to financial statements.

WILLIAMSON COUNTY YOUTH, INC.

COMPARATIVE STATEMENTS OF CASH FLOW

FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007	2006
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (13,067)	61,263
Adjustments to reconcile increase (decrease) in net assets to cash provided (used) by operating activities:		
In-Kind (non-cash) contributions of fixed assets	-	(9,635)
Depreciation	14,502	11,256
(Increase) decrease in contract receivable	635	(372)
(Increase) decrease in unconditional promises to give	(7,000)	-
Increase (decrease) in accounts payable	(8)	2,941
Increase (decrease) in other accrued liabilities	4,571	(3,245)
Total adjustments	12,701	946
Net Cash Provided (Used) by Operating Activities	(367)	62,208
Cash Flows From Investing Activities		
Acquisition of plant, property, and equipment	(13,188)	(142,200)
Net Cash Used by Investing Activities	(13,188)	(142,200)
Cash Flows From Financing Activities		
Borrowings	-	149,098
Payments of mortgage payable	(1,870)	-
Net Cash Provided (Used) by Financing Activities	(1,870)	149,098
Increase (decrease) in cash	(15,425)	69,106
Cash, beginning of year	142,583	73,477
Cash, end of year	\$ 127,158	142,583
Supplemental disclosures:		
Cash paid for interest	\$ 10,590	5,205

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, 2007 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, 2007, are reported as part of the unrestricted class. The Organization had no permanently restricted net assets at June 30, 2007 and 2006.

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, 2007 Deposits exceeded this limit by approximately \$27,000 and \$42,000 at June 30, 2007 and 2006 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 \$62,000 in 2007 and \$55,000 in 2006. 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, 2007 and 2006, 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>2007</u>	<u>2006</u>
For subsequent periods	\$ 55,000	\$ 55,000
For specific purpose	<u>41,675</u>	<u>5,000</u>
	<u>\$ 96,675</u>	<u>\$ 60,000</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.

WILLIAMSON COUNTY YOUTH, INC.

NOTES TO FINANCIAL STATEMENTS

5. MORTGAGE PAYABLE

The Organization has a mortgage payable to Cumberland Bank of \$147,227 and \$149,334 as of June 30, 2007 and 2006 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:

2008	1,800
2009	1,969
2010	2,081
2011	2,223
2012 and thereafter	139,154