

**NASHVILLE DRUG COURT SUPPORT  
FOUNDATION, INC.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2019 AND 2018**

**(With Independent Auditor's Report Thereon)**

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Nashville Drug Court Support Foundation, Inc.  
Nashville, Tennessee

### **Report on the Financial Statements**

I have audited the accompanying financial statements of Nashville Drug Court Support Foundation, Inc. which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of changes in net assets and functional expense, and cash flows for the years then ended and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### ***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nashville Drug Court Support Foundation, Inc. as of December 31, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal and state awards and the Roster of Board and Management as required by Audits of States, Local Governments, and Non-Profit Organizations is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated June 19, 2019 on my consideration of Nashville Drug Court Support Foundation, Inc.'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 solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nashville Drug Court Support Foundation, Inc.'s internal control over financial reporting and compliance.

Franklin, Tennessee  
July 29, 2020

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**NASHVILLE DRUG COURT SUPPORT FOUNDATION, INC**  
**COMPARATIVE STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019 AND 2018**

<b>ASSETS</b>	<b>2019</b>	<b>2018</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 547,028	\$ 568,842
Accounts receivable	95,323	120,810
<b>Total Current Assets</b>	<b>642,351</b>	<b>689,652</b>
<b>PROPERTY AND EQUIPMENT</b>		
Building	179,703	179,703
Machinery and equipment	83,898	83,898
Vehicles	46,265	46,265
Less accumulated depreciation	194,883	185,240
<b>Total Property and Equipment</b>	<b>114,983</b>	<b>124,626</b>
<b>Total Assets</b>	<b>\$ 757,334</b>	<b>\$ 814,278</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 1,039	\$ 1,038
Accrued expense	39,077	21,031
Deferred revenue	-	-
Line of credit	37,000	45,000
Current portion of mortgage payable	7,171	7,939
<b>Total current liabilities</b>	<b>84,287</b>	<b>75,009</b>
Long term liabilities - mortgage payable	-	6,824
<b>Total Liabilities</b>	<b>84,287</b>	<b>81,833</b>
<b>NET ASSETS</b>		
Without donar restrictions	673,047	732,445
<b>Total Net Assets</b>	<b>673,047</b>	<b>732,445</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 757,334</b>	<b>\$ 814,278</b>

See notes to financial statements.

**NASHVILLE DRUG COURT SUPPORT FOUNDATION, INC.**  
**COMPARATIVE STATEMENTS OF CHANGES IN NET ASSETS AND FUNCTIONAL EXPENSE**  
**YEARS ENDED DECEMBER 31, 2019 AND 2018**

**CHANGES IN UNRESTRICTED NET ASSETS**

	<b>2019</b>	<b>2018</b>
Support and revenue		
Grants and contracts	\$ 1,447,337	\$ 1,573,030
Contributions	37,078	19,802
Other income	66	54
Total Support and Revenue	<u>1,484,481</u>	<u>1,592,886</u>
<b>FUNCTIONAL EXPENSE</b>		
Program Expense		
Payroll	558,091	512,054
Payroll tax	48,468	47,557
Contract labor and professional fees	299,125	343,046
Depreciation	9,643	12,421
Education	9,928	12,045
Medical	22,545	33,258
Drug testing	2,491	6,978
Vocational rehabilitation	41,474	34,822
Specific Assistance to Residents	1,739	-
Environmental	16,703	19,124
Rent	14,100	13,800
Utilities	8,419	8,927
Food for residents	93,266	102,186
Resident incentive	19,951	16,422
Miscellaneous	11,640	12,990
Total Program Expense	<u>1,157,585</u>	<u>1,175,630</u>
Management and general expense		
Bank Service charge	246	8
Background checks	332	618
Licenses and permits	410	-
Dues and subscriptions	250	275
Postage and delivery	2,980	594
Office supplies	17,538	16,734
Interest	3,415	4,430
Employee payroll, workerscompensation and SUI benefits	125,047	127,748
Insurance	30,783	27,161
Printing and reproduction	395	262
Payroll	139,523	128,013
Payroll tax	12,117	11,889
Professional fees	12,195	-
Telephone	16,730	17,373
Travel	21,052	23,609
Total management and general expense	<u>383,012</u>	<u>358,715</u>
Fundraising expense	<u>3,283</u>	<u>3,276</u>
Total expense	<u>1,543,879</u>	<u>1,537,622</u>
Increase (decrease) in unrestricted net assets	(59,398)	55,264
Net assets at beginning of year	732,445	677,181
Net assets at end of year	<u>\$ 673,047</u>	<u>732,445</u>

See notes to financial statements.

**NASHVILLE DRUG COURT SUPPORT FOUNDATION, INC**  
**COMPARATIVE STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<b>2019</b>	<b>2018</b>
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (59,398)	55,264
Adjustments to reconcile increase (decrease) in net assets to cash provided (used) by operating activities:		
Depreciation	9,643	12,421
(Increase) decrease in accounts receivable	25,487	4,033
Increase (decrease) in deferred revenue	-	(27,500)
Increase (decrease) in accounts payable	1	(5,894)
Increase (decrease) in accrued liabilities	18,046	(16,740)
Total adjustments	53,177	(33,680)
Net Cash Provided (Used) by Operating Activities	(6,221)	21,584
Cash Flows From Investing Activities		
Acquisition of plant, property, and equipment	-	
Net Cash Used by Investing Activities	-	
Cash Flows From Financing Activities - Net	(15,593)	(20,986)
Net Cash Provided by Financing Activities	(15,593)	(20,986)
Increase (decrease) in cash	(21,814)	598
Cash, beginning of year	568,842	568,244
Cash, end of year	\$ 547,029	568,842
Supplemental disclosures:		
Cash paid for interest	\$ 3,415	

See notes to the Financial Statements

NASHVILLE DRUG COURT SUPPORT FOUNDATION, INC  
SCHEDULE OF FEDERAL AND STATE AWARDS  
YEAR ENDED DECEMBER 31, 2019

Grantor / Program Title	Federal Award Number	Edison ID	Federal Award Amount	State Award Amount	Balance 12/31/2018	(2) Receipts	Federal Disbursements Expenditures	State Disbursements Expenditures	Adjustments for Over / Under Payment	Total Expenditures	(1) Balance 12/31/2019
State of Tennessee											
Department of Mental Health and Substance Abuse Services		49826	-	860,000	71,558	917,543	-	927,713		927,713	81,728
Department of Mental Health and Substance Abuse Services	93,959		75,000	100,000	14,086	177,976	78,650	98,786		177,437	13,547
Alcohol and Drug Addiction Treatment (ADAT)		58040		120,000	23,166	55,885		32,767		32,767	48
Total					\$ 108,810	1,151,404	78,650	1,059,266		1,137,917	\$ 95,323

- (1) Balance owed NDCSF, Inc. as of June 30 2018.  
(2) Receipts do not include money earned for the fiscal year ended June 30, 2018 but not yet received, but do include write offs of amounts disallowed, if any.  
(3) This schedule is prepared on the accrual basis of accounting.



# **Nashville Drug Court Support Foundation, Inc.**

## **Notes to Financial Statements**

### **1. ORGANIZATION AND NATURE OF BUSINESS**

Nashville Drug Court Support Foundation, Inc. a Tennessee not-for-profit corporation (the "Organization"), was organized as a drug treatment program implemented through the Metro Nashville Davidson County Government to provide counseling and medical services to its participants in Metro Government's DC4 program and the Davidson County Mental Health Court

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **Basis of Presentation and Change in Accounting Principles**

The Organization has prepared its financial statements in accordance with US generally accepted accounting principles. The Organization has implemented ASU 2016-14 Financial Statements for Not For Profits. This ASU requires changes to net asset classifications and disclosures about the liquidity of assets among other requirements not applicable to the Organization. Net assets without donor restrictions for any purpose in performing the primary objectives of the Organization. Net assets with donor restrictions are subject to stipulations by the donor either temporarily or in perpetuity.

#### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles and the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

#### **Cash and Cash Equivalents**

The Organization considers all short-term, highly liquid investments with an original maturity date of three months or less to be cash equivalents. All are available for use in current operations.

#### **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 accelerated methods over their estimated useful lives.

#### **Reclassifications**

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

#### **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 statement of assets, liabilities, and net assets are appropriately valued.

**Revenue and Support** Nashville Drug Court Support Foundation receives most of its income, approximately 90%, from contract services and grants paid by the State of Tennessee Department of Finance and Administration. The Organization records income due from the State in the period that the applicable expenditures were incurred by the Organization.

**Nashville Drug Court Support Foundation, Inc.**  
**Notes to Financial Statements**

Contributions

Contributions received are recorded as donor restricted either temporarily or in perpetuity, or non-donor restricted support, available for use in the current period, depending on the existence and nature of any donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from donor restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as net assets without donor restrictions.

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.

Functional Allocation of Expenses

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

**3. DUE FROM THE STATE OF TENNESSEE:**

Nashville Drug Court Support Foundation, Inc. is due monies from the State of Tennessee Department of Finance and Administration for contract services performed. These receivables total \$95,323 and \$120,810 for the years ended December 31, 2019 and 2018 respectively. Due to the timing and nature of receivables it was deemed more effective to test them by verifying subsequent receipts than requesting balance confirmations. These are available for use in current operations

**4. MORTGAGE PAYABLE**

The Organization has a mortgage payable to Bank as of December 31, 2019 of \$7,171 payable in monthly installments of \$675 including interest at 5%. The final payment is due September 2020. The property at 4010 Red Rose Court Nashville, TN collateralizes the mortgage.

**5. COMMITMENTS**

The Organization leased office space for the year ended December 31, 2019 with total lease payments of \$14,100. Minimum monthly lease payments for the office were \$1,150 and the lease is renewable yearly thereafter. The Organization has a line of credit renewable yearly with a facility of \$45,000 and \$65,000 as of December, 31, 2019 and 2018 at a 5% rate of interest secured by property at 4010 Red Rose Court, Nashville, Tennessee.

**Nashville Drug Court Support Foundation, Inc.**  
**Notes to Financial Statements**

**6. 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 back to the State. These amounts can be "questioned" by the State for the specific grant to which they apply. The final 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 date.

**7. SUBSEQUENT EVENT**

Management has evaluated events and transactions subsequent to the statement of financial position date through the date of the auditor's report, (the date the financial statements were available to be issued), for potential recognition or disclosure in the financial statements. Management has not identified any items requiring disclosure.

**8. UNCERTAIN TAX POSITIONS**

The Organization follows the accounting guidance for uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by tax authorities. Such tax positions initially and subsequently need to be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts. The adoption of FASB ASC 740 did not have a material impact on the Corporation's financial statements. Corporation management has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits. The Corporation's evaluation was performed for tax years that remain subject to examination by major tax jurisdictions as of December 31, 2019.

**9. TAX STATUS**

The Organization, obtained its determination letter dated June 13, 2008 in which the Internal Revenue Service stated that the Corporation was in compliance with the applicable requirements of Internal Revenue Code Section 501 (c) 3. The Corporation has had no significant modifications of its programs since receiving the determination letter. Management believes that the Corporation is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and is exempt from federal income tax under IRC Section 501 (a).

## SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Independent Auditor's Report**

Board of Directors  
Nashville Drug Court Support Foundation, Inc.  
Nashville, Tennessee

I have audited, in accordance with the 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, the financial statements of Nashville Drug Court Support Foundation, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expense and cash flows for the years then ended, and the related notes to the financial statements, and have issued my report thereon dated July 29, 2020.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements of Nashville Drug Court Support Foundation, Inc., I considered internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

There were no prior findings reported.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Nashville Drug Court Support Foundation, Inc.'s financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Franklin, Tennessee  
July 29, 2020

**NASHVILLE DRUG COURT SUPPORT FOUNDATION, INC**  
**ROSTER OF BOARD AND MANAGEMENT**

Jeri Holladay Thomas, Executive Director  
Manuel Ben Russ, President  
Carol Etherington, Vice President/Treasurer  
Amanda Bracht, Secretary  
Audrey Pessoni, Board Member  
Tommy Malone, Board Member  
Xyreidria Ensley, Board Member

Name as Shown on Return

Nashville Drug Court Support Foundation, Inc

Identifying Number

62-1693413

**QuickZoom here to enter assets**

**QuickZoom** here to set MACRS convention for assets acquired in 2019

Activity: Form 990 - / Form 990EZ

[illegible]

\*Code: S = Sold, A = Auto, L = Listed, V = Vine with SDA in Year Planted/Grafted, C = COGS