

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

FINANCIAL STATEMENTS

DECEMBER 31, 2008 and 2007

(With Independent Auditors' Report Thereon)

Farmer & Associates, PLLC.

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Independent Auditor's Report

To the Board of Directors
Nashville Drug Court Support Foundation, Inc.

We have audited the accompanying statements of assets, liabilities, and net assets – modified cash basis of Nashville Drug Court Support, Inc. (a non-profit organization) as of December 31, 2008 and 2007 and the related statement of support, revenue and expenses – modified cash basis 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 audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. 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 audit provides a reasonable basis for our opinion.

As described in Note 2, this financial statement has been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Nashville Drug Court Support Foundation, Inc. as of December 31, 2008 and 2007, and its support, revenue, and expenses for the years then ended, on the basis of accounting described in Note 2.

Franklin, Tennessee
May 15, 2009

NASHVILLE DRUG COURT SUPPORT FOUNDATION, INC
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2008 AND 2007

ASSETS	2008	2007
CURRENT ASSETS		
Cash and cash equivalents	\$ 28,896	\$ 14,605
Total Current Assets	<u>28,896</u>	<u>14,605</u>
 PROPERTY AND EQUIPMENT		
Building	179,703	179,703
Machinery and equipment	58,785	58,785
Less accumulated depreciation	<u>69,840</u>	<u>58,264</u>
Total Property and Equipment	<u>168,648</u>	<u>180,224</u>
Total Assets	<u>\$ 197,544</u>	<u>\$ 194,829</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Mortgage payable including xxxx due within one year	\$ 63,286	\$ 66,123
NET ASSETS		
Unrestricted net assets	<u>134,258</u>	<u>128,706</u>
Total Net Assets	<u>134,258</u>	<u>128,706</u>
Total Liabilities and Net Assets	<u>\$ 197,544</u>	<u>\$ 194,829</u>

See notes to financial statements.

NASHVILLE DRUG COURT SUPPORT FOUNDATION, INC.
 STATEMENTS OF SUPPORT, REVENUE AND EXPENSE - MODIFIED CASH BASIS
 YEARS ENDED DECEMBER 31, 2008 and 2007

	2008	2007
CHANGES IN UNRESTRICTED NET ASSETS		
Support and revenue		
Grants and contracts	\$ 348,052	\$ 415,207
Contributions	41,860	31,169
Special events, net	19,225	18,040
Other income	69	138
	<u>409,207</u>	<u>464,554</u>
Program Expense		
Contract labor	78,480	39,969
Depreciation	11,576	11,590
Education	1,828	93,573
Medical	954	5,983
Treatment program - AHHAP	250	-
Printing and reproduction	828	275
Repairs and maintenance	50	1,550
Vocational rehabilitation	5,293	16,867
Travel	4,882	7,657
Rent	10,250	24,000
Utilities	7,438	3,334
Food for residents	2,734	20,442
Resident incentive	6,885	6,014
Miscellaneous	13,132	17,226
Total Program Expense	<u>144,580</u>	<u>248,479</u>
Management and general expense		
Bank Service charge	250	224
Contributions	600	1,200
Dues and subscriptions	315	365
Office supplies	5,194	12,330
Interest	5,198	5,412
Insurance	2,685	2,583
Payroll	152,659	150,332
Payroll tax	45,133	46,363
Professional fees	7,614	1,953
Telephone	8,278	12,017
Travel	8,958	8,783
Total management and general expense	<u>236,883</u>	<u>241,561</u>
Fundraising expense	22,190	9,774
Total expense	<u>403,654</u>	<u>499,814</u>
Increase (decrease) in unrestricted net assets	5,553	(35,260)
Net assets at beginning of year	128,706	163,966
Net assets at end of year	<u>\$ 134,258</u>	<u>\$ 128,706</u>

See notes to financial statements.

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. The Organization's primary source of support is a grant from the U.S. Department of Justice. The current grant period is from April 1, 2007 through March 31, 2009. The Organization's sole client is Metro Government's DC4 Program.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of Nashville Drug Court Support Foundation, Inc. have been prepared on the modified cash basis of accounting. Revenues are recognized and recorded when received and expenses are recognized and recorded when paid.

Use of Estimates

The preparation of financial statements in conformity with 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.

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.

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 as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

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

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.

3. MORTGAGE PAYABLE

The Organization has a mortgage payable to Bank as of December 31, 2008 of \$63,286 payable in monthly installments of \$670 including interest at 7.9%. The final payment of \$47,039 is due June 2013. The property at 4010 Red Rose Court Nashville, TN collateralizes the mortgage.

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

2009	3,164
2010	3,423
2011	3,703
2012	3,542
2012 and thereafter	49,454

4. COMMITMENTS

The Organization leased office space for the year ended December 31, 2008 with total lease payments of \$10,250. Minimum monthly lease payments for the office were \$750 through February 2009 renewable yearly thereafter.

Form 4562

Depreciation and Amortization Report

2007

Nashville Drug Court Support Foundation
Form 990 - All Assets

Tax Year 2008 - Projected

► Keep for your records

62-1693413

Asset Description	Code	Date in Service	Cost (net of land)	Land	Business Use %	Section 179	Special Depreciation Allowance	Depreciable Basis	Life	Method/Convention	Prior Depreciation	Current Depreciation	Accumulated Depreciation*
DEPRECIATION													
Form 990													
Gas Compressor		01/01/98	655		100.00			655	7.00	200DB/HY	655	0	655
Floor Buffers		01/01/98	2,051		100.00			2,051	7.00	200DB/HY	2,051	0	2,051
Exercise Equip		01/01/98	1,258		100.00			1,258	7.00	200DB/HY	1,258	0	1,258
Mower 72" Woods		04/20/98	1,550		100.00			1,550	7.00	200DB/HY	1,550	0	1,550
Lawnmowers		05/07/98	2,250		100.00			2,250	7.00	200DB/HY	2,250	0	2,250
Tractor & Mower		10/29/98	16,362		100.00			16,362	7.00	200DB/HY	16,362	0	16,362
Washers & Dryers		10/30/98	1,899		100.00			1,899	7.00	200DB/HY	1,899	0	1,899
Lawn Equip-Chilton Air		04/10/00	2,402		100.00			2,402	7.00	200DB/HY	2,402	0	2,402
Computer		03/16/01	1,989		100.00			1,989	5.00	200DB/HY	1,989	0	1,989
Welding Equip		10/22/02	925		100.00			925	7.00	200DB/HY	786	93	879
Washer & Dryer		12/03/02	666		100.00			666	7.00	200DB/HY	567	66	633
Voc Rehab Equip-Grizzly		12/10/02	542		100.00			542	7.00	200DB/HY	460	55	515
Chairs		05/28/03	1,540		100.00		770	770	7.00	200DB/HY	599	68	1,437
Auto Repair Tools		10/14/03	1,500		100.00		750	750	7.00	200DB/HY	583	67	1,400
Computer/Printer		01/09/04	806		100.00			806	5.00	200DB/HY	667	93	760
'04 Computers-Office		07/01/04	4,390		100.00			4,390	5.00	200DB/HY	3,632	505	4,137
'04 Office Furniture		07/01/04	1,785		100.00			1,785	7.00	200DB/HY	1,227	159	1,386
'04 Voc Rehab equip		08/01/04	6,466		100.00			6,466	7.00	200DB/HY	4,446	577	5,023
'06 Stove		02/01/06	998		100.00			998	5.00	200DB/HY	519	192	711
'06 Washer & Dryer		02/23/06	1,620		100.00			1,620	5.00	200DB/HY	842	311	1,153
'06 Washer & Dryer (Set2)		03/01/06	2,844		100.00			2,844	5.00	200DB/HY	1,479	546	2,025
'06 Freezer		03/01/06	620		100.00			620	5.00	200DB/HY	322	119	441
'06 Buffers (2)		03/27/06	2,000		100.00			2,000	7.00	200DB/HY	776	350	1,126
Real Estate-4010 Red Rose		06/15/06	179,703		100.00			179,703	27.50	SL/MM	10,075	6,535	16,610
'06 Laptop		12/05/06	1,668		100.00			1,668	5.00	200DB/HY	868	320	1,188
TOTALS			238,489	0		0	1,520	236,969			58,264	10,056	69,840

Code: S = Sold, A = Auto, L = Listed, C = COGS

*Accumulated Depreciation = Section 179 + SDA + Prior + Current