

## Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

OMB No. 1545-0047

2005

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2005 calendar year, or tax year beginning JULY 1, 2005, and ending JUNE 30, 2006

B Check if applicable:

- ☐ Address change  
☐ Name change  
☐ Initial return  
☐ Final return  
☐ Amended return  
☐ Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization

WAVES, INC.

Number and street (or P.O. box if mail is not delivered to street address)

P. O. BOX 1225

Room/suite

City or town, state or country, and ZIP + 4

FRANKLIN, TN 37065

D Employer identification number

62-0920595

E Telephone number

615.794.7955

F Accounting method:

- ☐ Cash ☒ Accrual  
☐ Other (specify) ▶

• Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations.

H(a) Is this a group return for affiliates? ☐ Yes ☒ No

H(b) If "Yes," enter number of affiliates ▶

H(c) Are all affiliates included? ☐ Yes ☒ No

(If "No," attach a list. See instructions.)

H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ No

I Group Exemption Number ▶

G Website: ▶

J Organization type (check only one) ▶ ☒ 501(c)(3) (insert no.) ☐ 4947(a)(1) or ☐ 527

K Check here ☐ if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization chooses to file a return, be sure to file a complete return. Some states require a complete return.

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ 3,433,362

M Check ☐ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).**Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)**

Revenue	1	Contributions, gifts, grants, and similar amounts received:				
	a	Direct public support	1a	9,251		
	b	Indirect public support	1b	85,254		
	c	Government contributions (grants)	1c	155,087		
	d	Total (add lines 1a through 1c) (cash \$ _____ noncash \$ _____)	1d		249,592	
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2		3,156,981	
	3	Membership dues and assessments	3			
	4	Interest on savings and temporary cash investments	4		234	
	5	Dividends and interest from securities	5			
	6a	Gross rents	6a			
	b	Less: rental expenses	6b			
	c	Net rental income or (loss) (subtract line 6b from line 6a)	6c		0	
7	Other investment income (describe ▶)	7				
Revenue	8a	Gross amount from sales of assets other than inventory	(A) Securities	8a		
	b	Less: cost or other basis and sales expenses	8b			
	c	Gain or (loss) (attach schedule)	8c	0	0	
	d	Net gain or (loss) (combine line 8c, columns (A) and (B))	8d		0	
	9	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>				
	a	Gross revenue (not including \$ _____ of contributions reported on line 1a)	9a			
	b	Less: direct expenses other than fundraising expenses	9b			
	c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c		0	
	10a	Gross sales of inventory, less returns and allowances	10a			
	b	Less: cost of goods sold	10b			
	c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	10c		0	
	11	Other revenue (from Part VII, line 103)	11		26,555	
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		3,433,362		
Expenses	13	Program services (from line 44, column (B))	13		2,938,278	
	14	Management and general (from line 44, column (C))	14		433,088	
	15	Fundraising (from line 44, column (D))	15		16,434	
	16	Payments to affiliates (attach schedule)	16			
	17	Total expenses (add lines 13 and 14, column (A))	17		3,387,800	
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 12)	18		45,562	
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		519,546	
	20	Other changes in net assets or fund balances (attach explanation)	20			
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		565,108	

**Part II Statement of Functional Expenses** All organizations must complete column (A). Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others. (See the instructions.)

Do not include amounts reported on line 6b, 8b, 9b, 10b, or 16 of Part I.		(A) Total	(B) Program services	(C) Management and general	(D) Fundraising
22	Grants and allocations (attach schedule) . . . (cash \$ _____ noncash \$ _____) If this amount includes foreign grants, check here <input type="checkbox"/>	22			
23	Specific assistance to individuals (attach schedule) . . . . .	23			
24	Benefits paid to or for members (attach schedule) . . . . .	24			
25	Compensation of officers, directors, etc. . . . .	25			
26	Other salaries and wages . . . . .	26	2,248,046	1,959,439	279,369
27	Pension plan contributions . . . . .	27	49,704	44,734	4,970
28	Other employee benefits . . . . .	28	242,963	207,419	34,487
29	Payroll taxes . . . . .	29	163,156	142,117	20,396
30	Professional fundraising fees . . . . .	30			
31	Accounting fees . . . . .	31	2,400		2,400
32	Legal fees . . . . .	32			
33	Supplies . . . . .	33	86,071	67,888	16,161
34	Telephone . . . . .	34	41,878	32,142	9,331
35	Postage and shipping . . . . .	35			
36	Occupancy . . . . .	36	115,958	99,211	16,416
37	Equipment rental and maintenance . . . . .	37	34,455	31,501	2,686
38	Printing and publications . . . . .	38	19,182	9,595	9,018
39	Travel . . . . .	39	16,137	14,280	1,770
40	Conferences, conventions, and meetings . . . . .	40			
41	Interest . . . . .	41	27,935	27,660	275
42	Depreciation, depletion, etc. (attach schedule)	42	57,354	51,112	6,242
43	Other expenses not covered above (itemize):				
a	Professional services	43a	78,533	58,845	17,964
b	Insurance	43b	12,169	11,003	1,166
c	Vehicle expense	43c	133,867	128,586	5,281
d	Client benefits	43d	45,443	44,464	948
e	Training	43e	8,122	5,800	2,263
f	Miscellaneous	43f	4,427	2,482	1,945
g		43g			
44	<b>Total functional expenses.</b> Add lines 22 through 43. (Organizations completing columns (B)-(D), carry these totals to lines 13-15)	44	3,387,800	2,938,278	433,088
					16,434

**Joint Costs.** Check ☒ if you are following SOP 98-2.

Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? ☐ Yes ☒ No

If "Yes," enter (i) the aggregate amount of these joint costs \$ \_\_\_\_\_; (ii) the amount allocated to Program services \$ \_\_\_\_\_; (iii) the amount allocated to Management and general \$ \_\_\_\_\_; and (iv) the amount allocated to Fundraising \$ \_\_\_\_\_

**Part III** Statement of Program Service Accomplishments (See the instructions.)

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.

What is the organization's primary exempt purpose? ► ASSIST INDIVIDUALS WITH NEEDS

All organizations must describe their exempt purpose achievements in a clear and concise manner. State the number of clients served, publications issued, etc. Discuss achievements that are not measurable. (Section 501(c)(3) and (4) organizations and 4947(a)(1) nonexempt charitable trusts must also enter the amount of grants and allocations to others.)

**Program Service Expenses**  
(Required for 501(c)(3) and (4) orgs., and 4947(a)(1) trusts; but optional for others.)

**a** RESIDENTIAL SERVICES - PROVIDES RESIDENTIAL SUPPORT FOR ADULTS WITH DEVELOPMENTAL DISABILITIES.

(Grants and allocations \$ ) If this amount includes foreign grants, check here ► ☐ 1,725,709

**b** CHILD AND ADULT DAY SERVICES - TRAINING AND SUPPORT FOR ADULTS AND CHILDREN WITH DEVELOPMENTAL DISABILITIES.

(Grants and allocations \$ ) If this amount includes foreign grants, check here ► ☐ 1,034,178

**c** EMPLOYMENT SERVICES - PROVIDING JOB SKILLS AND SUPPORT TO ADULTS WITH DEVELOPMENTAL DISABILITIES.

(Grants and allocations \$ ) If this amount includes foreign grants, check here ► ☐ 178,391

**d** \_\_\_\_\_

(Grants and allocations \$ ) If this amount includes foreign grants, check here ► ☐

**e** Other program services (attach schedule)

(Grants and allocations \$ ) If this amount includes foreign grants, check here ► ☐

**f** Total of Program Service Expenses (should equal line 44, column (B), Program services) . . . . . ► 2,938,278

Form **990** (2005)

**Part IV Balance Sheets** (See the instructions.)

**Note:** Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year
<b>Assets</b>	45 Cash—non-interest-bearing .....	24,260	45	333,559
	46 Savings and temporary cash investments .....		46	
	47a Accounts receivable .....	339,776		
	b Less: allowance for doubtful accounts ..	0	47c	339,776
	48a Pledges receivable .....	85,254		
	b Less: allowance for doubtful accounts ..	0	48c	85,254
	49 Grants receivable .....		49	
	50 Receivables from officers, directors, trustees, and key employees (attach schedule) .....		50	
	51a Other notes and loans receivable (attach schedule) .....			
	b Less: allowance for doubtful accounts ..		51c	0
	52 Inventories for sale or use .....		52	
	53 Prepaid expenses and deferred charges .....	4,808	53	23,181
	54 Investments—securities (attach schedule) ... <input type="checkbox"/> Cost <input type="checkbox"/> FMV		54	
	55a Investments—land, buildings, and equipment: basis .....			
	b Less: accumulated depreciation (attach schedule) .....		55c	0
56 Investments—other (attach schedule) .....		56		
57a Land, buildings, and equipment: basis ..	1,143,429			
b Less: accumulated depreciation (attach schedule) .....	446,475	57c	696,954	
58 Other assets (describe ► <u>DEPOSITS</u> )	6,321	58	6,571	
59 <b>Total assets</b> (must equal line 74). Add lines 45 through 58. ....	1,325,775	59	1,485,295	
<b>Liabilities</b>	60 Accounts payable and accrued expenses .....	173,392	60	237,488
	61 Grants payable .....		61	
	62 Deferred revenue .....	168,270	62	241,175
	63 Loans from officers, directors, trustees, and key employees (attach schedule) .....		63	
	64a Tax-exempt bond liabilities (attach schedule) .....	464,567	64a	441,524
	b Mortgages and other notes payable (attach schedule) .....		64b	
	65 Other liabilities (describe ► .....		65	
66 <b>Total liabilities.</b> Add lines 60 through 65. ....	806,229	66	920,187	
<b>Net Assets or Fund Balances</b>	Organizations that follow SFAS 117, check here ► <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.			
	67 Unrestricted .....	434,292	67	429,854
	68 Temporarily restricted .....	85,254	68	135,254
	69 Permanently restricted .....		69	
	Organizations that do not follow SFAS 117, check here ► <input type="checkbox"/> and complete lines 70 through 74.			
	70 Capital stock, trust principal, or current funds .....		70	
	71 Paid-in or capital surplus, or land, building, and equipment fund ..		71	
	72 Retained earnings, endowment, accumulated income, or other funds		72	
	73 <b>Total net assets or fund balances</b> (add lines 67 through 69 or lines 70 through 72; column (A) <b>must</b> equal line 19; column (B) <b>must</b> equal line 21) ...	519,546	73	565,108
	74 <b>Total liabilities and net assets/fund balances.</b> Add lines 66 and 73.	1,325,775	74	1,485,295

a	Total revenue, gains, and other support per audited financial statements	a	3,433,362
b	Amounts included on line a but not on Part I, line 12:		
1	Net unrealized gains on investments	b1	
2	Donated services and use of facilities	b2	
3	Recoveries of prior year grants	b3	
4	Other (specify):	b4	
	Add lines b1 through b4	b	0
c	Subtract line b from line a	c	3,433,362
d	Amounts included on Part I, line 12, but not on line a:		
1	Investment expenses not included on Part I, line 6b	d1	
2	Other (specify):	d2	
	Add lines d1 and d2	d	0
e	Total revenue (Part I, line 12). Add lines c and d	e	3,433,362

<b>a</b> Total expenses and losses per audited financial statements .....		<b>a</b>	3,387,800
<b>b</b> Amounts included on line <b>a</b> but not on Part I, line 17:			
<b>1</b> Donated services and use of facilities .....	<b>b1</b>		
<b>2</b> Prior year adjustments reported on Part I, line 20 .....	<b>b2</b>		
<b>3</b> Losses reported on Part I, line 20 .....	<b>b3</b>		
<b>4</b> Other (specify): .....	<b>b4</b>		
Add lines <b>b1</b> through <b>b4</b> .....		<b>b</b>	0
<b>c</b> Subtract line <b>b</b> from line <b>a</b> .....		<b>c</b>	3,387,800
<b>d</b> Amounts included on Part I, line 17, but not on line <b>a</b> :			
<b>1</b> Investment expenses not included on Part I, line 6b .....	<b>d1</b>		
<b>2</b> Other (specify): .....	<b>d2</b>		
Add lines <b>d1</b> and <b>d2</b> .....		<b>d</b>	0
<b>e</b> Total expenses (Part I, line 17). Add lines <b>c</b> and <b>d</b> .....		<b>e</b>	3,387,800

[illegible]



**Part VI Other Information** (continued)

		Yes	No
<b>82a</b>	Did the organization receive donated services or the use of materials, equipment, or facilities at no charge or at substantially less than fair rental value? . . . . .		X
<b>b</b>	If "Yes," you may indicate the value of these items here. Do not include this amount as revenue in Part I or as an expense in Part II. (See instructions in Part III.) . . . . . <b>82b</b>		
<b>83a</b>	Did the organization comply with the public inspection requirements for returns and exemption applications? . . . . .	X	
<b>b</b>	Did the organization comply with the disclosure requirements relating to quid pro quo contributions? . . . . .	X	
<b>84a</b>	Did the organization solicit any contributions or gifts that were not tax deductible? . . . . .		X
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .		
<b>85</b>	<b>501(c)(4), (5), or (6) organizations.</b> <b>a</b> Were substantially all dues nondeductible by members? . . . . .		
<b>b</b>	Did the organization make only in-house lobbying expenditures of \$2,000 or less? . . . . .		
	If "Yes" was answered to either 85a or 85b, do not complete 85c through 85h below unless the organization received a waiver for proxy tax owed for the prior year.		
<b>c</b>	Dues, assessments, and similar amounts from members . . . . . <b>85c</b>		
<b>d</b>	Section 162(e) lobbying and political expenditures . . . . . <b>85d</b>		
<b>e</b>	Aggregate nondeductible amount of section 6033(e)(1)(A) dues notices . . . . . <b>85e</b>		
<b>f</b>	Taxable amount of lobbying and political expenditures (line 85d less 85e) . . . . . <b>85f</b> 0		
<b>g</b>	Does the organization elect to pay the section 6033(e) tax on the amount on line 85f? . . . . .		
<b>h</b>	If section 6033(e)(1)(A) dues notices were sent, does the organization agree to add the amount on line 85f to its reasonable estimate of dues allocable to nondeductible lobbying and political expenditures for the following tax year? . . . . .		
<b>86</b>	<b>501(c)(7) orgs.</b> Enter: a Initiation fees and capital contributions included on line 12 . . . . . <b>86a</b>		
<b>b</b>	Gross receipts, included on line 12, for public use of club facilities . . . . . <b>86b</b>		
<b>87</b>	<b>501(c)(12) orgs.</b> Enter: a Gross income from members or shareholders . . . . . <b>87a</b>		
<b>b</b>	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.) . . . . . <b>87b</b>		
<b>88</b>	At any time during the year, did the organization own a 50% or greater interest in a taxable corporation or partnership, or an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Part IX . . . . .		X
<b>89a</b>	<b>501(c)(3) organizations.</b> Enter: Amount of tax imposed on the organization during the year under: section 4911 ▶ ; section 4912 ▶ ; section 4955 ▶		
<b>b</b>	<b>501(c)(3) and 501(c)(4) orgs.</b> Did the organization engage in any section 4958 excess benefit transaction during the year or did it become aware of an excess benefit transaction from a prior year? If "Yes," attach a statement explaining each transaction . . . . .		X
<b>c</b>	Enter: Amount of tax imposed on the organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 . . . . . ▶		
<b>d</b>	Enter: Amount of tax on line 89c, above, reimbursed by the organization . . . . . ▶		
<b>90a</b>	List the states with which a copy of this return is filed ▶ <u>NONE</u>		
<b>b</b>	Number of employees employed in the pay period that includes March 12, 2005 (See instructions.) . . . . . <b>90b</b> 32		
<b>91a</b>	The books are in care of ▶ <u>JOHN HAYS</u> Telephone no. ▶ <u>615.794.7955</u> Located at ▶ <u>FRANKLIN TN.</u> ZIP + 4 ▶ <u>37065-1225</u>		
<b>b</b>	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . . . . .	Yes	No
	If "Yes," enter the name of the foreign country ▶		X
	See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
<b>c</b>	At any time during the calendar year, did the organization maintain an office outside of the United States? If "Yes," enter the name of the foreign country ▶		X
<b>92</b>	Section 4947(a)(1) nonexempt charitable trusts filing Form 990 in lieu of Form 1041— Check here . . . . . ▶ <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the tax year . . . . . ▶ <u>92</u>		

**Part VII Analysis of Income-Producing Activities** (See the instructions.)

Note: Enter gross amounts unless otherwise indicated.

		Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount		
93 Program service revenue:						
a Service revenue				3,156,981		
b						
c						
d						
e						
f Medicare/Medicaid payments						
g Fees and contracts from government agencies						
94 Membership dues and assessments						
95 Interest on savings and temporary cash investments						
96 Dividends and interest from securities						
97 Net rental income or (loss) from real estate:						
a debt-financed property						
b not debt-financed property						
98 Net rental income or (loss) from personal property						
99 Other investment income						
100 Gain or (loss) from sales of assets other than inventory						
101 Net income or (loss) from special events						
102 Gross profit or (loss) from sales of inventory						
103 Other revenue: a Recycle fees				22,270		
b miscellaneous				4,285		
c						
d						
e						
104 Subtotal (add columns (B), (D), and (E))		0		3,183,536		0
105 Total (add line 104, columns (B), (D), and (E))						3,183,536

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes** (See the instructions.)

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities** (See the instructions.)

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
	%			
	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts** (See the instructions.)(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? ☐ Yes ☒ No(b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? ☐ Yes ☒ No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Please Sign Here	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.			
	Signature of officer <i>John R. Poole</i>		Date 11/23/06	
Paid Preparer's Use Only	Type or print name and title. John R. Poole, CPA			
	Preparer's signature John R. Poole, CPA		Date 11/23/06	Preparer's SSN or PTIN (See Gen. Inst. W) 410-11-0617
Firm's name (or yours if self-employed), address, and ZIP + 4 JOHN R. POOLE, CPA 134 NORTHLAKE DRIVE		EIN 615.822.4177		