

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

FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND 2011

(With Independent Auditor's Report Thereon)

Independent Auditor's Report

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

I have audited the accompanying statement of assets, liabilities, and net assets – modified cash basis of Nashville Drug Court Support, Inc. (a non-profit organization) as of December 31, 2012 and the related statement of support, revenue and expenses – modified cash basis for the year 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. The prior year financial statements are presented for comparative purposes only and have not been audited.

I conducted my audit in accordance with U.S. generally accepted auditing standards. Those standards require that I 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. I believe that my audit provides a reasonable basis for my 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 my 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, 2012, and its support, revenue, and expenses for the year then ended, on the basis of accounting described in Note 2.

Farmer & Associates, PLLC

Nashville, Tennessee
April 16, 2013

NASHVILLE DRUG COURT SUPPORT FOUNDATION, INC
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2012 AND 2011

ASSETS	2012	Unaudited 2011
CURRENT ASSETS		
Cash and cash equivalents	\$ 174,706	\$ 57,325
Total Current Assets	174,706	57,325
PROPERTY AND EQUIPMENT		
Building	179,703	179,703
Machinery and equipment	58,785	58,785
Less accumulated depreciation	92,468	87,911
Total Property and Equipment	146,020	150,577
Total Assets	\$ 320,727	\$ 207,903
LIABILITIES AND NET ASSETS		
LIABILITIES		
Mortgage payable	\$ 49,134	\$ 53,025
NET ASSETS		
Unrestricted net assets	271,593	154,877
Total Net Assets	271,593	154,877
Total Liabilities and Net Assets	\$ 320,727	\$ 207,903

See notes to financial statements.

NASHVILLE DRUG COURT SUPPORT FOUNDATION, INC.
STATEMENTS OF SUPPORT, REVENUE AND EXPENSE - MODIFIED CASH BASIS
YEARS ENDED DECEMBER 31, 2012 and 2011

	2012	Unaudited 2011
CHANGES IN UNRESTRICTED NET ASSETS		
Support and revenue		
Grants and contracts	\$ 372,741	\$ 185,950
Contributions	30,958	67,765
Special events, net	11,450	-
Other income	233	11
	<hr/>	<hr/>
Total Support and Revenue	415,382	253,726
	<hr/>	<hr/>
Program Expense		
Contract labor	31,236	1,776
Depreciation	4,557	4,557
Education	3,962	539
Medical	1,445	-
Drug testing	1,030	122
Vocational rehabilitation	309	189
Travel	7,973	2,755
Rent	9,000	9,000
Utilities	6,574	7,433
Food for residents	5,016	2,951
Resident incentive	2,237	3,184
Miscellaneous	1,506	1,550
Total Program Expense	<hr/>	<hr/>
	74,844	34,057
	<hr/>	<hr/>
Management and general expense		
Bank Service charge	156	329
Licenses and permits	250	797
Dues and subscriptions	430	80
Postage and delivery	492	269
Office supplies	3,987	3,199
Interest	4,307	4,417
Insurance	2,529	2,247
Payroll	181,553	182,648
Payroll tax	11,766	12,043
Professional fees	2,770	2,300
Telephone	6,463	716
Travel	-	3,662
Total management and general expense	<hr/>	<hr/>
	214,703	212,707
Fundraising expense	9,118	15,075
Total expense	<hr/>	<hr/>
	298,665	261,840
	<hr/>	<hr/>
Increase (decrease) in unrestricted net assets	116,716	(8,113)
Net assets at beginning of year	154,877	162,990
Net assets at end of year	<hr/>	<hr/>
	\$ 271,593	\$ 154,877
	<hr/>	<hr/>

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 in Metro Government's DC4 program and the Davidson County Mental Health Court

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, 2012 of \$49,134 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.

4. COMMITMENTS

The Organization leased office space for the year ended December 31, 2012 with total lease payments of \$9,000. Minimum monthly lease payments for the office were \$750 and the lease is renewable yearly thereafter.

5. SUBSEQUENT EVENT

For the originally issued financial statements, the Plan evaluated subsequent events through April 16, 2013, the date which the financial statements were issued.