

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

FINANCIAL STATEMENTS

DECEMBER 31, 2009 and 2008

(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, 2009 and 2008 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, 2009 and 2008, and its support, revenue, and expenses for the years then ended, on the basis of accounting described in Note 2.

Farmer & Associates, PLLC

Nashville, Tennessee
June 8, 2010

NASHVILLE DRUG COURT SUPPORT FOUNDATION, INC
COMPARATIVE STATEMENTS OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2009 AND 2008

ASSETS	2009	2008
CURRENT ASSETS		
Cash and cash equivalents	\$ 58,591	\$ 28,896
Total Current Assets	<u>58,591</u>	<u>28,896</u>
PROPERTY AND EQUIPMENT		
Building	179,703	179,703
Machinery and equipment	58,785	58,785
Less accumulated depreciation	<u>78,797</u>	<u>69,840</u>
Total Property and Equipment	<u>159,691</u>	<u>168,648</u>
Total Assets	<u><u>\$ 218,282</u></u>	<u><u>\$ 197,544</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Mortgage payable including \$3,423 due within one year	<u>\$ 60,522</u>	<u>\$ 63,286</u>
NET ASSETS		
Unrestricted net assets	<u>157,759</u>	<u>134,258</u>
Total Net Assets	<u>157,759</u>	<u>134,258</u>
Total Liabilities and Net Assets	<u><u>\$ 218,282</u></u>	<u><u>\$ 197,544</u></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, 2009 and 2008

	2009	2008
CHANGES IN UNRESTRICTED NET ASSETS		
Support and revenue		
Grants and contracts	\$ 239,972	\$ 348,052
Contributions	99,813	41,860
Special events, net	11,630	19,225
Other income	90	69
	<hr/>	<hr/>
Total Support and Revenue	351,504	409,207
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Program Expense		
Contract labor	19,592	78,480
Depreciation	8,957	11,576
Education	175	1,828
Medical	1,593	954
Drug testing	111	-
Treatment program - AHHAP	-	250
Printing and reproduction	999	828
Repairs and maintenance	287	50
Vocational rehabilitation	15,251	5,293
Travel	-	4,882
Rent	9,000	10,250
Utilities	8,205	7,438
Food for residents	1,950	2,734
Resident incentive	4,412	6,885
Miscellaneous	6	13,132
Total Program Expense	70,540	144,580
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Management and general expense		
Bank Service charge	244	250
Contributions	-	600
Licenses and permits	532	-
Dues and subscriptions	20	315
Postage and delivery	407	-
Office supplies	3,949	5,194
Interest	5,272	5,198
Insurance	2,599	2,685
Payroll	204,418	152,659
Payroll tax	158	45,133
Professional fees	1,728	7,614
Telephone	5,257	8,278
Travel	5,074	8,958
Total management and general expense	229,658	236,883
Fundraising expense	27,805	22,190
Total expense	328,003	403,654
	<hr/>	<hr/>
Increase (decrease) in unrestricted net assets	23,502	5,553
Net assets at beginning of year	134,258	128,705
Net assets at end of year	<hr/> <hr/> \$ 157,759	<hr/> <hr/> \$ 134,258

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. In April of 2009 the Organization contracted with the Davidson County Mental Health Court Foundation to provide fiscal management, project administration and research and evaluation services related to the Transitional Housing and Treatment Initiative of that entity. The Organization's sole clients are Metro Government's DC4 Program and the Davidson County Mental Health Court Foundation.

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.

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

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.

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, 2009 of \$60,522 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:

2010	3,423
2011	3,703
2012	3,542
2013	49,545

4. COMMITMENTS

The Organization leased office space for the year ended December 31, 2009 with total lease payments of \$9,000. Minimum monthly lease payments for the office were \$750 through February 2009 renewable yearly thereafter.