

ARC OF WILLIAMSON COUNTY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2014

ARC OF WILLIAMSON COUNTY, INC.

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Financial Section

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Independent Auditor's Report

To the Board of Directors of
ARC of Williamson County, Inc.
Franklin, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of ARC of Williamson County, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. 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 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 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 financial statements.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ARC of Williamson County, Inc. as of June 30, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

John R. Poole, CPA

September 30, 2014

Financial Statements

ARC of WILLIAMSON COUNTY, INC.

Statement of Financial Position

June 30, 2014

Assets

Current assets:

Cash	\$ 53,371
Unconditional promises receivable	21,800
Total current assets	<u>75,171</u>

Property and equipment at cost:

Office equipment	7,517
Less: accumulated depreciation	<u>(7,517)</u>
Net property and equipment	<u>0</u>

Total assets	\$ <u>75,171</u>
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Liabilities and Net Assets

Current liabilities:

Accounts payable	\$ 6,737
Total current liabilities	<u>6,737</u>

Net assets:

Temporarily restricted	21,800
Unrestricted	<u>46,634</u>
Total net assets	<u>68,434</u>

Total liabilities and net assets	\$ <u>75,171</u>
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The accompanying notes are an integral part of these statements.

ARC of WILLIAMSON COUNTY, INC.

Statement of Activities

For the year ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Other support:			
State Grant			
Family Support Program	\$ 205,237	-	205,237
ISC	117,792	-	117,792
Contributions	22,216	-	22,216
United Way	1,231	21,800	23,031
County and City appropriations	6,044	-	6,044
Special events, less expenses of 1,500	26,758	-	26,758
Interest	4	-	4
Miscellaneous	422	-	422
Net assets released from restrictions:			
United Way funding for the year 2013-2014	20,300	(20,300)	-
Total public support and revenues	<u>400,004</u>	<u>1,500</u>	<u>401,504</u>
Expenses:			
Family Support	241,161	-	241,161
ISC	149,605	-	149,605
Management and general	12,009	-	12,009
Total expenses	<u>402,775</u>	<u>-</u>	<u>402,775</u>
Increase (decrease) in net assets	<u>(2,771)</u>	<u>1,500</u>	<u>(1,271)</u>
Beginning of year net assets	49,405	20,300	69,705
End of year net assets	<u>\$ 46,634</u>	<u>21,800</u>	<u>68,434</u>

The accompanying notes are an integral part of these statements.

ARC of WILLIAMSON COUNTY, INC.

Statement of Functional Expenses

For the year ended June 30, 2014

		Program Services			Supporting Services	
		Family Support	ISC	Total	Management and General	Total Expenses
Salaries	\$	50,249	81,248	131,497	0	131,497
Employee benefits		4,169	3,454	7,623	0	7,623
Payroll taxes		4,045	6,014	10,059	0	10,059
Grants and subsidies		130,516	44,696	175,212	0	175,212
Conferences		0	0	0	1,170	1,170
Postage and printing		697	712	1,409	531	1,940
Dues		2,163	869	3,032	0	3,032
Telephone		4,423	1,502	5,925	481	6,406
Professional services		27,305	0	27,305	1,600	28,905
Supplies		2,428	2,428	4,856	1,288	6,144
Training and travel		5,383	4,005	9,388	1,203	10,591
Rent		8,698	3,890	12,588	1,140	13,728
Insurance		0	0	0	1,562	1,562
Miscellaneous		1,085	787	1,872	1,213	3,085
Contract services		0	0	0	1,821	1,821
Total Expenses	\$	241,161	149,605	390,766	12,009	402,775

The accompanying notes are an integral part of these statements.

ARC of WILLIAMSON COUNTY, INC.

Statement of Cash Flows

For the year ended June 30, 2014

Cash flows from operating activities:	
Support and revenue received	\$ 414,556
Cash paid for:	
Salaries and related expenses	(149,179)
Program and support services	<u>(252,434)</u>
Net cash provided by operating activities	<u>12,943</u>
Net increase in cash	12,943
Cash and cash equivalents at beginning of year	40,428
Cash and cash equivalents at end of year	\$ <u><u>53,371</u></u>
Reconciliation of Increase in Net Assets to Net Cash Provided by Operating Activities	
Increase (decrease) in net assets	\$ (1,271)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Changes in assets (increase) decrease:	
Unconditional promises to give	(1,500)
Accounts receivable	14,552
Changes in liabilities increase (decrease):	
Accounts payable	1,162
Net cash provided by operating activities	\$ <u><u>12,943</u></u>

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

ARC OF WILLIAMSON COUNTY, INC.

Notes to the Financial Statements June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

ARC of Williamson County, Inc. is a non-profit organization in Williamson County, Tennessee. The Organization's mission is to enable persons with disabilities to achieve their highest level of functioning and progress toward their full potential. The organization provides social and recreational activities for adults with mental retardation and family support for parents of children with mental retardation.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and recommendations of the American Institute of Certified Public Accountants in its industry audit and accounting guide, Not-for-Profit Organizations.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Standards (SAS) No. 117, *Financial Statements of Not -for-Profit Organizations*. Under SAS No. 117, the Organization is required to report information regarding its financial position and activities according to the three classes of net assets. In addition, the Organization is required to present a statement of cash flows. As permitted by the statement, the Organization has discontinued its use of fund accounting.

Contributions

In accordance with SAS 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

ARC OF WILLIAMSON COUNTY, INC.

Notes to the Financial Statements June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Donated Services

ARC of Williamson County, Inc. receives many hours of donated time from various citizens. It is impractical to estimate a value for these services, as such no such value has been placed on these services in the Organization's financial statements.

Donor -Imposed Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods or donor-restricted for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a donor- stipulated time restriction is accomplished, then the restricted net assets are reclassified to unrestricted net assets. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as unrestricted.

Depreciation

Depreciation is provided for over the estimated useful lives of the assets. Assets are depreciated using the straight-line method of depreciation.

Promises to Give/Pledges

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Conditional promises to give are not included as support until such time as the conditions are substantially met. At June 30, 2014 the organization has recorded \$21,800 of promises to give from the United Way of Williamson County.

Functional Allocation of Expenses

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

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

ARC OF WILLIAMSON COUNTY, INC.

Notes to the Financial Statements June 30, 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Unearned Revenue

Unearned revenue is recorded when a potential revenue does not meet the measurable and available criteria for recognition in the current period. In subsequent periods, when both of these criteria are met, revenue is recognized.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Economic Dependence

Approximately 81% of the organization's revenues for the year ended June 30, 2014, was from contracts from various State of Tennessee departments. The State of Tennessee may, at its discretion, request reimbursement of expenses or return of funds, or both as a result of non-compliance by the Organization with the terms of the programs.

2. PROPERTY AND EQUIPMENT

A summary of property and equipment activity is noted below:

	Balance <u>6/30/13</u>	<u>Addition</u>	<u>Retirement</u>	Balance <u>6/30/14</u>
Furniture and equipment	<u>7,517</u>	<u>-</u>	<u>-</u>	<u>7,517</u>
Total	<u>7,517</u>			<u>7,517</u>
Less: Accumulated depreciation	<u>(7,517)</u>			<u>(7,517)</u>
Net property and equipment	<u>-</u>			<u>-</u>

ARC OF WILLIAMSON COUNTY, INC.

**Notes to the Financial Statements
June 30, 2014**

3. STATE CONTRACTS AND GRANTS:

Amounts received from the State of Tennessee are subject to audit and adjustment by the State of Tennessee. Any disallowed claims including amounts already collected, could become a liability of the Organization.

4. LINE OF CREDIT

The Organization has a \$30,000 line of credit. There was no outstanding balance at yearend.