

ARC OF WILLIAMSON COUNTY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2022

ARC OF WILLIAMSON COUNTY, INC.

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FINANCIAL SECTION

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CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

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

I have audited the accompanying financial statements of the ARC of Williamson County, Inc. as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise ARC of Williamson County Inc.'s basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of ARC of Williamson County, Inc. as of June 30, 2022, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of ARC of Williamson County, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ARC of Williamson County, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, I:

- ❖ Exercise professional judgment and maintain professional skepticism throughout the audit.
- ❖ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
Obtain an understanding of internal control relevant to the audit 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 ARC of Williamson County Inc.'s internal control. Accordingly, no such opinion is expressed.
- ❖ Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the ARC of Williamson County Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

John R. Poo, CPA

September 30, 2022

FINANCIAL STATEMENTS

ARC of WILLIAMSON COUNTY, INC.

Statement of Financial Position

June 30, 2022

Assets

Current assets:	
Cash	\$ 181,300
Unconditional promises receivable	23,000
Total current assets	<u>204,300</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>204,300</u>

Liabilities and Net Assets

Current liabilities:	
Accounts payable	\$ 2,113
 Total current liabilities	 <u>2,113</u>
Net assets:	
Without donor restrictions	<u>202,187</u>
Total net assets	<u>202,187</u>
 Total liabilities and net assets	 \$ <u>204,300</u>

ARC of WILLIAMSON COUNTY, INC.

Statement of Activities

For the year ended June 30, 2022

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

Revenue and Other support:

State Grant

Family Support Program

ISC

Contributions

United Way

County and City appropriations

Special events, less expenses

Miscellaneous

Net assets released from restrictions:

United Way funding for the year 2021-2022

Total public support and revenues

\$	180,098
	101,120
	39,981
	2,225
	6,814
	30,662
	721
	23,000
	<u>384,621</u>

Expenses:

Program services

Management and general

Total expenses

\$	349,866
	6,890
	<u>356,756</u>

Increase (decrease) in net assets without donor restrictions

27,865

Beginning of year net assets

174,322

End of year net assets

\$ 202,187

ARC of WILLIAMSON COUNTY, INC.

Statement of Functional Expenses

For the year ended June 30, 2022

		Supporting Services	
	Program Services	Management and General	Total Expenses
Salaries	\$ 138,837	0	138,837
Employee benefits	410	0	410
Payroll taxes	11,969	0	11,969
Grants and subsidies	154,791	0	154,791
Dues	4,380	0	4,380
Telephone	9,953	0	9,953
Professional services	337	1,600	1,937
Supplies	12,090	1,343	13,433
Training and travel	1,909	0	1,909
Rent	13,180	0	13,180
Insurance	0	2,509	2,509
Miscellaneous	2,010	1,438	3,448
Total Expenses	\$ 349,866	6,890	356,756

ARC of WILLIAMSON COUNTY, INC.

Statement of Cash Flows

For the year ended June 30, 2022

Cash flows from operating activities:	
Support and revenue received	\$ 410,032
Cash paid for:	
Salaries and related expenses	(151,216)
Program and support services	(203,427)
Net cash provided by operating activities	<u>55,389</u>
Cash flows from financing activities:	
Purchase of property and equipment	<u>0</u>
Net cash provided by financing activities	<u>0</u>
Net change in cash	55,389
Cash and cash equivalents at beginning of year	125,911
Cash and cash equivalents at end of year	\$ <u><u>181,300</u></u>

Reconciliation of Increase in Net Assets to Net Cash Provided by Operating Activities

Increase (decrease) in net assets	\$ 27,865
Loan forgiveness	
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Changes in assets (increase) decrease:	
Accounts receivable and unconditional promises	25,411
Changes in liabilities increase (decrease):	
Accounts payable	2,113
Net cash provided by operating activities	\$ <u><u>55,389</u></u>

NOTES TO THE FINANCIAL STATEMENTS

ARC OF WILLIAMSON COUNTY, INC.

Notes to the Financial Statements June 30, 2022

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 empower people with intellectual and developmental disabilities and their families to actively participate in their community throughout their lifetime. The Organization provides advocacy, research and education to individuals with intellectual and developmental disabilities and their families.

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). The Organization is required to report information regarding its financial position and activities according to two classes of net assets; net assets with donor restrictions and net assets without donor restrictions. In addition, the Organization is required to present a statement of cash flows. There were no donor restricted net assets at yearend.

Contributions

Contributions received are recorded as with or without donor restrictions 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. These amounts are reported as an increase in net assets without restrictions. Contributions that are restricted by the donor are reported as increases in donor restricted net assets. If the restrictions expire in the fiscal year in which the contributions are recognized the amounts are transferred to net assets with donor restrictions. There were no donor restricted promises to give at yearend. At June 30, 2022 the organization has recorded \$23,000 of promises to give from the United Way of Williamson County, a non-donor restricted amount.

ARC OF WILLIAMSON COUNTY, INC.

Notes to the Financial Statements June 30, 2022

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.

Depreciation

Depreciation is provided for over the estimated useful lives of the assets. Assets are depreciated using the straight-line method of depreciation. There was no depreciation in the current year.

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.

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.

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 73% of the organization's revenues for the year ended June 30, 2022, 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.

ARC OF WILLIAMSON COUNTY, INC.

Notes to the Financial Statements June 30, 2022

2. AVAILABILITY AND LIQUIDITY

The following represents ARC's financial assets at June 30, 2022:

Financial assets at year end:

Cash	\$181,300
Contribution receivable	<u>\$ 23,000</u>
Total	\$204,300

Less amounts not available to be used within one year: \$ 2,113

Financial assets available to meet general expenditures
over the next twelve months: \$202,187

3. PROPERTY AND EQUIPMENT

A summary of property and equipment activity is noted below:

	Balance 6/30/21	Addition	Retirement	Balance 6/30/22
Furniture and equipment	<u>7,517</u>	<u>-</u>	<u>-</u>	<u>7,517</u>
Total	7,517			7,517
Less: Accumulated depreciation	(7,517)			(7,517)
Net property and equipment	<u>-</u>			<u>-</u>

ARC OF WILLIAMSON COUNTY, INC.

Notes to the Financial Statements June 30, 2022

4. 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.

5. LINE OF CREDIT

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

6. SUBSEQUENT EVENTS

Thru September 30, 2022 (the date of this report), there are no material subsequent events that should be reported.