

ARC OF WILLIAMSON COUNTY, INC.

FINANCIAL STATEMENTS

JUNE 30, 2008

ARC OF WILLIAMSON COUNTY, INC.

TABLE OF CONTENTS

PAGE

Financial Section

Independent Auditor's Report	1
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-9

JOHN R. POOLE, CPA
CERTIFIED PUBLIC ACCOUNTANT

134 NORTHLAKE DRIVE
HENDERSONVILLE, TN 37075

(615) 822-4177

Independent Auditor's Report

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

I have audited the accompanying statement of financial position of ARC of Williamson County, Inc. (a nonprofit organization) as of June 30, 2008, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted the audit in accordance with generally accepted auditing standards 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 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.

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, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with generally accepted accounting principles.

John R. Poole, CPA

October 31, 2008

ARC of WILLIAMSON COUNTY, INC.

Statement of Financial Position

June 30, 2008

Assets

Current assets:

Cash	\$	11,952
Certificate of deposit		12,534
Independent Support Contract receivable		20,838
Unconditional promises receivable		19,250
Total current assets		<u>64,574</u>

Property and equipment at cost:

Office equipment		7,517
Less: accumulated depreciation		<u>(6,905)</u>
Net property and equipment		<u>612</u>

Total assets	\$	<u><u>65,186</u></u>
--------------	----	----------------------

Liabilities and Net Assets

Current liabilities:

Accounts payable	\$	<u>0</u>
Total current liabilities		<u>0</u>

Net assets:

Temporarily restricted		19,250
Unrestricted		<u>45,936</u>
Total net assets		<u>65,186</u>

Total liabilities and net assets	\$	<u><u>65,186</u></u>
----------------------------------	----	----------------------

ARC of WILLIAMSON COUNTY, INC.

Statement of Activities

For the year ended June 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Other support:			
State Grant			
Family Support Program	\$ 165,568	-	165,568
ISC	111,635	-	111,635
Grants	5,000	-	5,000
Contributions	20,535	-	20,535
United Way	1,480	19,250	20,730
Memberships	1,005	-	1,005
County appropriations	2,015	-	2,015
Special events, less expenses of \$14,788	9,872	-	9,872
Interest	342	-	342
Net assets released from restrictions:			
United Way funding for the year 2007-2008	18,500	(18,500)	-
Total public support and revenues	<u>335,952</u>	<u>750</u>	<u>336,702</u>
Expenses:			
Family Support	194,595	-	194,595
ISC	120,665	-	120,665
Advocacy	17,412	-	17,412
Social and Recreational	4,823	-	4,823
Management and general	9,554	-	9,554
Total expenses	<u>347,049</u>	<u>-</u>	<u>347,049</u>
Increase (decrease) in net assets	<u>(11,097)</u>	<u>750</u>	<u>(10,347)</u>
Beginning of year net assets	57,033	18,500	75,533
End of year net assets	<u>\$ 45,936</u>	<u>19,250</u>	<u>65,186</u>

ARC of WILLIAMSON COUNTY, INC.

Statement of Functional Expenses

For the year ended June 30, 2008

	Program Services					Supporting Services	
	Family Support	ISC	Advocacy	Social and Recreational	Total	Management and General	Total Expenses
Salaries	\$ 52,606	55,000	11,000	2,200	120,806	0	120,806
Employee benefits	5,049	3,272	0	0	8,321	0	8,321
Payroll taxes	3,709	4,208	842	168	8,927	0	8,927
Grants and subsidies	104,388	52,010	0	0	156,398	0	156,398
Convention	500	0	0	0	500	0	500
Postage and printing	1,055	1,400	500	0	2,955	250	3,205
Dues	2,237	100	850	0	3,187	0	3,187
Telephone	3,162	950	800	300	5,212	900	6,112
Maintenance and repairs	0	0	0	0	0	251	251
Professional services	10,220	0	0	0	10,220	1,600	11,820
Supplies	4,535	300	1,400	150	6,385	300	6,685
Training and travel	1,200	1,600	950	0	3,750	729	4,479
Rent	4,700	1,400	1,000	900	8,000	0	8,000
Insurance	0	0	0	0	0	1,287	1,287
Food	0	0	70	1,105	1,175	0	1,175
Interest	0	0	0	0	0	762	762
Miscellaneous	1,234	425	0	0	1,659	678	2,337
Contract services	0	0	0	0	0	2,519	2,519
Depreciation	0	0	0	0	0	278	278
Total Expenses	\$ 194,595	120,665	17,412	4,823	337,495	9,554	347,049

ARC of WILLIAMSON COUNTY, INC.

Statement of Cash Flows

For the year ended June 30, 2008

Cash flows from operating activities:	
Support and revenue received	\$ 329,086
Cash paid for:	
Salaries and related expenses	(138,054)
Program and support services	(210,576)
Net cash provided by operating activities	<u>(19,544)</u>
Cash flows used by investing activities:	
Acquisition of fixed assets	<u>0</u>
Net cash used by investing activities	0
Net increase in cash	(19,544)
Cash and cash equivalents at beginning of year	31,496
Cash and cash equivalents at end of year	\$ <u><u>11,952</u></u>
Reconciliation of Increase in Net Assets to Net Cash Provided by Operating Activities	
Increase (decrease) in net assets	\$ (10,347)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	278
Changes in assets (increase) decrease:	
Certificate of deposit	(342)
Accounts receivable	(7,616)
Prepaid assets	2,850
Changes in liabilities increase (decrease)	
Accounts payable	(4,367)
Net cash provided by operating activities	\$ <u><u>(19,544)</u></u>

ARC OF WILLIAMSON COUNTY, INC.

Notes to the Financial Statements June 30, 2008

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, 2008

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, 2008 the organization has recorded \$18,500 of promises to give from the United Way of Williamson County.

Functional Allocation of Expenses

The costs of providing the organization'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.

Notes to the Financial Statements
June 30, 2008

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 80% of the organization's revenues for the year ended June 30, 2008, 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. FIXED ASSETS

A summary of fixed asset activity is noted below:

	Balance 6/30/07	Addition	Retirement	Balance 6/30/08
Furniture and equipment	<u>7,517</u>	<u>-</u>	<u>-</u>	<u>7,517</u>
Total	7,517			7,517
Less: Accumulated depreciation	(6,627)			(6,905)
Net assets	<u>890</u>			<u>612</u>

Depreciation expense for the year ended June 30, 2008 was \$278.

ARC OF WILLIAMSON COUNTY, INC.

Notes to the Financial Statements June 30, 2008

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.