

**ARC OF WILLIAMSON COUNTY, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2020**

# 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, 2020, 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, 2020, 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 15, 2020

# FINANCIAL STATEMENTS



# ARC of WILLIAMSON COUNTY, INC.

## Statement of Financial Position

June 30, 2020

### Assets

#### Current assets:

Cash	\$ 110,940
Unconditional promises receivable	23,000
Total current assets	<u>133,940</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 \$ 133,940

### Liabilities and Net Assets

#### Current liabilities:

Accounts payable	\$ 1,262
PPP Loan Payable	<u>20,000</u>
Total current liabilities	<u>21,262</u>

#### Net assets:

Without donor restrictions	<u>112,678</u>
Total net assets	<u>112,678</u>

Total liabilities and net assets \$ 133,940

# ARC of WILLIAMSON COUNTY, INC.

## Statement of Activities

For the year ended June 30, 2020

### CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

#### Revenue and Other support:

State Grant	\$ 205,017
Family Support Program	119,585
ISC	70,819
Contributions	1,612
United Way	6,044
County and City appropriations	8,806
Special events, less expenses	8
Interest	2,409
Miscellaneous	
Net assets released from restrictions:	
United Way funding for the year 2019-2020	<u>23,000</u>
Total public support and revenues	<u>437,300</u>

#### Expenses:

Program services	\$ 401,269
Management and general	10,803
Total expenses	<u>412,072</u>

Increase (decrease) in net assets without donor restrictions 25,228

Beginning of year net assets 87,450

End of year net assets \$ 112,678

# ARC of WILLIAMSON COUNTY, INC.

## Statement of Functional Expenses

For the year ended June 30, 2020

		Supporting Services	
	Program Services	Management and General	Total Expenses
Salaries	\$ 142,391	0	142,391
Employee benefits	874	0	874
Payroll taxes	10,903	0	10,903
Grants and subsidies	181,557	0	181,557
Dues	3,317	0	3,317
Telephone	3,770	0	3,770
Professional services	11,905	1,600	13,505
Office expense	4,651	1,000	5,651
Supplies	23,408	4,900	28,308
Training and travel	5,813	0	5,813
Rent	12,680	0	12,680
Insurance	0	2,509	2,509
Miscellaneous	0	794	794
Total Expenses	\$ 401,269	10,803	412,072

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, 2020

Cash flows from operating activities:	
Support and revenue received	\$ 476,619
Cash paid for:	
Salaries and related expenses	(154,168)
Program and support services	(271,707)
Net cash provided by operating activities	<u>50,744</u>
Cash flows from financing activities:	
PPP loan proceeds	<u>20,000</u>
Net cash provided by financing activities	<u>20,000</u>
Net change in cash	70,744
Cash and cash equivalents at beginning of year	40,196
Cash and cash equivalents at end of year	\$ <u><u>110,940</u></u>
Reconciliation of Increase in Net Assets to Net Cash Provided by Operating Activities	
Increase (decrease) in net assets	\$ 25,228
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Changes in assets (increase) decrease:	
Accounts receivable and unconditional promises	39,319
Changes in liabilities increase (decrease):	
Accounts payable	(13,803)
Net cash provided by operating activities	\$ <u><u>50,744</u></u>

# NOTES TO THE FINANCIAL STATEMENTS

# **ARC OF WILLIAMSON COUNTY, INC.**

## **Notes to the Financial Statements June 30, 2020**

### **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, 2020 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, 2020

#### 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 74% of the organization's revenues for the year ended June 30, 2020, 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, 2020

#### 2. AVAILABILITY AND LIQUIDITY

The following represents ARC's financial assets at June 30, 2020:

Financial assets at year end:

Cash	\$110,940
Contribution receivable	\$ 23,000
Total	\$133,940

Less amounts not available to be used within one year: \$ 21,262

Financial assets available to meet general expenditures  
over the next twelve months: \$112,678

#### 3. PROPERTY AND EQUIPMENT

A summary of property and equipment activity is noted below:

	Balance 6/30/19	Addition	Retirement	Balance 6/30/20
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>

#### 4. LOAN PAYABLE

In early 2020, Congress passed the CARES Act; Section 1102 of the Act temporarily added a new product, titled the "Paycheck Protection Program (PPP)," to the U.S. Small Business Administration's Loan Program. The Paycheck Protection Program is intended to provide economic relief to small businesses nationwide adversely impacted by the Coronavirus Disease 2019 (COVID-19). The ARC of Williamson County, Inc. received a PPP loan in the amount of \$20,000.

#### 5. 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.



**ARC OF WILLIAMSON COUNTY, INC.**

**Notes to the Financial Statements  
June 30, 2020**

**6. LINE OF CREDIT**

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

**7. SUBSEQUENT EVENTS**

Thru September 15, 2020 (the date of this report), there are no material subsequent events that should be reported.