

**ARC OF WILLIAMSON COUNTY, INC.**

**FINANCIAL STATEMENTS**

**JUNE 30, 2011**

# 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**

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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, 2011, 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, 2011, 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*

September 30, 2011

# ARC of WILLIAMSON COUNTY, INC.

## Statement of Financial Position

June 30, 2011

### Assets

#### Current assets:

Cash	\$	49,748
Certificate of deposit		13,326
Independent Support Contract receivable		5,126
Unconditional promises receivable		19,800
Total current assets		<u>88,000</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><u>88,000</u></u>
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### Liabilities and Net Assets

#### Current liabilities:

Accounts payable	\$	2,870
Trust account liability		39,298
Total current liabilities		<u>42,168</u>

#### Net assets:

Temporarily restricted		19,800
Unrestricted		26,032
Total net assets		<u>45,832</u>

Total liabilities and net assets	\$	<u><u>88,000</u></u>
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# ARC of WILLIAMSON COUNTY, INC.

## Statement of Activities

For the year ended June 30, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Other support:			
State Grant			
Family Support Program	\$ 158,790	-	158,790
ISC	123,031	-	123,031
DDC	13,254	-	13,254
Grants	11,300	-	11,300
Contributions	11,978	-	11,978
United Way	1,876	19,800	21,676
Memberships	405	-	405
County and City appropriations	6,044	-	6,044
Special events	11,924	-	11,924
Interest	216	-	216
Net assets released from restrictions:			
United Way funding for the year 2009-2010	19,250	(19,250)	-
Total public support and revenues	<u>358,068</u>	<u>550</u>	<u>358,618</u>
Expenses:			
Family Support	220,168	-	220,168
ISC	123,031	-	123,031
Advocacy	14,957	-	14,957
Social and Recreational	4,885	-	4,885
Management and general	12,099	-	12,099
Total expenses	<u>375,140</u>	<u>-</u>	<u>375,140</u>
Increase (decrease) in net assets	<u>(17,072)</u>	<u>550</u>	<u>(16,522)</u>
Beginning of year net assets	43,104	19,250	62,354
End of year net assets	<u>\$ 26,032</u>	<u>19,800</u>	<u>45,832</u>

**ARC of WILLIAMSON COUNTY, INC.**

**Statement of Functional Expenses**

For the year ended June 30, 2011

	Program Services					Supporting Services	
	Family Support	ISC	Advocacy	Social and Recreational	Total	Management and General	Total Expenses
Salaries	\$ 73,264	65,393	9,000	1,100	148,757	0	148,757
Employee benefits	5,195	2,662	0	0	7,857	0	7,857
Payroll taxes	6,139	4,468	639	84	11,330	0	11,330
Grants and subsidies	105,691	41,562	0	0	147,253	0	147,253
Convention	0	0	0	0	0	750	750
Postage and printing	755	1,050	200	0	2,005	1,013	3,018
Dues	1,223	600	850	0	2,673	0	2,673
Telephone	3,732	1,464	848	300	6,344	900	7,244
Professional services	15,493	0	0	0	15,493	1,600	17,093
Supplies	2,025	1,945	1,400	150	5,520	450	5,970
Training and travel	1,660	2,100	950	0	4,710	1,203	5,913
Rent	3,353	800	1,000	1,247	6,400	0	6,400
Insurance	0	0	0	0	0	3,779	3,779
Food	0	0	70	2,004	2,074	0	2,074
Miscellaneous	1,638	987	0	0	2,625	1,423	4,048
Contract services	0	0	0	0	0	865	865
Depreciation	0	0	0	0	0	116	116
<b>Total Expenses</b>	<b>\$ 220,168</b>	<b>123,031</b>	<b>14,957</b>	<b>4,885</b>	<b>363,041</b>	<b>12,099</b>	<b>375,140</b>

# ARC of WILLIAMSON COUNTY, INC.

## Statement of Cash Flows

For the year ended June 30, 2011

Cash flows from operating activities:	
Support and revenue received	\$ 358,024
Cash paid for:	
Salaries and related expenses	(167,944)
Program and support services	(167,449)
Net cash provided by operating activities	<u>22,631</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	22,631
Cash and cash equivalents at beginning of year	27,117
Cash and cash equivalents at end of year	\$ <u><u>49,748</u></u>

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

Increase (decrease) in net assets	\$ (16,522)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	116
Changes in assets (increase) decrease:	
Certificate of deposit	(216)
Accounts receivable	(594)
Changes in liabilities increase (decrease):	
Accounts payable	549
Trust liability account	39,298
Net cash provided by operating activities	\$ <u><u>22,631</u></u>

# ARC OF WILLIAMSON COUNTY, INC.

## Notes to the Financial Statements June 30, 2011

### 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, 2011

### 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, 2011 the organization has recorded \$19,250 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.

# ARC OF WILLIAMSON COUNTY, INC.

## Notes to the Financial Statements June 30, 2011

### 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 82% of the organization's revenues for the year ended June 30, 2011, 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 6/30/10	Addition	Retirement	Balance 6/30/11
Furniture and equipment	<u>7,517</u>	<u>-</u>	<u>-</u>	<u>7,517</u>
Total	7,517			7,517
Less: Accumulated depreciation	<u>(7,401)</u>			<u>(7,517)</u>
Net assets	<u>116</u>			<u>-</u>

Depreciation expense for the year ended June 30, 2011 was \$116.

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

### **Notes to the Financial Statements June 30, 2011**

#### **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.

#### **5. TRUST ACCOUNT**

The Organization received funds which are to be used to provide care for a specific individual. The Organization records a liability to account for these funds.