

**NASHVILLE DRUG COURT SUPPORT
FOUNDATION, INC.**

FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

(With Independent Auditor's Report Thereon)

Table of Contents

Independent Auditors Report.....	Page 1
Financial statements.....	Page 3-5
Notes to financial statement.....	Page 6-8
Supplemental information.....	Page 10
Independent Auditors Report on Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards.....	Page 13
Schedule of Prior Year Findings.....	Page 14

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Nashville Drug Court Support Foundation, Inc.
Nashville, Tennessee

Opinion

I have audited the accompanying financial statements of Nashville Drug Court Support Foundation, Inc., which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expense and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion the accompanying financial statements present fairly, in all material respects, the financial position of Nashville Drug Court Support Foundation, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flow for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *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 our report. I am required to be independent of Cumberland Community Options, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audits. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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 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 Cumberland Community Options, Inc. ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors 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 opinion. 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial misstatements, 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 on Cumberland Community Options, INC 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 judgement, there are conditions or events, considered in the aggregate that raise substantial doubt about company'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 we identified during the audit

Other Matters

Other Information

Management is responsible for the other information. The other information comprises the Roster of Board and Management Members and the schedule of state and federal awards but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any other form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued our report dated December 31, 2021 on our consideration of Nashville Drug Court Support Foundation, Inc's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Nashville Drug Court Support Foundation, Inc's internal control over financial reporting and compliance.

A J Farmer, CPA

Franklin, Tennessee
June 2, 2022

NASHVILLE DRUG COURT SUPPORT FOUNDATION, INC
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash-equivalents	\$ 201,445	428,032
Accounts receivable	288,503	88,252
	<hr/>	<hr/>
Total current assets	489,948	516,284
	<hr/>	<hr/>
PROPERTY AND EQUIPMENT		
Building	179,703	179,703
Equipment	83,898	83,898
Vehicles	46,263	46,263
Less accumulated depreciation	204,859	200,302
	<hr/>	<hr/>
Total property and equipment	105,005	109,562
	<hr/>	<hr/>
Total Assets	<u>\$ 594,953</u>	<u>625,846</u>
	<hr/>	<hr/>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 3,541	1,038
Accrued expense	42,785	45,289
Line of credit	47,000	47,000
	<hr/>	<hr/>
Total current liabilities	93,326	93,327
	<hr/>	<hr/>
Total Liabilities	93,326	93,327
	<hr/>	<hr/>
NET ASSETS		
Net assets without donor restrictions	501,627	532,519
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 594,953</u>	<u>625,846</u>
	<hr/>	<hr/>

See notes to financial statements

NASHVILLE DRUG COURT SUPPORT FOUNDATION
COMPARATIVE STATEMENTS OF ACTIVITIES AND FUNCTIONAL EXPENSE
YEARS ENDED DECEMBER 31, 2021 AND 2020

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	2021	2020
Support and revenue		
Grants and contracts	\$ 1,781,740	1,238,843
Contributions	29,718	26,528
Other income	153	60
Total support and revenue	<u>1,811,611</u>	<u>1,265,431</u>
FUNCTIONAL EXPENSE		
Program expense		
Payroll	787,873	672,202
Payroll tax	60,135	47,787
Contract labor and professional fees	306,473	234,013
Depreciations	4,557	5,419
Education	21,111	8,106
Medical	23,676	16,944
Drug testing	2,580	1,843
Vocational rehabilitation	6,823	44,673
Specific assistance to residents	18,316	6,857
Environmental	27,703	19,249
Rent	12,000	15,000
Utilities	8,362	8,836
Food for residents	110,068	92,220
Resident incentives	2,188	3,185
Miscellaneous	64,836	10,589
Total program expense	<u>1,456,701</u>	<u>1,186,923</u>
Management and general expense		
Bank service charge	15	342
Background checks	268	323
License, dues and permits	334	240
Dues and subscriptions	188	420
Postage and delivery	1,088	1,179
Office supplies	50,489	7,822
Equipment rental and maintenance	30,917	
Interest	2,925	1,731
Workers comp and SUI benefits	25,933	11,628
Insurance	37,256	31,829
Printing and reproduction	-	-
Payroll	155,929	108,631
Payroll tax	11,695	11,947
Professional fees	17,212	10,370
Telephone	23,072	17,648
Travel	25,658	8,550
Total management and general expense	<u>382,982</u>	<u>212,660</u>
Fundraising expense	<u>2,822</u>	<u>6,376</u>
Total expense	<u>1,842,504</u>	<u>1,405,959</u>
Increase (decrease) in net assets without donor restrictions	(30,892)	(140,528)
Net assets beginning of year	532,519	673,047
Net assets end of year	<u>\$ 501,627</u>	<u>\$ 532,519</u>

See notes to financial statements

NASHVILLE DRUG COURT SUPPOERT FOUNDATION
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (30,892)	(140,528)
Adjustments to reconcile increase (decrease) in net assets to cash provided (used) by operating activities		
Depreciation	4,557	5,419
(Increase) decrease in accounts recivablw	(200,251)	7,071
Increase (decrease) in accounts payable	2,503	-
Increase (decrease) in accrued liabilities	(2,504)	6,209
	<hr/>	<hr/>
Total adjustments	(195,694)	18,699
	<hr/>	<hr/>
Net cash provided (used) by operating activities	(226,587)	(121,829)
	<hr/>	<hr/>
Cash Flows From Investing Activities		
Acquisition of plant property and equipment	-	-
	<hr/>	<hr/>
Net cash used by investing activities	-	-
	<hr/>	<hr/>
Cash Flows From Financing Activites		
Net cash provided by financing activities	-	2,833
	<hr/>	<hr/>
Increase (decrease) in cash	(226,587)	(118,996)
	<hr/>	<hr/>
Cash and cash equivalentents beginning of year	428,032	547,028
	<hr/>	<hr/>
Cash and cash equivalentents end of year	\$ 201,445	428,032
	<hr/>	<hr/>

See notes to financial statements

Nashville Drug Court Support Foundation, Inc.

Notes to Financial Statements

1. ORGANIZATION AND NATURE OF BUSINESS

Nashville Drug Court Support Foundation, Inc. a Tennessee not-for-profit corporation (the “Organization”), is dedicated to supporting the therapeutic community approach to substance use disorders in the state of Tennessee. This approach was developed as a way rebuild a broken system for non-violent offenders. Focusing on healing the whole person our program helps residents identify behaviors that can lead to substance use disorders then implement a restorative approach to treatment and recovery.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation.

The Organization reports information regarding its financial position and activities in accordance with FASB ASC 958. Under ASC 958 as updated by ASU 2016-14, the organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with no donor restrictions, net assets with donor restrictions which can be temporary or permanent based upon the existence or absence of donor-imposed restrictions. (The Corporation has no assets that meet the definition of net assets with donor restrictions.) In addition, the Corporation reports information regarding contributions in accordance with ASU 2016-14. In accordance with ASU 2016-14, contributions received are recorded as donor restricted, or with no donor restrictions. (The Corporation has received no contributions with donor-imposed restrictions that would result in net assets with donor restrictions.) The Organization adopted ASU 2016-14 effective for the year ended June 30, 2019.

Basis of Accounting.

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

New Accounting Pronouncement – On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Corporation has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of Corporations management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity. Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Measure of operations – The statements of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to the Corporations ongoing services and interest and dividends earned on investments. Nonoperating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Nashville Drug Court Support Foundation, Inc.

Notes to Financial Statements

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles and the modified cash basis of accounting requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all short-term, highly liquid investments with an original maturity date of three months or less to be cash equivalents. All are available for use in current operations.

Property and Equipment

Property and equipment are reported at cost. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Property and equipment are depreciated principally using accelerated methods over their estimated useful lives.

Reclassifications

Certain amounts for the prior year presentation have been reclassified to conform to the current year's presentation.

Long-lived Assets

The Organization periodically reviews the values assigned to long-lived assets to determine if any impairments are other than temporary. Management believes that the long-lived assets in the accompanying statement of assets, liabilities, and net assets are appropriately valued.

• Revenue and Support Nashville Drug Court Support Foundation receives most of its income, approximately 98%, from contract services and grants paid by the State of Tennessee Department of Finance and Administration.

Revenue Recognition

Fee income is recognized in the period in which services are provided based on a contractual rate per client per day. Rates paid to us are determined by the State of Tennessee per client based on the level of care required.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is the unit of account in the new revenue recognition standard. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied.

Performance Obligations Satisfied at a Point in Time

Revenues that do not satisfy the criteria for recognition over time are recognized at a point in time. Upon fulfillment of the performance obligation, which is the services provided to the customer, revenue is recognized. Management believes that point in time recognition remains appropriate and will continue to recognize revenues as services are provided. Revenue from services transferred to customers at a point in time accounted for 98% of revenue for the years ended December 31, 2021 and 2020.

Nashville Drug Court Support Foundation, Inc.

Notes to Financial Statements

Contributions

Contributions received are recorded as donor restricted either temporarily or in perpetuity, contributions without donor restrictions, available for use in the current period, depending on the existence and nature of any donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported as net assets released from donor restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as net assets without donor restrictions.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

Functional Allocation of Expenses.

The costs of providing the various programs and other activities have been summarized on a functional basis and natural basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on hours worked in each area.

2. AVAILABILITY AND LIQUIDITY

The following represents The Corporations financial assets at June 30, 2021 and 2020:

Cash and cash equivalents as of December 31, 2021 and 2020 are \$201,445 and \$428,032 respectively.
Accounts receivable as of December 31, 2021 and 2020 are \$288,503 and \$88,252

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$460,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. The Organization has a \$47,000 line of credit available to meet cash flow needs.

3. DUE FROM THE STATE OF TENNESSEE:

Nashville Drug Court Support Foundation, Inc. is due monies from the State of Tennessee Department of Finance and Administration for contract services performed. These receivables total \$288,503 and \$88,252 for the years ended December 31, 2021 and 2020 respectively. Due to the timing and nature of receivables it was deemed more effective to test them by verifying subsequent receipts than requesting balance confirmations. These are available for use in current operations

4. COMMITMENTS

The Organization leased office space for the year ended December 31, 2021 and 2020 with total lease payments of \$12,000 and \$15,000 respectively. Minimum monthly lease payments for the office were \$1,150 and the lease is renewable yearly thereafter.

The Organization has a line of credit renewable yearly with a facility of \$47,000 and \$47,000 as of December, 31, 2021 and 2020 at a 5% rate of interest secured by property at 4010 Red Rose Court, Nashville, Tennessee.

Nashville Drug Court Support Foundation, Inc.
Notes to Financial Statements

5. QUESTIONED COSTS / CONTINGENCIES

Questioned costs are those amounts charged to a funded program that may not be in compliance with requirements set forth in contracts, statutes, and regulations governing allowability or eligibility. A questioned cost may not be reimbursed by the State or the State agency may require that the funds already expended be refunded back to the State. These amounts can be “questioned” by the State for the specific grant to which they apply. The final determination as to whether such costs will be allowed or disallowed under the grants will be made by the individual grantor agencies at a later date.

6. SUBSEQUENT EVENT

Management has evaluated events and transactions subsequent to the statement of financial position date through the date of the auditor’s report, June 2, 2022,(the date the financial statements were available to be issued), for potential recognition or disclosure in the financial statements. Management has not identified any items requiring disclosure.

7. UNCERTAIN TAX POSITIONS

The Organization follows the accounting guidance for uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the position will be sustained upon examination by tax authorities. Such tax positions initially and subsequently need to be measured as the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the tax authority assuming full knowledge of the position and relevant facts. The adoption of FASB ASC 740 did not have a material impact on the Corporation’s financial statements. Corporation management has concluded that there are no significant uncertain tax positions requiring disclosure, and there are no material amounts of unrecognized tax benefits. The Corporation’s evaluation was performed for tax years that remain subject to examination by major tax jurisdictions as of December 31, 2021.

8. TAX STATUS

The Organization, obtained its determination letter dated June 13, 2008 in which the Internal Revenue Service stated that the Corporation was in compliance with the applicable requirements of Internal Revenue Code Section 501 (c) 3. The Corporation has had no significant modifications of its programs since receiving the determination letter. Management believes that the Corporation is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code and is exempt from federal income tax under IRC Section 501 (a).

SUPPLEMENTAL INFORMATION

NASHVILLE DRUG COURT SUPPORT FOUNDATION INC
ROSTER OF BOARD OF DIRECTORS
DECEMBER 31,2021

Manuel Ben Russ	President	Attorney
Carol Etherington	Vice President	Vanderbilt University
Amanda Bracht	Secretary	Mental Health Co-Op
Tommy Malone	Treasurer	Retired Pharmacist
Audrey Pessoni	Board Member	Retired Social Worker
Xyzeidria D. Ensley	Board Member	Davidson County Sheriff's Office
Nancy Kemp Hooper	Board Member	Tennessee Medical Foundation
Tommy Yankton Mingua	Board Member	Musician
Michael Baron, MD	Board Member	Tennessee Medical Foundation
Breonus M.Mitchell	Board Member	Mt Gilead Missionary Baptist Church
Shonda Walker	Board Member	HCA

**NASHVILLE DRUG COURT SUPPORT FOUNDATION
STATEMENT OF FEDERAL AND STATE AWARDS
YEARS ENDED DECEMBER 31, 2021**

Program Title	Federal Award Number	Edison ID	Federal Award Amount	State Award Amount	Federal Disbursements	State Disbursements	Total Expenditures
State of Tennessee							
Department of Mental Health and Substance Abuse Services		49826		1,116,658		1,103,017	1,103,017
Department of Mental Health and Substance Abuse Services		70717		1,045,812		240,748	240,748
Department of Mental Health and Substance Abuse Services	93959	70122	75,000	100,000	75,000	100,000	175,000
					<u>75,000</u>	<u>1,443,766</u>	<u>1,518,766</u>

(1) Prepared on the accrual basis of accounting.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

Board of Directors
Nashville Drug Court Support Foundation, Inc.
Nashville, Tennessee

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cumberland Community Options, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expense and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated June 2, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Nashville Drug Court Support Foundation, Inc. internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of its internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Nashville Drug Court Support Foundation, Inc. financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A J Farmer, CPA

Franklin, Tennessee
June 2, 2022

A J Farmer, CPA

A. Jack Farmer, CPA
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Franklin, TN 37064
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Telephone 615.429.3771

SCHEDULE OF PRIOR YEAR FINDINGS

There were no prior year findings.