

**FUNDING AGREEMENT BETWEEN THE CITY OF FRANKLIN AND  
WAVES, Inc.**

**COF Contract No. 2017-0155**

This Funding Agreement is effective on July 1, 2017, between and among the City of Franklin, Tennessee, a political subdivision of the State of Tennessee (the "City") and WAVES, Inc. (the "Agency"), a Tennessee nonprofit corporation.

**RECITALS**

**WHEREAS**, Tennessee Code Annotated ("TCA") Section 6-54-111, as amended, authorizes a municipality's governing body to appropriate funds for the financial aid of any nonprofit charitable organization that provides year-round services benefiting the general welfare of the residents of the municipality or any nonprofit civic organization working to maintain and increase employment opportunities in the municipality; and

**WHEREAS**, the TCA also provides for the Comptroller of the Treasury to establish standard procedures to assist the municipal governing body in the disposition of funds so appropriated; and

**WHEREAS**, the municipality wishes to comply with the following laws and rules:

1. A municipality may appropriate funds for only those nonprofit charitable organizations that provide year-round services benefiting the general welfare of the residents of the municipality, or any nonprofit civic organization classified under Sections 501(c)(4) or (6) of the Internal Revenue Code working to maintain and increase employment opportunities in the municipality.
2. The governing body of each municipality shall adopt an adequate agreement stating the purpose for which the funds are being appropriated, for each nonprofit organization that is to receive municipal funds.
3. The budget document of the municipality shall include the name of each nonprofit organization and the specific amount appropriated for each organization.
4. Municipal payments to nonprofit organizations shall be limited to the amounts appropriated for such purposes and in keeping with the municipality's guidelines for how the appropriated funds may be spent.
5. Pursuant to Tennessee Code Annotated §6-54-111(c), the Agency shall file with the City a copy of the annual report of its business affairs and transactions that includes, but is not limited to:

- (a) Either a copy of the Agency's most recently completed annual audit or an annual report detailing all receipts and expenditures in a form prescribed by the comptroller of the treasury (a blank copy of which is attached as Exhibit A) and certified by the chief financial officer of the Agency;
- (b) A description of the program that serves the residents of the municipality (a blank copy of which is attached as Exhibit B); and
- (c) The proposed use of the municipal assistance (a blank copy of which is attached as Exhibit C).

The report filed shall be open for public inspections during regular business hours of the City.

6. For appropriations to nonprofit civic organizations, notices shall be published in a newspaper of general circulation in the municipality of the intent to make an appropriation, specifying the intended amount and purpose; and

**WHEREAS**, the City and the Agency intend to enter into this agreement for the purpose of defining the Agency's use of the monies received from the City in fiscal year 2017-2018.

**NOW, THEREFORE**, in consideration of the mutual covenants and promises, the parties agree as follows:

**1. TERM**

This agreement shall be effective from and after the effective date and shall extend through June 30, 2018, unless otherwise terminated in accordance herewith.

**2. OBLIGATIONS OF CITY OF FRANKLIN**

**2.1** In accordance with City guidelines after all administrative costs are deducted therefrom, the City will contribute to the Agency the amount of TWENTY-TWO THOUSAND NINE HUNDRED THIRTEEN and 00/100 DOLLARS (\$22,913.00).

**2.2** Payments will be made in quarterly installments, payable at or near the beginning of each quarter.

**3. OBLIGATIONS OF THE AGENCY**

**3.1 Use of Funds.** The Agency shall use the City funds for the sole and limited purpose of community and economic development of the City of Franklin according to the Statement of Work and Program Objectives provided in Exhibit B, a copy of which is attached hereto and incorporated by reference herein.

**3.2 Work Plan.** In order to accomplish the objective(s) set forth in paragraph 3.1, the agency shall submit to the City a Work Plan that describes, in detail, the efforts to be undertaken by the Agency to accomplish the performance objectives set forth in Exhibit B, a copy of which is attached hereto as Exhibit C and incorporated by reference herein. At a minimum, the Work Plan shall include that information required by Exhibit B. The Agency

shall coordinate its performance under this Agreement with the City. The Agency shall advise and consult with the City Administrator or his/her designee, with respect to its performance under this Agreement.

**3.3 Annual Budget.** The Agency shall submit an annual budget in a form and on a schedule acceptable to the City. The annual budget shall contain a detailed analysis of the project administrative expenses for operations and reasonable estimates of the projected amounts to be spent for the services to be provided and Work Plan to be implemented for the calendar year. The budget shall be submitted to the City with this agreement.

**3.4 Reporting.** Pursuant to Tennessee Code Annotated §6-54-111(c), the Agency shall file with the City a copy of the annual report of its business affairs and transactions that includes, but is not limited to:

- (a) Either a copy of the Agency's most recently completed annual audit or an annual report detailing all receipts and expenditures in a form prescribed by the comptroller of the treasury (a blank copy of which is attached as Exhibit A) and certified by the chief financial officer of the Agency;
- (b) A description of the program that serves the residents of the municipality; and
- (c) The proposed use of the municipal assistance.

The report filed shall be open for public inspections during regular business hours of the City.

**3.5 Insurance.** The Agency shall maintain professional liability and general liability insurance coverages as are reasonably necessary to cover any liability arising out of the acts or omissions of the Agency and its employees. The Agency shall maintain workers' compensation insurance as required by the laws of the State of Tennessee.

The Agency shall require all third parties utilized by the Agency ("Contractors") to maintain professional liability and general liability insurance coverages as are reasonably necessary to cover any liability arising out of the acts or omissions of the Contractors and its employees. The Agency shall require contractors to maintain workers' compensation as required by the State of Tennessee. The contractor's general liability insurance shall be of sufficient limits to provide defense and settlement expenses for Agency that result from the contractor liability. To the extent permissible, the Agency shall require each Contractor to endorse the Agency as an additional insured on the Contractor's general liability policies.

To the extent permitted by law, the Agency shall require such Contractor to indemnify and hold the Agency harmless against any liability caused by acts or omissions of the Contractor and its employees.

Insurance information will be provided to the City upon request. The Agency shall notify the City immediately of incidents that could lead to a major claim against the Agency.

#### 4. **RESTRICTION ON USE OF FUNDS**

The Agency does hereby warrant and represent that the City Funds shall not be utilized by either the Agency or any of its Contractors for the following purposes:

- 4.1 Any claim or litigation against the City or any department or division of the City.
- 4.2 Any political or levy campaigning purposes.

#### 5. **RECORDS AND AUDITS**

**5.1 Accounting.** The Agency shall maintain full, accurate and complete financial and accounting books, records and reports (“Records”) of all direct and indirect uses and expenditures of the City Funds consistent with generally accepted accounting principles (GAAP).

**5.2 Maintenance of Records.** The Agency shall keep records relating to all uses and expenditures of the City Funds received pursuant to this Agreement. The Agency shall maintain a system of bookkeeping adequate for its operations hereunder and shall submit reports from such system to the City and the Agency on an annual basis for review and approval. The Agency shall keep and preserve for at least five (5) years following each calendar year all sales slips, rental agreements, purchase orders, sales books, cash register tapes, credit card invoices, payroll records, duplicate deposit tapes and invoices, bank accounts, cash receipts and cash disbursements, bank books and other evidence of receipts and expenditures for such period.

**5.3 Audit.** The City or the City’s designated representative, at the City’s cost and expense, shall have the right to audit the Agency’s Records at any time but shall not unreasonably interfere with the Agency’s business or operations in connection with any such audit. The Agency acknowledges that this Agreement may be subject to audit by the Auditor of the State of Tennessee.

**5.4 Repayment.** If an audit discloses the Agency has received or retained City Funds in error or in excess of those to which the Agency is entitled under this Agreement or has used the City Funds for a purpose not authorized by this Agreement, the Agency agrees to promptly repay to the City the full amount of such City Funds, with interest thereon at the rate equal to the 90-day U.S. Treasury Note at the time. In the event the Agency fails to promptly repay to the City the full amount of such City Funds, the City may elect to withhold said City Funds from any future payments to the Agency.

**5.5 Additional Remedies.** In addition to the repayment remedy set forth in paragraph 5.4 herein, the City may elect to terminate this Agreement as set forth in section 6, herein with a minimum of 30 days written notice to the Agency’s President and Chair of the Board with opportunity to cure any breach.

**6. TERMINATION**

If either party hereto breaches any term, condition, representation, warranty or covenant contained in this Agreement, or if the Agency engages in any malfeasance or misfeasance with respect to the City Funds, the non-breaching party may elect to terminate this Agreement with a minimum of 30 days written notice to the other party with opportunity to cure any breach.

**7. MISCELLANEOUS PROVISIONS**

7.1 The Agency and the City agree that, as a condition to this Agreement, they shall not discriminate against any employee on the basis of race, color, sex, religion, natural origin, handicap, or any other factor specified in Title VI of the Civil Rights Act of 1964, the Rehabilitation Act of 1973, the Americans with Disabilities Act, and subsequent amendments thereto, and all other federal and state laws regarding such discrimination.

7.2 The Agreement may be amended at any time, or any provision hereof may be waived, by written consent of all parties hereto.

7.3 This Agreement shall be governed by and construed under the laws of the State of Tennessee.

7.4 The Agency and the City shall conform to the requirements of all applicable laws and regulations of the State of Tennessee governing the execution of their respective duties under this Agreement.

**(Signatures on next page)**

IN WITNESS WHEREOF, THE PARTIES HAVE EXECUTED THIS Agreement as of this 11TH day of AUGUST, 2017 by

**WAVES, Inc.**

By: Shannon News

Name: Shannon News

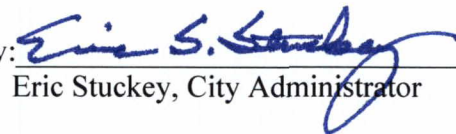
Title: Executive Director

Date: 8/11/17

**CITY OF FRANKLIN**

By:   
Dr. Ken Moore, Mayor

Date: 8/23/17

By:   
Eric Stuckey, City Administrator

Approved as to form:

By: Shauna R. Billingsley  
Shauna R. Billingsley, City Attorney



Grants and Other Assistance Paid to Other Organizations and Individuals	\$	
Salaries and Wages		<u>1,774,565</u>
Employee Benefits		<u>249,077</u>
Payroll Taxes		<u>134,766</u>
Fees for Services (non-employee)		<u>63,440</u>
Advertising and Promotion		
Office Expenses		<u>63,422</u>
Leases/Rentals		<u>198,073</u>
Maintenance and Repairs		
Supplies		<u>17,852</u>
Travel		<u>133,123</u>
Utilities		<u>57,692</u>
Insurance		
Conferences, Conventions and Meetings		<u>7,048</u>
Interest		<u>5,592</u>
Purchase of Capital Assets – Vehicles and Equipment		<u>36,020</u>
Purchase of capital Assets – Property and Buildings		
Loan Payments		
Other		<u>161,927</u>
<b>Total Disbursements</b>	\$	<u>2,757,597</u> (B)
<b>Cash Receipts Less Disbursements for the fiscal Year (A-B=C)</b>	\$	<u>(79,693)</u> (C)
<b>Cash Balance - at the beginning of the fiscal year</b>	\$	<u>379,831</u> (D)
<b>Cash Balance - at the end of the fiscal year (C+D=E)</b>	\$	<u>300,138</u> (E)

**Details of Cash Balance - at the end of the fiscal year**

Cash on Hand	\$	
Cash in Bank – Checking		<u>13,437</u>
Cash in Bank – Savings Accounts		<u>286,701</u>



Cash in Bank – Certificates of Deposits \_\_\_\_\_  
Other Cash \_\_\_\_\_  
Total Cash - at the end of the fiscal year \$ 300,138 (E)

**Please Explain Proposed Use of the Financial Assistance from Local Governments.**

To provide day services to adults with developmental + intellectual disabilities in Franklin, TN. Services include meaningful daily activities + participation in community life, vocational training; recreation; advocacy; social services; transportation; public education about IDD and information and referral.

I certify that this report accurately presents the cash receipts, disbursements, and balances of the

Waves, Inc for the fiscal year noted above.

Name of Nonprofit Organization

Person Preparing Report

Shannon Nehus

Printed Name

Shannon Nehus

Signature

Phone Number

615-794-7955  
ext 2118

Email Address

shnehus@wavesinc.com

Date

8/14/17

## EXHIBIT B

### STATEMENT OF WORK AND PROGRAM OBJECTIVES

The Agency 2017-2018 Annual Work Plan shall include:

1. Waves, Inc. will provide skills training activities for up to 40 adults with intellectual and developmental disabilities, Monday through Friday on a year round basis.
2. Adults will be engaged in community-based activities and will interact with people in the community.
3. Adults will be involved in activities in exercise, recreation, and employment activities that teach different social roles.

## EXHIBIT C

### WORK PLAN

The Agency 2017-2018 Annual Work Plan shall include:

1. Provision of skills training in the areas of activities of daily living, social skills, communication, self-help, recreation, and employment activities for an average of 40 adults with intellectual and developmental disabilities daily at 1405 B Brookwood Avenue and in other Franklin community sites.
2. 100% of program participants will be offered community based activities on a weekly basis.
3. 100% of program participants will be offered activities on a weekly basis that encourage learning new social roles, such as volunteering, joining civic groups, and making friends.

**EXHIBIT D**

Budget for Current Year

Aves, Inc.		R:\2017-2018\Final Review of 17-18 Waves Budget.xlsx Summary									
Budget - Fiscal Year 2017 - 2018											
Summary											
A/C #	Title	Total	Franklin Day	Franklin Residential-Division I	Franklin Residential-Division II	Fairview Day & Residential	Recycles	EI	* ECF	Marketing & Devel.	Admin
401	Early Intervention	355,463						355,463			
410	Pre-VR	26,340	26,340								
411	DHS-VR	8,850	8,850								
412	Community Grants	178,650								178,650	
414	Equipment Grants										
415	Choices- ECF	217,036							217,036		
417	Choices Waiver	93,319	71,791			21,528					
419	Private Pay	15,174	10,634			4,540					
420	Room & Board	43,788		17,700	26,088						
423	Transportation										
431	City/County	68,377								68,377	
432	Williamson Co. United Way	86,000								86,000	
436	Free Rent / In-Kind Rev	24,660				24,660					
443	Bank Interest Revenue	503	503								
444	Recycle Fees from Customers	96,514					96,514				
447	Recycle Sales	6,000					6,000				
448	Fundraising revenue	93,799								93,799	
450	Event Revenue										
451	Contributions	136,000								136,000	
453	Scholarship Fund-Restricted										
454	DIDD Community/Facility Day	720,906	267,228	91,956	93,427	204,291	64,003				
461	DIDD Supported Employment										
472	DIDD Residential Services	1,554,786	34,662	544,112	558,637	417,376					
478	DIDD Respite										
480	DIDD Semi-Indep. Living										
496	DIDD Waiver Transportation										
497	Personal Assistants										
498	Establishment Grants										
499	Miscellaneous Revenue										
	<b>Total Revenue</b>	<b>3,726,165</b>	<b>420,008</b>	<b>653,768</b>	<b>678,152</b>	<b>672,395</b>	<b>166,517</b>	<b>355,463</b>	<b>217,036</b>	<b>562,826</b>	<b>-</b>
511	Salaries	2,420,645	280,608	409,268	451,573	375,883	89,383	257,400	152,755	42,000	361,775
510	Overtime	60,400	1,100	21,616	21,132	12,211	1,622		2,431		286
512	Training										
513	PTO Buy Out	10,921	2,500	3,279	587	1,892	963		500		1,200
514	Disability Insurance	16,041	2,016	3,312	3,126	2,701	1,152	1,194	1,008	144	1,388
515	Retirement Fees	1,500									1,500
516	Fringe-Retirement	16,600	1,515	3,056	2,645	1,598	422	1,398	1,669	388	3,910
517	Fringe-Taxes	186,683	21,551	32,802	33,241	29,654	6,962	19,691	11,872	3,213	27,698
518	Fringe-Group Insurance	166,473	16,174	40,964	33,838	30,192	4,176	10,937	7,623		22,570
519	Fringe-U.C. & W.C.	68,320	7,930	12,810	13,420	13,420	4,880	4,880	4,270	610	6,100
520	Recreation - Staff	4,422	582	1,560	1,680				600		
521	Travel	32,350	492	214		292		26,214	2,400	451	2,287
526	Printing & Duplicating	16,638	2,460	2,460	273	2,820		133		2,299	6,193
531	Utilities	30,119	9,500	1,700	7,079	3,477		4,411			3,952
536	Communications	29,436	5,057	2,228	3,785	2,900	1,150	300		600	13,416
541	Maintenance / Repairs	33,023	9,800	13,217	2,900	4,449					2,657
551	Audit	2,500									2,500
552	Prof. Services - Other	15,206		213	973			2,407		10,000	1,613
553	Prof. Services - HR	32,262									32,262
554	Prof. Services - Dues & Subs.	8,872		39							8,833
561	Supplies	31,566	3,976	539	3,541	3,647	5,000	1,500	2,275	2,088	9,000
563	Sensitive Supplies	505			105	100					300
566	Food	24,719	758	6,120	12,240	2,524			29	48	3,000
571	Rent - Building	83,818	11,832	6,324	3,524	1,944	3,168	14,400	11,949	13,524	17,153
572	Rent - Vehicle	20,212			7,736	3,660	3,816		5,000		
573	Insurance - Building	36,036	8,719	4,163	5,480	8,550		4,800	210		4,134
574	Insurance - Auto	26,272	6,672	4,478	5,016	7,209			116		2,781
576	Free Rent / In-Kind Exp.	24,660				24,660					
581	Vehicle - Fuel	59,398	20,929	4,088	5,961	7,907	9,600		6,600		4,313
582	Vehicle - Repairs & Other	41,241	13,679	2,121	6,174	8,643	5,000		3,000		2,624
584	Staff Incentive	4,031				372					3,659
586	Client Supplements	2,018		1,805					213		
590	Administrative Allocation										
597	IT Services / Software	69,386	7,381	4,257	6,274	5,587	1,187		4,101	2,375	38,224
598	Training	5,954	67								5,887
601	Miscellaneous - Allowable	1,790		32				1,367		391	
602	Miscellaneous - Non-Allow.	369								369	
609	Bank Charges	1,192		944							248
610	Interest Expense	4,571		2,700	1,871						
611	Bad Debt Expense	399		240						159	
612	Depreciation Expense	46,294	12,753	10,440	8,421		3,000	200	480		11,000
	<b>Total Expenses</b>	<b>3,636,842</b>	<b>448,050</b>	<b>596,989</b>	<b>642,574</b>	<b>556,294</b>	<b>141,481</b>	<b>351,231</b>	<b>219,101</b>	<b>78,659</b>	<b>602,464</b>
	<b>Net Income (Loss)</b>	<b>89,323</b>	<b>(28,042)</b>	<b>56,779</b>	<b>35,578</b>	<b>116,101</b>	<b>25,037</b>	<b>4,232</b>	<b>(2,065)</b>	<b>484,167</b>	<b>(602,464)</b>
	Net marketing income allocation	(0)	126,150	56,067	42,050	14,017	28,033	42,050	42,050	(350,417)	
	Administrative expense allocation		(79,571)	(130,723)	(136,407)	(125,040)	(45,469)	(45,469)	(39,785)		602,464
	<b>Net Income (Loss) after allocations</b>	<b>89,323</b>	<b>18,538</b>	<b>(17,878)</b>	<b>(58,779)</b>	<b>5,078</b>	<b>7,601</b>	<b>813</b>	<b>200</b>	<b>133,750</b>	<b>-</b>
412	Non-cash THDA contribution (deduct)	133,750								133,750	
612	Depreciation Expense (add back)	46,294	12,753	10,440	8,421		3,000	200	480		11,000
	<b>Net Cash Inflow (Outflow)</b>	<b>1,867</b>	<b>31,291</b>	<b>(7,438)</b>	<b>(50,358)</b>	<b>5,078</b>	<b>10,601</b>	<b>1,013</b>	<b>680</b>	<b>(0)</b>	<b>11,000</b>



8/14/17  
Ellen Hansen  
Franklin City Hall  
109 Third Ave. South  
Franklin, TN 37064

Ellen,

Please find enclosed Waves, Inc. signed Funding Agreement Between the City of Franklin and Waves, Inc. Also included is the Annual Reporting Form for Nonprofit Organizations (Exhibit A), Statement of Work and Program Objectives (Exhibit B), Work Plan (Exhibit C), and Waves Budget for the current year 2017-2018 (Exhibit D).

We thank you for the funding support that we have received from the City of Franklin.

Please let me know if you need anything else.

Sincerely,

A handwritten signature in blue ink that reads "Shannon Nehus".

Shannon Nehus  
Executive Director