



March 15, 2018

Kristine Tallent
Assistant City Administrator/CFO
City of Franklin
109 Third Avenue South
Franklin, TN 37064

Dear Ms. Tallent,

Enclosed please find Waves' request for funding for FY 18-19 in the amount of \$22,913.

I am also enclosing a copy of our license to operate the Franklin Adult Day Program, the most recent financial audit, and proof of our nonprofit status.

Thank you for the long-standing partnership that we have from the City of Franklin.

Sincerely,

Lance Jordan
Executive Director

List ANY agency (or agencies) in Williamson County which you consider may directly, or indirectly, provide the same or similar services as those provided by your agency. If such an agency exists, please list the similarities (use additional sheet, if needed): Waves serves children from 0-3 years of age who are experiencing delays in development; adults 21 years old and above with intellectual and developmental disabilities. The only other similar service is the Tennessee Vocational Training Center which provides services to individuals with a wide range

of disabilities. A private organization, Brightstone, provides day services to a limited number of adults with intellectual disabilities who are able to pay a monthly tuition.

Unless prohibited by law, please provide documentation that your organization made a good faith effort to collect donations from private resources. Waves has hosted an annual fundraising breakfast as well as a Dueling Pianos fundraiser for several years. Waves also added another fundraising event in the summer of 2017. Through these events, we request sponsorship of local businesses and contributions or ticket sales from the community.

We also participate in Belk Charity Sale events, The Big Payback, and an end of year mailing campaign to solicit donations. Waves has also achieved a 100% giving board of directors for the past four years.

List any equipment owned by this organization funded, in whole or in part, by Williamson County. Please indicate what it is used for, how it is maintained and where it is stored (use a separate sheet if necessary). Waves leases our two day program centers from Williamson County at a discounted rate. One facility is located at 2714 Fairview Blvd. in Fairview and the other is located at 1405B Brookwood Ave. in Franklin. Copies of the two lease agreements are attached. These locations are used for our center-based adult day services where adults with disabilities come to receive support in the acquisition, retention, or improvement in daily living, social, communication, self-help, and other adaptive skills.

**Non-Profit Organization Request for
City of Franklin Funds**

Organization: WAVES INC.

Note: If necessary, please use a separate sheet in this format for the inclusion of additional expenditures or revenue line items)

EXPENDITURES	Actual 2016-17	Expended 2017-18	Requested 2018-19
Employee Salaries	\$2,064,634.00	\$1,257,709	\$2,166,324.00
Employee Benefits	\$226,753.00	\$90,292	\$237,921.63
Payroll Taxes	\$157,631.00	\$136,571	\$165,394.48
Service Fees	\$2,500.00	\$41,189	\$63,215.00
Office Expenses	\$79,266.00	\$20,582	\$85,727
Information Technology	\$100,374.00	\$34,644	\$108,555
Occupancy	\$150,100.00	\$120,483	\$158,469
Travel & Entertainment	\$141,653.00	\$102,570	\$150,565
Interest	\$4,562.00	\$2,487	\$4,502
Depreciation & Amortization	\$38,013.00	\$12,891	\$26,294
Insurance	\$53,992.00	\$14,262	\$59,783
All other expenses	\$116,874.00	\$18,060	\$52,975
TOTAL BUDGET	\$3,136,352	\$1,851,740	\$3,279,725
Revenues: (include any Fund Raising events)	2016-17	2017-18	2018-19
City of Franklin	\$22,913	\$11,457	\$22,913
United Way	\$85,000	\$50,167	\$94,000
Other Government Grants	\$45,464	\$23,232	\$45,464
All Other Contributions	\$387,494	\$170,337	\$186,761
2. Program Services	\$2,541,417	\$1,608,473	\$2,836,357
Investment Income (Dividends & Interest)	\$472	\$101	\$250
Special Events	\$82,723	\$39,226	\$95,000
Total Revenues:	\$3,165,483	\$1,902,993	\$3,280,745

Agency Salary Data

(MUST include Agency Director/President, CEO, COO, CFO [all executives and upper management]
plus Williamson County-specific staff only)

NOTE: All salary information will remain confidential

Agency Name: **Waves, Inc.**

Program:

aries only - do not include ben

Title or Position	PT or FT	(Current) TOTAL Salary 2017 or '17/'18	(Projected) TOTAL Salary 2018 or '18/'19
Executive Director	FT	\$81,250	\$76,313
Adult Services Director	FT	\$52,545	\$53,465
Business Manager	FT	\$46,777	\$47,596
Early Learning Program Manager	FT	\$48,760	\$49,613
Human Resouces Manager	FT	43769	\$44,535
Development & Community Relations Manager	FT	\$41,017	\$41,735
Program Managers + QA (6 positions)	FT	\$215,146	\$218,911
Accountant	FT	\$27,090	\$27,564
Consultant	PT	\$4,323	\$4,399
Human Resouces Assistant	FT	\$29,131	\$29,641
Early Interventionists (5 positions)	FT	\$129,177	\$131,438
Early Interventionists (1 position, adding 1 position at January)	PT	\$40,998	\$41,715
Support Coordinators (3 positions)	FT	\$78,723	\$80,101
Recycling Drivers (2 positions)	FT	\$39,385	\$40,074
Material Handlers (2 positions, adding 1 position in January)	PT	\$23,132	\$23,537
House Managers and Day Supervisors (9 positions)	FT	\$304,936	\$310,272
Direct Support Professionals and Coaches (39 positions)	FT	\$685,270	\$697,262
Route Drivers (2 positions)	PT	\$11,097	\$11,291
Case Managers ECF and Franklin Day and Semi-Independent (6 positions)	FT	\$99,311	\$101,049
DSPs PT and PT subs (16 positions)	PT	\$133,478	\$135,814
	TOTALS	\$2,135,315	\$2,166,324

City of Franklin
APPLICATION ADDENDUM

For the funding year July 1, 2018 through June 30, 2019

Name of Agency: **Waves, Inc.**

Date: February 23, 2018

Please provide a detailed description of the proposed use of funds that the City of Franklin might provide for Fiscal Year 2018-2019.

The funds will be used to support the operation of one component of Waves, the Franklin Adult Day Program. This program for adults with intellectual and developmental disabilities has been operating in Williamson County for 45 years. The program is housed in space located at 1405B Brookwood Avenue and is leased from Williamson County government.

The cost for operating this program unit is \$422,652. The requested funding from the City of Franklin is 5.4% of the direct cost. The City's investment is met with funding from the state Department of Intellectual and Developmental Disabilities; United Way of Williamson County; Williamson County Government; private pay fees; and contributions.

Funding is also received from the TennCare Choices Waiver which is managed through MCO's, Amerigroup, United Health Care and Blue Care Network.

Funding received from the City of Franklin will continue Waves efforts to provide meaningful daily activities for 30 adults that will empower them to progress toward their potential. Such support allows them to participate in, and contribute to, family and community life. Having a safe place for their family member to receive care, training, and socialization allows their family members to work.

Please provide information on any interaction that your agency has with the operations of City of Franklin departments (e.g., response to calls from Police after domestic incidents, provision of meals or lodging to displaced persons, etc.)

Waves has interaction with the following City of Franklin departments:

- Fire Marshal's office for annual building inspections
- Codes Administration for any changes in facilities
- City Parks for recreation activities as well as volunteer work
- Member- Live Green Business Partnership
- Solid Waste Department for collection of trash in four residences managed by Waves
- Use of the Community Room at the Police Department

Please answer completely the following questions using additional pages if necessary:

1. Specifically what services did your agency provide last year for which you are requesting funding this year? What were the objectives and results? (Include description, capacity, intensity and duration of services.)

The primary services provided by the Franklin Adult Day Services Program are meaningful daily activities and participation in community life; vocational training; recreation therapy; advocacy; social services; transportation; monitoring of health conditions such as diabetes, high blood pressure and seizures; public education about intellectual and developmental disabilities; and referral and information services.

Waves Franklin Adult Day Program provided training and therapeutic recreation activities to 30 adults with intellectual disabilities ranging from 22 to 75 years in age. 10 of the 30 participants also have physical disabilities which require use of wheelchairs and/or assistive devices.

The objective of the Adult Day Program is to support the acquisition, retention, or improvement in daily living, social, communication, self-help, and other adaptive skills. Most services are provided by a Direct Support Professional to a small group of three to six people and are individualized to the greatest extent possible. Some individuals who have significant physical disabilities require one on one staff support. In addition to the training provided in Waves sites, learning activities take place in community settings, such as a local church or community center. "Life Skills" classes structured on themes related to safety and health, basic academic skills, and life activities such as money handling and using the trolley. Waves' staff coordinate opportunities for physical activities such as walking club and swimming class at the Williamson County Recreation Center and attendance at special events such as Belcourt Theater events and the Williamson County Fair.

Individuals are encouraged to consider community-based employment or are linked to volunteer opportunities. Examples of volunteer opportunities that occur on a regular basis are: packaging lunches for Meals on Wheels; assisting with delivery of meals; cleaning trails at Edwin Warner Park. Other volunteer sites are Bowie Nature Park. Volunteer activities that occur on a periodic basis are assisting with mailings for nonprofit organizations and churches and collecting donations of food or other supplies for other local organizations such as GraceWorks.

One example of employment services is Waves office recycling pick up service. Two men are employed as Materials Processors. They, along with the Driver/Coordinator, picked up recyclable office materials from over 100 business locations in Franklin and Brentwood.

The Adult Day Program is open Monday - Friday from 8:00 AM to 4:00 PM on a year-round basis. Round trip transportation is provided to most participants.

2. Are there procedures in place for measuring the results achieved by your agency? If so, provide detailed data.

Monthly progress reports on annual Individual Support Plans are the central measure of results. Other measures include a quarterly analysis of trends regarding falls, medication variances, and incidents, such as hospitalizations.

We send out satisfaction surveys to our service recipients and their families annually. In our 2017 survey, 94% of the service recipients who returned the surveys felt that their daily life had improved through Waves' services.

3. Does your agency receive any external quality review or accreditation? If so, provide a copy of certificate or license and please explain.

The agency receives an annual program evaluation by representatives from the Tennessee Division of Intellectual and Developmental Disabilities. The most recent survey score was 46 out of 54. The 2017 Amerigroup Community Care Audit, which included 20 standards, reflected a score of 100% compliance. The United Health and Blue Care also passed at 100%.

Program facilities are licensed by a separate division of the same state department. A copy of the current licenses for the Franklin Adult Service Program is attached.

4. What percent of your local agency budget is your allocation request from the City of Franklin?

The allocation request of \$22,913 for our Franklin Adult Day Services program is 5.4% of Waves local operating budget.

5. What other fund raising activities does your agency engage in during the year?

Waves' annual fundraising breakfast will be held on March, 6, 2018. We will also host the fourth annual installment of our Dueling Pianos for Waves event in the fall. Plans are also underway for a second installment of our newest fundraising event, Lip Sync Battle. Waves participates in the Big Payback event every year. Waves sends an end-of-year appeal letter in November. Waves also submitted and received grants from the First Tennessee Foundation, Community Foundation, and Middle Tennessee Electric's Sharing Change. We also receive grants for vehicles from the Tennessee Department of Transportation.

Waves consistently seeks funding for individuals through the Tennessee Department of Intellectual and Developmental Disabilities and the Department of Education. Funding is also achieved through the TennCare Choices Program and the TennCare Employment and Community First Program.

Funding request are also submitted from Williamson County Government and United Way of Williamson County.

Application for additional funding is made as additional information is received about state, local, or foundation grants that are appropriate for Waves' mission.

6. Do you charge any fees for your services?

Historically, fees were not charged for participation in the Adult Services Program as most individuals desiring services were eligible for sponsorship through the state Medicaid Waiver program, but for the last several years there has been an extremely long state waiting list of individuals needing services through the Medicaid Waiver program. TennCare has expanded the Choices program to provide funding for individuals with intellectual disabilities who need day employment or community services. Services are available for people who can pay privately. Fees for services are \$12 to \$20 per hour based on the amount of support needed.

Department of Intellectual and Developmental Disabilities
Annual Quality Assurance Survey Report
Waves, Inc.
April 13, 2017

Region:

Domain	Score
Domain 1. Access and Eligibility	NA
Domain 2. Individual Planning and Implementation	4
Domain 3: Safety and Security	6
Domain 4. Rights, Respect and Dignity	6
Domain 5. Health	4
Domain 6. Choice and Decision Making	6
Domain 7. Relationships and Community Membership	6
Domain 8. Opportunities for Work	6
Domain 9. Provider Capabilities and Qualifications	4
Domain 10: Administrative Authority and Financial Accountability	4

Final Provider Score	46
Provider Performance Rating	Fair

Scoring Key

Compliance Category	Numerical Assignment
Noncompliance	0
Minimal Compliance	2
Partial Compliance	4
Substantial Compliance	6

Agency Performance Rating Key

Performance Rating Category	Numerical Range				
# Domains applicable	9	8	7	6	5
Exceptional Performance A score of SC is required in Domains 2, 3, 5 and 9, if applicable	52 – 54	46 - 48	40 - 42	34 - 36	28 - 30
Proficient For each applicable domain, the performance score must be at least PC	48 – 50	42 - 44	38	32	26
Fair For each applicable domain, the performance score must be at least MC	38 – 46	34 - 40	30 - 36	26 - 30	22 - 24
Significant Concerns	28 – 36	26 - 32	22 - 28	20 - 24	16 - 20
Serious Deficiencies	0 - 26	0 to 24	0 to 20	0 – 18	0 - 14



UnitedHealthcare®

Community Plan

8 Cadillac Drive

Suite 100

Brentwood TN 37027

June 30, 2017

Waves Inc.

Attn: Shannon Nehus

145 Southeast Pkwy, Ste 100

Franklin, TN 37064

We are pleased to inform you that *Waves Inc.* has been accepted as a participating provider with United Healthcare Plan of the River Valley, Inc., **UnitedHealthcare Community Plan TennCare EMPLOYMENT and COMMUNITY FIRST CHOICES (ECF CHOICES)** program effective **July 1, 2017** for the following service(s):

- Exploration
- Discovery
- Situational Observation and Assessment
- Job Development Plan or Self Employment Plan
- Job Development Start Up
- Self Employment Start Up
- Job Coaching Integrated Comp Employment
- Job Coaching Self Employment
- Co-Worker Supports
- Sub Employment- Small Group Enclave
- Career Advancement
- Supported Employment Small Group Mobile Work Crew
- Integrated Employment Path Services
- Community Integrated Support Services
- Community Transportation
- Independent Living Skills Training
- Personal Assistance
- Community Living Supports
- Community Living Supports – Family Model
- Supportive Home Care
- Respite

Your provider identification number assigned for use in submitting either paper or electronic claims is listed below:

EMPLOYMENT and COMMUNITY FIRST CHOICES (ECF CHOICES) PIN: A37064

When sending the Provider Identification Number (PIN) on your UB04 claim to UnitedHealthcare Community Plan via Office Ally form, please enter the PIN in FL57 and the Payer ID (95378) in FL51. If you are submitting claims using another software vendor, but using Office Ally as the clearing house to send your claim, please map the PIN to 2010AA REF segment with a qualifier G2. The payer ID will then go in FL 50 with the UnitedHealthcare Community Plan name. Please be sure to use the correct bill type for the service you are performing. A list of those bill types are as follows for ECF CHOICES:

ECF HCBS	Frequency	Status Codes*
891	Admit	01, 02, 20
892	Initial or first-time billing	30
893	Intermediate ongoing/continuing	30
894	Final billing (discharge or death)	01, 02, 20
897	Corrected claim	30
898	Voided claim	30

* Status Codes: 01-discharge home, 02-discharge hospital, 20-expired, 30-still patient/current

ECF CHOICES Claim Submission

Services Using Electronic Visit Verification (EVV): Please submit claims for these ECF services through HealthStar, UnitedHealthcare's EVV vendor.

- Personal Assistance
- Exploration
- Job Development Start Up
- Supportive Home Care
- Discovery
- Situational Observation and Assessment
- Self-Employment Start Up
- Career Advancement
- Respite
- Job Development
- Self-Development

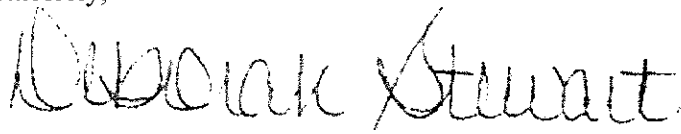
In accordance with your Provider Agreement, please make yourself familiar with the UnitedHealthcare Community Plan Provider Manual found on the health plan's Web site: www.UHCCCommunityPlan.com.

Also, we would like to remind you that in accordance with your Provider Agreement, any material change in the application information on file with us must be promptly reported to the Health Plan.

We welcome you as a participating provider. If you have any questions, please feel free to contact the following Employment and Community First Provider Relations Team;

Roslyn Richmond, ECF CHOICES Provider Advocate, West Region / 662-874-7579
Jessica Peters, ECF CHOICES Provider Advocate, Middle Region / 615-714-5985
Buffy Bass, Manager, Provider Services / 615-785-4282
Deborah Stewart, Director Network Programs / 615-542-5467

Sincerely,

A handwritten signature in black ink that reads "Deborah Stewart". The signature is written in a cursive, flowing style.

Deborah Stewart
Director Network Programs

**STATE OF TENNESSEE
DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES**



LICENSE

THE DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES GRANTS THIS FULL
LICENSE IN ACCORDANCE WITH TENNESSEE CODE ANNOTATED TITLE 33, CHAPTER 2, PART 4 TO:

WAVES, INC.

(Name of Licensee)

TO OPERATE A FACILITY OR SERVICE IDENTIFIED AND LOCATED AS FOLLOWS FOR THE
PROVISION OF THE DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES OR
PERSONAL SUPPORT SERVICES:

Waves - Administrative & Support Services Office

(Name of Facility or Service as Known to the Public)

145 Southeast Parkway, Suite 100, Franklin, TN 37064

(Street Address or Location, City or Town)

THE LICENSEE HAS DEMONSTRATED COMPLIANCE WITH T.C.A. TITLE 33, CHAPTER 2, PART 4 AND
WITH RULES OF THE DEPARTMENT OF INTELLECTUAL & DEVELOPMENTAL DISABILITIES.

THIS LICENSE AUTHORIZES LIFE SAFETY OCCUPANCY CLASSIFICATIONS AND THE FOLLOWING
DISTINCT CATEGORY OF FACILITY OR SERVICES TO BE PROVIDED:

Distinct Category	Accessible to mobile, non-ambulatory individuals	Approved for persons with:			Occupancy Classification
		Hearing Loss	Vision Impairment	Capacity	
DD Preschool Facility/Services – Community Based	Y	n/a	n/a	n/a	Business
ID & DD Placement Services	Y	n/a	n/a	n/a	Business
ID & DD Respite Care Services	Y	n/a	n/a	n/a	Business
ID & DD Supported Living Services	Y	n/a	n/a	n/a	Business
ID Adult Habilitation Day Facility/Services – Community Based	N	n/a	n/a	n/a	Business

September 01, 2017

Date License Granted

August 31, 2018

Date License Expires

L000000016824

License Number

Debra K. Payne

Commissioner of Department Of Intellectual & Developmental Disabilities

THIS LICENSE IS NON-TRANSFERABLE AND NON-ASSIGNABLE.
POST THIS LICENSE IN A CONSPICUOUS PLACE.

WAVES, INC.
FINANCIAL STATEMENTS
JUNE 30, 2017

WAVES, INC.

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FINANCIAL SECTION

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
WAVES, Inc.
Franklin, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of WAVES (a nonprofit organization) which comprise the statement of financial position as of June 30, 2017, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for the qualified audit opinion.

Basis for Qualified Opinion

Due to employee turnover in a key accounting position, accounting procedures were not properly performed in the areas of accounts receivable and related revenues. I was unable to obtain sufficient appropriate audit evidence about the amounts recognized for accounts receivable and revenue collected by the Organization for the year ended June 30, 2017, because of the lack of accounting procedures in these significant areas. As such, I was unable to determine whether any adjustments to those amounts were necessary.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of WAVES as of June 30, 2017, 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.

Other Matters - Other Information

The audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the WAVES' basic financial statements. The Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including and comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated December 15, 2017 on the consideration of WAVES' internal control over financial reporting and the tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the 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 the entity's internal control over financial reporting and compliance.

December 15, 2017

FINANCIAL STATEMENTS

WAVES, INC.

Statement of Financial Position

June 30, 2017

Assets

Current assets:	
Cash	\$ 178,433
Accounts receivable	110,715
Unconditional promises receivable-	100,550
Unconditional promises receivable- United Way	85,000
Prepaid assets	28,000
Total current assets	<u>502,698</u>
Property and equipment at cost:	
Land and building	414,574
Vehicles	642,755
Furniture and equipment	84,703
Less: accumulated depreciation	<u>(815,296)</u>
Net property and equipment	<u>326,736</u>
Security deposit	<u>6,265</u>
Total assets	\$ <u>835,699</u>

Liabilities and Net Assets

Current liabilities:	
Accounts payable	\$ 40,671
Accrued expenses	102,654
Deferred revenue	11,000
Current portion of long-term debt	30,217
Total current liabilities	<u>184,542</u>
Long -term debt	<u>75,199</u>
Total liabilities	<u>259,741</u>
Net assets:	
Temporarily restricted	85,000
Unrestricted	490,958
Total net assets	<u>575,958</u>
Total liabilities and net assets	\$ <u>835,699</u>

The accompanying notes are an integral part of these statements.

WAVES, INC.

Statement of Activities

For the year ended June 30, 2017

	Unrestricted	Temporarily Restricted	Total
Revenues			
Public support:			
State of Tennessee funding	\$ 2,413,314	-	2,413,314
Grants	211,188	-	211,188
Private pay	72,776	-	72,776
United Way	-	85,000	85,000
City and County	74,045	-	74,045
In-kind	24,660	-	24,660
Recycle fees	55,327	-	55,327
Contributions	151,646	-	151,646
Interest	472	-	472
Fundraising	82,723	-	82,723
Net assets released from restrictions:			
United Way funding for the year 2016-2017	85,000	(85,000)	0
Total public support and revenues	3,171,151	0	3,171,151
Expenses:			
Program services	2,528,705	-	2,528,705
Management and general	532,909	-	532,909
Fundraising	74,738	-	74,738
Total functional expenses	3,136,352	0	3,136,352
Increase (decrease) in net assets	34,799	0	34,799
Beginning of year net assets	456,159	85,000	541,159
End of year net assets	\$ 490,958	85,000	575,958

WAVES, INC.

Statement of Functional Expenses

For the year ended June 30, 2017

	Program Services	Management and General	Fundraising	Total Expenses
Salaries	\$ 1,696,253	328,454	39,927	2,064,634
Employee benefits	218,216	7,469	1,068	226,753
Payroll taxes	124,307	31,147	2,177	157,631
Travel and vehicle expense	146,630	15,132	451	162,213
Supplies	58,811	16,876	3,579	79,266
Professional services	15,352	40,913	10,650	66,915
Occupancy	142,474	27,911	13,147	183,532
Training		27,658	-	27,658
Information Technology	62,507	34,870	2,997	100,374
Miscellaneous	21,738	2,479	584	24,801
Interest	4,562	-	-	4,562
Depreciation	37,855	-	158	38,013
Total Expenses	\$ <u>2,528,705</u>	<u>532,909</u>	<u>74,738</u>	<u>3,136,352</u>

The accompanying notes are an integral part of these statements.

WAVES, INC.

Statement of Cash Flows

For the year ended June 30, 2017

Cash flows from operating activities:	
Support and revenue received	\$ 3,136,214
Cash paid for:	
Salaries and related expenses	(2,449,018)
Program and support services	(649,004)
Net cash provided by operating activities	<u>38,192</u>
Cash flows used by financing activities:	
Payments of principal on loans	(26,942)
Net cash used by financing activities	<u>(26,942)</u>
Cash flows used by investing activities:	
Acquisition of property and equipment	(132,955)
Net cash used by investing activities	<u>(132,955)</u>
Net increase in cash	(121,705)
Cash and cash equivalents at beginning of year	300,138
Cash and cash equivalents at end of year	<u>\$ 178,433</u>
Reconciliation of Increase in Net Assets to Net Cash Provided by Operating Activities	
Increase (decrease) in net assets	\$ 34,799
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:	
Depreciation	38,013
Changes in assets (increase) decrease:	
Accounts receivable	65,613
Unconditional promises to give	(100,550)
Prepaid assets	(25,019)
Changes in liabilities increase (decrease)	
Accounts payable	14,252
Accrued expenses	84
Deferred revenue	11,000
Net cash provided by operating activities	<u>\$ 38,192</u>

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

WAVES, INC.

Notes to the Financial Statements

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

WAVES, 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.

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.

WAVES, INC.

Notes to the Financial Statements

June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Donated Services

WAVES, 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 WAVES, Inc.'s financial statements.

Donated Rent

WAVES, Inc. receives office space rent free. These amounts are recorded at their fair value as in-kind revenue and as rental expense in the 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.

Functional Allocation of Expenses

The costs of providing the WAVES, Inc'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.

WAVES, INC.

Notes to the Financial Statements

June 30, 2017

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.

Deferred Revenue

Deferred 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 76% of WAVES, Inc.'s revenues (see Qualified opinion of pages 1-2) for the year ended June 30, 2017, was from contracts with various Governmental agencies. These agencies may, at its discretion, request reimbursement of expenses or return of funds, or both as a result of non-compliance by the WAVES, Inc. with the terms of the programs.

2. PROPERTY AND EQUIPMENT

A summary of property and equipment activity is noted below:

	Balance 6/30/16	Addition	Retirement	Balance 6/30/17
Land and buildings	\$ 414,574	-	-	414,574
Vehicles	545,679	127,670	30,594	642,755
Furniture and equipment	79,418	5,285	-	84,703
Total	1,039,671	132,955	30,594	1,142,032
Less: Accumulated depreciation	(807,877)			(815,296)
Net assets	\$ 231,794			326,736

Depreciation expense for the year ended June 30, 2017 was \$38,013.

WAVES, INC.

Notes to the Financial Statements

June 30, 2017

3. LONG-TERM DEBT

Long-term debt at June 30, 2017 consists of the following:

Note payable in monthly payments, collateralized by Land and Buildings of the Organization.	<u>105,416</u>
Less amount classified as current	<u>30,217</u>
Total long-term debt excluding current portion	<u>75,199</u>

Principal requirements of long-term debt in the next five years consists of:

2018	30,217
2019	31,728
2020	32,614
2021	<u>10,857</u>
Total	105,416



TENNESSEE DEPARTMENT OF REVENUE

SALES AND USE TAX CERTIFICATE OF EXEMPTION

WAVES, INC.
ATTN: JOHN HAYS
145 SE PARKWAY STE 100
FRANKLIN TN 37064-3998

RECEIVED
JUN 2 2015

Effective Date: July 1, 2015

Exemption Number: 100172001

Expiration Date: June 30, 2019

125 5TH AVE S
FRANKLIN TN 37064-2627

The Tennessee Department of Revenue has issued a tax-exemption number for the educational, religious, historical, or charitable non-profit organization or institution named above. State law (Tenn. Code Ann. § 67-6-322) gives the Department the authority to allow this organization to make tax-exempt purchases of goods and services that it will use, consume or give away. This authorization for exemption does not extend to sales tax that the organization must collect or pay on its regular sales of goods or taxable services.

This authorization for exemption is limited to sales made directly to the above named organization. This certificate may not be used for sales made to individuals paying with personal checks or personal debit or credit cards, even if the individual is a representative or employee of the above named organization, and he or she will be reimbursed for the purchase. Sellers must refuse to accept the certificate when the sale is made to someone other than the above named organization.

The organization must furnish its suppliers of goods and services with a copy of this certificate. The lower portion of the certificate must be properly completed. The organization must retain the original certificate for copy purposes. The supplier will maintain a file copy as evidence of the exempt sale to the organization. Later purchases made before the expiration date do not require the submission of additional copies.

The organization must notify the Department immediately if it ceases to exist or if its location or mailing address changes.

Richard H. Roberts
Commissioner of Revenue

To Be Completed by the Organization

TO: Supplier's Name _____

Address _____

City _____ State _____ Zip _____

I, Shannon Nehus, as an authorized representative of the organization named above, affirm that the purchases made under this authority will be used and consumed by the organization or will be given away.

Under penalty of perjury, I affirm this to be a true and correct statement.

Print Name of Organization WAVES INC

Print Name of Purchaser _____

Signature of Purchaser _____

Date _____