

**MARTHA O'BRYAN
CENTER, INC.**

**FINANCIAL STATEMENTS,
SUPPLEMENTAL SCHEDULE &
INDEPENDENT AUDITORS' REPORTS**

JUNE 30, 2010 and 2009

MARTHA O'BRYAN CENTER, INC.

TABLE OF CONTENTS

Independent Auditors' Report on Financial Statements	1
Financial Statements as of June 30, 2010 and 2009 and for the Years then ended:	
Statements of Financial Position	2
Statements of Activities and Changes in Net Assets	3 – 4
Statements of Functional Expenses	5 – 6
Statements of Cash Flows	7
Notes to Financial Statements	8 – 12
Additional Information:	
Schedule of Expenditures of Federal Awards and State Financial Assistance for the Year ended June 30, 2010	13 – 14
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15 – 16

MULLINS CLEMMONS & MAYES, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

To the Board of Directors of
Martha O'Bryan Center, Inc.:

We have audited the accompanying statements of financial position of Martha O'Bryan Center, Inc. (a nonprofit organization) as of June 30, 2010 and 2009 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the management of Martha O'Bryan Center, Inc. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. Those standards require that we 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. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Martha O'Bryan Center, Inc. as of June 30, 2010 and 2009 and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2011, on our consideration of Martha O'Bryan Center, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing 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* and should be considered in assessing the results of our audits.

Our audit was conducted for the purpose of forming an opinion on the basic 2010 financial statements of Martha O'Bryan Center, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance is presented for purposes of additional analysis and is not a required part of the basic 2010 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 2010 financial statements and, in our opinion, is fairly stated in all material respects, in relation to the basic 2010 financial statements taken as a whole.



Brentwood, Tennessee
January 24, 2011

MARTHA O'BRYAN CENTER, INC.

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 1,414,463	\$ 799,269
Certificate of deposit	253,111	-
Federal and state grants receivable	170,523	80,257
Other receivables	179,911	64,418
Unconditional promises to give, net	545,408	999,991
Prepaid expenses	10,332	12,519
Property and equipment, net	2,028,297	2,093,069
Other assets	<u>8,000</u>	<u>8,000</u>
TOTAL ASSETS	<u>\$ 4,610,045</u>	<u>\$ 4,057,523</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	\$ 84,313	\$ 40,997
Accrued liabilities	212,497	155,417
Capital lease obligation	24,811	-
Total liabilities	<u>321,621</u>	<u>196,414</u>
NET ASSETS:		
Unrestricted	2,711,377	2,842,033
Temporarily restricted	<u>1,577,047</u>	<u>1,019,076</u>
Total net assets	<u>4,288,424</u>	<u>3,861,109</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 4,610,045</u>	<u>\$ 4,057,523</u>

The accompanying notes are an integral part of the financial statements.

MARTHA O'BRYAN CENTER, INC.

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT:			
Government grants	\$ 745,299	\$ -	\$ 745,299
Donations and private grants	1,281,141	1,678,737	2,959,878
Program fees and subsidies	256,918	-	256,918
Fund raising events	54,694	-	54,694
In-kind donations	186,518	-	186,518
Lease fees	7,200	-	7,200
Interest and miscellaneous	50,645	-	50,645
Total	<u>2,582,415</u>	<u>1,678,737</u>	<u>4,261,152</u>
NET ASSETS RELEASED FROM RESTRICTIONS:			
Restrictions satisfied by incurrence of costs	238,009	(238,009)	-
Expiration of time restrictions	882,757	(882,757)	-
Total net assets released from restrictions	<u>1,120,766</u>	<u>(1,120,766)</u>	<u>-</u>
Total revenues, gains and other support	<u>3,703,181</u>	<u>557,971</u>	<u>4,261,152</u>
EXPENSES:			
Program services:			
Child development	945,158	-	945,158
Reading	511,847	-	511,847
Youth services	977,964	-	977,964
Family and community services	230,412	-	230,412
Family education	176,188	-	176,188
Family resource center	104,075	-	104,075
Supporting services:			
Management and general	424,953	-	424,953
Development and fund raising	463,240	-	463,240
Total expenses	<u>3,833,837</u>	<u>-</u>	<u>3,833,837</u>
NET CHANGE IN NET ASSETS	(130,656)	557,971	427,315
NET ASSETS:			
Beginning of year	<u>2,842,033</u>	<u>1,019,076</u>	<u>3,861,109</u>
End of year	<u>\$ 2,711,377</u>	<u>\$ 1,577,047</u>	<u>\$ 4,288,424</u>

The accompanying notes are an integral part of the financial statements.

MARTHA O'BRYAN CENTER, INC.

**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT:			
Government grants	\$ 377,030	\$ -	\$ 377,030
Donations and private grants	1,488,742	991,308	2,480,050
Program fees and subsidies	282,916	-	282,916
Fund raising events	79,442	-	79,442
In-kind donations	125,904	-	125,904
Lease fees	7,295	-	7,295
Interest and miscellaneous	37,085	-	37,085
Total	<u>2,398,414</u>	<u>991,308</u>	<u>3,389,722</u>
NET ASSETS RELEASED FROM RESTRICTIONS:			
Restrictions satisfied by incurrence of costs	198,152	(198,152)	-
Expiration of time restrictions	460,466	(460,466)	-
Total net assets released from restrictions	<u>658,618</u>	<u>(658,618)</u>	<u>-</u>
Total revenues, gains and other support	<u>3,057,032</u>	<u>332,690</u>	<u>3,389,722</u>
EXPENSES:			
Program services:			
Child development	882,613	-	882,613
Reading	186,411	-	186,411
Youth services	593,262	-	593,262
Family and community services	346,589	-	346,589
Family education	205,059	-	205,059
Family resource center	105,874	-	105,874
Supporting services:			
Management and general	289,046	-	289,046
Development and fund raising	467,391	-	467,391
Total expenses	<u>3,076,245</u>	<u>-</u>	<u>3,076,245</u>
NET CHANGE IN NET ASSETS	<u>(19,213)</u>	<u>332,690</u>	<u>313,477</u>
NET ASSETS:			
Beginning of year	<u>2,861,246</u>	<u>686,386</u>	<u>3,547,632</u>
End of year	<u>\$ 2,842,033</u>	<u>\$ 1,019,076</u>	<u>\$ 3,861,109</u>

The accompanying notes are an integral part of the financial statements.

MARTHA O'BRYAN CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2010

	Program Services						Supporting Services		Total Expenses
	Child Development	Reading	Youth Services	Community Services	Family Education	Family Resource	Management and General	Development and Fund Raising	
Salaries	\$ 614,803	\$ 298,043	\$ 605,939	\$ 117,392	\$ 118,469	\$ 72,078	\$ 205,017	\$ 263,367	\$ 2,295,108
Employee benefits	65,867	13,531	49,066	12,681	17,565	7,782	19,406	27,841	213,739
Payroll taxes	45,864	23,949	46,276	8,845	9,114	5,377	65,205	19,152	223,782
Total personnel costs	726,534	335,523	701,281	138,918	145,148	85,237	289,628	310,360	2,732,629
Professional services	688	356	10,005	1,173	189	97	22,702	65,374	100,584
Insurance	7,559	627	7,296	3,595	2,106	1,088	3,034	1,465	26,770
Food and supplies	83,991	15,769	131,747	52,842	5,121	3,540	34,870	22,927	350,807
Client assistance	59	56	1,743	4,846	1,795	2,884	530	-	11,914
Communications	3,552	501	8,574	1,688	1,340	513	8,914	18,376	43,458
Utilities	17,164	1,425	18,022	8,161	4,869	2,471	6,904	3,326	62,342
Building and grounds maintenance	19,965	3,334	13,652	8,733	5,016	2,769	13,229	3,920	70,618
Equipment maintenance and repair	2,252	2,971	6,978	681	313	171	14,768	8,771	36,905
Vehicles and travel	2,004	2,302	13,344	1,181	2,404	1,078	2,142	887	25,342
Professional development	4,782	3,298	30,919	52	1,544	444	2,440	-	43,479
Subscriptions and memberships	1,257	220	48	-	-	-	511	-	2,036
Interest, fees, licenses, miscellaneous and in-kind gifts	43,358	128,139	1,252	743	378	260	10,569	6,954	191,653
Bad debts	-	-	-	-	-	-	-	5,200	5,200
Total expenses before depreciation	913,165	494,521	944,861	222,613	170,224	100,552	410,241	447,560	3,703,737
Depreciation	31,993	17,326	33,103	7,799	5,964	3,523	14,712	15,680	130,100
Total expenses	\$ 945,158	\$ 511,847	\$ 977,964	\$ 230,412	\$ 176,188	\$ 104,075	\$ 424,953	\$ 463,240	\$ 3,833,837

The accompanying notes are an integral part of the financial statements.

MARTHA O'BRYAN CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

	Program Services						Supporting Services		Total Expenses
	Child Development	Reading	Youth Services	Community Services	Family Education	Family Resource	Management and General	Development and Fund Raising	
Salaries	\$ 571,695	\$ 135,186	\$ 382,622	\$ 204,739	\$ 123,753	\$ 69,382	\$ 128,253	\$ 263,690	\$ 1,879,320
Employee benefits	80,532	10,400	32,614	22,411	17,483	10,152	4,533	31,819	209,944
Payroll taxes	48,305	10,123	30,310	16,090	8,974	5,428	19,353	20,562	159,145
Total personnel costs	700,532	155,709	445,546	243,240	150,210	84,962	152,139	316,071	2,248,409
Professional services	4,898	47	824	392	713	72	10,309	21,848	39,102
Insurance	4,548	729	14,866	4,160	1,395	569	6,200	571	33,039
Food and supplies	83,955	13,466	42,126	45,022	29,922	7,186	22,081	45,434	289,192
Client assistance	-	-	682	4,613	570	-	227	-	6,092
Communications	3,400	301	8,515	2,311	625	1,118	10,322	33,776	60,368
Utilities	17,324	1,438	19,230	11,886	2,631	2,196	10,954	2,204	67,862
Building and grounds maintenance	20,275	1,446	17,759	12,536	2,646	2,208	11,348	2,782	70,999
Equipment maintenance and repair	2,969	565	5,088	1,985	2,565	805	13,792	6,661	34,430
Vehicles and travel	1,316	1,495	6,067	2,821	1,153	1,157	4,789	1,180	19,977
Professional development	3,574	1,049	2,048	55	754	-	2,321	1,514	11,314
Subscriptions and memberships	923	222	78	-	35	-	863	-	2,121
Interest, fees, licenses and miscellaneous and in-kind gifts	344	743	1,080	334	1,617	342	30,559	5,577	40,597
Bad debts	-	-	-	-	-	-	-	6,700	6,700
Total expenses before depreciation	844,058	177,211	563,908	329,356	194,836	100,616	275,902	444,316	2,930,203
Depreciation	38,555	9,200	29,354	17,233	10,223	5,258	13,144	23,075	146,042
Total expenses	\$ 882,613	\$ 186,411	\$ 593,262	\$ 346,589	\$ 205,059	\$ 105,874	\$ 289,046	\$ 467,391	\$ 3,076,245

The accompanying notes are an integral part of the financial statements.

MARTHA O'BRYAN CENTER, INC.**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net change in net assets	\$ 427,315	\$ 313,477
Adjustments to reconcile net change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	130,100	146,042
Net change in allowance for uncollectible promises	5,200	(600)
Gain on sale of assets	-	-
Net changes in other assets and liabilities:		
Grants receivable	(90,266)	(7,490)
Other receivables	(115,493)	(65,189)
Unrestricted unconditional promises to give	(48,832)	(32,067)
Temporarily restricted unconditional promises to give	498,215	(464,413)
Prepaid expenses	2,187	9,214
Accounts payable	43,316	(11,995)
Accrued liabilities	57,080	11,005
Net cash provided by (used in) operating activities	<u>908,822</u>	<u>(102,016)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(35,506)	(19,749)
Purchase of certificate of deposit	(253,111)	-
Net cash used in investing activities	<u>(288,617)</u>	<u>(19,749)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of capital lease obligations	(5,011)	-
Net cash used in financing activities	<u>(5,011)</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	615,194	(121,765)
CASH AND CASH EQUIVALENTS, BEGINNING	<u>799,269</u>	<u>921,034</u>
CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 1,414,463</u></u>	<u><u>\$ 799,269</u></u>
SUPPLEMENTAL CASH FLOW DISCLOSURES:		
Cash payments for interest	\$ 1,011	\$ -
Equipment purchased financed by capital lease	\$ 29,822	\$ -

The accompanying notes are an integral part of the financial statements.

MARTHA O'BRYAN CENTER, INC.

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2010 AND 2009**

NOTE 1 – THE ENTITY

Martha O'Bryan Center, Inc., (the "Center"), founded in 1894, is qualified as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. The primary programs of the Center include child development, reading, youth services, community services, family education, and a family resource center. The Center operates primarily in its East Nashville community. See Note 3 for a description of the Center's reliance on certain funding.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounting Periods

All references to 2010 and 2009 in these financial statements refer to the years ended June 30, 2010 and 2009, respectively, unless otherwise noted.

Basis of Accounting

The financial records of the Center are maintained on the accrual basis of accounting.

Contributions and Promises to Give

Contributions are recognized when the donor makes a promise to give to the Center 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.

The Center uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

See Notes 4 for further details.

Grant Revenues

Grant revenues are recognized when qualified reimbursable expenses are incurred or when services are performed.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, cash in various bank accounts, and all highly liquid investments with an original maturity of three months or less. The Center may, at times, maintain bank accounts whose balances exceed federally insured limits. However, the Center has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

MARTHA O'BRYAN CENTER, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010 AND 2009**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Expenditures for additions, major renewals and betterment of property and equipment with a cost in excess of \$500 are capitalized. The fair value of donated property and equipment is similarly capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed by using the straight-line method over the estimated useful lives of the assets.

Donated Materials and Services

Donated materials are recognized as contributions at their estimated fair values at date of receipt. The value of donated services meeting the requirements for recognition in the financial statements was not material and has not been recorded. A substantial number of volunteers have donated significant amounts of time in the Center's programs, development and fund raising activities.

Income Taxes

As mentioned in Note 1, the Center is a tax-exempt organization; accordingly, no provision for income taxes is included in the accompanying financial statements.

The Center files an annual information return (Form 990) with the U.S. government. At June 30, 2010, the Center is no longer subject to U.S. tax examinations of these information returns by tax authorities for years before June 30, 2007.

Functional Allocation of Expenses

Expenses, which are directly related to a function, are charged to that function. Expenses that are related to more than one function are allocated to the applicable functions based upon various allocation methods in order to reflect the total cost of each function.

Estimates

The preparation of financial statements in conformity with U.S. 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.

Financial Statement Presentation

The Center is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. See Note 7 for further details.

Events Occurring After Reporting Date

The Center has evaluated events and transactions that occurred between June 30, 2010 and January 24, 2011, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

MARTHA O'BRYAN CENTER, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010 AND 2009

NOTE 3 – SIGNIFICANT SUPPORT

The Center receives a substantial amount of its support from various governmental agencies and from the United Way of Nashville and Middle Tennessee. A major reduction of these funds, should this occur, may have a significant effect on future operations of the Center.

NOTE 4 – PROMISES TO GIVE

Unconditional promises to give consisted of the following at June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Unrestricted promises to give	\$ 151,366	\$ 102,534
Temporarily restricted promises to give	404,042	902,257
Gross promises to give	555,408	1,004,791
Less allowance for uncollectible promises	(10,000)	(4,800)
Net promises to give	545,408	999,991
Promises receivable due in less than one year	545,208	985,491
Promises receivable due within one to five years	<u>\$ 200</u>	<u>\$ 14,500</u>

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	<u>2010</u>	<u>2009</u>
Land	\$ 1,150	\$ 1,150
Buildings and improvements	3,580,232	3,551,661
Equipment	437,413	400,657
Vehicles	30,572	30,572
Fixtures	65,590	65,590
Total cost	4,114,957	4,049,630
Less accumulated depreciation and amortization	(2,086,660)	(1,956,561)
Property and equipment, net	<u>\$ 2,028,297</u>	<u>\$ 2,093,069</u>

NOTE 6 – LEASES

During 2010, the Center financed the purchase of a copier with a capital lease at an imputed interest rate of 4%. The capitalized cost of the capital lease included in equipment on the statement of financial position was \$29,822 at June 30, 2010. Depreciation expense reported in the statement of activities for 2010 included \$5,964 for the copier under capital lease.

MARTHA O'BRYAN CENTER, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010 AND 2009**

NOTE 6 – LEASES (CONTINUED)

Future minimum lease payments as of June 30, 2010 under noncancellable leases are as follows:

Fiscal years ending June 30:	
2011	\$ 9,828
2012	9,828
2013	9,828
2014	9,828
2015	819
Total payments	<u>40,131</u>
Less amount representing interest	(2,132)
Less amount representing executory costs	<u>(13,188)</u>
Present value of minimum lease payments	<u>\$ 24,811</u>

NOTE 7 – RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets are available for the following purposes or periods as of June 30, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
For subsequent fiscal years	\$ 444,042	\$ 932,257
For specific purposes:		
Employee infrastructure expansion	912,176	-
Flood assistance	84,574	-
Tied Together	42,755	29,577
Educational assistance	47,424	17,151
Thrive	33,908	15,000
All others (less than \$10,000 individually in either year)	<u>12,168</u>	<u>25,091</u>
Total	<u>\$ 1,577,047</u>	<u>\$ 1,019,076</u>

There were no permanently restricted net assets at June 30, 2010 and 2009. Cash and cash equivalents include \$1,213,006 and \$116,819 of temporarily restricted cash at June 30, 2010 and 2009.

NOTE 8 – RETIREMENT PLAN

The Center maintains a retirement benefit plan. Effective January 1, 2010, the plan was converted to a 401(k) plan. Employees are eligible to participate in the 401(k) plan after completing one year of service and attaining age eighteen. The Center may make matching contributions to the plan on a discretionary basis. The Center's contributions to the plan were \$16,829 and \$13,687 during 2010 and 2009, respectively.

MARTHA O'BRYAN CENTER, INC.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2010 AND 2009**

NOTE 9 – RELATED PARTIES

The Center receives funding from the Martha O'Bryan Foundation Inc. ("Foundation"), a related entity which is governed by a separate Board of Directors. A total of \$27,336 and \$29,456 was received from the Foundation during 2010 and 2009, respectively.

NOTE 10 – RECLASSIFICATIONS

Certain amounts for 2009 have been reclassified to be consistent with the presentation for 2010. These reclassifications did not have a significant effect on the Center's previously reported financial position, changes in net assets, and cash flows.

ADDITIONAL INFORMATION

MARTHA O'BRYAN CENTER, INC.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2010**

CFDA Number	Program Name	Grant/Contract Number	Pass-through Grantor Agency	Beginning Receivable	Cash Receipts	Expenditures	Ending Receivable
<u>Federal Awards:</u>							
94.006	AmeriCorps	DG-05-01914-06 & 05-037379-05	Z- Tennessee Dept. of Finance and Administration	\$ 7,625	\$ 120,483	\$ 129,457	\$ 16,599
84.287C	21st Century Community Learning Center	Z-09-212332-00	Tennessee Department of Education	41,089	134,727	109,210	15,572
97.024	FEMA	765200-021	United Way	-	7,523	7,523	-
Total Federal Awards				<u>\$ 48,714</u>	<u>\$ 262,733</u>	<u>\$ 246,190</u>	<u>\$ 32,171</u>

Basis of Presentation: The above schedule is prepared on the accrual basis of accounting.

MARTHA O'BRYAN CENTER, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010

CFDA Number	Program Name	Grant/Contract Number	Grantor Agency	Beginning Receivable	Cash Receipts	Expenditures	Ending Receivable
<u>State Financial Assistance:</u>							
N/A	GOCCC-Tied Together	GR1028533	Tennessee Dept. of Finance and Administration	\$ -	\$ 205,838	\$ 280,817	\$ 74,979
N/A	Community Enhancement	L-2317	Metro Govt of Nashville and Davidson County	-	40,446	80,900	40,454
N/A	Metro Pre-K	2-220000-04	Metropolitan Board of Public Education	2,415	45,322	48,314	5,407
N/A	CACFP	03-47-50955-00-9	Dept of Human Services	3,077	41,991	56,426	17,512
N/A	NCAC	18531	Metro Govt of Nashville and Davidson County	18,285	50,937	32,652	-
N/A	Improving Schools	GR-07-17867-02	Department of Education	7,766	7,766	-	-
Total State Financial Assistance				\$ 31,543	\$ 392,300	\$ 499,109	\$ 138,352
Total Federal Awards and State Financial Assistance				\$ 80,257	\$ 655,033	\$ 745,299	\$ 170,523

Basis of Presentation: The above schedule is prepared on the accrual basis of accounting.

INDEPENDENT AUDITORS' 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

To the Board of Directors of
Martha O'Bryan Center, Inc.:

We have audited the financial statements of Martha O'Bryan Center, Inc. (a nonprofit organization) as of and for the year ended June 30, 2010, and have issued our report thereon dated January 24, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Martha O'Bryan Center, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Martha O'Bryan Center, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the organization's internal control over financial reporting.

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 misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Martha O'Bryan Center, Inc.'s financial statements are free of material misstatement, we 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Martha O'Bryan Center, Inc. in a separate letter dated January 24, 2011.

This report is intended solely for the information and use of the Board of Directors, management, others within the entity, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in blue ink that reads "Mullins Clemmons & Maya, PLLC". The signature is written in a cursive style.

Brentwood, Tennessee
January 24, 2011