

**TENNESSEE CHARITABLE CARE NETWORK,
INC.**

Nashville, Tennessee

FINANCIAL STATEMENTS

Year Ended December 31, 2021

JOHNSON, HICKEY & MURCHISON, P.C.
Certified Public Accountants
Chattanooga, Tennessee

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of
Tennessee Charitable Care Network, Inc.
Nashville, Tennessee

We have reviewed the accompanying financial statements of Tennessee Charitable Care Network, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an 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; 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.

Accountants' Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion. We are required to be independent of Tennessee Charitable Care Network, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information included in the schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. We have not audited or reviewed such information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Johnson, Hickey & Murchison, P.C.

Chattanooga, Tennessee
April 27, 2022

TENNESSEE CHARITABLE CARE NETWORK, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(See Independent Accountants' Review Report)

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 32,045
Accounts receivable	155
Grants receivable	<u>261,592</u>
 Total current assets	 <u>293,792</u>
 Total assets	 <u>\$ 293,792</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 117,870
Accrued expenses	<u>12,508</u>
 Total current liabilities	 <u>130,378</u>

NET ASSETS

Without donor restrictions	<u>163,414</u>
 Total liabilities and net assets	 <u>\$ 293,792</u>

(The accompanying notes are an integral part of these statements.)

TENNESSEE CHARITABLE CARE NETWORK, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2021
(See Independent Accountants' Review Report)

NET ASSETS WITHOUT DONOR RESTRICTIONS

Revenues, gains and other support	
Contributions	\$ 27,302
Membership revenue	20,200
Grant revenue	518,548
Paycheck protection program loan forgiveness	12,737
Interest income	<u>26</u>
 Total revenues, gains and other support	 <u>578,813</u>

EXPENSES

Program services	501,762
Management and general	16,312
Fundraising	<u>12,506</u>
 Total expenses	 <u>530,580</u>
 Increase in net assets without donor restrictions	 <u>48,233</u>

NET ASSETS WITHOUT DONOR RESTRICTIONS

Beginning	<u>115,181</u>
 Ending	 <u><u>\$ 163,414</u></u>

(The accompanying notes are an integral part of these statements.)

TENNESSEE CHARITABLE CARE NETWORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021
(See Independent Accountants' Review Report)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 124,335	\$ 6,832	\$ 10,491	\$ 141,658
Payroll taxes	9,565	488	750	10,803
Contract services	237,830	2,950	1,160	241,940
Professional fees	7,097	2,945	-	10,042
Office expense	335	335	-	670
Taxes and insurance	-	1,582	105	1,687
Dues and subscriptions	-	998	-	998
Utilities	14,162	182	-	14,344
Conference	425	-	-	425
Travel and entertainment	1,410	-	-	1,410
Grants to non-profit organizations	<u>106,603</u>	<u>-</u>	<u>-</u>	<u>106,603</u>
	<u>\$ 501,762</u>	<u>\$ 16,312</u>	<u>\$ 12,506</u>	<u>\$ 530,580</u>

TENNESSEE CHARITABLE CARE NETWORK, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2021
(See Independent Accountants' Review Report)

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 48,233
Adjustments to reconcile increase in net assets to net cash and cash equivalents used by operating activities	
(Increase) decrease in operating assets	
Accounts receivable	(155)
Grants receivable	(261,592)
Increase (decrease) in operating liabilities	
Accounts payable	117,870
Accrued expenses	<u>12,225</u>
Net cash used by operating activities	<u>(83,419)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS (83,419)

CASH AND CASH EQUIVALENTS

Beginning	<u>115,464</u>
Ending	<u>\$ 32,045</u>

(The accompanying notes are an integral part of these statements.)

TENNESSEE CHARITABLE CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(See Independent Accountants' Review Report)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Tennessee Charitable Care Network, Inc. (the Organization), is a network of non-profit clinics and programs located in Nashville, Tennessee for low-income, uninsured and underserved Tennesseans. The Organization's mission is to support, educate and represent non-profit organizations that provide charitable health care services.

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of presentation

In accordance with professional standards, the Organization reports information regarding its financial position and activities according to the following net asset classifications:

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 the Organization's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantor. Some donor restrictions are temporary in nature; those restrictions will be met by action of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. As of December 31, 2021, the Organization does not have any donor restricted funds which are required to be maintained in perpetuity.

The Organization's net assets with donor restrictions are created by donor-imposed restriction on their use. All other net assets are reported as part of the net assets without donor restrictions class.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand, deposits in banks, and investments in highly liquid debt instruments with a maturity of three months or less.

Accounts receivable

The Organization used the allowance method to determine the portion of the receivable that is uncollectible. Uncollectible accounts are determined based upon the aging of the account and the reason the payment has not been made.

TENNESSEE CHARITABLE CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(See Independent Accountants' Review Report)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Organization recognizes revenue in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its statement of activities:

Membership and chapter fees revenues

The Organization has two levels of memberships – organizational membership and associate membership. Membership benefits include access to resources, education and technical assistance, advocacy and government relations, access to attend annual membership meetings and eligibility to serve on the Organization's board or committees. The Organization charges an annual fee based on the level of membership. Membership fees are recognized as income when received.

Public Support

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Contributions of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the net assets and the assets are placed in service.

Grants from Government

The Organization receives grant and contract funding from various federal, state and local governments to provide a variety of support for programs. Grant and government contract revenues are recognized in revenue when the conditions on which they depend are substantially met (for example, by incurring allowable costs or providing units of service). If there are no conditions, the grants are recognized when the grantor informs the Organization of its promise of the unconditional grant.

TENNESSEE CHARITABLE CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(See Independent Accountants' Review Report)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional allocation of expenses

The costs of providing program and supporting services have been summarized on a functional basis in the statement of activities. Most expenses can be directly allocated to either program or supporting services. However, certain categories of expenses are attributed to both program and supporting services. Therefore, these expenses require allocation among the program and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include: salaries, contract services, professional fees, office expense and taxes and insurance. The basis of allocation of salaries was based on the timesheets of the employees and the work they performed. All other allocated expenses are allocated based on a percentage of salaries compared to the total expense.

Income taxes

The Organization is a nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code.

Uncertain tax positions

The Organization follows professional guidance which clarifies the accounting for uncertainty in income taxes recognized in the Organization's financial statements. The Organization did not have uncertain tax positions as of December 31, 2021, and does not expect this to change significantly over the next 12 months. The Organization will recognize interest and penalties accrued on any uncertain tax benefits as a component of income tax expense. As of December 31, 2021, the Organization has not accrued interest or penalties related to uncertain tax positions.

The Organization's Form 990, *Return of Organization Exempt from Income Tax*, for the years 2018 and beyond remain subject to examination by the IRS, generally for three years after they were filed.

(2) LIQUIDITY

The following represents the Organization's financial assets available to meet general expenditures within one year of the statement of financial position at December 31, 2021:

Financial assets at year end	
Cash and cash equivalents	\$ 32,045
Accounts receivable	155
Grants receivable	<u>261,592</u>
 Total financial assets available to meet general expenditures over the next twelve months	 <u>\$ 293,792</u>

The Organization does not have a specific liquidity policy however, management generally will structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

TENNESSEE CHARITABLE CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021
(See Independent Accountants' Review Report)

(3) PAYROLL PROTECTION PROGRAM

On May 5, 2020, the Organization was granted a loan from First Horizon Bank in the amount of \$12,737. Funds from the loan may only be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other obligations. The Organization used the entire loan amount on qualifying expenses as described in the CARES Act. The loan was forgiven on December 16, 2021, and has been included in revenues in the statement of activities for the year ended December 31, 2021.

(4) RISKS AND UNCERTAINTIES

As a result of the spread of the coronavirus disease, some business disruption could occur, resulting in delays of day-to-day organizational activity. These delays and other potential disruptions could have a negative economic impact on the Organization. However, the related financial impact and duration cannot be reasonably estimated at this time.

(5) SUBSEQUENT EVENTS

Subsequent events were evaluated through April 27, 2022, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

TENNESSEE CHARITABLE CARE NETWORK, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021

<u>Program</u>	<u>Assistance Listing Number</u>	<u>Contract Number</u>	<u>Receivable Balance 12/31/20</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Receivable Balance 12/31/21</u>
U.S. Department of Health and Human Services						
Pass-through from State of Tennessee						
Department of Health						
Americares grant	93.318	900-DB02-211	\$ -	\$ 25,000	\$ 25,000	\$ -
Americares grant	93.318	900-DB03-211	-	4,500	4,500	-
			-	29,500	29,500	-
Total Assistance Listing Number 93.318			-	29,500	29,500	-
Pass-through from State of Tennessee						
Department of Health						
Disparities grant	93.391	GR-21-73445	-	-	212,640	212,640
Pass-through from State of Tennessee						
Department of Health						
Vaccine Equity grant	93.268	GR-21-72756	-	227,456	276,408	48,952
			-	256,956	518,548	261,592
Total federal awards			<u>\$ -</u>	<u>\$ 256,956</u>	<u>\$ 518,548</u>	<u>\$ 261,592</u>