

**TENNESSEE CHARITABLE CARE NETWORK,
INC.**

Franklin, Tennessee

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL DATA**

Year Ended December 31, 2022

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

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TENNESSEE CHARITABLE CARE NETWORK, INC.
ROSTER OF MANAGEMENT AND BOARD MEMBERS
DECEMBER 31, 2022

MANAGEMENT

Christi Granstaff	Executive Director
Mary Hunt Moore	Director of Strategic Initiatives
Ginger Storrar	Director of Quality
Mattie Callahan	Director of Programs
Diamond Ramirez	Program Manager
René Dillard	Communications Manager

BOARD MEMBERS

Jenny Bartlett-Prescott	Chair
Rebecca Leslie	Vice Chair
Laura Camp	Secretary
Cindy Rockett	Treasurer
Shelley Ames	Member
Rae Bond	Member
Glenn Bradley	Member
Melissa Knight	Member
Sherry Mast	Member
Helen Scott	Member
Dr. Rhonda Switzer-Nadasdi	Member
Mary Ann Watson	Member
Radhika Yogesh	Member



INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of Tennessee Charitable Care Network, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tennessee Charitable Care Network, Inc. as of December 31, 2022, 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.

Basis for Opinion

We conducted our 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. 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 relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Tennessee Charitable Care Network, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tennessee Charitable Care Network, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tennessee Charitable Care Network, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplemental Data

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

The Roster of Management and Board Members on page 2, which is the responsibility of management, is of a nonaccounting nature and has not been subjected to the auditing procedures applied in the audit of the financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2023, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's 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 Organization's internal control over financial reporting and compliance.

Johnson, Wickey & Menckem, P.C.

Chattanooga, Tennessee
June 22, 2023

TENNESSEE CHARITABLE CARE NETWORK, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 184,885
Accounts receivable	53,657
Grants receivable	<u>478,084</u>
 Total current assets	 <u>716,626</u>
 Total assets	 <u>\$ 716,626</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 125,901
Grants payable	321,624
Accrued expenses	<u>18,212</u>
 Total current liabilities	 <u>465,737</u>

NET ASSETS

Without donor restrictions	<u>250,889</u>
 Total liabilities and net assets	 <u>\$ 716,626</u>

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

TENNESSEE CHARITABLE CARE NETWORK, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

NET ASSETS WITHOUT DONOR RESTRICTIONS

Support

Contributions	\$ 12,349
Federal grant revenue	2,007,449
State grant revenue	19,321

Revenues

Membership revenue	24,750
Conference revenue	85,738
Interest income	<u>23</u>

Total revenues, gains and other support	<u>2,149,630</u>
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EXPENSES

Program services	1,995,754
Management and general	38,081
Fundraising	<u>28,319</u>

Total expenses	<u>2,062,154</u>
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Increase in net assets without donor restrictions	<u>87,476</u>
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NET ASSETS WITHOUT DONOR RESTRICTIONS

Beginning	<u>163,413</u>
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Ending	<u><u>\$ 250,889</u></u>
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(The accompanying notes are an integral part of these statements.)

TENNESSEE CHARITABLE CARE NETWORK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries and wages	\$ 304,495	\$ 16,732	\$ 25,692	\$ 346,919
Payroll taxes	20,688	1,056	1,622	23,366
Contract services	90,689	1,125	442	92,256
Professional fees	14,815	6,148	-	20,963
Office expense	451	450	-	901
Taxes and insurance	-	8,490	563	9,053
Dues and subscriptions	-	1,202	-	1,202
Utilities	19,986	257	-	20,243
Conference	160,826	-	-	160,826
Travel and entertainment	21,160	-	-	21,160
Grants to non-profit organizations	1,362,644	-	-	1,362,644
Other	<u>-</u>	<u>2,621</u>	<u>-</u>	<u>2,621</u>
	<u>\$ 1,995,754</u>	<u>\$ 38,081</u>	<u>\$ 28,319</u>	<u>\$ 2,062,154</u>

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

TENNESSEE CHARITABLE CARE NETWORK, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 87,476
Adjustments to reconcile increase in net assets to net cash and cash equivalents provided by operating activities	
(Increase) decrease in operating assets	
Accounts receivable	(53,502)
Grants receivable	(216,492)
Increase (decrease) in operating liabilities	
Accounts payable	8,031
Grants payable	321,624
Accrued expenses	<u>5,703</u>
Net cash provided by operating activities	<u>152,840</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS

152,840

CASH AND CASH EQUIVALENTS

Beginning	<u>32,045</u>
Ending	<u><u>\$ 184,885</u></u>

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

TENNESSEE CHARITABLE CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

(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 Franklin, 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, 2022, 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, 2022

(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 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.

Conference revenues

The Organization generates revenue from an annual conference offered to non-profit organizations to provide education, guidance and networking opportunities. Revenue includes registration fees and sponsorships. Revenue is 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, 2022

(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, 2022, 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, 2022, 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 2019 and beyond remain subject to examination by the IRS, generally for three years after they were filed.

Change in accounting principle

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842), which supersedes existing guidance in *Topic 840, Leases*. The FASB subsequently issued the following additional ASUs, which amend and clarify Topic 842. Topic 842 amends both lessor and lessee accounting with the most significant change being the requirement for lessees to recognize right-to-use (ROU) assets and lease liabilities on the balance sheet for operating leases. Under Topic 842, a lessee records a lease as a finance lease or operating lease.

The Organization adopted FASB ASC 842 effective January 1, 2022, and has elected to apply the short-term lease exception to all leases with a term of one year or less and recognize the lease payments as lease cost on a straight-line basis over the lease term. The Organization has also elected to apply the available practical expedients provided in the transition guidance without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the guidance as lease commencement.

As a result, adopting FASB ASC 842 had no impact to the prior year or current year financial statements since the Organization's leases are all short-term operating leases.

TENNESSEE CHARITABLE CARE NETWORK, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

(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, 2022:

Financial assets at year end	
Cash and cash equivalents	\$ 184,885
Accounts receivable	53,657
Grants receivable	<u>478,084</u>
 Total financial assets available to meet general expenditures over the next twelve months	 <u>\$ 716,626</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.

(3) SUBSEQUENT EVENTS

Subsequent events were evaluated through June 22, 2023, which is the date the financial statements were available to be issued.

SUPPLEMENTAL DATA

TENNESSEE CHARITABLE CARE NETWORK, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listing Number	Contract or Pass-through Number	Receivable Balance 12/31/21	Cash Receipts	Expenditures/ Amount Earned	Receivable Balance 12/31/22
FEDERAL AWARDS						
U.S. Department of Health and Human Services						
Pass-through from State of Tennessee						
Department of Health						
COVID-19 - Americares	93.318	900-DB03-211	\$ -	\$ 25,500	\$ 25,500	\$ -
COVID-19 - Americares	93.318	900-DB04-211-03	-	18,750	18,750	-
Total 93.318			-	44,250	44,250	-
COVID-19 - Disparities grant	93.391	GR-21-73445	212,640	1,269,413	1,425,695	368,922
COVID-19 - Community Health Worker	93.268	GR-Z-22-24698	-	121,978	185,175	63,197
COVID-19 - Vaccine Equity grant	93.268	GR-21-72756	48,952	285,316	236,364	-
COVID-19 - Community Outreach	93.268	GR-23-76819-00	-	-	45,965	45,965
Total 93.268			261,592	1,676,707	1,893,199	478,084
Pass-through from Sostento						
COVID-19 - Community-based Workforce	93.011	U3SHS45314-01-00	-	70,000	70,000	-
Total federal awards			\$ 261,592	\$ 1,790,957	\$ 2,007,449	\$ 478,084

TENNESSEE CHARITABLE CARE NETWORK, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

(1) BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of Tennessee Charitable Care Network, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Tennessee Charitable Care Network, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Tennessee Charitable Care Network, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 22, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Tennessee Charitable Care Network Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Tennessee Charitable Care Network, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Tennessee Charitable Care Network, Inc.'s internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Tennessee Charitable Care Network, Inc.'s financial statements are free from 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 financial statements. 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*.

Purpose of This Report

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

Johnson, Neikay & Menckem, P.C.

Chattanooga, Tennessee
June 22, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Tennessee Charitable Care Network, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Tennessee Charitable Care Network, Inc.'s major federal programs for the year ended December 31, 2022. Tennessee Charitable Care Network, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Tennessee Charitable Care Network, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Tennessee Charitable Care Network, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Tennessee Charitable Care Network, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Tennessee Charitable Care Network, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Tennessee Charitable Care Network, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Tennessee Charitable Care Network, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Tennessee Charitable Care Network, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Tennessee Charitable Care Network, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Tennessee Charitable Care Network, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Chattanooga, Tennessee
June 22, 2023

Johnson, Wickey & Menckem, P.C.

TENNESSEE CHARITABLE CARE NETWORK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2022

A. SUMMARY OF AUDITORS' RESULTS

1. The independent auditors' report expresses an unmodified opinion on whether the financial statements of Tennessee Charitable Care Network, Inc. were prepared in accordance with GAAP.
2. No material weaknesses were identified during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Tennessee Charitable Care Network, Inc. were disclosed by the audit.
4. No material weaknesses were identified during the audit of the major federal award program.
5. The auditors' report on the major federal awards program for Tennessee Charitable Care Network, Inc. expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this schedule.
7. The program tested as a major program was:
U.S. Department of Health and Human Services
ALN #93.391
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises
8. The threshold level for distinguishing Type A and B programs was \$750,000.
9. Tennessee Charitable Care Network, Inc. was determined to be a high-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

Current year

None

Prior year

None

C. FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS

Current year

None

Prior year

None

