OPERATION STAND DOWN TENNESSEE

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2021 and 2020

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

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Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Board of Directors
Operation Stand Down Tennessee
Nashville, Tennessee

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Operation Stand Down Tennessee (a nonprofit organization) (the "Organization"), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Organization 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 opinions.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's 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 the Organization'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 the Organization'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.

Supplementary Information

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 and other 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 and other awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 14, 2022 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.

Cherry Bekaert LLP

Nashville, Tennessee
July 14, 2022

OPERATION STAND DOWN TENNESSEE
STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,843,506	$ 890,011
Grant and contract receivables	239,234	732,973
Accounts receivable	8,201	1,156
Contributions receivable, net	121,401	166,302
Employee Retention Credit receivable	127,862	-
Prepaid expenses	51,297	36,728
Total Current Assets	2,391,501	1,827,170
Noncurrent Assets:		
Contributions receivable, net	85,612	-
Beneficial interest in agency endowment fund held by the Community Foundation of Middle Tennessee	8,971	8,128
Fixed assets, net	4,646,478	4,823,433
Total Noncurrent Assets	4,741,061	4,831,561
Total Assets	$ 7,132,562	$ 6,658,731
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	$ 100,445	$ 199,603
Accrued expenses	151,988	149,321
Current portion of long-term debt	106,821	106,821
Deferred program revenue	54,506	14,033
Deferred government grant revenue	-	137,000
Deferred lease revenue	7,615	7,615
Total Current Liabilities	421,375	614,393
Long-Term Liabilities		
Tenant deposits	10,000	-
Long-term debt, net of current portion	1,095,507	1,274,904
Deferred lease revenue, net of current portion	723,368	730,983
Total Long-Term Liabilities	1,828,875	2,005,887
Total Liabilities	2,250,250	2,620,280
Net Assets:		
Without donor restrictions	4,265,440	3,579,231
With donor restrictions	616,872	459,220
Total Net Assets	4,882,312	4,038,451
Total Liabilities and Net Assets	$ 7,132,562	$ 6,658,731

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

OPERATION STAND DOWN TENNESSEE
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:			
Contributions:			
Grants	$ 2,499,304	$ -	$ 2,499,304
Contributions (including in-kind of $103,350)	880,290	617,537	1,497,827
United Way	100,540	-	100,540
Total Contributions	3,480,134	617,537	4,097,671
Fundraising event	299,813	-	299,813
Less fundraising event expenses	(77,714)	-	(77,714)
Fundraising event, net	222,099	-	222,099
Total Public Support	3,702,233	617,537	4,319,770
Revenues:			
PPP loan revenue	332,125	-	332,125
Employee Retention Credit revenue	127,862	-	127,862
Sales to the public	59,531	-	59,531
Rental income and other	112,111	-	112,111
Client fees	8,570	-	8,570
Unrealized gain on beneficial interest in agency endowment fund	478	-	478
Loss on asset disposal	(7,183)	-	(7,183)
Total Revenues	633,494	-	633,494
Net assets released from restriction	459,885	(459,885)	-
Total Public Support and Revenues	4,795,612	157,652	4,953,264
Expenses:			
Program services	3,390,185	-	3,390,185
Management and general	371,703	-	371,703
Fundraising	347,515	-	347,515
Total Expenses	4,109,403	-	4,109,403
Change in net assets	686,209	157,652	843,861
Net assets, beginning of year	3,579,231	459,220	4,038,451
Net assets, end of year	$ 4,265,440	$ 616,872	$ 4,882,312

OPERATION STAND DOWN TENNESSEE
STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:			
Contributions:			
Grants	$ 3,288,643	$ -	$ 3,288,643
Contributions (including in-kind of $118,477)	742,654	455,193	1,197,847
United Way	143,968	-	143,968
Total Contributions	4,175,265	455,193	4,630,458
Fundraising event	256,335	-	256,335
Less fundraising event expenses	(45,136)	-	(45,136)
Fundraising event, net	211,199	-	211,199
Total Public Support	4,386,464	455,193	4,841,657
Revenues:			
Sales to the public	61,754	-	61,754
Rental income and other	43,493	-	43,493
Client fees	11,993	-	11,993
Gain on asset disposal	132	-	132
Total Revenues	117,372	-	117,372
Net assets released from restriction	193,068	(193,068)	-
Total Public Support and Revenues	4,696,904	262,125	4,959,029
Expenses:			
Program services	3,834,455	-	3,834,455
Management and general	339,557	-	339,557
Fundraising	320,376	-	320,376
Total Expenses	4,494,388	-	4,494,388
Change in net assets	202,516	262,125	464,641
Net assets, beginning of year	3,376,715	197,095	3,573,810
Net assets, end of year	$ 3,579,231	$ 459,220	$ 4,038,451

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

OPERATION STAND DOWN TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Compensation Expense:				
Salaries	$ 1,606,635	$ 164,011	$ 200,932	$ 1,971,578
Payroll taxes	126,541	12,748	15,483	154,772
Total Compensation Expense	1,733,176	176,759	216,415	2,126,350
Other Expenses:				
Assistance to clients	669,628	728	799	671,155
Depreciation	232,986	22,349	14,158	269,493
Supplies and general (including in-kind of $77,350)	185,004	16,266	62,082	263,352
Occupancy	183,841	44,303	8,142	236,286
Professional fees	118,816	83,700	9,380	211,896
Dues and subscriptions	61,692	3,074	23,140	87,906
Insurance	60,996	16,607	3,535	81,138
Interest and bank fees	61,686	4,110	7,519	73,315
Telephone	42,777	2,522	1,525	46,824
Transportation	34,842	415	193	35,450
Staff training	4,741	870	627	6,238
Total Other Expenses	1,657,009	194,944	131,100	1,983,053
Total Expenses	$ 3,390,185	$ 371,703	$ 347,515	$ 4,109,403

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

OPERATION STAND DOWN TENNESSEE
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

		Supporting Services		
	Program Services	Management and General	Fundraising	Total
Compensation Expense:				
Salaries	$ 1,476,406	$ 183,282	$ 165,596	$ 1,825,284
Payroll taxes	112,320	11,919	13,616	137,855
Total Compensation Expense	1,588,726	195,201	179,212	1,963,139
Other Expenses:				
Assistance to clients	1,425,564	-	-	1,425,564
Supplies and general (including in-kind of $68,477	157,472	21,199	78,841	257,512
Depreciation	183,246	11,603	12,800	207,649
Professional fees	99,857	73,704	9,840	183,401
Occupancy	149,223	24,154	4,916	178,293
Dues and subscriptions	48,998	3,943	20,904	73,845
Insurance	54,954	6,121	3,275	64,350
Interest and bank fees	50,890	2,284	8,284	61,458
Telephone	35,869	943	1,691	38,503
Transportation	35,158	263	188	35,609
Staff training	4,498	142	425	5,065
Total Other Expenses	2,245,729	144,356	141,164	2,531,249
Total Expenses	$ 3,834,455	$ 339,557	$ 320,376	$ 4,494,388

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

OPERATION STAND DOWN TENNESSEE
STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 843,861	$ 464,641
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	269,493	207,649
Loss (gain) on asset disposal	7,183	(132)
Amortization of lease revenue	(7,615)	(7,614)
Donated fixed assets	(26,000)	(50,000)
Change in value of beneficial interest in agency endowment fund held by Community Foundation of Middle Tennessee	(843)	(8,128)
Changes in operating assets and liabilities:		
Grant and contract receivables	493,739	(536,773)
Accounts receivable	(7,045)	-
Contributions receivable	(40,711)	(121,049)
Employee Retention Credit receivable	(127,862)	-
Prepaid expenses	(14,569)	(12,714)
Accounts payable	(99,158)	(302,373)
Accrued expenses	2,667	27,992
Tenant deposits	10,000	(986)
Deferred program revenue	40,473	14,033
Deferred government grant revenue	(137,000)	137,000
Net cash flows from operating activities	1,206,613	(188,454)
Cash flows from investing activities:		
Purchases of fixed assets	(73,721)	(984,728)
Net cash flows from investing activities	(73,721)	(984,728)
Cash flows from financing activities:		
Proceeds from long-term borrowings	-	1,365,500
Repayment of long-term debt	(179,397)	(113,775)
Net cash flows from financing activities	(179,397)	1,251,725
Net change in cash and cash equivalents	953,495	78,543
Cash and cash equivalents, beginning of year	890,011	811,468
Cash and cash equivalents, end of year	$ 1,843,506	$ 890,011
Supplemental information:		
Cash paid for interest	$ 62,368	$ 52,538
Schedule of noncash investing and financing activities:		
Donated fixed assets	$ 26,000	$ 50,000

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

Note 1—Nature of activities

Operation Stand Down Tennessee (the "Organization") assists veterans and their families so they can be self-sustaining and better connected to the community. The Organization operates two service centers providing and/or coordinating a variety of services to veterans and their families with special emphasis on those who are homeless, at-risk, or in transition. The Organization provides employment training and counseling, technical assistance, job training, placement assistance, computer training, and job retention to veterans with the focus of helping them find sustainable employment. The Organization operates a transitional housing program for veterans, providing the necessary social and support services to ensure a successful return to responsible living. The Organization provides assistance for veterans seeking permanent housing and assists veterans with maintaining current housing to prevent homelessness. The Organization coordinates events with other Middle Tennessee agencies to provide supplies and social and support services to homeless veterans ("Stand Downs"). The Organization also operates a thrift store that provides a job-training program for veterans, provides clothes to veterans and their families (at no cost to them), and generates revenue to support programs in the veteran support centers. The thrift store closed in August 2021.

Note 2—Summary of significant accounting policies

The financial statements of the Organization are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). The significant accounting policies followed are described below.

Basis of Presentation – Under U.S. GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Under these provisions, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

> *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 Organization's management and the Board of Directors.
>
> *Net Assets With Donor Restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the fund be maintained in perpetuity. The Organization had net assets with donor restrictions of $616,872 and $459,220 as of December 31, 2021 and 2020, respectively. The Organization had donor restricted net assets that are perpetual in nature of $8,971 and $8,128 at December 31, 2021 and 2020, respectively.

Contributions which are restricted for specific programs are reflected as without donor restrictions if the funds are received and spent during the same fiscal year.

Use of Estimates – The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the 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 and allocation of functional expenses during the reporting period. Actual results could differ from those estimates.

Note 2—Summary of significant accounting policies (continued)

Contributions – Contributions are recognized when a donor makes an unconditional promise to give to the Organization. Contributions are considered to be available for general use unless specifically restricted by the donor. Amounts received that are subject to a donor-imposed restriction for a future period or for a specific purpose are reported as net assets with donor restrictions and when a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

In-Kind Contributions – In-kind contributions are recorded based on their estimated value on the date of receipt. The Organization reports any gifts of equipment or materials as support unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used for the acquisition of long-lived assets are reported as having donor-imposed restrictions. Expirations of donor-imposed restrictions are recognized when the donated or acquired long-lived assets are placed in service.

Revenue from sales of donated goods is recognized at the time merchandise is transferred to the customer.

Grants – The Organization receives grant revenue from federal agencies, generally on a cash reimbursement basis. Grant revenue is recognized in the period a liability is incurred for eligible expenditures under the terms of the grants.

Sales Taxes Collected – Sales taxes collected and remitted to governmental authorities are excluded from revenues and expenses and presented on a net basis in the financial statements.

Cash and Cash Equivalents – For purposes of the statements of cash flows, the Organization considers all cash funds, cash bank accounts, and highly liquid debt instruments with an original maturity when purchased of three months or less to be cash and cash equivalents. At times during the year, the Organization maintained cash balances at financial institutions in excess of federally insured limits. The Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant credit risk related to cash. Cash and cash equivalent balances in excess of federally insured limits amounted to $1,339,204 and $492,146 at December 31, 2021 and 2020, respectively.

Promises to Give – Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at their estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded as noncurrent contributions receivable and are recorded at the present value of their net realizable value, using a rate commensurate with the risk of the promise to give in accordance with U.S. GAAP. The discount on promises to give is computed using an interest rate applicable to the year in which the promise is received. Amortization of the discount is recognized on the interest method over the term of the gift and included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

An allowance for uncollectible contributions is provided based on management's estimate of uncollectible pledges and historical trends. Contributions receivable are written off when deemed to be uncollectible. Contributions receivable are deemed to be fully collectible by management and no allowance for uncollectible contributions is considered necessary at December 31, 2021 and 2020.

Accounts Receivable – Accounts receivable are reported at gross sales price less any applicable payments or adjustments. The Organization does not charge interest on past due accounts. Accounts receivable are deemed to be fully collectible by management and no allowance for bad debts is considered necessary at December 31, 2021 and 2020.

Note 2—Summary of significant accounting policies (continued)

Fixed Assets – Fixed assets are recorded at cost at the date of purchase or estimated fair value at the date of gift to the Organization. The Organization's policy is to capitalize acquisitions which constitute a unit of property with an estimated useful life greater than one year or improvements to buildings which significantly improve or materially extend the life of the property. Depreciation is calculated by the straight-line method over the estimated useful lives, which are as follows:

Buildings and improvements	5 to 27 years
Equipment and furniture	3 to 7 years
Vehicles	5 years

Deferred Lease Revenue – Deferred lease revenue consists of a payment received in 2019 for a 99-year lease of a portion of the Organization's parking lot. Rent revenue is currently being recognized ratably over the lease term.

Deferred Program Revenue – Deferred program revenue consists of tenant lease payments for January 2021 and other funds received prior to December 31, 2021 that will be recognized in the subsequent year.

Program and Supporting Services – The following program and supporting services are included in the accompanying financial statements:

Program Services – Includes costs of operating the service centers, providing employment training and counseling, operation of transitional housing, coordination of Stand Downs, and operation of a thrift store.

Supporting Services - Management and General – Relates to the overall direction of the Organization. These expenses are not identifiable with a particular program or event, or with fundraising, but are indispensable to the conduct of those activities and are essential to the Organization. Specific activities include organization oversight, business management, recordkeeping, budgeting, financing, and other administrative duties.

Supporting Services - Fundraising – Includes costs of activities directed toward appeals for financial support. Other activities include the creation and distribution of fundraising materials.

Allocation of Functional Expenses – Costs of providing the Organization's program and supporting services are summarized and reported on a functional basis. Expenses that can be directly attributed to a particular function are charged to that function. Program expenses include costs directly associated with the program and other indirect costs determined to benefit the program. The majority of these costs have been allocated between program and supporting services based on time and effort.

Income Taxes – The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Accordingly, no provision for income taxes has been made. The Organization pays tax on unrelated business income from certain activities. These activities and the related tax were insignificant in 2021 and 2020.

The Organization follows Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") guidance concerning the accounting for income taxes recognized in an entity's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The Organization has no tax penalties or interest reported in the accompanying financial statements.

Note 2—Summary of significant accounting policies (continued)

Accounting Policies for Future Pronouncements – In February 2016, FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right of use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the fiscal year ending December 31, 2022. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

In September 2020, FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires nonfinancial assets to be presented separately from contributions of cash and other financial assets. This standard will be effective for the fiscal year ending December 31, 2022. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Note 3—Revenue recognition

Under ASU 2014-09, *Revenue from Contracts with Customers* ("ASC 606"), revenue is recognized when the Organization transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

The Organization recognizes revenue for services in accordance with the following five steps outlined in ASC 606:

- Identification of the contract or contracts with a customer.
- Identification of the performance obligations in the contract.
- Determination of the transaction prices.
- Allocation of the transaction price to the performance obligations in the contract.
- Recognition of revenue when or as the Organization satisfies a performance obligation.

The Organization has analyzed the provisions of ASC 606 and has concluded the following:

Thrift Store Sales – The Organization sells clothes, furniture, and other household goods in its Thrift Store. Sales are recognized at the time of delivery to the customer within the Thrift Store and when collectability is reasonably assured.

Performance Obligations – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Organization's contracts with customers related to sales do not typically include multiple performance obligations.

Variable Consideration – The Organization's contracts with customers do not result in contract modifications. The Organization offers immaterial discounts to its customers, which it nets with total sales in the accompanying statements of activities. The discounts offered by the Organization are fixed, and are recognized at the point in time that the sale occurs.

Payment Terms –The Organization's payment terms vary by the type of products offered. The time between invoicing and when payment is due is not significant. The Organization's contracts with customers do not generally result in significant obligations associated with returns, refunds, or warranties.

Note 3—Revenue recognition (continued)

Practical Expedients and Exemptions – There are several practical expedients and exemptions allowed under ASC 606 that impact timing of revenue recognition and disclosures. The one practical expedient the Organization applied in the adoption and application of ASC 606 allows the Organization to elect to treat similar contracts as part of a portfolio of contracts. The contracts have the same provision terms and management has the expectation that the result will not be materially different from the consideration of each individual contract.

Disaggregation of Revenue – The Organization does not disaggregate its sales by product sold.

Note 4—Accounts and contributions receivable

Accounts receivable consist primarily of rental payments due from tenants. All accounts receivable are due in less than one year.

Contributions receivable are primarily composed of unconditional promises to give and are collectible over the following periods as of December 31:

	2021	2020
Contributions receivable due in less than one year	$ 122,170	$ 166,302
Contributions receivable due in one to five years	80,000	-
Contributions receivable due in more than five years	20,000	-
Less discounts to net present value	(15,157)	-
Net contributions receivable	$ 207,013	$ 166,302
Contributions receivable due in less than one year, net	$ 121,401	$ 166,302
Contributions receivable due in one to five years, net	69,806	-
Contributions receivable due in more than five years, net	15,806	-
Net contributions receivable	$ 207,013	$ 166,302

Contributions have been discounted to account for the time value of money using a discount rate of 4%.

Note 5—Fixed assets

Fixed assets consist of the following as of December 31:

	2021	2020
Land	$ 1,215,650	$ 1,215,650
Buildings and improvements	4,922,480	4,914,341
Equipment and furniture	351,452	271,732
Vehicles	104,687	104,687
	6,594,269	6,506,410
Less accumulated depreciation	(1,947,791)	(1,682,977)
	$ 4,646,478	$ 4,823,433

Depreciation expense for the years ended December 31, 2021 and 2020 was $269,493 and $207,649, respectively.

Note 6—Long-term debt

During August 2019, the Organization obtained a delayed draw term loan allowing with maximum borrowings up to $1,500,000 through a financial institution. The loan is set to mature in August 2029, when all outstanding principal and accrued and unpaid interest is due. The loan requires monthly payments of interest only for the first twelve months through August 2020, and monthly payments of principal and accrued and unpaid interest from September 2020 through August 2029. The interest rate on the loan is 4.50%. The loan is collateralized by the Organization's real estate. The balance outstanding at December 31, 2021 and 2020 totaled $1,202,328 and $1,381,725, respectively.

Future principal maturities of long-term debt are as follows:

Years Ending December 31,		
2022	$	106,821
2023		106,821
2024		106,821
2025		106,821
2026		106,821
Thereafter		668,223
	$	1,202,328

Note 7—Beneficial interest in agency endowment fund

The Organization has a beneficial interest in the Bill Burleigh Endowment Fund for Operation Stand Down Tennessee (the "Fund"), an agency endowment fund held by the Community Foundation of Middle Tennessee (the "Community Foundation"). Earnings on this Fund are used to benefit veteran services. The Fund is charged a 0.4% administrative fee annually. Upon request by the Organization, income from the Fund may be distributed to the Organization or to another suggested beneficiary.

A schedule of changes in the Organization's beneficial interest in this Fund follows for the years ended December 31:

		2021		2020
Balance, beginning of year	$	8,128	$	-
Unrealized gain		478		-
Interest		406		-
Administrative fees		(41)		-
Contributions		-		8,128
Balance, end of year	$	8,971	$	8,128

The FASB ASC provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA"). UPMIFA also requires additional disclosures about an organization's endowment funds whether or not the organization is subject to UPMIFA. The state of Tennessee enacted UPMIFA effective July 1, 2007, the provisions of which apply to endowment funds existing on or established after that date. The Organization is subject to the provisions of UPMIFA.

Note 7—Beneficial interest in agency endowment fund (continued)

The original contribution to the endowment fund was subject to a donor restriction stipulating that the original principal of the gift is to be held and invested by the Organization indefinitely, and income from the fund is to be used to fund the Organization's operations. The Organization has informally adopted investment and spending policies based on the requirements of the State Prudent Management of Institutional Funds Act ("SPMIFA"). Based on the Organization's interpretation of SPMIFA, and in accordance with donor restrictions, contributions to the endowment fund are classified as net assets with restrictions. The historic dollar value of those contributions must be maintained in perpetuity. Income from the Fund is classified as net assets with donor restrictions until the purpose restriction is satisfied, at which time the net assets are reclassified to net assets without donor restrictions. However, if the restriction is fulfilled in the same reporting period in which the income is earned, the income is reported as without donor restriction.

At December 31, 2021 and 2020, the endowment fund in the amount of $8,971 and $8,128, respectively, is classified as net assets with donor restrictions.

Note 8—Fair value measurements

The Organization has established a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under U.S. GAAP are described below:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include: 1) quoted prices for similar assets or liabilities in active markets, 2) quoted prices for identical or similar assets or liabilities in inactive markets, 3) inputs other than quoted prices that are observable for the asset or liability, and 4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There were no transfers between levels.

The carrying amount of the beneficial interest in agency endowment fund held by the Community Foundation of Middle Tennessee is based on information received from the Community Foundation of Middle Tennessee indicating the financial performance of the endowment fund. The Organization reflects the beneficial interest totaling $8,971 and $8,128 at December 31, 2021 and 2020, respectively, within Level 3 of the valuation hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while The Organization's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 9—Net assets with donor restrictions

Net assets with donor restrictions consist principally of contributions restricted for the following purposes as of December 31:

	2021	2020
Endowment fund	$ 8,971	$ 8,128
Contributions restricted for specific programs	400,888	298,376
Contributions restricted for future years' operations	207,013	152,716
	$ 616,872	$ 459,220

Note 10—Significant funding sources

The Organization receives a significant portion of its funds from federal grants and contracts and from independent agencies for the conduct of its programs. A major reduction of funds from one of the grantor agencies, should this occur, would have a material effect on the programs and the financial position of the Organization.

The Organization had one donor which accounted for approximately 14% of the Organization’s contribution revenue at December 31, 2020. Contributions receivable from this same donor represented approximately 11% of all receivables at December 31, 2020. Contributions receivable, net of discount, from one donor represented approximately 18% of all receivables at December 31, 2021.

Note 11—Leases and commitments

The Organization leases certain office space and equipment under noncancelable agreements. The Organization leases vehicles under cancellable leases. Rent expense related to these agreements amounted to $88,489 and $60,067 during 2021 and 2020, respectively.

Future minimum lease and other commitments are as follows:

Years Ending December 31,	
2022	$ 54,309
2023	56,509
2024	37,200
2025	39,400
2026	39,600
Thereafter	42,900
	$ 269,918

The Organization serves as lessor for a portion of its building and its parking lot. The Organization has three building leases requiring minimum monthly rental payments ranging from $2,500 to $7,174 through August 2029, minimum monthly rental payments ranging from $10,000 to $15,000 through October 2027, and minimum monthly rental payments ranging from $3,539 to $4,225 through March 2028, including additional rent for real estate taxes and other shared expenses, The Organization has two parking lot leases requiring minimum monthly rental payments of $500 through December 2025 and minimum monthly payments of $300 through October 2022. Rental income totaled $83,377 and $17,240 for the years ended December 31, 2021 and 2020, respectively.

Note 11—Leases and commitments (continued)

On May 2, 2018, the Organization entered into a lease agreement as "Landlord" in which the Organization received advance payment of $750,000 in 2019 to lease a tract of land located in front of the existing building to a tenant for 99 years commencing on June 30, 2019, as amended. The tenant constructed a facility to provide housing to needy veterans, among others. The Organization received full payment of $750,000 on March 20, 2019, which currently is being recognized ratably over the term of the lease.

Future minimum rental income is as follows:

2022	$	221,253
2023		248,015
2024		257,448
2025		278,984
2026		225,633
Thereafter		483,684
	$	1,715,017

Note 12—Donated goods and services

The Organization is the recipient of numerous donated goods and services, which play a vital role in the Organization's operations and in the sustaining of certain programs and activities.

The donation of various items of used clothing and furniture resulted in the ability to sell goods to the public for approximately $60,000 and $62,000 in 2021 and 2020, respectively, which was used to assist in sustaining the Organization's job training program. In addition, approximately $103,000 and $118,000 of goods were received and used in various functions of the Organization in 2021 and 2020, including $26,000 and $50,000, respectively, of donated fixed assets.

Note 13—Liquidity and availability of financial resources

As a part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at December 31:

	2021	2020
Financial assets:		
Cash and cash equivalents	$ 1,843,506	$ 890,011
Grant and contract receivables	239,234	732,973
Accounts receivable	8,201	1,156
Contributions receivable, net	207,013	166,302
Employee Retention Credit receivable	127,862	-
Beneficial interest in agency endowment fund held by the Community Foundation of Middle Tennessee	8,971	8,128
Total financial assets, at year-end	2,434,787	1,798,570
Less amounts unavailable for general expenditures within one year, due to:		
Endowment fund	(8,971)	(8,128)
Contributions restricted for specific programs	(400,888)	(298,376)
Contributions restricted for future year operations	(207,013)	(152,716)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,817,915	$ 1,339,350

Note 14—Contingency

The Organization was a defendant in litigation brought by one of its former commercial tenants relating to a lease extension and related damages. The litigation was dismissed during the year ended December 31, 2021.

Note 15—Deferred government grant revenue and PPP loan revenue

The Organization received a loan under the Paycheck Protection Program ("PPP") in the amount of $137,000, which was established under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and administered by the Small Business Administration ("SBA"). The application for the PPP loan requires the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operation of the Organization. This certification further requires the Organization to take into account current business activity and the ability to access other sources of liquidity sufficient to support the ongoing operations in a manner that is not significantly detrimental to the business. The receipt of the funds from the PPP loan and the forgiveness of the PPP loan is dependent on the Organization having initially qualified for the PPP loan and qualifying for the forgiveness of such PPP loan based on funds being used for certain expenditures such as payroll costs and rent, as required by the terms of the PPP loan. As of December 31, 2020, the Organization recorded such amounts as deferred government grant revenue as the conditions for forgiveness had not yet been met at that time.

Note 15—Deferred government grant revenue and PPP loan revenue (continued)

The Organization applied for forgiveness with the SBA and the SBA forgave the PPP loan in full in May 2021. As a result, the Organization recognized $137,000 to PPP loan revenue on the statement of activities for the year ended December 31, 2021.

Under the same terms and requirements, the Organization received a second PPP loan in April 2021 in the amount of $195,125, which was established under the CARES Act and administered by the SBA. The Organization applied for forgiveness with the SBA and the SBA forgave the PPP loan in full in November 2021. As a result, the Organization recognized $195,125 to PPP loan revenue on the statement of activities for the year ended December 31, 2021.

Note 16—Employee Retention Credit

Under the CARES Act, the Organization was eligible for a refundable Employee Retention Credit ("ERC") subject to certain criteria. The Organization claimed an ERC of $127,862 recognized as Employee Retention Credit revenue on the statement of activities for the year ended December 31, 2021. Employee Retention Credit receivable at December 31, 2021 totaled $127,862, which represents refunds due on the Forms 941-X for the quarters ended June 30, 2020, September 30, 2020, and December 31, 2020. Subsequent to year-end, the Organization received the ERC in June 2022.

Note 17—Capital grant

In September 2021, the Organization was awarded a capital grant for the purchase of new transitional houses in the amount of $2,100,000. The award period to expend funds for the capital project runs from October 1, 2021 through September 30, 2024. No expenditures were made under the grant during the year ended December 31, 2021.

Note 18—Subsequent events

The Organization evaluated subsequent events through July 14, 2022 when the financial statements were available to be issued, and determined there are no subsequent events that require disclosure other than as described in Note 16 and as follows:

In January 2022, the Organization entered into a Purchase and Sale Agreement to sell its seven transitional houses for veterans in Nashville, Tennessee for $3,000,000. Closing will occur on or before July 2023.

In February 2022, the Organization entered into a Purchase and Sale Agreement to purchase property in Nashville, Tennessee for $1,750,000 to use for transitional housing for veterans. Closing will occur on or before September 30, 2022.

In June 2022, the Organization signed a commitment letter for a bridge loan in the amount of $3,300,000 through a financial institution. The loan is set to mature 24 months after origination. The loan requires monthly payments of interest with all principal due upon maturity. The loan has a variable interest rate based on the Wall Street Prime Rate minus 100 basis points. The loan is collateralized by the 12th Avenue South property. No funds have been drawn as of July 14, 2022.

COMPLIANCE INFORMATION

Report of Independent Auditor 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
Operation Stand Down Tennessee
Nashville, Tennessee

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 Operation Stand Down Tennessee (a nonprofit organization) (the "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, and have issued our report thereon dated July 14, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 the Organization'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.

Cherry Bekaert LLP

Nashville, Tennessee
July 14, 2022

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

To the Board of Directors
Operation Stand Down Tennessee
Nashville, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Operation Stand Down Tennessee's (a nonprofit organization) (the "Organization"), 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 the Organization's major federal programs for the year ended December 31, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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, 2021.

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 *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Organization 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 the Organization'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 the Organization's federal programs.

Auditor's 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 the Organization'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 the Organization'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 the Organization'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 the Organization'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 the Organization'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 *Auditor's 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.

Cherry Bekaert LLP

Nashville, Tennessee
July 14, 2022

OPERATION STAND DOWN TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND OTHER AWARDS

YEAR ENDED DECEMBER 31, 2021

Grantor/Program Name	Assistance Listing Number	Contract Number	Balance December 31, 2020	Receipts	Expenditures	Receivable (Deferred Revenue) Balance December 31, 2021
Federal Awards:						
U.S. Department of Veterans Affairs						
VA Homeless Providers Grant and Per Diem Program	64.024	OSDT832-0373-626-SC-21	$ 33,095	$ 330,677	$ 326,017	$ 28,435
VA Homeless Providers Grant and Per Diem Program	64.024	OSDT832-0409-626-PD-21	61,040	741,671	742,879	62,248
VA Homeless Providers Grant and Per Diem Program	64.024	OSDT832-0428-626-CM-22	30,136	115,842	92,184	6,478
Total Program 64.024			124,271	1,188,190	1,161,080	97,161
Supportive Services for Veteran Families Program	64.033	14-TN-285	318,689	1,446,839	1,233,146	104,996
Supportive Services for Veteran Families Program - Shallow Subsidies	64.033	14-TN-285SS	-	-	1,450	1,450
Total Program 64.033			318,689	1,446,839	1,234,596	106,446
Total U.S. Department of Veterans Affairs			442,960	2,635,029	2,395,676	203,607
U.S. Department of Housing and Urban Development						
Passed through Metropolitan Development and Housing Agency						
Emergency Solutions Grant Program - CV	14.231	n/a	21,950	39,093	19,461	2,318
Emergency Solutions Grant Program	14.231	n/a	23,533	37,083	46,859	33,309
Total Program 14.231			45,483	76,176	66,320	35,627
Passed through City of Clarksville, Housing & Community Development						
Community Development Block Grants/Entitlement Grants	14.218	n/a	-	3,035	3,035	-
Total Program 14.218			-	3,035	3,035	-
Total U.S. Department of Housing and Urban Development			45,483	79,211	69,355	35,627
Federal Emergency Management Agency						
Passed through United Way						
Emergency Food and Shelter Program	97.024	n/a	(11,537)	27,261	34,273	(4,525)
Total Program 97.024			(11,537)	27,261	34,273	(4,525)
Total Federal Emergency Management Agency			(11,537)	27,261	34,273	(4,525)

See accompanying notes to Schedule

OPERATION STAND DOWN TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AND OTHER AWARDS (CONTINUED)

YEAR ENDED DECEMBER 31, 2021

Grantor/Program Name	Assistance Listing Number	Contract Number	Balance December 31, 2020	Receipts	Expenditures	Receivable (Deferred Revenue) Balance December 31, 2021
Department of the Treasury						
Passed through United Way						
Tennessee Community Cares Program	21.019	n/a	$ 223,079	$ 223,079	$ -	$ -
Total Program 21.019			223,079	223,079	-	-
Total Department of the Treasury			223,079	223,079	-	-
Total Federal Awards			699,985	2,964,580	2,499,304	234,709
Other Awards - State and Local Governments:						
Metro Government of Nashville and Davidson County			21,451	21,451	-	-
Total Other Awards - State and Local Governments			21,451	21,451	-	-
Total Federal and Other Awards			$ 21,451	$ 21,451	$ -	$ -

See accompanying notes to Schedule

Note 1—Basis of presentation

The accompanying schedule of expenditures of federal and other awards (the "Schedule") includes the federal award activity of Operation Stand Down Tennessee (the "Organization") under programs of the federal government for the year ended December 31, 2021. 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"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 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.

The Organization expended indirect costs using a multiple allocation base method and did not elect to use the 10% de minimis cost rate allowed under the Uniform Guidance.

Note 3—Noncash awards

The Organization did not receive noncash federal awards during the year ended December 31, 2021.

Note 4—Subrecipients

The Organization did not pass through any federal awards to subrecipients during the year ended December 31, 2021.

Note 5—Subsequent events

The Organization's management has evaluated subsequent events through July 14, 2022, the date the report was available to be issued.

Summary of Auditor's Results

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Operation Stand Down Tennessee (the "Organization") were prepared in accordance with accounting principles generally accepted in the United States of America.

2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the 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.* No material weaknesses are reported.

3. No instances of noncompliance material to the financial statements of the Organization, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.

4. No significant deficiencies relating to the audit of the major federal award programs disclosed during the audit are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses are reported.

5. The auditor's report on compliance for the major federal award program for the Organization expresses an unmodified opinion on all major federal programs.

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:

CFDA Number	Name of Federal Program or Cluster
64.024	VA Homeless Providers Grant and Per Diem Program

8. The threshold for distinguishing between Type A and Type B programs was $750,000.

9. The Organization was determined to be a low-risk auditee.

Findings - Financial Statement Audit

None.

Findings and Questioned Costs - Major Federal Award Programs Audit

None.

Findings - Financial Statement Audit

None.

Findings and Questioned Costs - Major Federal Award Programs Audit

None.