

MID-TN SUPPORTED LIVING, INC.

**FINANCIAL STATEMENTS
AND OTHER INFORMATION**

JUNE 30, 2022 AND 2021

MID-TN SUPPORTED LIVING, INC.

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Independent Auditor's Report

To the Board of Directors of
Mid-TN Supported Living, Inc.
Nashville, Tennessee

Opinion

We have audited the accompanying financial statements of Mid-TN Supported Living, Inc (a nonprofit organization) which comprise the statements of financial position as of June 30, 2022 and 2021, 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 referred to above present fairly, in all material respects, the financial position of Mid-TN Supported Living, Inc. as of June 30, 2022 and 2021, 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 Mid-TN Supported Living, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Mid-TN Supported Living's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



To the Board of Directors of
Mid-TN Supported Living, Inc.

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 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 Mid-TN Supported Living'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 Mid-TN Supported Living'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.



To the Board of Directors of
Mid-TN Supported Living, Inc.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022, on our consideration of Mid-TN Supported Living, Inc.'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 Mid-TN Supported Living, Inc.'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 Mid-TN Supported Living, Inc.'s internal control over financial reporting and compliance.

Crosslin, PLLC

Nashville, Tennessee
December 14, 2022

MID-TN SUPPORTED LIVING, INC.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash	\$ 7,285	\$ 77,574
Accounts receivable - State of Tennessee	371,705	296,351
Accounts receivable - other	<u>36,368</u>	<u>7,845</u>
Total current assets	<u>415,358</u>	<u>381,770</u>
FURNITURE AND EQUIPMENT		
Furniture and equipment	103,201	103,201
Less accumulated depreciation	<u>(79,245)</u>	<u>(63,642)</u>
Total furniture and equipment	<u>23,956</u>	<u>39,559</u>
Total assets	<u>\$ 439,314</u>	<u>\$ 421,329</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 14,889	\$ 2,911
Accrued expenses	129,293	107,033
Revolving line-of-credit	<u>92,651</u>	<u>-</u>
Total current liabilities	<u>236,883</u>	<u>109,944</u>
NET ASSETS		
Net assets without donor restrictions	<u>202,481</u>	<u>311,385</u>
Total liabilities and net assets	<u>\$439,314</u>	<u>\$421,329</u>

See accompanying notes to financial statements.

MID-TN SUPPORTED LIVING, INC.
STATEMENTS OF ACTIVITIES

	Year Ended June 30,	
	2022	2021
Changes in net assets without donor restrictions:		
Support and revenue:		
State of Tennessee and other contract revenue	\$ 3,522,994	\$ 3,156,504
Contributions	105,604	98,613
Interest	15	33
Other	2,724	585,927
Total support and revenue	3,631,337	3,841,077
Expenses:		
Program Services:		
Support and client assistance	3,250,003	3,005,513
Management and general	490,238	523,034
Total expenses	3,740,241	3,528,547
(Decrease) increase in net assets without donor restrictions	(108,904)	312,530
Net assets (deficit) at beginning of year	311,385	(1,145)
Net assets at end of year	\$ 202,481	\$ 311,385

See accompanying notes to financial statements.

MID-TN SUPPORTED LIVING, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2022 AND 2021

	2022		
	<u>Support and Client Assistance</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$2,632,922	\$200,120	\$2,833,042
Employee benefits	201,057	15,503	216,560
Payroll taxes	193,070	14,887	207,957
Bank charges	-	16,146	16,146
Professional services	-	7,900	7,900
Supplies	-	4,072	4,072
Communications	17,042	9,310	26,352
Printing	-	8,776	8,776
Postage and delivery	-	583	583
Rent	121,355	47,421	168,776
Travel / vehicle expense	35,112	30,851	65,963
Training	7,882	-	7,882
Equipment repairs and maintenance	-	36,578	36,578
Advertising	-	7,494	7,494
Licenses and permits	-	5,690	5,690
Loss from theft and fraud	-	80	80
Utilities	17,203	-	17,203
Background checks	569	-	569
Miscellaneous	11,103	29,125	40,228
Depreciation	-	15,603	15,603
Interest	-	3,389	3,389
Bad debt	12,688	-	12,688
Insurance	-	36,710	36,710
	<u>\$3,250,003</u>	<u>\$490,238</u>	<u>\$3,740,241</u>

2021		
<u>Support and Client Assistance</u>	<u>Management and General</u>	<u>Total</u>
\$2,405,468	\$200,207	\$2,605,675
187,136	15,575	202,711
178,922	14,892	193,814
-	17,374	17,374
-	14,421	14,421
-	14,432	14,432
22,162	7,473	29,635
-	6,811	6,811
-	896	896
121,456	48,025	169,481
45,939	22,622	68,561
10,032	-	10,032
-	35,031	35,031
-	17,258	17,258
-	3,351	3,351
-	365	365
18,593	-	18,593
3,247	-	3,247
12,558	46,098	58,656
-	13,203	13,203
-	4,325	4,325
-	-	-
-	40,675	40,675
<u>\$3,005,513</u>	<u>\$523,034</u>	<u>\$3,528,547</u>

See accompanying notes to financial statements.

MID-TN SUPPORTED LIVING, INC.
STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2022	2021
Cash flows from operating activities:		
(Decrease) increase in net assets	\$(108,904)	\$ 312,530
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Depreciation	15,603	13,203
(Increase) decrease in accounts receivable		
- State of Tennessee	(75,354)	39,223
Increase in accounts receivable - other	(28,523)	(6,870)
Increase (decrease) in accrued expenses	22,260	(5,989)
Increase in accounts payable	11,978	2,626
Loan forgiveness	<u> -</u>	<u>(625,700)</u>
Total adjustments	<u>(54,036)</u>	<u>(583,507)</u>
Net cash used in operating activities	<u>(162,940)</u>	<u>(270,977)</u>
Cash flows from financing activities:		
Net borrowings (payments) on revolving line-of-credit	<u>92,651</u>	<u>(94,380)</u>
Net cash provided by (used in) financing activities	<u>92,651</u>	<u>(94,380)</u>
Decrease in cash	(70,289)	(393,607)
Cash at beginning of year	<u>77,574</u>	<u>471,181</u>
Cash at end of year	<u>\$ 7,285</u>	<u>\$ 77,574</u>

See accompanying notes to financial statements.

MID-TN SUPPORTED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follow:

Nature of Organization

Mid-TN Supported Living, Inc., “Mid-TN,” is a nonprofit corporation chartered by the State of Tennessee for the purpose of assisting people with intellectual, developmental, and other disabilities to live in the community in such a way that there is an acceptable balance between their opportunities to experience a lifestyle meaningful to themselves and the risks that occur with ordinary living. Mid-TN provides services to persons with intellectual, developmental and other disabilities in the areas of supported living, specialized equipment and supplies, personal assistance, transportation, and adoption to everyday living.

Basis of Accounting

The financial statements of Mid-TN have been prepared on the accrual basis of accounting.

Basis of Financial Statements

For reporting purposes, Mid-TN’s financial statements have been prepared to focus on the organization as a whole. Resources are classified into two net asset categories based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Mid-TN 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 Mid-TN. These net assets may be used at the discretion of Mid-TN’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 Mid-TN or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Mid-TN did not have any net assets with donor restrictions at June 30, 2022 or 2021.

MID-TN SUPPORTED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Revenue and Support

Mid-TN receives the majority of its income from contract services paid by the State of Tennessee, Division of Intellectual Disabilities Services. Mid-TN records income due from the State in the period that the applicable services are provided and as the performance obligations are met by Mid-TN. Charges for services rendered are billed monthly and payment is typically due within 30 days. The contracts do not have a significant financing component or variable consideration elements.

Contributions

All contributions are considered to be available for use with no donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes or permanently restricted support are reported as net assets with donor restrictions. When a donor restriction expires, net assets with donor restrictions that are temporary in nature are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Unconditional promises to give in the future are recognized as net assets with donor restrictions and as revenues and support in the period promised.

Furniture and Equipment

Furniture and equipment are carried at cost. Donated furniture and equipment has not been recorded, as Mid-TN has no reasonable basis for valuation. This donated property was being discarded by other agencies and no value was assigned for their contribution. Depreciation on purchased property is computed using the straight-line method over the estimated useful lives of the assets, which range from three to five years.

Financial Instruments

Mid-TN's financial instruments consist of accounts receivable, accounts payable, accrued expenses, and a revolving line-of-credit. The recorded values of accounts receivable, accounts payable, and accrued expenses approximate their fair values based on their short-term nature. The carrying value of the revolving line-of-credit approximates its fair value based on its variable rate.

Donated Services

Unpaid volunteers make contributions of time in various administrative, fund-raising and program functions. The value of contributed time is not reflected in the financial statements, as it is not susceptible to an objective measurement or valuation.

MID-TN SUPPORTED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the functional categories based on the actual direct expenditures and cost allocations based upon estimates of time spent by Mid-TN's personnel.

Use of Estimates in the Preparation of Financial Statements

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Taxes

Mid-TN is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; accordingly, no provision for income taxes has been made in the accompanying financial statements. Mid-TN is not classified as a private foundation.

Mid-TN accounts for the effect of any uncertain tax positions based on a *more likely than not* threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a *cumulative probability assessment* that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for Mid-TN include, but are not limited to, the tax exempt status and determination of whether income is subject to unrelated business income tax; however, Mid-TN has determined that such tax positions do not result in an uncertainty requiring recognition.

Retirement Plan

Mid-TN, maintains a 403(b) retirement plan for employees who are eligible for the plan after one year of employment. Mid-TN did not contribute to the plan for the years ended June 30, 2022 and 2021.

MID-TN SUPPORTED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

B. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash	\$ 7,285	\$ 77,574
Accounts receivable - State of Tennessee	371,705	296,351
Accounts receivable - other	<u>36,368</u>	<u>7,845</u>
Total financial assets	<u>415,358</u>	<u>381,770</u>
Financial assets not available to be used within one year	<u>-</u>	<u>-</u>
Financial assets available to meet general expenditures within one year	<u>\$415,358</u>	<u>\$381,770</u>

C. DUE FROM THE STATE OF TENNESSEE

Mid-TN is due monies from the State of Tennessee Department of Finance and Administration, Division of Intellectual Disability Services for contract services performed during the year. These receivables total \$371,705 and \$296,351 as of June 30, 2022 and 2021, respectively.

D. REVENUE/CONTINGENCIES

Certain costs charged to a funded program may not be in compliance with requirements as set forth in contracts, statutes, and regulations governing allowability or eligibility. These costs may not be reimbursed by the State or the State agency may require that the funds already expended be refunded back to the State. The determination as to whether such costs will be allowed or disallowed under the various grants or contracts will be made by the individual grantor agencies subsequent to June 30, 2022. No liability has been recorded as of June 30, 2022 or 2021, for these costs as no determination has been made by the grantor agencies as to any amount for any grant or contract.

MID-TN SUPPORTED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

E. CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject Mid-TN to concentration of credit risk consist of monies due from the State of Tennessee, Division of Intellectual Disabilities Services and accounts receivables. Account receivables consist of monies due from clients for reimbursement of living expenses paid by Mid-TN. These receivables are widely dispersed over many persons and mitigate credit risk. Monies due from the State of Tennessee represent concentration of credit risk to the extent that they are received from concentrated sources. Mid-TN receives a substantial amount of its support from the State of Tennessee, in excess of 97% and 82% for 2022 and 2021, respectively. A significant reduction in the levels of this support, if this were to occur, could have an effect on Mid-TN's programs and activities. Based on the upcoming fiscal year's budget, the funding is expected to continue for the near future.

F. REVOLVING LINE-OF-CREDIT AND NOTE PAYABLE

The revolving line-of-credit at June 30, 2022 and 2021, represented borrowings under an agreement with a bank. The line-of-credit allows for a maximum principal borrowing of up to \$100,000 with interest due monthly at the prime rate plus 2.50% (5.25% at June 30, 2022). The outstanding balance on the line-of-credit as of June 30, 2022 and 2021, totaled \$92,651 and \$0, respectively. The line-of-credit has an open maturity date at the discretion of the lender and is collateralized by all of Mid-TN's assets.

On May 7, 2020, Mid-TN received loan proceeds in the amount of \$540,000 under the Paycheck Protection Program (the "Program"). The Program, established as part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loans and accrued interest are forgivable after twenty-four weeks provided Mid-TN uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The amount of loan forgiveness will be reduced if Mid-TN terminates employees or reduces salaries during the twenty-four-week period. The unforgiven portion of the Program loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. Mid-TN utilized the loan proceeds to meet the conditions for forgiveness of the loan. During November of 2020, the entire amount of \$540,000 was forgiven by the Small Business Administration and has been reported as other income in the statement of activities.

G. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 14, 2022, the date the financial statements were available for issuance, and has no items requiring disclosure.

OTHER INFORMATION



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
Mid-TN Supported Living, Inc.
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 Mid-TN Supported Living, Inc., "Mid-TN," (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 December 14, 2022.

Internal Control Over Financial Reporting

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



To the Board of Directors of
Mid-TN Supported Living, Inc.

Our consideration of the 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mid-TN'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 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 Mid-TN's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mid-TN's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crosslin, PLLC

Nashville, Tennessee
December 14, 2022

MID-TN SUPPORTED LIVING, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
JUNE 30, 2022 AND 2021

There were no prior findings reported.