

MID-TN SUPPORTED LIVING, INC.

**FINANCIAL STATEMENTS
AND OTHER INFORMATION**

JUNE 30, 2023 AND 2022

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, 2023 and 2022, 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, 2023 and 2022, 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 January 31, 2024, 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
January 31, 2024

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

ASSETS

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash	\$ 206,696	\$ 7,285
Investments	450,923	-
Accounts receivable - State of Tennessee	420,998	371,705
Accounts receivable - other	<u>16,434</u>	<u>36,368</u>
Total current assets	<u>1,095,051</u>	<u>415,358</u>
NONCURRENT ASSETS		
Operating lease right-of-use asset	<u>167,731</u>	<u>-</u>
Furniture and equipment	103,201	103,201
Less accumulated depreciation	<u>(93,648)</u>	<u>(79,245)</u>
Total furniture and equipment	<u>9,553</u>	<u>23,956</u>
Total noncurrent assets	<u>177,284</u>	<u>-</u>
Total assets	<u>\$ 1,272,335</u>	<u>\$ 439,314</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 280	\$ 14,889
Accrued expenses	121,198	129,293
Revolving line-of-credit	-	92,651
Operating lease liability, current maturities	<u>49,912</u>	<u>-</u>
Total current liabilities	<u>171,390</u>	<u>236,883</u>
LONG-TERM LIABILITIES		
Operating lease liability, less current maturities	<u>117,819</u>	<u>-</u>
NET ASSETS		
Net assets without donor restrictions	<u>983,126</u>	<u>202,481</u>
Total liabilities and net assets	<u>\$1,272,335</u>	<u>\$439,314</u>

See accompanying notes to financial statements.

MID-TN SUPPORTED LIVING, INC.
STATEMENTS OF ACTIVITIES

	Year Ended June 30,	
	2023	2022
Changes in net assets without donor restrictions:		
Support and revenue:		
State of Tennessee and other contract revenue	\$4,070,583	\$ 3,522,994
Contributions	155,432	105,604
Interest	16	15
Other	<u>777,311</u>	<u>2,724</u>
Total support and revenue	<u>5,003,342</u>	<u>3,631,337</u>
Expenses:		
Program Services:		
Support and client assistance	3,475,431	3,250,003
Management and general	<u>747,266</u>	<u>490,238</u>
Total expenses	<u>4,222,697</u>	<u>3,740,241</u>
Increase (decrease) in net assets without donor restrictions	780,645	(108,904)
Net assets at beginning of year	<u>202,481</u>	<u>311,385</u>
Net assets at end of year	<u>\$ 983,126</u>	<u>\$ 202,481</u>

See accompanying notes to financial statements.

MID-TN SUPPORTED LIVING, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	2023		
	<u>Support and Client Assistance</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$2,744,026	\$219,538	\$2,963,564
Employee benefits	240,659	19,254	259,913
Payroll taxes	205,688	16,456	222,145
Bank charges	-	68,122	68,122
Professional services	-	12,244	12,244
Supplies	-	3,905	3,905
Communications	21,508	10,249	31,757
Printing	-	12,442	12,442
Postage and delivery	-	518	518
Rent	140,338	51,056	191,394
Travel / vehicle expense	38,553	28,953	67,506
Training	16,395	-	16,395
Equipment repairs and maintenance	-	31,608	31,608
Advertising	-	16,498	16,498
Licenses and permits	-	5,789	5,789
Loss from theft and fraud	-	-	-
Utilities	17,839	-	17,839
Background checks	1,802	-	1,802
Miscellaneous	12,212	231,788	244,000
Depreciation	-	14,403	14,403
Interest	-	-	-
Bad debt	700	-	700
Insurance	-	40,153	36,710
	<u>\$3,475,431</u>	<u>\$747,266</u>	<u>\$4,222,697</u>

2022		
<u>Support and Client Assistance</u>	<u>Management and General</u>	<u>Total</u>
\$2,632,922	\$200,120	\$2,833,042
201,057	15,503	216,560
193,070	14,887	207,957
-	16,146	16,146
-	7,900	7,900
-	4,072	4,072
17,042	9,310	26,352
-	8,776	8,776
-	583	583
121,355	47,421	168,776
35,112	30,851	65,963
7,882	-	7,882
-	36,578	36,578
-	7,494	7,494
-	5,690	5,690
-	80	80
17,203	-	17,203
569	-	569
11,103	29,125	40,228
-	15,603	15,603
-	3,389	3,389
12,688	-	12,688
<u>-</u>	<u>36,710</u>	<u>36,710</u>
<u>\$3,250,003</u>	<u>\$490,238</u>	<u>\$3,740,241</u>

See accompanying notes to financial statements.

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

	Year Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 780,645	\$(108,904)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	14,403	15,603
Increase in accounts receivable - State of Tennessee	(49,293)	(75,354)
Decrease (increase) in accounts receivable - other	19,934	(28,523)
(Decrease) increase in accrued expenses	(8,095)	22,260
(Decrease) increase in accounts payable	<u>(14,609)</u>	<u>11,978</u>
Total adjustments	<u>(37,660)</u>	<u>(54,036)</u>
Net cash provided by (used in) operating activities	<u>742,985</u>	<u>(162,940)</u>
Cash flows from investing activities:		
Purchases of investments	<u>(450,923)</u>	<u>-</u>
Net cash used in investing activities	<u>(450,923)</u>	<u>-</u>
Cash flows from financing activities:		
Net (payments) borrowings on revolving line-of-credit	<u>(92,651)</u>	<u>92,651</u>
Net cash (used in) provided by financing activities	<u>(92,651)</u>	<u>92,651</u>
Increase (decrease) in cash	199,411	(70,289)
Cash at beginning of year	<u>7,285</u>	<u>77,574</u>
Cash at end of year	<u>\$ 206,696</u>	<u>\$ 7,285</u>

See accompanying notes to financial statements.

MID-TN SUPPORTED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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, 2023 or 2022.

MID-TN SUPPORTED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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, 2023 AND 2022

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.

Leases

The Company adopted FASB Topic 842, *Leases*, using the modified retrospective approach with July 1, 2022 as the date of initial adoption. The Company elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed the Company to carry forward the historical lease classification. As a result of adopting the new standard effective July 1, 2022, the Company recorded operating lease right-of-use assets and operating lease liabilities of \$212,466. Adoption of the new standard did not materially impact the Company's net income and had no impact on beginning retained earnings or cash flows.

The Company determines whether an arrangement is or contains a lease at lease inception. Under ASC 842, *Leases*, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. On the commencement date, operating leases are recorded as operating lease right-of-use ("ROU") assets and operating lease liabilities in the balance sheets. Lease liabilities represent the Company's contractual obligation to make lease payments over the lease term.

For operating leases, the lease liability is measured as the present value of the lease payments over the lease term using either the rate implicit in the lease, if it is determinable, or the Company's incremental borrowing rate if the implicit rate is not determinable. Operating ROU assets are calculated as the present value of the remaining lease payments plus unamortized initial direct costs and prepayments of rent, less any unamortized lease incentives received. Lease terms may include renewal or extension options to the extent they are reasonably certain to be exercised. Lease expense is recognized on a straight-line basis over the lease term.

MID-TN SUPPORTED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

The Company has elected not to recognize a ROU asset and lease liability for leases with an initial term of 12 months or less but includes the expense associated with short-term leases in lease expense in the statements of operations and accumulated deficit.

ROU assets are assessed for impairment in accordance with the Company's long-lived asset policy. Management reassesses lease classification and remeasures ROU assets and lease liabilities when a lease is modified and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with ASC 842.

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.

Investments

Investments with readily determinable fair values are reflected at fair market value. Changes in fair market value are reported in the statement of activities.

Fair Value Measurements

Assets and liabilities recorded at fair value in the statements of financial position are categorized based on the level of judgment associated with the inputs used to measure their fair value. Level inputs, as defined by Financial Accounting Standards Board Accounting Standards Codification ("ASC") 820, *Fair Value Measurements and Disclosures*, are as follows:

Level 1 - Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.

Level 2 - Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

MID-TN SUPPORTED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Retirement Plan

Mid-TN, maintains a 403(b) retirement plan for employees who are eligible after one year of employment. Mid-TN did not contribute to the plan for the years ended June 30, 2023 and 2022.

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>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash	\$206,696	\$ 7,285
Accounts receivable - State of Tennessee	420,998	371,705
Accounts receivable - other	<u>16,434</u>	<u>36,368</u>
Total financial assets	<u>644,128</u>	<u>415,358</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>\$644,128</u>	<u>\$415,358</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 \$420,998 and \$371,705 as of June 30, 2023 and 2022, respectively.

MID-TN SUPPORTED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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, 2023. No liability has been recorded as of June 30, 2023 or 2022, for these costs as no determination has been made by the grantor agencies as to any amount for any grant or contract.

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 81% and 97% for 2023 and 2022, 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

The revolving line-of-credit at June 30, 2023 and 2022, 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% (11% at June 30, 2023). The outstanding balance on the line-of-credit as of June 30, 2023 and 2022, totaled \$0 and \$92,651, 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.

MID-TN SUPPORTED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

G. INVESTMENTS

Investments are presented in the financial statements at fair value. At June 30, 2023, the fair value and cost of investments are as follows:

	2023	
	Fair Value	Cost
Short-term investments	<u>\$450,923</u>	<u>\$451,158</u>
Total investments	<u>\$450,923</u>	<u>\$451,158</u>

H. LEASES

The Company leases their office space under an operating lease expiring in 2026. No renewal options are provided for in the operating lease. In the normal course of business, operating leases are generally renewed or replaced by other leases.

The components of lease expense for December 31, 2023 is as follows:

	2023
Operating lease expense	<u>\$65.297</u>

Additional supplemental information regarding assumptions for the operating lease is as follows for December 31, 2023:

	2023
Weighted-average remaining lease term (years)	
Operating leases	3
Weighted-average discount rate	
Operating leases	11%

MID-TN SUPPORTED LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

H. LEASES - Continued

As of December 31, 2023, the maturity of the operating lease liability is as follows:

<u>Maturity</u>	<u>Operating</u>
2024	\$ 65,297
2025	65,297
2026	<u>65,297</u>
Total undiscounted cash flows	195,891
Less: present value discount	<u>(28,160)</u>
Total operating lease liability	<u>\$ 167,731</u>

I. FEDERAL GRANTS

In 2022, Mid-TN was eligible and applied for a refundable employee retention credit (ERC) subject to certain criteria under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") signed into law on March 27, 2020 and the subsequent extension of the CARES Act. Mid-TN received the ERC income in April 2023 in the amount of \$772,410. The ERC income is included in other support and revenue on the statement of activities.

J. SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 31, 2024, 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, 2023, 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 January 31, 2024.

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
January 31, 2024

MID-TN SUPPORTED LIVING, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
JUNE 30, 2023 AND 2022

There were no prior findings reported.