

**MID-TN SUPPORTED LIVING, INC.**

**FINANCIAL STATEMENTS  
AND OTHER INFORMATION**

**JUNE 30, 2020 AND 2019**

MID-TN SUPPORTED LIVING, INC.

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT.....	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position .....	3
Statements of Activities.....	4
Statements of Functional Expenses .....	5 - 6
Statements of Cash Flows.....	7
Notes to Financial Statements .....	8 - 14
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 <i>Government Auditing Standards</i> .....	15 - 16
Schedule of Prior Year Findings and Questioned Costs.....	17



## Independent Auditor's Report

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

### **Report on the Financial Statements**

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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

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

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

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, 2020 and 2019, 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2020, 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 9, 2020

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

ASSETS

	<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 471,181	\$ 1,457
Accounts receivable - State of Tennessee	335,574	269,517
Accounts receivable - other	<u>975</u>	<u>47,013</u>
Total current assets	<u>807,730</u>	<u>317,987</u>
<b>FURNITURE AND EQUIPMENT</b>		
Furniture and equipment	103,201	42,038
Less accumulated depreciation	<u>( 50,439)</u>	<u>( 42,038)</u>
Total furniture and equipment	<u>52,762</u>	<u>-</u>
Total assets	<u>\$ 860,492</u>	<u>\$ 317,987</u>

LIABILITIES AND NET DEFICIT

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 285	\$ 299
Accrued expenses	113,022	99,057
Revolving line-of-credit	94,380	84,617
Notes payable - current portion	<u>56,817</u>	<u>79,400</u>
Total current liabilities	<u>264,504</u>	<u>263,373</u>
<b>LONG-TERM LIABILITIES</b>		
Notes payable - noncurrent portion	<u>597,133</u>	<u>83,800</u>
Total liabilities	<u>861,637</u>	<u>347,173</u>
<b>NET DEFICIT</b>		
Net assets without donor restrictions	<u>( 1,145)</u>	<u>( 29,186)</u>
Total net deficit	<u>( 1,145)</u>	<u>( 29,186)</u>
Total liabilities and net deficit	<u>\$ 860,492</u>	<u>\$ 317,987</u>

See accompanying notes to financial statements.

MID-TN SUPPORTED LIVING, INC.  
STATEMENTS OF ACTIVITIES

	Year Ended June 30,	
	2020	2019
Changes in net assets without donor restrictions:		
Support and revenue:		
State of Tennessee and other contract revenue	\$ 3,332,201	\$ 3,399,744
Contributions	193,160	6,174
Interest	16	10
Other	13,821	577
Total support and revenue	3,539,198	3,406,505
Expenses:		
Program Services:		
Support and client assistance	3,046,479	2,928,761
Management and general	464,678	470,100
Total expenses	3,511,157	3,398,861
Increase in net assets without donor restrictions	28,041	7,644
Net deficit at beginning of year	( 29,186)	( 36,830)
Net deficit at end of year	\$( 1,145)	\$( 29,186)

See accompanying notes to financial statements.

MID-TN SUPPORTED LIVING, INC.  
STATEMENTS OF FUNCTIONAL EXPENSES  
YEARS ENDED JUNE 30, 2020 AND 2019

	2020		
	<u>Support and Client Assistance</u>	<u>Management and General</u>	<u>Total</u>
Salaries	\$2,424,415	\$170,211	\$2,594,626
Employee benefits	188,126	13,208	201,334
Payroll taxes	181,493	12,742	194,235
Bank charges	-	15,304	15,304
Professional services	-	9,380	9,380
Supplies	-	13,207	13,207
Communications	21,048	8,968	30,016
Printing	-	7,610	7,610
Postage and delivery	-	730	730
Rent	118,513	46,808	165,321
Travel / vehicle expense	45,660	25,206	70,866
Training	14,719	-	14,719
Equipment lease	-	3,111	3,111
Equipment repairs and maintenance	-	34,751	34,751
Advertising	-	18,147	18,147
Licenses and permits	-	7,868	7,868
Loss from theft and fraud	-	413	413
Utilities	16,260	-	16,260
Background checks	3,217	-	3,217
Miscellaneous	15,947	32,280	48,227
Depreciation	-	8,402	8,402
Interest	-	11,455	11,455
Bad debt	17,081	-	17,081
Insurance	-	24,877	24,877
	<u>\$3,046,479</u>	<u>\$464,678</u>	<u>\$3,511,157</u>

2019		
<u>Support and Client Assistance</u>	<u>Management and General</u>	<u>Total</u>
\$2,315,932	\$180,698	\$2,496,630
175,002	13,654	188,656
180,093	14,052	194,145
-	14,788	14,788
-	11,472	11,472
-	7,898	7,898
17,716	7,882	25,598
-	-	-
-	587	587
131,528	42,947	174,475
59,578	51,011	110,589
13,359	-	13,359
-	6,968	6,968
-	24,170	24,170
-	11,199	11,199
-	3,929	3,929
-	-	-
21,053	-	21,053
1,998	-	1,998
12,242	35,491	47,733
-	-	-
-	10,991	10,991
260	-	260
<u>-</u>	<u>32,363</u>	<u>32,363</u>
<u>\$2,928,761</u>	<u>\$470,100</u>	<u>\$3,398,861</u>

See accompanying notes to financial statements.



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

	Year Ended June 30,	
	2020	2019
Cash flows from operating activities:		
Increase in net assets	\$ 28,041	\$ 7,644
Adjustments to reconcile increase (decrease) in net cash provided by (used in) operating activities:		
Depreciation	8,401	-
(Increase) decrease in accounts receivable		
- State of Tennessee	( 66,057)	35,312
Decrease (increase) in accounts receivable - other	46,038	( 39,747)
Decrease in other assets	-	3,352
Increase (decrease) in accrued expenses	13,965	( 73,241)
Decrease in accounts payable	<u>( 14)</u>	<u>( 28)</u>
Total adjustments	<u>2,333</u>	<u>( 74,352)</u>
Net cash provided by (used in) operating activities	<u>30,374</u>	<u>( 66,708)</u>
Cash flows from investing activities:		
Purchases of property, plant, and equipment	<u>( 61,163)</u>	<u>-</u>
Net cash used in investing activities	<u>( 61,163)</u>	<u>-</u>
Cash flows from financing activities:		
Net borrowings on revolving line-of-credit	9,763	6,131
Borrowings on notes payable	594,375	125,000
Payments on notes payable	<u>(103,625)</u>	<u>107,500</u>
Net cash provided by financing activities	<u>500,513</u>	<u>23,631</u>
Increase (decrease) in cash	469,724	( 43,077)
Cash at beginning of year	<u>1,457</u>	<u>44,534</u>
Cash at end of year	<u>\$ 471,181</u>	<u>\$ 1,457</u>

See accompanying notes to financial statements.

MID-TN SUPPORTED LIVING, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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, 2020 or 2019.

MID-TN SUPPORTED LIVING, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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, notes payable, and a revolving line-of-credit. The recorded values of accounts receivable, accounts payable, accrued expenses and the notes payable 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, 2020 AND 2019

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, 2020 and 2019.

MID-TN SUPPORTED LIVING, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash	\$471,181	\$ 1,457
Accounts receivable - State of Tennessee	335,574	269,517
Accounts receivable – other	<u>975</u>	<u>47,013</u>
Total financial assets	<u>807,730</u>	<u>317,987</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>\$807,730</u>	<u>\$317,987</u>

C. CONTRACT REVENUE

On September 1, 2019, Mid-TN entered into a contract with the Nashville Metropolitan Transit Authority (“MTA”) where Mid-TN was the beneficiary of up to \$55,000 to purchase a van. The awarding agency was the Federal Transit Administration (“FTA”) of The U.S. Department of Transportation. MTA is the pass-through entity. The federal award date was July 24, 2019 and the federal award identification number (FAIN) is TN-2019-025-00. Utilizing those budgeted funds and other company funds, Mid-TN purchased the van for approximately \$61,000. The van is being depreciated over four years and has been capitalized and recorded in furniture and equipment. The grant revenue was recorded as contract revenue.

D. 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 \$335,574 and \$269,517 as of June 30, 2020 and 2019, respectively.

MID-TN SUPPORTED LIVING, INC.  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2020 AND 2019

E. 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, 2020. No liability has been recorded as of June 30, 2020 or 2019, for these costs as no determination has been made by the grantor agencies as to any amount for any grant or contract.

F. OPERATING LEASE

Mid-TN leases its office space under a lease that requires a monthly payment of \$3,484. This lease was amended in October 2019 to extend the term of the lease through October 31, 2020 and increase monthly payments to \$4,088. Annual lease payments for office space and equipment leases totaled \$49,919 for each of the years ended June 30, 2020 and 2019, respectively. Future minimum lease payments with terms exceeding one year are as follows:

<u>Fiscal Year</u> <u>Ending June 30,</u>	<u>Amount</u>
2021	<u>\$16,353</u>
Total	<u>\$16,353</u>

G. 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 94% and 99% for 2020 and 2019, 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.

MID-TN SUPPORTED LIVING, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

H. NOTE PAYABLE

On February 20, 2016, Mid-TN borrowed \$80,000 from a member of the board under an unsecured note payable at an annual rate of 1%. During the year ended June 30, 2017, Mid-TN borrowed an additional \$8,000. The outstanding balance on this note as of June 30, 2020 and 2019, was \$85,700. Principal payments of \$28,567 and \$57,133 are due on March 31, 2021, and 2022, respectively.

On December 1, 2016, Mid-TN borrowed \$40,000 from a member of the board under an unsecured note payable at an annual rate of 0%. The full amount of the loan was forgiven on February 28, 2020 and included in contributions on the statement of activities. The outstanding balance on this note as of June 30, 2020, was \$0.

On April 30, 2019, Mid-TN borrowed \$45,000 from an online alternative lender under an unsecured note payable at an annual rate of 28%. The outstanding balance on this note as of June 30, 2020 and 2019 was \$28,250 and \$37,500 respectively. The entire balance is due in 2021.

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 currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan.

Principal maturities of notes payable are as follows:

<u>Year Ending June 30,</u>	
2021	\$151,197
2022	<u>597,133</u>
	<u>\$748,330</u>

During November of 2020, the entire amount of \$540,000 was forgiven by the Small Business Administration.

MID-TN SUPPORTED LIVING, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

I. REVOLVING LINE-OF-CREDIT

The revolving line-of-credit at June 30, 2020 and 2019, 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% (5.75% at June 30, 2020). The outstanding balance on the line-of-credit as of June 30, 2020 and 2019, totaled \$94,380 and \$84,617, 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.

J. RISKS AND UNCERTAINTIES

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak"). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the pandemic continues to evolve as of the date of this report and has affected Mid-TN's operational and financial performance due to the impact on its contributors and employees, which is the result of various restrictions put in place by governments to curtail the spread of the coronavirus as well as due to developments such as social distancing and shelter-in-place directives.

In addition, this pandemic has adversely affected global economic activity and contributed to deterioration and instability in financial markets. The pandemic may have a continued material adverse impact on economic and market conditions, triggering a period of economic slowdown. As such, this may hinder Mid-TN's ability to advance their mission. To mitigate the negative impact on its operational and financial performance, Mid-TN received financing from the Small Business Administration (the "SBA") totaling \$540,000 through the Paycheck Protection Program. See Note H for details regarding this loan.

While expected to be temporary, Mid-TN cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time. If the pandemic continues, it may have an adverse effect on Mid-TN's results of future operations, financial position, and liquidity in fiscal year 2021.

K. SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 9, 2020, the date the financial statements were available for issuance, and has no items requiring disclosure, except as discussed in Note H.



## **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, 2020, 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 9, 2020.

**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.

Nashville, Tennessee  
December 9, 2020

MID-TN SUPPORTED LIVING, INC.  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2020 AND 2019

There were no prior findings reported.