PROGRESSIVE DIRECTIONS, INC.

AUDITED FINANCIAL STATEMENTS

AND OTHER INFORMATION

YEARS ENDED JUNE 30, 2019 AND 2018

TABLE OF CONTENTS

Introductory Section:

Schedule of Board of Directors and Management (unaudited) 1

Financial Section:

Independent Auditor's Report 2

Statements of Financial Position 4

Statements of Activities 5

Statements of Functional Expenses 6

Statements of Cash Flows 8

Notes to Financial Statements 9

Other Information:

Schedule of Federal and State Financial Assistance 15

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* 17

Schedule of Prior Year Findings 19

PROGRESSIVE DIRECTIONS, INC.
SCHEDULE OF BOARD OF DIRECTORS AND MANAGEMENT (UNAUDITED)
JUNE 30, 2019

BOARD OF DIRECTORS

Ms. Kay Skillington	Chairman
Dr. Steve Routledge	Vice-Chairman
Ms. Irene Johnson	Secretary/Treasurer
Dr. Leslie Benmark	
Ms. Mary Davila	
Ms. Sandra Holly	
Ms. Charlotte Marshall	
Dr. Bruce Myers	
Mr. Bob Palmer	
Ms. Alena Sampson	
Ms. Betty Young	

MANAGEMENT

Mr. Jay Albertia	President/CEO
Mr. James Larson	Executive Vice President/CFO

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Progressive Directions, Inc.
Clarksville, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Progressive Directions, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2019 and 2018, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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 on the previous page present fairly, in all material respects, the financial position of Progressive Directions, Inc. as of June 30, 2019 and 2018, 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 Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of federal and state financial assistance, listed as other information in the table of contents, 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 information 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 November 24, 2019, on our consideration of Progressive Directions, 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 Progressive Directions, 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 Progressive Directions, Inc.'s internal control over financial reporting and compliance.

Stone Rudolph & Henry, PLC

Clarksville, Tennessee
November 24, 2019

PROGRESSIVE DIRECTIONS, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2019 AND 2018

ASSETS

	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	$ 393,374	$ 707,780
Accounts receivable	1,489,533	1,333,974
Inventory	2,846	2,846
Prepaid expenses	6,756	8,783
Total current assets	1,892,509	2,053,383
PROPERTY AND EQUIPMENT		
Land	419,218	440,468
Building	3,040,764	2,798,218
Equipment	765,367	679,794
Vehicles	915,849	894,070
Construction in progress	-	16,500
Total property and equipment	5,141,198	4,829,050
Less: accumulated depreciation	2,905,149	2,867,107
Net property and equipment	2,236,049	1,961,943
OTHER ASSETS		
Customer deposits	5,941	4,941
Loan costs, net of accumulated amortization of $13,758	-	-
Total other assets	5,941	4,941
Total assets	$ 4,134,499	$ 4,020,267

LIABILITIES AND NET ASSETS

	2019	2018
CURRENT LIABILITIES		
Accounts payable	$ 257,225	$ 259,899
Accrued payroll	839,332	719,080
Other accrued liabilities	21,125	20,650
Line of credit	472,634	99,634
Current portion of notes payable	372,503	331,371
Total current liabilities	1,962,819	1,430,634
LONG-TERM LIABILITIES		
Notes payable - net of current portion	887,662	1,094,832
Total liabilities	2,850,481	2,525,466
NET ASSETS		
Without donor restrictions - Undesignated	1,284,018	1,494,801
Total liabilities and net assets	$ 4,134,499	$ 4,020,267

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

PROGRESSIVE DIRECTIONS, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2019 AND 2018

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	2019	2018
Revenues:		
Fees and services	$ 12,064,759	$ 10,948,978
Grants	785,019	768,311
Contributions	134,529	136,412
Day care	702,622	699,438
Thrift store	102,461	88,446
Rent	99,380	98,212
Fundraising	-	3,105
Interest	2,234	2,739
Total revenues	13,891,004	12,745,641
Expenses:		
Program services		
Adult program services	11,443,332	9,916,301
Early intervention services	759,882	745,137
Day care	697,066	696,504
Thrift store	113,028	107,402
Total program services	13,013,308	11,465,344
Administrative supporting services	1,171,091	1,255,955
Total expenses	14,184,399	12,721,299
Other income:		
Other income	27,207	21,227
Gain on disposal of property and equipment	55,405	11,873
Total other income	82,612	33,100
Net change in net assets without donor restrictions	(210,783)	57,442
NET ASSETS - BEGINNING	1,494,801	1,437,359
NET ASSETS - ENDING	$ 1,284,018	$ 1,494,801

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

PROGRESSIVE DIRECTIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services						
	Adult Program Services	Early Intervention Services	Kids Depot Day Care	Thrift Store	Total Program Services	Administrative Supporting Services	Total Expenses
Advertising and public relations	$ 30,826	$ -	$ 2,473	$ -	$ 33,299	$ 9,539	$ 42,838
Communication	81,103	9,698	3,874	1,200	95,875	6,506	102,381
Depreciation	114,604	32,765	28,207	-	175,576	30,590	206,166
Dues, memberships and licenses	25,176	195	-	-	25,371	1,150	26,521
Food	15,091	-	51,691	-	66,782	-	66,782
Fringe benefits	1,181,572	71,970	42,620	4,389	1,300,551	186,590	1,487,141
Insurance	62,572	792	4,473	24	67,861	30,229	98,090
Interest	10,135	-	20,270	-	30,405	34,741	65,146
Miscellaneous	33,174	-	13,773	1,726	48,673	21,753	70,426
Personnel	8,674,373	556,102	447,083	59,989	9,737,547	641,276	10,378,823
Professional services	319,832	3,715	4,147	-	327,694	133,466	461,160
Rentals	128,312	-	-	30,000	158,312	26,293	184,605
Repairs and maintenance	62,443	6,766	24,750	3,447	97,406	3,375	100,781
Supplies	112,548	5,567	21,900	528	140,543	24,795	165,338
Travel and entertainment	3,771	-	-	-	3,771	6,360	10,131
Vehicle operations	507,512	65,194	2,781	-	575,487	11,623	587,110
Utilities	80,288	7,118	29,024	11,725	128,155	2,805	130,960
Total expenses	$ 11,443,332	$ 759,882	$ 697,066	$ 113,028	$ 13,013,308	$ 1,171,091	$ 14,184,399

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

PROGRESSIVE DIRECTIONS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

	Program Services						
	Adult Program Services	Early Intervention Services	Kids Depot Day Care	Thrift Store	Total Program Services	Administrative Supporting Services	Total Expenses
Advertising and public relations	$ 10,335	$ 92	$ 1,625	$ -	$ 12,052	$ -	$ 12,052
Communication	73,475	6,876	6,634	1,195	88,180	6,463	94,643
Depreciation	118,171	30,386	30,676	-	179,233	7,648	186,881
Dues, memberships and licenses	47,093	810	960	-	48,863	12,737	61,600
Food	12,777	-	44,680	-	57,457	-	57,457
Fringe benefits	1,175,772	75,267	38,673	4,347	1,294,059	241,976	1,536,035
Insurance	66,093	817	4,809	12	71,731	44,776	116,507
Interest	13,437	2,210	22,789	-	38,436	28,528	66,964
Miscellaneous	54,270	-	18,462	1,673	74,405	19,953	94,358
Personnel	7,407,767	531,931	433,661	56,824	8,430,183	659,930	9,090,113
Professional services	137,197	5,128	2,434	-	144,759	165,801	310,560
Rentals	118,068	-	-	30,004	148,072	15,194	163,266
Repairs and maintenance	74,505	8,035	30,319	4,247	117,106	616	117,722
Supplies	93,022	6,835	21,260	646	121,763	29,548	151,311
Travel and entertainment	2,183	1,774	673	-	4,630	10,231	14,861
Vehicle operations	439,715	67,342	8,840	-	515,897	12,035	527,932
Utilities	72,421	7,634	30,009	8,454	118,518	519	119,037
Total expenses	$ 9,916,301	$ 745,137	$ 696,504	$ 107,402	$ 11,465,344	$ 1,255,955	$ 12,721,299

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

PROGRESSIVE DIRECTIONS, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets without donor restrictions	$ (210,783)	$ 57,442
Adjustments to reconcile change in net assets without donor restrictions to net cash provided by (used in) operating activities:		
Depreciation	183,613	186,882
Gain on disposals	(55,405)	(11,873)
Changes in:		
Accounts receivable	(155,559)	(44,396)
Prepaid expenses	2,027	85,034
Customer deposits	(1,000)	(1,000)
Loan costs, net	-	6,306
Accounts payable	(2,674)	(14,588)
Accrued payroll	120,252	22,336
Other accrued liabilities	475	(38,953)
Net cash provided by (used in) operating activities	(119,054)	247,190
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of fixed assets	141,625	14,944
Purchases of fixed assets	(543,939)	(175,976)
Beginning cash balance of Impact Centers, Inc.	-	455,658
Net cash provided by (used) in investing activities	(402,314)	294,626
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds (repayments of) from line of credit	373,000	(50,366)
Proceeds from notes payable	150,000	347,044
Repayment of notes payable	(316,038)	(234,649)
Net cash provided by financing activities	206,962	62,029
NET CHANGE IN CASH AND CASH EQUIVALENTS	(314,406)	603,845
CASH AND CASH EQUIVALENTS - BEGINNING	707,780	103,935
CASH AND CASH EQUIVALENTS - ENDING	$ 393,374	$ 707,780

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

1. Summary of Significant Accounting Policies

Organization and Nature of Activities

Progressive Directions, Inc. (the Organization) is a private, nonprofit corporation that operates programs designed to train and support persons with varying degrees of developmental disabilities, mental retardation, cerebral palsy, and other handicapping conditions who live in Montgomery, Maury and surrounding counties. The primary source of revenue is from Tennessee state grants and fees for service. Revenue is also received from contributions and contracts. Fee for service revenue is also received from Kids Depot, a licensed day care facility that serves children ages one to twelve years. Approximately 5.1 and 5.5 percent of the Organization's revenues were derived from Kids Depot during the years ended June 30, 2019 and 2018, respectively.

On July 1, 2017, the Organization merged with Impact Centers, Inc., a 501(c)(3) organization, to seek to further their common mission by improving efficiencies and processes to better serve clients in their service areas.

The Organization is qualified as a tax-exempt organization under 501(c)(3) of the Internal Revenue Code. It has not been determined to be a private foundation and is considered by the Internal Revenue Service (IRS) to be a public charity. Accordingly, no provision for income taxes has been made. However, the Organization does file information returns required by the IRS. The Organization is no longer subject to federal or state income tax examinations by tax authorities for fiscal years ended before June 30, 2016.

Use of Estimates

The Organization's financial statements are presented in accordance with accounting principles generally accepted in the United States of America which require the use of management's estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from estimates in the near term and variances could have a material effect on the financial statements.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. The Organization utilizes the accrual basis of accounting which recognizes revenues when earned and expenses when incurred. Operating revenues and expenses include those items that increase or decrease unrestricted net assets.

The Financial Accounting Standards Board (FASB) has established standards concerning contributions and financial statement presentation applicable to non-governmental not-for-profit organizations such as the Organization. These standards require that unconditional promises to give (pledges) be recorded as receivables and revenues and require the Organization to distinguish among contributions received for each net asset category in accordance with donor-imposed restrictions. A description of the two net asset categories follows:

1. Summary of Significant Accounting Policies (Cont'd)

Basis of Accounting (Cont'd)

Net Assets Without Donor Restrictions
Net assets without donor restrictions are free of donor-imposed restrictions. All revenues, gains and losses that are not restricted by grants or donors are included in this classification. All expenditures are reported in the net assets without donor restrictions class of net assets since the use of restricted contributions in accordance with the grantors' or donors' stipulations results in the release of the restriction.

Net Assets With Donor Restrictions
Net assets with donor restrictions are limited as to use by donor- or grantor-imposed restrictions. Some restrictions expire with the passage of time or may be satisfied by use for the specific purpose. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization had no net assets with donor restrictions at June 30, 2019 and 2018.

Concentrations of Credit Risk
Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist principally of cash and accounts receivable. The Organization places its cash with federally-insured financial institutions. Substantially all receivables are from agencies of the State of Tennessee (the State) and no collateral is obtained.

Cash and Cash Equivalents
The Organization considers all highly-liquid debt instruments purchased with maturities of 90 days or less to be cash equivalents.

Accounts Receivable
An allowance for uncollectible accounts has not been made based on management's determination that such amount, if any, would be immaterial. Bad debts are recognized using the specific identification method. Delinquency is determined based upon contractual payment dates.

Inventory
Inventory consists of operating supplies and is valued at cost using the first-in, first-out method.

Property and Equipment
Property and equipment, including leasehold improvements, are recorded at historical cost or, if contributed, at estimated fair value at the date of receipt. Property and equipment acquired with a unit cost of $1,000 or greater and a useful life of more than three years are capitalized. Expenditures for additions, major renovations and improvements are capitalized while those for maintenance and repairs are charged to expense as incurred. Capitalized assets are depreciated over their estimated useful life using the straight-line method.

1. Summary of Significant Accounting Policies (Cont'd)

Accrued Compensated Absences

Employees of the Organization are entitled to paid vacation based upon length of service. The estimated liability for accumulated leave was $378,700 and $267,742 at June 30, 2019 and 2018, respectively. Any amounts owed to employees are paid upon termination. The amounts are reported with accrued payroll as a current liability in the statements of financial position.

Revenues

Revenues are reported net of discounts.

Functional Expenses

Expenses are charged directly to program or administrative categories based on specific identification.

Change in Accounting Principle

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-For-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-For-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization implemented ASU 2016-14 and the presentation in these financial statements has been adjusted accordingly. The ASU has been applied retrospectively to all periods presented which changed the headings in the statement of activities for the year ended June 30, 2018.

Date of Management's Review

Subsequent events have been evaluated through November 24, 2019, which is the date the financial statements were available to be issued.

2. Cash and Cash Equivalents

Cash and cash equivalents were represented by bank deposits of $422,639 and $753,213 at June 30, 2019 and 2018, respectively. Of these amounts, $334,371 and $414,790, respectively, were insured by the Federal Deposit Insurance Corporation, and $88,268 and $338,423 respectively, were uninsured at June 30, 2019 and 2018.

3. Liquidity and Availability

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization's working capital and cash flows have seasonal variations during the fiscal year attributable to cash receipts for program services. Additionally, the Organization receives support from government agencies through annual grants which are paid on an expense reimbursement basis typically within 45 days of the request for reimbursement.

3. Liquidity and Availability (Cont'd)

Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the balance sheet date is comprised of the following at June 30, 2019:

Unrestricted cash	$ 393,374
Accounts receivable	1,489,533
Total	$ 1,882,907

4. Accounts Receivable

Accounts receivable from grants and contracts consisted of the following:

	2019	2018
Medicaid Waiver	$ 1,109,375	$ 991,213
Grants	133,373	138,889
Other	246,785	203,872
Total	$ 1,489,533	$ 1,333,974

5. Notes Payable

Notes payable consisted of the following:

	2019	2018
3.15% note payable to Legends Bank, secured by real estate with carrying amount of $1,250,743 and $1,030,503 at June 30, 2019 and 2018, respectively, payable in monthly installments of $28,889 of principal and interest through October 2022.	$ 1,123,521	$ 1,426,203
4.99% note payable to Legends Bank, unsecured, payable in monthly installments of $2,835 of principal and interest through December 2023.	136,644	-
Total notes payable	1,260,165	1,426,203
Less: current portion	372,503	331,371
Total long-term portion of notes payable	$ 887,662	$ 1,094,832

Future payments on long-term debt are as follows:

	Principal	Interest
2020	$ 372,503	$ 36,630
2021	355,806	24,883
2022	367,882	12,806
2023	147,488	2,467
2024	16,486	237
	$ 1,260,165	$ 77,023

Cash payments for interest were $65,146 and $67,164 for the years ended June 30, 2019 and 2018, respectively.

6. Line of Credit

The Organization maintains an operating line of credit with Legends Bank with a borrowing limit of $500,000 and $400,000 at June 30, 2019 and 2018, respectively, of which $27,366 and $300,366 was available at June 30, 2019 and 2018, respectively. The line of credit had a variable interest rate of 5.50% and 6.00% at June 30, 2019 and 2018, respectively, and requires monthly interest payments. The line of credit matures August 2019 and is secured by a deed of trust on real estate with a net book value of $1,304,003 and $1,030,514 at June 30, 2019 and 2018, respectively.

7. Operating Leases

The Organization leases facilities in the conduct of its mission under noncancelable operating leases with maturities varying from one to five years.

The Organization leases one vehicle used in its day services. The vehicle is leased under a 36-month term that expires in May 2020.

The Organization leases copiers and postage equipment under operating leases held by various companies. The lease terms expire between December 2019 and July 2023.

Rental expense under the operating leases was $184,605 and $163,266 for the years ended June 30, 2019 and 2018, respectively.

Future payments on lease obligations are as follows:

Year Ending June 30,	Lease Payments
2020	$ 76,191
2021	36,384
2022	32,072
2023	22,025
2024	2,242
	$ 169,914

8. Retirement

The Organization provides pension benefits to all salaried employees through a 401(k) defined contribution retirement plan. Substantially all employees who have completed one year of service and reached age 21 are eligible to participate. The Organization makes matching contributions equal to 50% of the lesser of: (1) each participant's total contributions, or (2) 6% of the participant's earnings. Additionally, the Organization has the option of making a discretionary contribution to the Plan each Plan year. The Organization exercised the option to make discretionary contributions to the Plan of 3% during the years ended June 30, 2019 and 2018.

During the fiscal years ended June 30, 2019 and 2018, contributions to the plan totaling $72,272 and $66,129, respectively, were paid and expensed by the Organization. Employee contributions to the plan were $75,909 and $72,639 for the years ended June 30, 2019 and 2018, respectively.

9. Contracts

The Organization enters into program administrative contracts with the State Division of Intellectual Disabilities Services and the State Department of Education. These contracts are for the purpose of providing mental retardation services in accordance with applicable federal and state laws, regulations, program guidelines, service definitions and stated goals. Revenues under these contracts were $10,688,115 and $9,641,028 and amounted to 77% and 76% of total revenues for the years ended June 30, 2019 and 2018, respectively. A major reduction in funding by one or more of these State departments could have a significant effect on the future operations of the Organization.

10. Contingencies

Partial funding of the Organization's programs is provided by state and local government agencies. These funds are to be used for designated purposes only. If, based on the grantor's review, the funds are considered not to have been used for the intended purpose or in accordance with the terms of the grant, the grantor may request a refund of monies advanced or refuse to reimburse the Organization for its disbursements. The amount of such future refunds and unreimbursed disbursements, if any, is not expected to be significant. Continuation of the Organization's programs is predicated upon the compliance of the Organization with the grant terms and the grantor's intent to continue its programs.

11. Subsequent Events

In August 2019, the Organization refinanced the line of credit balance by executing a $500,000 note payable to Legends Bank that is due in monthly installments of $9,453 of principal and interest through August 2024. The note bears interest at 5.00% and is cross-collateralized by a deed of trust on the same real estate that secures the operating line of credit. The Organization's $500,000 operating line of credit agreement was not modified by this transaction and remains available to be used.

PROGRESSIVE DIRECTIONS, INC.
SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2019

Grantor/Program Title	Grant Number or Pass-Through Grantor's Contract	Federal CFDA Number	Accrued Receivable July 1, 2018	Receipts	Expenditure	Accrued Receivable June 30, 2019
U.S. Department of Education						
Passed through State of Tennessee Department of Education						
Early Intervention Services 2017-2018	33195-00117	84.181A	$ 79,160	$ 79,160	$ -	$ -
Early Intervention Services 2018-2019	33195-00117	84.181A	-	214,264	347,637	133,373
Total federal assistance			79,160	293,424	347,637	133,373
State of Tennessee Department of Education						
Early Intervention Services 2017-2018	33195-00117	84.181A	59,729	59,729	-	-
Early Intervention Services 2018-2019	33195-00117	84.181A	-	437,382	437,382	-
Total state assistance			59,729	497,111	437,382	-
Total assistance			$ 138,889	$ 790,535	$ 785,019	$ 133,373

See accompanying notes to schedule of federal and state financial assistance.

PROGRESSIVE DIRECTIONS, INC.
NOTES TO SCHEDULE OF FEDERAL AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2019 AND 2018

Note A – Basis of Presentation

The accompanying schedule of federal and state financial assistance is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the State of Tennessee, Department of Audit, Audit Manual. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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
Progressive Directions, Inc.
Clarksville, 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 Progressive Directions, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2019, 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 November 24, 2019.

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) to determine the 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 may exist that have not been identified.

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 determination of financial statement amounts. 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.

Stone Rudolph & Henry, PLC

Clarksville, Tennessee
November 24, 2019

PROGRESSIVE DIRECTIONS, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

No findings were reported in the prior year.