

**JOURNEYS IN COMMUNITY LIVING, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
YEARS ENDED JUNE 30, 2023 AND 2022**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Journeys in Community Living, Inc.

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Journeys in Community 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 my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Journeys in Community 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 conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Journeys in Community Living, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Journeys in Community Living, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- 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 Journeys in Community Living, Inc.'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Journeys in Community Living, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audits.

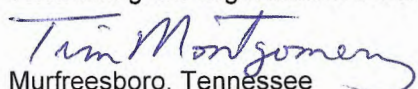
Other Information

Management is responsible for the other information in the annual report. The other information is comprised of the roster of board of directors. My opinions on the basic financials statements do not cover the other information, and I do not express an opinion or any other form of assurance thereon.

In connection with my audit of the basic financial statements, my responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basis financial statements, or the other information otherwise appears to be materially misstated. If, based on work performed, I conclude that an uncorrected material misstatement of the other information exists, I am required to describe it in my report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated October 30, 2023 on my consideration of the Organization's internal control over financial reporting and on my 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 my 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 Journeys in Community 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 the Organization's internal control over financial reporting and compliance.

 CPA PLLC
Murfreesboro, Tennessee
October 30, 2023

JOURNEYS IN COMMUNITY LIVING, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS			
		2023	2022
Current assets:			
Cash	\$	689,563	\$ 1,069,775
Accounts receivable		572,456	698,644
ERTC receivable		1,241,133	1,241,504
Investments, at fair market value		1,495,653	1,453,058
Prepaid expenses		3,015	24,153
Total current assets		<u>4,001,820</u>	<u>4,487,134</u>
Restricted cash - representative payee accounts		76,130	95,361
Capital assets less accumulated depreciation		160,367	185,590
Other assets:			
Deposits on rental units		17,592	18,592
Unemployment reserve deposit		57,106	39,870
		<u>74,698</u>	<u>58,462</u>
Total assets		<u><u>\$ 4,313,015</u></u>	<u><u>\$ 4,826,547</u></u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable	\$	251,228	\$ 284,829
Accrued leave payable		241,223	229,753
Other accrued expenses		191,287	201,283
Client trust accounts		76,130	95,361
Total current liabilities		<u>759,868</u>	<u>811,226</u>
Note payable, less current portion		<u>150,000</u>	<u>150,000</u>
Total liabilities		<u>909,868</u>	<u>961,226</u>
Net Assets:			
Net assets without donor restrictions		<u>3,403,147</u>	<u>3,865,321</u>
Total liabilities and net assets		<u><u>\$ 4,313,015</u></u>	<u><u>\$ 4,826,547</u></u>

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

JOURNEYS IN COMMUNITY LIVING, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Unrestricted support and revenues		
Tennessee Department of Intellectual and Developmental Disabilities	\$ 6,180,289	\$ 6,037,376
Private pay services	325,964	311,538
Tennessee Department of Human Services- Division of Rehabilitation Services	63,761	42,984
County and city government	47,800	47,800
United Way	3,547	24,489
Client rent	61,838	61,708
Contributions and grants	187,154	103,394
Gain on sale of vehicles	1,325	29,703
Miscellaneous	35,859	4,386
Total unrestricted support and revenues	<u>6,907,537</u>	<u>6,663,378</u>
Expenses		
Program services:		
Residential services	5,449,518	4,483,747
Community and special services	461,493	324,218
Transportation services	320,619	325,869
Total program services expense	<u>6,231,630</u>	<u>5,133,834</u>
Supporting services:		
Management and general	1,275,413	1,129,705
Development	69,490	18,602
Total supporting services expense	<u>1,344,903</u>	<u>1,148,307</u>
Total expenses	<u>7,576,533</u>	<u>6,282,141</u>
Net results of operations	(668,996)	381,237
Other changes in net assets		
Investment gains (losses)	102,595	(231,044)
ERTC grant income	130,284	1,241,504
ERTC cost of grant income	<u>(26,057)</u>	<u>(248,301)</u>
Total other changes in net assets	<u>206,822</u>	<u>762,159</u>
Change in net assets without donor restrictions	<u>(462,174)</u>	<u>1,143,396</u>
Net assets, beginning of year	<u>3,865,321</u>	<u>2,721,925</u>
Net assets, end of year	<u><u>\$ 3,403,147</u></u>	<u><u>\$ 3,865,321</u></u>

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

JOURNEYS IN COMMUNITY LIVING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2023 AND 2022

	Program Services				Supporting Services		Totals		
	Residential Services	Community and Special Services	Transportation Services	Total Program Services	Management and General	Development	Total Supporting Services	2023	2022
Salaries	\$ 4,319,237	\$ 382,425	\$ 106,049	\$ 4,807,711	\$ 715,411	\$ 52,524	\$ 767,935	\$ 5,575,646	\$ 4,415,420
Fringe benefits	626,665	55,485	15,386	697,536	103,797	7,620	111,417	808,953	641,008
Total salaries and fringe benefits	4,945,902	437,910	121,435	5,505,247	819,208	60,144	879,352	6,384,599	5,056,428
Contracted services	258,440	-	-	258,440	183,412	-	183,412	441,852	453,603
Insurance	79,978	7,081	1,964	89,023	13,247	973	14,220	103,243	131,801
Utilities	-	-	-	-	86,046	-	86,046	86,046	81,446
Depreciation	661	-	75,110	75,771	6,585	-	6,585	82,356	98,297
Repairs & maintenance - building	68,814	-	-	68,814	-	-	-	68,814	81,840
Vehicle expenses	-	-	64,951	64,951	-	-	-	64,951	67,721
Professional fees	-	5,800	-	5,800	48,165	5,000	53,165	58,965	274,638
Fuel	-	-	56,205	56,205	-	-	-	56,205	61,591
Rent	38,593	7,872	-	46,465	5,528	-	5,528	51,993	51,232
Communications	31,966	2,830	785	35,581	5,294	389	5,683	41,264	38,667
Food	20,639	-	-	20,639	18,751	-	18,751	39,390	31,523
Seminars and training	-	-	-	-	38,694	481	39,175	39,175	5,383
Advertising	-	-	-	-	24,781	1,895	26,676	26,676	29,789
Office supplies	-	-	-	-	19,679	608	20,287	20,287	30,432
Miscellaneous	-	-	-	-	17,202	-	17,202	17,202	9,788
Background expense	-	-	-	-	6,131	-	6,131	6,131	8,420
Interest	-	-	-	-	4,125	-	4,125	4,125	4,125
Taxes & licenses	2,990	-	169	3,159	50	-	50	3,209	4,983
Dues & subscriptions	-	-	-	-	2,117	-	2,117	2,117	2,570
Travel	1,381	-	-	1,381	586	-	586	1,967	3,784
Printing and postage	-	-	-	-	1,158	-	1,158	1,158	1,671
Bank charges	-	-	-	-	711	-	711	711	17
Medical supplies	154	-	-	154	-	-	-	154	693
Total expenses by function	5,449,518	461,493	320,619	6,231,630	1,301,470	69,490	1,370,960	7,602,590	6,530,442
Less expenses included with other changes in net assets on the Statement of Activities:									
Professional fees - related to ERTC application	-	-	-	-	26,057	-	26,057	26,057	248,301
Total expenses included in the expenses section on the Statement of Activities	<u>\$ 5,449,518</u>	<u>\$ 461,493</u>	<u>\$ 320,619</u>	<u>\$ 6,231,630</u>	<u>\$ 1,275,413</u>	<u>\$ 69,490</u>	<u>\$ 1,344,903</u>	<u>\$ 7,576,533</u>	<u>\$ 6,282,141</u>

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

JOURNEYS IN COMMUNITY LIVING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2022

	Program Services				Supporting Services			Totals
	Residential Services	Community and Special Services	Transportation Services	Total Program Services	Management and General	Development	Total Supporting Services	2022
Salaries	\$ 3,444,034	\$ 265,289	\$ 98,828	\$ 3,808,151	\$ 594,901	\$ 12,368	\$ 607,269	\$ 4,415,420
Fringe benefits	499,988	38,513	14,347	552,848	86,365	1,795	88,160	641,008
Total salaries and fringe benefits	3,944,022	303,802	113,175	4,360,999	681,266	14,163	695,429	5,056,428
Contracted services	258,440	-	-	258,440	195,163	-	195,163	453,603
Professional fees	-	1,951	-	1,951	272,687	-	272,687	274,638
Insurance	102,805	7,919	2,950	113,674	17,758	369	18,127	131,801
Depreciation	1,132	-	74,796	75,928	22,369	-	22,369	98,297
Repairs & maintenance - building	81,840	-	-	81,840	-	-	-	81,840
Utilities	-	-	-	-	81,446	-	81,446	81,446
Vehicle expenses	-	-	67,721	67,721	-	-	-	67,721
Fuel	-	-	61,591	61,591	-	-	-	61,591
Rent	41,263	7,872	-	49,135	2,097	-	2,097	51,232
Communications	30,160	2,323	866	33,349	5,210	108	5,318	38,667
Food	15,839	-	-	15,839	15,684	-	15,684	31,523
Office supplies	-	-	-	-	29,519	913	30,432	30,432
Advertising	-	-	138	138	27,802	1,849	29,651	29,789
Miscellaneous	-	-	-	-	9,788	-	9,788	9,788
Background expense	-	-	-	-	8,420	-	8,420	8,420
Seminars and training	4,183	-	-	4,183	-	1,200	1,200	5,383
Taxes & licenses	-	351	4,632	4,983	-	-	-	4,983
Interest	-	-	-	-	4,125	-	4,125	4,125
Travel	3,370	-	-	3,370	414	-	414	3,784
Dues & subscriptions	-	-	-	-	2,570	-	2,570	2,570
Printing and postage	-	-	-	-	1,671	-	1,671	1,671
Medical supplies	693	-	-	693	-	-	-	693
Bank charges	-	-	-	-	17	-	17	17
Total expenses by function	4,483,747	324,218	325,869	5,133,834	1,378,006	18,602	1,396,608	6,530,442
Less expenses included with other changes in net assets on the Statement of Activities:								
Professional fees - related to ERTC application	-	-	-	-	248,301	-	248,301	248,301
Total expenses included in the expenses section on the Statement of Activities	\$ 4,483,747	\$ 324,218	\$ 325,869	\$ 5,133,834	\$ 1,129,705	\$ 18,602	\$ 1,148,307	\$ 6,282,141

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

JOURNEYS IN COMMUNITY LIVING, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Change in net assets	\$ (462,174)	\$ 1,143,396
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	82,356	98,297
(Gains) losses on investments, net	(66,154)	292,352
Gain on sale of vehicles	(1,325)	(29,703)
Changes in current assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	126,188	(118,984)
ERTC receivable	371	(1,241,504)
Other assets	(16,236)	(27,263)
Prepaid expenses	21,138	(18,571)
Increase (decrease) in:		
Accounts payable	(33,601)	248,896
Accrued leave payable	11,470	(14,987)
Other accrued expenses	(9,996)	46,071
Client trust accounts	(19,231)	(66,294)
Net cash provided by operating activities	<u>(367,194)</u>	<u>311,706</u>
Cash flows from investing activities		
Purchase of investments	(36,441)	(61,308)
Proceeds from sale of fixed assets	1,325	29,703
Proceeds withdrawn from sale of investments	60,000	-
Fixed assets purchased	(57,133)	(50,724)
Net cash used in investing activities	<u>(32,249)</u>	<u>(82,329)</u>
Net increase (decrease) in cash	(399,443)	229,377
Cash at beginning of year	<u>1,165,136</u>	<u>935,759</u>
Cash at end of year	<u>\$ 765,693</u>	<u>\$ 1,165,136</u>
Cash at end of year consists of:		
Cash	\$ 689,563	\$ 1,069,775
Restricted cash - representative payee accounts	76,130	95,361
	<u>\$ 765,693</u>	<u>\$ 1,165,136</u>

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

**JOURNEYS IN COMMUNITY LIVING, INC.
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Journeys in Community Living, Inc. (the "Organization") is a private, nonprofit agency established in 1974 operating in Rutherford and Cannon County. We are dedicated to supporting adults with disabilities in choosing and realizing their visions of where and how they live, work and socialize. We fulfill our mission by focusing our efforts in the following service areas.

Residential services - We operate two residential habilitation homes and sixteen supported living homes, one of which is a medical residence. We believe in supporting the full integration of people with disabilities into regular neighborhoods and the community at large. Participants stay in their own homes with staff teaching skills such as cooking, housekeeping, grocery shopping and money management.

Community and special services - We provide the support necessary for individuals to become fully participating members of their communities. Individuals are trained to use and develop self-help, communication, socialization and functional academic skills in real-world settings, including stores, restaurants, banks, recreational centers and other areas of daily life. Individuals receive training at our facility-based location in Murfreesboro. Individuals are involved one on one or small group classes on the topics of prevocational and independent living skills. We provide job placement specialists to assist individuals in seeking and gaining competitive employment. Vocational coaches are available to provide necessary on-the-job training to individuals at no cost to employers. We provide free supervision as needed. We also provide case managers and a Registered Nurse to ensure that individuals receive specialized medical and mental health services they need. Physical, occupational, and speech therapies are provided, as well as counseling and social work services.

Transportation services - We provide transportation to those we support in an effort to further their independence. Our drivers help people get to work, to the center, to medical appointments and to recreational activities.

A major portion of our funding is provided by the State of Tennessee Department of Intellectual and Developmental Disabilities (DIDD) under a three-year provider agreement contract expiring December 31, 2023. A major reduction in these funds, should this occur, could have a significant effect upon future operations.

**JOURNEYS IN COMMUNITY LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with standards of accounting and reporting for not-for-profit organizations. Under these standards, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- Net Assets Without Donor Restriction – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the Board of Directors.
- Net Assets With Donor Restriction – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by action of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue and Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions based on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Donated goods are recorded at their estimated fair value when received. Contributions of services are recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing these skills, and would typically need to be purchased if not provided by donation.

The Organization recognizes revenue from services when the performance obligations of providing services are met. Our clients are covered through DIDD Medicaid waivers, managed care organizations (MCO) or pay privately. Rates paid by DIDD are based on each client's approved plan of care. Rates paid by MCO's are determined by those MCO's and rates paid by the families of the clients served are agreed to with the families. Every two weeks, upon completion of services, we bill DIDD for services rendered. Clients served through MCO's or privately are billed monthly upon completion of services rendered. We do not bill any services in advance.

**JOURNEYS IN COMMUNITY LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Management considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Restricted Cash

Restricted cash represents checking accounts held by the Organization on behalf of its clients. The Organization acts as a representative payee on these cash balances.

Accounts Receivable

Accounts receivable consist of noninterest-bearing amounts due for our program services. We determine the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Management has determined no balance allowed for uncollectible accounts was necessary at June 30, 2023 and 2022. Receivables from contracts with customers are reported as accounts receivable and contract liabilities are reported as deferred revenue in the accompanying financial statements.

Investments

The Organization has an investment account which consists of money market, certificates of deposit, various mutual funds, and exchange traded funds. These funds have readily determinable fair values and are presented at fair value in the financial statements based on quoted market prices. Income and gains have been included in the Statement of Activities as investment income.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**JOURNEYS IN COMMUNITY LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications have been made to the June 30, 2022 financial statements so they will conform to the June 30, 2023 presentation.

Tax-Exempt Status

Journeys in Community Living, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no provision for income taxes is included in the accompanying financial statements. It is chartered as a not-for-profit corporation by the State of Tennessee.

New Accounting Policy Regarding Leases

In February 2016, the FASB issued ASU 2016-02 Leases which together with subsequent amendments is included in Topic 842 "Leases" ("Topic 842"). Most significantly, Topic 842 requires a lessee to recognize a liability to make lease payments and an asset with respect to its right to use the underlying asset for the lease term. Topic 842 also addresses accounting and reporting by lessors, which is not significantly different from current accounting and reporting, and further provides for qualitative and quantitative disclosures. Topic 842, as amended, became effective for private companies for fiscal years beginning after December 15, 2021. Management has adopted the full provisions of this standard in its current fiscal-year, however, it has been determined that the adoption of the lease standard has no impact on its current financial statements due to the short-term nature of the Organization's leases.

NOTE 3 - CONCENTRATIONS OF CREDIT RISK

The Organization maintains deposits at a local financial institution. The deposits in this institution, at times, exceed amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). At June 30, 2023, deposits at one bank exceeded FDIC coverage amounts by approximately \$459,000. The Organization believes that there is no significant risk with respect to these deposits.

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at each June 30:

	2023	2022
State of Tennessee	\$ 551,662	\$ 669,294
Clients and other	20,794	29,350
Total	<u>\$ 572,456</u>	<u>\$ 698,644</u>

JOURNEYS IN COMMUNITY LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 5 - ERTC RECEIVABLE

The Organization submitted refund requests, pursuant to the CARES Act, for the Employee Retention Tax Credit (ERTC) a refundable tax credit against certain employment taxes subject to certain limitations. Amended payroll tax return Forms 941 were submitted in 2022 reporting credit amounts calculated. Such credit applications may be subject to IRS audit in future periods. The Organization has recorded \$130,284 and \$1,241,504 as ERTC grant income and \$26,057 and \$248,301 as cost of grant income for June 30, 2023 and 2022, respectively, as other changes in the Statements of Activities. Subsequent to June 30, 2023 the amounts receivable under the credit have been collected and all expenses incurred in the application process have been paid.

NOTE 6 - INVESTMENTS

Investments consist of the following as of June 30:

	2023		2022	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Cash funds	\$ 7,197	\$ 7,197	\$ 89,425	\$ 89,425
Mutual funds	426,393	430,305	445,650	400,451
Exchange traded funds	281,010	323,085	485,326	455,091
Stocks	49,624	47,350	67,074	65,955
REITs	10,858	8,543	12,913	13,024
U.S. Treasuries	15,720	15,767	-	-
Certificates of deposit	199,915	199,650	-	-
Fixed income	501,059	463,756	465,741	429,112
	<u>\$1,491,776</u>	<u>\$1,495,653</u>	<u>\$1,566,129</u>	<u>\$1,453,058</u>

Fair Values

The Organization uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with the *Fair Value Measurements and Disclosures* topic of FASB ASC, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In accordance with this guidance, the Organization groups its financial assets and liabilities generally measured at fair value in a three level valuation hierarchy for disclosure of fair value measurements defined as:

- Level 1 – inputs for quoted market prices for identical assets or liabilities in active markets
- Level 2 – inputs include quoted market prices for similar assets and liabilities in active markets and inputs that are observable either directly or indirectly
- Level 3 – inputs that are unobservable and significant to the fair value measurements.

JOURNEYS IN COMMUNITY LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 6 - INVESTMENTS (CONTINUED)

The fair values of the Organization's investments at June 30, 2023 are as follows:

	Level 1	Level 2	Totals
Cash funds	\$ 7,197	\$ -	\$ 7,197
Mutual funds	430,305	-	430,305
Exchange traded funds	323,085	-	323,085
Stocks	47,350	-	47,350
Real estate investment trusts	8,543	-	8,543
U.S. Treasuries	15,767	-	15,767
Certificates of deposit	199,650	-	199,650
Fixed income	-	463,756	463,756
Total investments	<u>\$ 1,031,897</u>	<u>\$ 463,756</u>	<u>\$ 1,495,653</u>

Fixed income investments classified as level 2 consist of debt securities of publicly traded companies. These investments are valued on the basis of quotes provide by pricing services. Valuations provided by pricing services are generally based on the actual trade information. These investments are typically traded in a transparent and liquid market.

NOTE 7 - FIXED ASSETS AND DEPRECIATION

Property and equipment acquisitions with a per-unit cost in excess of \$500 are capitalized at cost. Depreciation is taken on the straight-line method using estimated useful lives as follows:

	Life in years	2023	2022
Buildings	25	\$ 285,196	\$ 285,196
Building improvements	25	26,899	26,899
Leasehold improvements	15 - 25	546,070	546,070
Furniture and fixtures	5 - 7	178,272	178,272
Transportation equipment	5	766,994	750,091
		<u>1,803,431</u>	<u>1,786,528</u>
Less accumulated depreciation		<u>1,662,859</u>	<u>1,620,733</u>
		140,572	165,795
Land		19,795	19,795
		<u>\$ 150,367</u>	<u>\$ 185,590</u>

NOTE 9 - LINE OF CREDIT

The Organization has a \$200,000 line of credit with FirstBank. The line was not drawn upon during the year. Interest is payable monthly at prime plus 1.5%. The line matures on February 15, 2024.

JOURNEYS IN COMMUNITY LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 10 - NOTE PAYABLE

The Organization applied for and received a loan of \$150,000 through the SBA's Economic Injury Disaster Loan (EIDL) program. This loan carries a 2.75% interest rate and includes a maturity term of no more than 30 years. In December 2022, the Organization began payments of \$641 which will continue monthly through June 2050. Payments will first be applied to interest which has been accruing on the note since its issuance in June 2020. When all previously accrued interest is paid, payments will be applied to principal and interest.

Principal payments for the next five years are expected as follows:

2024	\$ -
2025	3,003
2026	3,696
2027	3,799
2028	3,905
Thereafter	135,597
	<u>\$ 150,000</u>

NOTE 11 - OPERATING LEASES

The Organization leases its office under a month-to-month lease with Rutherford County. For both June 30, 2023 and 2022, lease expense of \$9,600 has been included in the statements of functional expenses as rent expense.

NOTE 12 - FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statements of activities and statements of functional expenses. Expenses that can be identified with a specific program or support services are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by employees.
- Occupancy and depreciation are allocated based on use of the space and various assets involved in programs and supporting activities.
- Telephone and internet services, insurance, supplies and various other expenses that cannot be directly identified are allocated on the basis of employee costs for each program and supporting activity.

Every three years, or more often when new space or programs are added, the bases on which costs are allocated are evaluated.

JOURNEYS IN COMMUNITY LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 12 - FUNCTIONAL ALLOCATION OF EXPENSES (CONTINUED)

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

NOTE 13 - RETIREMENT PLAN

The Organization formed a defined contribution 401(k) plan effective July 2022 and began accepting contributions in January 2023. Eligible employees as determined by the plan may contribute up to 100% of their compensation, as limited by statute or regulation. Discretionary matching contributions may be made by the Organization and are subject to vesting as described in the plan document. As of June 30, 2023 no discretionary matching contributions have been made.

NOTE 14 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of June 30, 2023, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, required for reserves for unemployment claims, or because the governing board has set aside the funds for a specific contingency reserve or a long-term investment as board designated endowments (if applicable).

Financial assets:	
Cash and cash equivalents	\$ 689,563
Accounts receivable	599,456
ERTC receivable	1,214,133
Investments	1,495,653
Restricted cash - representative payee accounts	76,130
Unemployment reserve deposit	57,106
Financial assets, at year-end	<u>4,132,041</u>
Less those unavailable for general expenditure within one year, due to:	
Restricted cash - representative payee accounts	(76,130)
Unemployment reserve deposit	<u>(57,106)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,998,805</u>

**JOURNEYS IN COMMUNITY LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2023 AND 2022**

NOTE 15 - INCOME TAX FILINGS

The Organization files Federal Form 990 in the United States. Federal Forms 990 filed before June 30, 2020 are no longer subject to examination.

NOTE 16 - SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through October 30, 2023, the date the financial statements were available to be issued. The Organization determined that no additional disclosures were required.



**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
Journeys in Community Living, Inc.

I 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 Journeys in Community Living, Inc. (a nonprofit organization), which comprise the statements 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 my report thereon dated October 30, 2023.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Journeys in Community Living, Inc.'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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Journeys in Community Living, Inc.'s internal control. Accordingly, I 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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Journeys in Community Living, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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 (CONTINUED)**

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Journeys in Community Living, Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Journeys in Community Living, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Tim Montgomery, CPA PLLC

Murfreesboro, Tennessee
October 30, 2023

**JOURNEYS IN COMMUNITY LIVING, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

There were no prior year findings reported.