

# **MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**

(Doing business as Mental Health America of the MidSouth)

## **CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION**

***As of and for the Years Ended June 30, 2022 and 2021***

***And Report of Independent Auditor***

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**  
(Doing business as Mental Health America of the MidSouth)  
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**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**  
(Doing business as Mental Health America of the MidSouth)  
**ROSTER OF BOARD OF DIRECTORS, EXECUTIVE STAFF, AND MEMBERS AT LARGE**

*JUNE 30, 2022*

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**BOARD OF DIRECTORS**

Rhonda Ashley-Dixon..... Chair  
Deborah Hennessee ..... Chair Elect  
Read DuPriest ..... Secretary  
Sarah Mathews ..... Treasurer  
John Baxter ..... Member At Large  
Troy Chisholm ..... Member At Large  
Nick Mann ..... Member At Large

**EXECUTIVE STAFF**

Tom Starling ..... Chief Executive Officer  
Jacqueline Cavnar..... Chief Operating Officer  
John Dennison ..... Director of Finance  
Amber Hampton ..... Program Director

Diana Altieri ..... Member At Large  
Bearlyn Ash MS, NCC, LPC, ACS ..... Member At Large  
John Baxter, EdD ..... Member At Large  
David Bohan ..... Member At Large  
Kristin Cantrell, JD..... Member At Large  
Troy Chisholm, FACHE ..... Member At Large  
Debbie Coy-Wheeler, LMSW ..... Member At Large  
Kraig Dalton ..... Member At Large  
Elena Delavega, PhD..... Member At Large  
Jana Dreyzehner, MD ..... Member At Large  
Derek Farrell, CPA ..... Member At Large  
Mark Fleming, PhD..... Member At Large  
Antricia Gordon ..... Member At Large  
Kandace Groher, MPA ..... Member At Large  
Mary Harkleroad, LCSW – Emeritus ..... Member At Large  
Diane Hayes ..... Member At Large  
Mary Held, PhD, LCSW..... Member At Large  
Monica Hinson..... Member At Large  
Robin Hornsby..... Member At Large  
Jill Howard, MBA, RN..... Member At Large  
Joshua Hunley..... Member At Large  
Mukta Kasturia ..... Member At Large  
Carrie Lebowitz, OD ..... Member At Large  
Nick Mann, JD ..... Member At Large  
Haley Miller..... Member At Large  
Cory Savoie, MD ..... Member At Large  
Ken Sheesley ..... Member At Large  
Dan Surface ..... Member At Large  
Pam White ..... Member At Large

## Report of Independent Auditor

To the Board of Directors  
Mental Health Association of Middle Tennessee and Subsidiary  
Nashville, Tennessee

### Report on the Audit of the Consolidated Financial Statements

#### **Opinion**

We have audited the accompanying consolidated financial statements of Mental Health Association of Middle Tennessee and Subsidiary (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Mental Health Association of Middle Tennessee and Subsidiary as of June 30, 2022 and 2021, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Mental Health Association of Middle Tennessee and Subsidiary and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mental Health Association of Middle Tennessee and Subsidiary's ability to continue as a going concern within one year after the date the consolidated financial statements are available to be issued.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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 consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Mental Health Association of Middle Tennessee and Subsidiary'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mental Health Association of Middle Tennessee and Subsidiary's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

### ***Other Information***

The Roster of the Board of Directors and Executive Staff on page 1, which is the responsibility of management, is of nonaccounting nature and has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements. Accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2023, on our consideration of Mental Health Association of Middle Tennessee and Subsidiary'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 the Mental Health Association of Middle Tennessee and Subsidiary'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 Mental Health Association of Middle Tennessee and Subsidiary's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Cherry Bekaert LLP".

Nashville, Tennessee  
March 16, 2023

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**

(Doing business as Mental Health America of the MidSouth)  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2022 AND 2021

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 732,655	\$ 923,272
Investments	2,424,508	2,558,238
Grants receivable (Note 3)	156,371	94,269
Unconditional promises to give (Note 4)	16,668	16,668
Other accounts receivable	5,913	17,990
Prepaid expenses and other	30,261	31,109
Inventory	5,187	5,429
Total Current Assets	<u>3,371,563</u>	<u>3,646,975</u>
Other	<u>-</u>	<u>3,797</u>
Equipment, furniture, and improvements	168,191	158,914
Less accumulated depreciation	<u>(144,409)</u>	<u>(130,052)</u>
Equipment, Furniture, and Improvements, Net	<u>23,782</u>	<u>28,862</u>
<b>Total Assets</b>	<u><u>\$ 3,395,345</u></u>	<u><u>\$ 3,679,634</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 38,660	\$ 10,034
Accrued expenses	28,501	23,338
Deferred revenue	<u>13,083</u>	<u>13,849</u>
Total Liabilities	<u>80,244</u>	<u>47,221</u>
Net Assets: (Note 7)		
Without donor restrictions	3,125,798	3,498,479
With donor restrictions	<u>189,303</u>	<u>133,934</u>
Total Net Assets	<u>3,315,101</u>	<u>3,632,413</u>
<b>Total Liabilities and Net Assets</b>	<u><u>\$ 3,395,345</u></u>	<u><u>\$ 3,679,634</u></u>

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

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**  
(Doing business as Mental Health America of the MidSouth)  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

*YEAR ENDED JUNE 30, 2022*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenue and Other Support:			
Federal and state contracts and grants	\$ 1,371,206	\$ -	\$ 1,371,206
Other grants	98,298	214,952	313,250
Massey Dinner contributions	141,445	-	141,445
General contributions	55,542	-	55,542
TSPN Awards Symposium	8,376	-	8,376
Fees and other	31,007	-	31,007
Investment return, net	(132,864)	-	(132,864)
United Way	2,556	7,500	10,056
I.C. Hope revenues	7,364	-	7,364
Net assets released from restrictions	167,083	(167,083)	-
Total Revenue and Other Support	1,750,013	55,369	1,805,382
Expenses:			
Program Services:			
Educational services	1,019,112	-	1,019,112
Consumer/family issues services	454,770	-	454,770
Aging services	82,412	-	82,412
Advocacy	78,220	-	78,220
Total Program Services	1,634,514	-	1,634,514
Support Services:			
Fundraising	240,738	-	240,738
Management and general	247,442	-	247,442
Total Support Services	488,180	-	488,180
Total Expenses	2,122,694	-	2,122,694
Change in net assets	(372,681)	55,369	(317,312)
Net assets, beginning of year	3,498,479	133,934	3,632,413
Net assets, end of year	\$ 3,125,798	\$ 189,303	\$ 3,315,101

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



**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**  
(Doing business as Mental Health America of the MidSouth)  
**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

*YEAR ENDED JUNE 30, 2021*

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenue and Other Support:			
Federal and state contracts and grants	\$ 793,792	\$ -	\$ 793,792
Other grants	167,109	116,668	283,777
Massey Dinner contributions	273,841	-	273,841
General contributions	79,889	-	79,889
Paycheck Protection Program grant revenue	125,256	-	125,256
TSPN Awards Symposium	3,330	-	3,330
Fees and other	58,986	-	58,986
Other special events	1,400	-	1,400
Investment return, net	70,052	-	70,052
United Way	2,946	7,500	10,446
I.C. Hope revenues	3,837	-	3,837
Net assets released from restrictions	95,867	(95,867)	-
Total Revenue and Other Support	1,676,305	28,301	1,704,606
Expenses:			
Program Services:			
Educational services	641,171	-	641,171
Consumer/family issues services	362,772	-	362,772
Aging services	77,592	-	77,592
Advocacy	81,563	-	81,563
Total Program Services	1,163,098	-	1,163,098
Support Services:			
Fundraising	149,665	-	149,665
Management and general	257,236	-	257,236
Total Support Services	406,901	-	406,901
Total Expenses	1,569,999	-	1,569,999
Change in net assets	106,306	28,301	134,607
Net assets, beginning of year	3,392,173	105,633	3,497,806
Net assets, end of year	\$ 3,498,479	\$ 133,934	\$ 3,632,413

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

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**  
(Doing business as Mental Health America of the MidSouth)  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

*YEAR ENDED JUNE 30, 2022*

	Program Services					Support Services			
	Educational Services	Consumer/ Family Issues Services	Aging Services	Advocacy	Total Program Services	Fundraising	Management and General	Total Support Services	Total All Services
Salaries and wages	\$ 596,689	\$ 152,774	\$ 54,419	\$ 54,500	\$ 858,382	\$ 43,314	\$ 168,213	\$ 211,527	\$ 1,069,909
Public relations	-	189,168	-	-	189,168	-	-	-	189,168
Fund raising expenses - Massey	-	-	-	-	-	143,154	-	143,154	143,154
Professional services	61,814	20,816	430	193	83,253	34,242	18,018	52,260	135,513
Travel, conferences, and trainings	82,237	18,358	4,225	3,560	108,380	661	1,256	1,917	110,297
Health insurance	77,776	12,310	1,486	3,436	95,008	2,777	9,879	12,656	107,664
Payroll taxes - FICA	42,791	11,273	4,130	3,950	62,144	3,086	12,044	15,130	77,274
Occupancy	37,386	10,235	4,474	2,424	54,519	2,101	13,500	15,601	70,120
Printing and publications	23,468	6,811	4,060	-	34,339	170	418	588	34,927
Equipment rental and maintenance	17,658	3,922	1,693	950	24,223	1,597	5,589	7,186	31,409
Retirement benefits	8,955	6,769	3,019	2,882	21,625	2,098	5,484	7,582	29,207
Accounting fees	17,736	3,234	1,652	964	23,586	777	2,627	3,404	26,990
Depreciation expense	9,126	3,933	-	182	13,241	768	348	1,116	14,357
Management fees, other	11,056	2,218	-	-	13,274	-	-	-	13,274
Licenses and permits	3,851	630	-	-	4,481	4,421	762	5,183	9,664
General and liability insurance	5,485	1,004	512	317	7,318	263	849	1,112	8,430
Telephone	6,661	563	295	185	7,704	156	487	643	8,347
Life and disability insurance	4,147	979	403	340	5,869	264	1,158	1,422	7,291
Staff appreciation	77	3,922	26	-	4,025	-	1,578	1,578	5,603
Office supplies	2,418	89	152	-	2,659	-	2,469	2,469	5,128
Mental Health University	3,989	-	-	-	3,989	-	-	-	3,989
Dues and memberships, program	-	1,935	-	515	2,450	-	1,227	1,227	3,677
Public policy/advocacy	-	-	-	3,650	3,650	-	-	-	3,650
Mental Health America dues	-	3,188	-	-	3,188	-	-	-	3,188
Workers' compensation	1,759	326	167	94	2,346	89	273	362	2,708
Internet fees	1,424	313	134	78	1,949	589	26	615	2,564
Postage	939	-	1,135	-	2,074	142	224	366	2,440
TVAP expense	1,399	-	-	-	1,399	-	-	-	1,399
Bank and credit card fees	29	-	-	-	29	69	961	1,030	1,059
Cost of educational materials	242	-	-	-	242	-	-	-	242
Miscellaneous expenses	-	-	-	-	-	-	52	52	52
	<u>\$ 1,019,112</u>	<u>\$ 454,770</u>	<u>\$ 82,412</u>	<u>\$ 78,220</u>	<u>\$ 1,634,514</u>	<u>\$ 240,738</u>	<u>\$ 247,442</u>	<u>\$ 488,180</u>	<u>\$ 2,122,694</u>

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

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**  
(Doing business as Mental Health America of the MidSouth)  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

*YEAR ENDED JUNE 30, 2021*

	Program Services					Support Services			
	Educational Services	Consumer/ Family Issues Services	Aging Services	Advocacy	Total Program Services	Fundraising	Management and General	Total Support Services	Total All Services
Salaries and wages	\$ 318,614	\$ 145,032	\$ 47,426	\$ 55,354	\$ 566,426	\$ 79,577	\$ 181,696	\$ 261,273	\$ 827,699
Professional services	47,535	32,860	525	272	81,192	33,114	13,578	46,692	127,884
Public relations	-	79,780	-	-	79,780	1,000	-	1,000	80,780
Travel, conferences, and trainings	32,372	39,669	1,369	20	73,430	1,282	3,076	4,358	77,788
Printing and publications	52,509	9,344	9,433	-	71,286	4,898	-	4,898	76,184
Health insurance	36,466	14,351	1,436	6,017	58,270	7,190	7,896	15,086	73,356
Occupancy	30,006	11,073	3,975	3,394	48,448	3,873	13,090	16,963	65,411
Payroll taxes	23,625	10,754	3,517	4,105	42,001	5,901	13,473	19,374	61,375
TVAP expense	33,830	-	-	-	33,830	-	-	-	33,830
Accounting fees	12,258	4,049	1,637	1,321	19,265	1,667	2,969	4,636	23,901
Retirement benefits	4,531	4,322	1,859	1,665	12,377	1,903	7,160	9,063	21,440
Equipment rental and maintenance	9,011	3,236	736	421	13,404	708	4,409	5,117	18,521
Telephone	15,031	-	-	-	15,031	-	-	-	15,031
Depreciation	7,197	2,859	-	546	10,602	768	607	1,375	11,977
Office supplies	2,689	-	2,726	3,589	9,004	51	-	51	9,055
General and liability insurance	4,049	1,349	567	466	6,431	586	1,025	1,611	8,042
Internet fees	6,616	-	-	-	6,616	-	-	-	6,616
Life and disability insurance	2,221	1,064	373	355	4,013	537	970	1,507	5,520
Licenses and permits	33	449	449	-	931	3,978	210	4,188	5,119
Bank and credit card fees	29	-	-	-	29	556	3,608	4,164	4,193
Workers' compensation	678	778	314	259	2,029	324	1,487	1,811	3,840
Public policy/advocacy	-	-	-	3,650	3,650	-	-	-	3,650
Dues and memberships	-	1,664	250	129	2,043	-	229	229	2,272
Postage	294	33	1,000	-	1,327	707	-	707	2,034
Reimbursed expenses	-	-	-	-	-	-	1,099	1,099	1,099
Mental Health University	1,061	-	-	-	1,061	-	-	-	1,061
Bad debt expense	-	-	-	-	-	1,000	-	1,000	1,000
State unemployment tax	516	106	-	-	622	45	189	234	856
Staff appreciation	-	-	-	-	-	-	367	367	367
Miscellaneous expense	-	-	-	-	-	-	98	98	98
	<u>\$ 641,171</u>	<u>\$ 362,772</u>	<u>\$ 77,592</u>	<u>\$ 81,563</u>	<u>\$ 1,163,098</u>	<u>\$ 149,665</u>	<u>\$ 257,236</u>	<u>\$ 406,901</u>	<u>\$ 1,569,999</u>

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

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**

(Doing business as Mental Health America of the MidSouth)

**CONSOLIDATED STATEMENTS OF CASH FLOWS***YEARS ENDED JUNE 30, 2022 AND 2021*

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (317,312)	\$ 134,607
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Realized and unrealized losses (gains) on investments	112,726	(54,757)
Depreciation	14,357	11,977
Changes in operating assets and liabilities:		
Grants receivable	(62,102)	107,644
Unconditional promises to give	-	(9,152)
Other accounts receivable	12,077	(8,584)
Prepaid expenses and other	848	(21,932)
Inventory	242	-
Other assets	3,797	-
Accounts payable	28,626	(85,694)
Accrued expenses	5,163	(4,968)
Deferred revenue	(766)	4,950
Deferred grant revenue	-	(125,256)
Net cash flows from operating activities	<u>(202,344)</u>	<u>(51,165)</u>
<b>Cash flows from investing activities:</b>		
Investment purchases	(430,034)	(2,503,481)
Proceeds from sale of investments	451,038	-
Purchase of equipment, furniture, and improvements	<u>(9,277)</u>	<u>(16,810)</u>
Net cash flows from investing activities	<u>11,727</u>	<u>(2,520,291)</u>
Change in cash and cash equivalents	(190,617)	(2,571,456)
Cash and cash equivalents, beginning of year	<u>923,272</u>	<u>3,494,728</u>
Cash and cash equivalents, end of year	<u><u>\$ 732,655</u></u>	<u><u>\$ 923,272</u></u>

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

# MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY

(Doing business as Mental Health America of the MidSouth)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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### **Note 1—Nature of operations and summary of significant accounting policies**

*General* – Mental Health Association of Middle Tennessee and Subsidiary (doing business as Mental Health America of the MidSouth) (the “Association”) is a nonprofit organization that provides community education about mental health illnesses and advocates for the rights and needs of persons with mental illnesses. The Association is primarily funded by government grants, private grants, and donations.

*Principles of Consolidation* – The accompanying consolidated financial statements for the year ended June 30, 2022 include the accounts of Mental Health Association of Middle Tennessee and its subsidiary, MHA BOSS, LLC. All intercompany transactions and balances have been eliminated in consolidation.

Mental Health Association of Middle Tennessee owns a 100% membership interest in a single member limited liability company, MHA BOSS, LLC. (“BOSS”). BOSS was formed to conduct activities to provide a variety of short-term, ongoing, and long-term back-office support services to other nonprofit organizations. As BOSS’ activity was previously included in the Association’s consolidated financial statements and BOSS is under the common control of the Association, all periods presented herein are consolidated.

*Consolidated Financial Statement Presentation* – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with standards of accounting and reporting prescribed 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 Restrictions* – Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Association. These net assets may be used at the discretion of the Association’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 the Association or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions represent unconditional promises to give and amounts available for programs.

*Estimates* – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) 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 consolidated financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates.

*Contributions* – Contributions are recognized when the donor makes a promise to give to the Association 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.

*Allowance for Uncollectible Amounts* – Management believes amounts receivable from grantor agencies and unconditional promises to give are fully collectible for the years ended June 30, 2022 and 2021. As a result, no allowance for uncollectible amounts has been provided.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**  
(Doing business as Mental Health America of the MidSouth)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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**Note 1—Nature of operations and summary of significant accounting policies (continued)**

*Donated Services* – Volunteers have donated significant amounts of their time to the Association's program services. These amounts have not been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer effort under U.S. GAAP has not been satisfied.

In September 2020, The Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU requires not-for-profit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. In addition, for each category of contributed nonfinancial assets recognized, certain additional disclosures are required. This standard is effective for the year ending June 30, 2022 and had an immaterial effect on the Association's consolidated financial statements upon adoption. Generally, the Association has recognized the contribution of professional services and supplies at market value. Such items have been maintained for use in the Association. There have been no donor restrictions placed on such contributions.

*Cash and Cash Equivalents* – For purposes of the consolidated statements of cash flows, the Association considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Cash balances are sometimes maintained in excess of Federal Deposit Insurance Corporation insured amounts. The Association has not experienced any losses in such accounts. In management's opinion, risk related to such concentrations is not significant. Uninsured balances at June 30, 2022 and 2021 totaled approximately \$395,000, and \$602,000, respectively.

*Liquidity* – Assets are presented in the accompanying consolidated statements of financial position according to their nearness of conversion to cash and cash equivalents and liabilities are presented according to their maturing resulting in use of cash and cash equivalents.

*Investments* – Investments are stated at fair value. Realized gains and losses as well as unrealized appreciation or depreciation in fair value are reflected in the accompanying consolidated financial statements.

*Equipment, Furniture, and Improvements* – The Association capitalizes assets over \$1,000 and records them at cost or fair market value at the date of acquisition. Depreciation of equipment and furniture is provided over the estimated useful lives (ranging from three to five years) on a straight-line basis. All fixed assets acquired with grant funding are considered a contribution at the time the asset is acquired; it is recorded at cost or fair value at the date of acquisition and depreciated over the life of the asset.

*Deferred Revenue* – Deferred revenue includes I.C. Hope licensing proceeds received. The Association currently has I.C. Hope licensing agreements, which vary in duration. Proceeds received from the licensing agreements are being amortized over the term of the agreement.

*Allocation of Functional Expenses* – Expenses that can be directly attributed to a particular function are charged to that function. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Expenses that were allocated consist primarily of salary and related expenses which have been allocated based on time and effort as well as community grants and related expenses which have been allocated based on money spent.

# MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY

(Doing business as Mental Health America of the MidSouth)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

### Note 1—Nature of operations and summary of significant accounting policies (continued)

*Income Taxes* – The Association is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and is not a private foundation as defined in Section 509(a) of the IRC. Accordingly, no provision for income tax has been made.

*Revenue from Contracts with Customers* – The Association follows Accounting Standards Codification (“ASC”) 606. Under ASC 606, revenue is recognized when the Association transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for these goods or services. Revenue from contracts with customers was not significant for the years ended June 30, 2022 and 2021.

*Accounting Policies for Future Pronouncements* – In February 2016, FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the consolidated statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities and changes in net assets. This standard will be effective for the fiscal year ending June 30, 2023. The Association is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements. See Note 8 for disclosure regarding the Association’s current operating leases.

*Subsequent Events* – The Association evaluated subsequent events through March 16, 2023, when these consolidated financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the consolidated statement of financial position date but prior to the filing of this report that would have a material impact on the consolidated financial statements.

### Note 2—Liquidity and availability

The Association regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Association considers all expenditures related to its ongoing activities of connecting the community with specialized mental health and wellness resources and providing services that improve the quality of life, and promote effective services where mental health needs exist, as well as the conducting of services undertaken to support those activities to be general expenditures. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position date, comprise the following at June 30:

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 732,655	\$ 923,272
Investments	2,424,508	2,558,238
Grants receivable	156,371	94,269
Unconditional promises to give	16,668	16,668
Other accounts receivable	5,913	17,990
Total financial assets	3,336,115	3,610,437
Less amounts not available to be used for general expenditures within one year:		
Net assets with donor restrictions	(189,303)	(133,934)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,146,812	\$ 3,476,503

## MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY

(Doing business as Mental Health America of the MidSouth)

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

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#### Note 3—Grants receivable

Funds received from the state of Tennessee Department of Mental Health and Substance Abuse Services are to be used for the general support of the following programs:

*Erasing the Stigma (ETS)* – a program designed to educate the public about mental illness and eliminate the stigma associated with it. This program is included in the category of educational services in the accompanying consolidated statements of functional expenses.

MHAC Screenings (MHAC) – a program serving Middle and West Tennessee to facilitate the use of on-line screening tools through the use of traditional and social media platforms. The program is designed to improve mental health awareness and suicide prevention awareness. This program is included in the category of consumer/family issues services in the accompanying consolidated statements of functional expenses.

The Association also receives funds from the U.S. Committee for Refugees and Immigrants for the following program:

*Multicultural Outreach Program (MOP)* – a program designed to connect unaccompanied minors to health, mental health, financial, and legal resources and to provide monthly support groups for women and teens. This program is included in the category of educational services in the accompanying consolidated statements of functional expenses.

In addition, the Association receives funds from the Substance Abuse and Mental Health Services Administration (“SAMHSA”) for the following program:

*Equipping Tennessee’s First Responders and Educators* – a program designed to provide Mental Health First Aid trainings to first responders and educators in Middle and West Tennessee. This program is included in the category of consumer/family issues services in the accompanying statement of functional expenses.

*Zero Suicide Initiative* – a program designed to address suicide prevention by partnering with Tennessee-based collaborators. This program is included in the category of educational services in the accompanying consolidated statements of functional expenses.

The Association also receives funds from the U.S. Department of Justice for the following program:

*Project to Reduce Injury and Death Related to Elder Dementia (PRIDE-D)* – a program designed to aid in the search for missing Alzheimer’s disease patients. This program is included in the category of aging services in the accompanying consolidated statements of functional expenses..

Funds received from the Greater Nashville Regional Council are to be used for the general support of the In-Home Education program, which provides education to caregivers and families of persons with Alzheimer’s disease or related dementia. Funds received from the National Institute of Mental Health are to be used for the general support of the Outreach Partnership program, which disseminates information and promotes research study participation in areas related to mental health.



**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**  
(Doing business as Mental Health America of the MidSouth)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

**Note 3—Grants receivable (continued)**

Grants receivable consist of the following at June 30:

	<b>2022</b>	<b>2021</b>
MOP - Home Study and Post Release Services for Unaccompanied Children	\$ 52,167	\$ 41,148
SAMHSA - Equipping Tennessee's First Responders Program	36,152	34,396
State of Tennessee - ETS	30,070	15,296
COVID Relief	3,158	-
MHAC Screenings	31,702	-
DOJ - Missing Alzheimer's Disease Patient Assistance Program	2,722	2,379
Greater Nashville Regional Council - In-Home Education Program	400	1,050
	<u>\$ 156,371</u>	<u>\$ 94,269</u>

**Note 4—Unconditional promises to give**

Unconditional promises to give, due in less than one year, consist of the following at June 30:

	<b>2022</b>	<b>2021</b>
United Way grants	\$ 7,500	\$ 7,500
Mental Health University	9,168	9,168
	<u>\$ 16,668</u>	<u>\$ 16,668</u>

**Note 5—Paycheck Protection Program loan**

The Association received a Paycheck Protection Program ("PPP") loan in the amount of \$209,493. The PPP loan is granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). PPP loans are considered conditional contributions under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. The loan must be repaid if the Association does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. The loan balance and any accumulated interest was forgiven in its entirety on April 30, 2021. The Association recognized \$-0- and \$125,256 in grant revenue during the years ended June 30, 2022 and 2021, respectively.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**  
(Doing business as Mental Health America of the MidSouth)  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

**Note 6—Fair value measurement of investments**

The Association has adopted the provisions of the *Fair Value Measurement* topic of FASB ASC. This guidance establishes a framework for measuring fair value of financial assets and financial liabilities. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.

*Level 2* – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; and
- Inputs that are derived principally from or corroborated by the observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. A description of valuation methodology used for assets measured at fair value are as follows:

*Publicly Traded Equity Securities* – valued at the closing price reported on the active market on which the securities are traded.

*Fixed Income Funds* – valued at the closing price reported on the active market on which the securities are traded.

*Cash Sweep Accounts* – valued at cost which approximates fair value.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Association believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair values of the Association's investments (all Level 1) at June 30 were as follows:

	<b>2022</b>	<b>2021</b>
Publicly traded equity securities	\$ 1,483,953	\$ 1,374,546
Fixed income funds	904,066	750,548
Cash sweep	36,489	433,144
	<u>\$ 2,424,508</u>	<u>\$ 2,558,238</u>

# MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY

(Doing business as Mental Health America of the MidSouth)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2022 AND 2021

### Note 7—Restrictions on net assets

Net assets with donor restrictions consist primarily of contributions restricted for future use. Significant components include the following at June 30:

	<u>2022</u>	<u>2021</u>
Contributions received for future use	\$ 172,635	\$ 117,266
Contributions receivable	16,668	16,668
	<u>\$ 189,303</u>	<u>\$ 133,934</u>

### Note 8—Operating lease commitments

Effective January 1, 2021, the Association entered into a lease agreement for office space. The lease requires monthly lease payments beginning January 2021 in the amount of \$5,146, increasing approximately 3.7% annually through expiration. The lease expires December 31, 2025. The agreement required a security deposit of \$3,797.

The Association also maintains various leases for office equipment.

Rent expense under operating leases for the years ended June 30, 2022 and 2021 was \$70,120 and \$65,411, respectively.

Future minimum lease payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2022 are as follows:

#### Years Ending June 30,

2023	\$ 67,580
2024	67,467
2025	69,753
2026	35,448
	<u>\$ 240,248</u>

### Note 9—Employee benefit plan

The Association has a tax deferred annuity plan covering employees who have reached age 21, have been employed for one year and work at least 30 hours per week. Total contributions made to the plan were \$29,207 and \$21,439 for the years ended June 30, 2022 and 2021, respectively.

### Note 10—Concentrations

The Association receives a substantial amount of its support from government grants and contracts. A significant reduction in the level of this support, if this were to occur, could have a negative effect on the Association's programs and activities. In addition, the funding received by the Association from governmental agencies is subject to audit and retroactive adjustment.

## **SUPPLEMENTARY INFORMATION**

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**  
(Doing business as Mental Health America of the MidSouth)  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

*YEAR ENDED JUNE 30, 2022*

<b>Federal Grantor/Pass-Through Grantor</b>	<b>Program Name</b>	<b>Federal Assistance Listing Number</b>	<b>Contract Number</b>	<b>Expenditures</b>
<b>FEDERAL AWARDS</b>				
U.S. Dept. of Health and Human Services:				
	Substance Abuse and Mental Health Services Administration (SAMHSA) Zero Suicide Initiative	93.243	6H79SM083448-01M002	\$ 360,492
	Substance Abuse and Mental Health Services Administration (SAMHSA) Equipping Tennessee's First Responders	93.243	5H79SM081077-03 IH79SM084591-01	90,772
				<u>451,264</u>
Passed-through:				
Greater Nashville Regional Council	Special Programs for the Aging, Title III Part B, Grants for Supportive Services, and Senior Centers	93.044	N/A	6,200
U.S. Committee for Refugees and Immigrants	U.S. Committee for Refugees and Immigrants, Home Study, and Post Release Services for Unaccompanied Children	93.676	90ZU0192-01-00 90ZU0357-02-00	273,390 260,875
				<u>534,265</u>
Total for Assistance Listing No. 93.676				
TN Department of Mental Health and Substance Abuse Services	Mental Health Screening	93.958	MHCMHSBLOCK FY21	137,987
TN Department of Mental Health and Substance Abuse Services	COVID Relief - Mental Health Block Grant Supplemental Funding	93.958	DGA 71196_2021-2022_017	62,487
				<u>200,474</u>
Total for Assistance Listing No. 93.958				<u>1,192,203</u>
Total U.S. Dept. of Health and Human Services				
U.S. Dept. of Justice	Missing Alzheimer's Disease Patient Assistance Program	16.015	2020-J1-BX-0006	34,372
Total Federal Awards				<u>1,226,575</u>
<b>STATE AWARDS</b>				
Tennessee Department of Mental Health and Substance Abuse Services	Erase the Stigma (ETS)	N/A	65995	127,435
TN Department of Finance and Administration, Office of Criminal Justice Programs	Training in Mental Health First Aid for first responders (MHFA)	N/A	42722	17,196
				<u>144,631</u>
Total State Awards				<u>144,631</u>
Total Federal and State Awards				<u>\$ 1,371,206</u>

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**  
(Doing business as Mental Health America of the MidSouth)  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

*YEAR ENDED JUNE 30, 2022*

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**Note 1—Basis of accounting**

The accompanying schedule of expenditures of federal and state awards (the "Schedule") summarizes the expenditures of Mental Health Association of Middle Tennessee and Subsidiary (the "Association") under programs of the federal and state governments for the year ended June 30, 2022. The Schedule is presented using the accrual basis of accounting in accordance with standards of accounting and reporting prescribed for not-for-profit organizations. The information in this Schedule is presented in accordance with the requirements of the state of Tennessee Audit Manual for Auditing, Accounting, and Reporting for Local Government Units and Other Organizations.

**Note 2—Indirect cost allocation**

The Association did not elect to use the 10% de minimis indirect cost rate.

**Note 3—Contingencies**

These programs are subject to financial and compliance audits by the grantor agencies. The amount, if any, of expenditures that may be disallowed by the grantor agencies cannot be determined at this time, although the Association expects such amounts, if any, to be immaterial.

**Note 4—Subrecipients**

These Association did not make expenditures to subrecipients during the fiscal year ended June 30, 2022.

**Report of Independent Auditor on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Consolidated Financial Statements  
Performed in Accordance with Government Auditing Standards**

To the Board of Directors  
Mental Health Association of Middle Tennessee and Subsidiary  
(doing business as Mental Health America of the MidSouth)  
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 consolidated financial statements of Mental Health Association of Middle Tennessee and Subsidiary (the “Association”) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2022, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated March 16, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered the Association’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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Association’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 Association’s consolidated 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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Association’s consolidated 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 consolidated 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 Association'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 Association's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cherry Bekaert LLP*

Nashville, Tennessee

March 16, 2023



## **Report of Independent Auditor on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Trustees  
Mental Health Association of Middle Tennessee and Subsidiary  
(doing business as Mental Health America of the MidSouth)  
Nashville, Tennessee

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited Mental Health Association of Middle Tennessee and Subsidiary's (the "Association") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Mental Health Association of Middle Tennessee and Subsidiary's major federal programs for the year ended June 30, 2022. Mental Health Association of Middle Tennessee and Subsidiary's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings and questioned costs.

In our opinion, Mental Health Association of Middle Tennessee and Subsidiary complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

#### ***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Association and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Association's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Association's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Association's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Association's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Association's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Association's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items Find 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Association's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Association's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***Report on Internal Control over Compliance***

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items Finding 2022-001, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Association's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Association's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Cherry Bekaert LLP*

Nashville, Tennessee  
March 16, 2023

# MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY

(Doing business as Mental Health America of the MidSouth)

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2022

### Section I—Summary of Auditor's Results

#### Financial Statement Section

Type of auditor's report issued on whether financial statements were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Significant deficiency(ies) identified

Yes	X	No
Yes	X	None Reported

Noncompliance material to financial statements noted

Yes	X	No
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#### Federal Awards

Internal control over major programs:

Material weakness(es) identified?

Significant deficiency(ies) identified

Yes	X	No
X	Yes	None Reported

Type of auditor's report on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

X	Yes	No
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#### Identification of Major Program

Name of Federal Program or Cluster

Assistance Listing Number(s)

Unaccompanied Alien Children Program

93.676

Dollar threshold used to distinguish between Type A and Type B programs

\$ 750,000

Auditee qualified as low-risk auditee?

Yes	X	No
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### Section II—Findings Related to the Financial Statement Audit

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the consolidated financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no findings required to be reported in accordance with *Government Auditing Standards*.

# MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY

(Doing business as Mental Health America of the MidSouth)

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2022

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### Section III—Findings and Questioned Costs – Major Federal Award Programs Audit

This section identifies the significant deficiencies, material weaknesses, and material instances of noncompliance, including questioned costs, as well as any material abuse findings, related to the audit of major programs, as required to be reported by 2 CFR 200.516(a).

#### **Finding 2022-001 – Significant Deficiency over Internal Controls over Cash Disbursements for Unaccompanied Alien Children Program grant Assistance Listing #93.676**

**Criteria:** Mental Health Association of Middle Tennessee and Subsidiary (the “Association”) is responsible for establishing controls and procedures to ensure internal controls over compliance with grant requirements are adequate and being properly implemented.

**Condition:** During audit procedures, instances were noted wherein payroll expenses did not have documentation of review and approval by department heads.

**Cause:** Inconsistent implementation of the maintenance and storage of approved pay rates to ensure payroll expenditures are properly reviewed and approved by department heads.

**Effect:** Two selected pay periods did not have evidence of review and approval by department heads. This allows for the possibility of intentional or unintentional unauthorized payroll disbursements.

**Recommendation:** The Association’s management should require the established controls be followed in all circumstances.

**Management’s Response:** We agree with the finding and have implemented procedures to ensure established controls are being followed.

**MENTAL HEALTH ASSOCIATION OF MIDDLE TENNESSEE AND SUBSIDIARY**  
(Doing business as Mental Health America of the MidSouth)  
**SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

*YEAR ENDED JUNE 30, 2022*

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**Findings Related to the Financial Statement Audit**

None.

**Findings and Questioned Costs – Major Federal Award Programs Audit**

None.



## MANAGEMENT'S CORRECTIVE ACTION PLAN

**March 6, 2023**

U.S. Department of Health and Human Services  
Mental Health Association of Middle Tennessee and Subsidiary ("the Association")  
respectfully submits the following corrective action plan for the report dated March 6,  
2023

Name and address of independent public accounting firm:  
Cherry Bekaert, LLP  
222 Second Avenue South #1240  
Nashville, TN 37201

Audit period: July 1, 2021 - June 30, 2022

The findings from the June 30, 2022, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

### **Section III - Findings and Questioned Costs - Major Federal Award Programs Audit**

#### **Finding 2022-001 Significant deficiency on internal controls over Cash Disbursements for Unaccompanied Alien Children Program Grant Assistance Listing #93.676**

**Recommendation:** The Association's management should require the established controls be followed in all circumstances.

**Action Taken:** We concur with the recommendation and have implemented procedures to ensure established controls are being followed.

A handwritten signature in blue ink that reads "Courtney Hatfield".

Courtney Hatfield, CPA  
Executive Director