

**JOURNEYS IN COMMUNITY LIVING, INC.  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT  
YEARS ENDED JUNE 30, 2021 AND 2020**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

I have audited the accompanying financial statements of Journeys in Community Living, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audits. 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 Accounting Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### Opinion

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, 2021 and 2020, 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.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated November 17, 2021 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.

  
Murfreesboro, Tennessee  
November 17, 2021

**JOURNEYS IN COMMUNITY LIVING, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2021 AND 2020**

<b>ASSETS</b>			
		<b>2021</b>	<b>2020</b>
Current assets:			
Cash		\$ 774,104	\$ 1,844,907
Certificates of deposit		-	106,222
Accounts receivable		579,660	587,934
Investments, at fair market value		1,684,102	22,839
Prepaid expenses		5,582	4,032
Total current assets		<u>3,043,448</u>	<u>2,565,934</u>
Restricted cash - representative payee accounts		161,655	103,152
Capital assets less accumulated depreciation		233,163	277,244
Other assets:			
Deposits on rental units		17,792	17,792
Unemployment reserve deposit		13,407	30,969
		<u>31,199</u>	<u>48,761</u>
Total assets		<u><u>\$ 3,469,465</u></u>	<u><u>\$ 2,995,091</u></u>
<b>LIABILITIES AND NET ASSETS</b>			
Current liabilities:			
Accounts payable		\$ 35,933	\$ 12,847
Accrued leave payable		244,740	219,929
Other accrued expenses		155,212	145,439
Refundable advance		-	700,000
Client trust accounts		161,655	103,152
Total current liabilities		<u>597,540</u>	<u>1,181,367</u>
Note payable, less current portion		<u>150,000</u>	<u>150,000</u>
Total liabilities		<u>747,540</u>	<u>1,331,367</u>
Net Assets:			
Net assets without donor restrictions		<u>2,721,925</u>	<u>1,663,724</u>
Total liabilities and net assets		<u><u>\$ 3,469,465</u></u>	<u><u>\$ 2,995,091</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, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Unrestricted support and revenues		
Tennessee Department of Intellectual and Developmental Disabilities	\$ 4,945,653	\$ 5,292,497
Private pay services	284,728	207,850
Tennessee Department of Human Services- Division of Rehabilitation Services	36,932	48,816
County and city government	47,800	47,800
United Way	56,301	66,362
Client rent	57,024	59,227
Contributions and grants	1,060,963	158,477
Investment income	159,265	-
Miscellaneous	4,433	12,322
Total unrestricted support and revenues	<u>6,653,099</u>	<u>5,893,351</u>
Expenses		
Program services:		
Residential services	3,526,765	3,370,857
Community and special services	730,579	935,769
Transportation services	258,577	310,416
Total program services expense	<u>4,515,921</u>	<u>4,617,042</u>
Supporting services:		
Management and general	1,054,510	1,080,202
Development	24,467	45,739
Total supporting services expense	<u>1,078,977</u>	<u>1,125,941</u>
Total expenses	<u>5,594,898</u>	<u>5,742,983</u>
Change in net assets without donor restrictions	<u>1,058,201</u>	<u>150,368</u>
Net assets, beginning of year	<u>1,663,724</u>	<u>1,513,356</u>
Net assets, end of year	<u>\$ 2,721,925</u>	<u>\$ 1,663,724</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, 2021 AND 2020**

	Program Services			Supporting Services			Totals	
	Residential Services	Community and Special Services	Transportation Services	Total Program Services	Management and General	Development	Total Supporting Services	
Salaries	\$ 2,607,130	\$ 590,777	\$ 90,993	\$ 3,288,900	\$ 579,162	\$ 10,695	\$ 589,857	\$ 3,878,757
Fringe benefits	452,710	102,584	15,800	571,094	100,567	1,858	102,425	673,519
Total salaries and fringe benefits	3,059,840	693,361	106,793	3,859,994	679,729	12,553	692,282	4,552,276
Contracted services	261,515	-	-	261,515	164,030	78	164,108	425,623
Insurance	82,750	18,751	2,888	104,389	18,382	340	18,722	123,111
Depreciation	1,582	-	76,245	77,827	22,369	-	22,369	100,196
Utilities	-	-	-	-	66,077	-	66,077	66,077
Repairs & maintenance - building	41,862	-	-	41,862	3,736	-	3,736	45,598
Communications	27,489	6,229	959	34,677	6,107	113	6,220	40,897
Rent	29,396	7,872	-	37,268	1,728	-	1,728	38,996
Vehicle expenses	-	-	37,362	37,362	-	-	-	37,362
Office supplies	-	-	-	-	31,703	981	32,684	37,547
Fuel	-	-	31,177	31,177	-	-	-	31,177
Advertising	-	-	-	-	18,400	8,705	27,105	50,969
Food	13,154	-	-	13,154	12,684	-	12,684	33,551
Professional fees	-	4,015	-	4,015	16,475	1,347	17,822	25,838
Travel	6,779	-	-	6,779	614	-	614	21,837
Background expense	-	-	-	-	5,121	-	5,121	7,393
Interest	-	-	-	-	4,297	-	4,297	5,121
Taxes & licenses	-	351	3,153	3,504	240	-	240	4,297
Seminars and training	2,285	-	-	2,285	-	-	-	3,744
Printing and postage	-	-	-	-	1,563	-	1,563	2,285
Dues & subscriptions	-	-	-	-	1,163	350	1,513	2,895
Medical supplies	113	-	-	113	-	-	-	1,860
Bank charges	-	-	-	-	92	-	92	1,185
Miscellaneous	-	-	-	-	-	-	-	192
Client transportation and supplements	-	-	-	-	-	-	-	309
Client wages & workshop expenses	-	-	-	-	-	-	-	10,569
	-	-	-	-	-	-	-	1,395
	-	-	-	-	-	-	-	677
Total expenses	\$ 3,526,765	\$ 730,579	\$ 258,577	\$ 4,515,921	\$ 1,054,510	\$ 24,467	\$ 1,078,977	\$ 5,594,898
								\$ 5,742,983

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

**JOURNEYS IN COMMUNITY LIVING, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEARS ENDED JUNE 30, 2020**

	Program Services			Supporting Services			Totals
	Residential Services	Community and Special Services	Transportation Services	Management and General	Development	Total Supporting Services	
Salaries	\$ 2,522,573	\$ 750,174	\$ 108,386	\$ 606,128	\$ 11,145	\$ 617,273	\$ 3,998,406
Fringe benefits	408,137	121,373	17,536	98,068	934	99,002	646,048
Total salaries and fringe benefits	<u>2,930,710</u>	<u>871,547</u>	<u>125,922</u>	<u>704,196</u>	<u>12,079</u>	<u>716,275</u>	<u>4,644,454</u>
Contracted services	228,208	-	-	160,639	-	160,639	388,847
Insurance	84,764	25,202	3,641	20,364	375	20,739	134,346
Depreciation	7,648	-	76,758	22,182	-	22,182	106,588
Utilities	-	-	-	69,742	-	69,742	69,742
Professional fees	-	24,447	-	17,017	14,072	31,089	55,536
Fuel	-	-	-	-	-	-	50,969
Rent	39,022	7,872	50,969	1,728	-	1,728	48,622
Vehicle expenses	-	-	47,965	-	-	-	47,965
Office supplies	-	-	-	36,421	1,126	37,547	37,547
Advertising	-	-	-	21,027	12,524	33,551	33,551
Food	19,037	-	-	11,882	-	11,882	30,919
Repairs & maintenance - building	28,760	-	-	-	-	-	28,760
Communications	16,562	4,925	712	3,979	73	4,052	26,251
Miscellaneous	5,429	-	-	-	5,140	5,140	10,569
Travel	8,249	748	-	1,167	-	1,167	10,164
Background expense	-	-	-	6,205	-	6,205	6,205
Taxes & licenses	-	351	3,054	30	-	30	3,435
Seminars and training	2,276	-	-	619	-	619	2,895
Printing and postage	-	-	-	1,860	-	1,860	1,860
Client transportation and supplements	-	-	1,395	-	-	-	1,395
Dues & subscriptions	-	-	-	835	350	1,185	1,185
Client wages & workshop expenses	-	677	-	-	-	-	677
Bank charges	-	-	-	309	-	309	309
Medical supplies	192	-	-	-	-	-	192
Interest	-	-	-	-	-	-	-
Total expenses	<u>\$ 3,370,857</u>	<u>\$ 935,769</u>	<u>\$ 310,416</u>	<u>\$ 1,080,202</u>	<u>\$ 45,739</u>	<u>\$ 1,125,941</u>	<u>\$ 5,742,983</u>

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



**JOURNEYS IN COMMUNITY LIVING, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$1,058,201	\$ 150,368
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	100,196	106,588
(Gains) losses on investments, net	(124,875)	1,275
PPP forgiveness income	(700,000)	-
Changes in current assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	8,274	30,939
Other assets	17,562	(4,780)
Prepaid expenses	(1,550)	2,852
Increase (decrease) in:		
Accounts payable	23,086	(13,446)
Accrued leave payable	24,811	43,097
Other accrued expenses	9,773	44,603
Client trust accounts	58,503	62,581
Net cash provided by operating activities	<u>473,981</u>	<u>424,077</u>
Cash flows from investing activities		
Purchase of investments	(1,536,388)	(4,891)
Proceeds from sale of mutual funds and liquidation of certificates of deposit	106,222	101,831
Fixed assets purchased	(56,115)	(30,440)
Net cash provided by (used in) investing activities	<u>(1,486,281)</u>	<u>66,500</u>
Cash flows from financing activities		
Proceeds received from PPP government advance	-	700,000
Proceeds received from EIDL loan	-	150,000
Payments on long-term debt	-	(518)
Net cash provided by financing activities	<u>-</u>	<u>849,482</u>
Net increase (decrease) in cash	(1,012,300)	1,340,059
Cash at beginning of year	<u>1,948,059</u>	<u>608,000</u>
Cash at end of year	<u>\$ 935,759</u>	<u>\$1,948,059</u>
Cash at end of year consists of:		
Cash	\$ 774,104	\$1,844,907
Restricted cash - representative payee accounts	161,655	103,152
	<u>\$ 935,759</u>	<u>\$1,948,059</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, 2021 AND 2020**

**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, 2021. 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, 2021 AND 2020**

**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, 2021 AND 2020**

**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.

Allowance for Uncollectible Amounts

The allowance for uncollectible amounts is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the accounts receivable in light of historical experience, adverse situations that may affect the payor's ability to repay, and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. As of June 30, 2021 and 2020, management has determined no allowance is necessary.

Investments

The Organization has an investment account which consists of money market, 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, 2021 AND 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

Recent Adopted Accounting Standard

*Accounting Standards Update ("ASU") 2014-09, "Revenue from Contracts with Customers (Topic 606)." ASU 2014-09 implements a common revenue standard that clarifies the principles for recognizing revenue. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods or services. To achieve that core principle, an entity should apply the following steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price (4) allocate the transaction price to the performance obligations. The Organization implemented the standard on July 1, 2020 and determined the adoption of the standard had no material impact on the financial statements.*

**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, 2021, deposits at one bank exceeded FDIC coverage amounts by approximately \$545,000. 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:

	2021	2020
State of Tennessee	\$ 557,967	\$ 521,538
Clients and other	21,693	66,396
Total	<u>\$ 579,660</u>	<u>\$ 587,934</u>

**JOURNEYS IN COMMUNITY LIVING, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 5 - INVESTMENTS**

Investments consist of the following as of June 30:

	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Cash funds	\$ 35,568	\$ 35,568	\$21,059	\$ 22,839
Mutual funds	783,727	844,685		
Exchange traded funds	738,081	803,849	-	-
	<u>\$1,557,376</u>	<u>\$1,684,102</u>	<u>\$21,059</u>	<u>\$ 22,839</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.

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

	2021	2020
	Level 1	Level 1
Cash funds	\$ 35,568	\$ -
Mutual funds	844,685	22,839
Exchange traded funds	803,849	-
Total investments	<u>\$1,684,102</u>	<u>\$ 22,839</u>

**JOURNEYS IN COMMUNITY LIVING, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 6 - 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	2021	2020
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	843,604	801,314
		1,880,041	1,837,751
Less accumulated depreciation		1,666,673	1,580,302
		213,368	257,449
Land		19,795	19,795
		<u>\$ 233,163</u>	<u>\$ 277,244</u>

**NOTE 7 - PAYCHECK PROTECTION PROGRAM**

During 2020, the Organization applied for and was approved for a \$700,000 loan under the Paycheck Protection Program (PPP) created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration (SBA). The loan accrued interest at 1%, and payments were not required for six months after the funding of the loan. The Organization applied to the SBA and received forgiveness of \$700,000 in June 2021.

**NOTE 8 - 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, 2022.

**NOTE 9 - 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. As of June 30, 2021, no specific repayment plan has been determined for this loan. Unpaid interest has been accrued during June 30, 2021.

**NOTE 10 - OPERATING LEASES**

The Organization leases its office under a month-to-month lease with Rutherford County. For both June 30, 2021 and 2020, lease expense of \$9,600 has been included in the statements of functional expenses as rent expense.



**JOURNEYS IN COMMUNITY LIVING, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2021 AND 2020**

**NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following table reflects the Organization's financial assets as of June 30, 2021, 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	\$ 774,104
Accounts receivable	579,660
Investments	1,684,102
Restricted cash - representative payee accounts	161,655
Unemployment reserve deposit	<u>13,407</u>
Financial assets, at year-end	<u>3,212,928</u>
Less those unavailable for general expenditure within one year, due to:	
Restricted cash - representative payee accounts	(161,655)
Unemployment reserve deposit	<u>(13,407)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$3,037,866</u>

**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, 2021 AND 2020**

**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 - INCOME TAX FILINGS**

The Organization files Federal Form 990 in the United States. Federal Forms 990 filed before June 30, 2018 are no longer subject to examination.

**NOTE 14 - SUBSEQUENT EVENTS**

The Organization has evaluated all subsequent events through November 17, 2021, 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, 2021, 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 November 17, 2021.

**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.

**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)**

**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*.

**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  
November 17, 2021

**JOURNEYS IN COMMUNITY LIVING, INC.  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2021**

There were no prior year findings reported.