

**JOURNEYS IN COMMUNITY LIVING, INC.  
FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORT  
YEARS ENDED JUNE 30, 2015 AND 2014**

**JOURNEYS IN COMMUNITY LIVING, INC.  
FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION  
AND  
INDEPENDENT AUDITOR'S REPORT  
YEARS ENDED JUNE 30, 2015 AND 2014**

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# **Tim Montgomery, CPA PLLC**

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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. (the "Organization"), which comprise the statement of financial position as of June 30, 2015, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. The financial statements for 2014 were audited by other auditors whose report dated October 21, 2014, expressed an unmodified opinion on those 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 audit. I conducted my audit 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, 2015, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### Other Information

#### Other Matters

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards and state financial assistance on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

### Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated August 14, 2015 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 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 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.

*Tam Montgomery, CPA PLLC*

Murfreesboro, Tennessee  
August 14, 2015



**JOURNEYS IN COMMUNITY LIVING, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2015 AND 2014**

**ASSETS**

	<u><b>2015</b></u>	<u><b>2014</b></u>
Current assets:		
Cash	\$ 531,982	\$ 344,048
Accounts receivable	542,593	449,075
Investments, at fair market value	15,329	-
Prepaid expenses	14,185	26,262
Total current assets	<u>1,104,089</u>	<u>819,385</u>
Restricted cash - representative payee accounts	90,591	52,857
Capital assets less accumulated depreciation	476,718	523,424
Other assets:		
Deposits on rental units	14,082	12,732
Unemployment reserve deposit	34,840	-
	<u>48,922</u>	<u>12,732</u>
Total assets	<u><u>\$1,720,320</u></u>	<u><u>\$1,408,398</u></u>

**LIABILITIES AND NET ASSETS**

Current liabilities:		
Accounts payable	\$ 40,130	\$ 13,343
Accrued leave payable	147,065	151,602
Other accrued expenses	125,511	121,263
Client trust accounts	90,591	52,857
Total current liabilities	<u>403,297</u>	<u>339,065</u>
Net Assets:		
Unrestricted net assets	1,190,084	932,427
Temporarily restricted net assets	126,939	136,906
Total net assets	<u>1,317,023</u>	<u>1,069,333</u>
Total liabilities and net assets	<u><u>\$1,720,320</u></u>	<u><u>\$1,408,398</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, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Unrestricted support and revenues		
Tennessee Department of Intellectual and Developmental Disabilities	\$ 4,720,696	\$ 4,818,342
Private pay services	17,389	21,104
Tennessee Department of Human Services- Division of Rehabilitation Services	27,806	8,662
County and city government	43,600	42,000
United Way	106,178	103,908
Workshop contracts	177,329	149,307
Client rent	39,398	39,512
Contributions	43,573	36,642
Gain (loss) on disposal of fixed assets	-	(13,591)
Miscellaneous	11,308	2,994
Net assets released from restrictions	69,867	54,892
Total unrestricted support and revenues	<u>5,257,144</u>	<u>5,263,772</u>
Expenses		
Program services:		
Residential services	2,844,728	3,365,400
Day services	1,273,908	1,244,504
Total program services expense	<u>4,118,636</u>	<u>4,609,904</u>
Supporting services:		
Management and general	828,842	825,154
Development	52,009	52,819
Total supporting services expense	<u>880,851</u>	<u>877,973</u>
Total expenses	<u>4,999,487</u>	<u>5,487,877</u>
Increase (decrease) in unrestricted net assets	<u>257,657</u>	<u>(224,105)</u>
Temporarily restricted net assets		
Contributions		
Tennessee Department of Transportation	59,900	126,076
Net assets released from restrictions		
Restrictions satisfied by passage of time	<u>(69,867)</u>	<u>(54,892)</u>
Increase (decrease) in temporarily restricted net assets	<u>(9,967)</u>	<u>71,184</u>
Change in net assets	247,690	(152,921)
Net assets, beginning of year	<u>1,069,333</u>	<u>1,222,254</u>
Net assets, end of year	<u><u>\$ 1,317,023</u></u>	<u><u>\$ 1,069,333</u></u>

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

**JOURNEYS IN COMMUNITY LIVING, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEARS ENDED JUNE 30, 2015 AND 2014**

	Program Services			Supporting Services			Totals	
	Residential Services	Day Services	Program Services	Management and General	Development	Total Supporting Services	2015	2014
Salaries	\$ 2,016,217	\$ 744,064	\$ 2,760,281	\$ 411,350	\$ 35,000	\$ 446,350	\$ 3,206,631	\$ 3,431,576
Fringe benefits	338,808	140,786	479,594	80,283	6,896	87,179	566,773	671,563
Total salaries and fringe benefits	<u>2,355,025</u>	<u>884,850</u>	<u>3,239,875</u>	<u>491,633</u>	<u>41,896</u>	<u>533,529</u>	<u>3,773,404</u>	<u>4,103,139</u>
Contracted services	259,825	1,971	261,796	142,001	344	142,345	404,141	368,536
Depreciation	66,906	16,727	83,633	29,629	-	29,629	113,262	112,239
Client wages & workshop expenses	-	112,232	112,232	-	-	-	112,232	127,505
Vehicle expenses	3,263	81,856	85,119	13,052	-	13,052	98,171	125,970
Insurance	50,789	18,529	69,318	11,543	995	12,538	81,856	79,351
Fuel	-	81,668	81,668	-	-	-	81,668	140,578
Utilities	20,840	15,237	36,077	27,960	-	27,960	64,037	77,733
Professional fees	-	27,185	27,185	18,279	350	18,629	45,814	44,460
Office supplies	-	2,236	2,236	35,116	1,533	36,649	38,885	42,878
Food	26,390	375	26,765	8,177	3,434	11,611	38,376	46,789
Communications	24,292	6,720	31,012	5,346	228	5,574	36,586	43,679
Rent	13,306	7,216	20,522	2,623	-	2,623	23,145	28,065
Repairs & maintenance - building	15,414	1,700	17,114	3,495	-	3,495	20,609	54,874
Miscellaneous	452	10,411	10,863	3,364	144	3,508	14,371	9,583
Background expense	-	-	-	12,859	-	12,859	12,859	13,120
Travel	5,818	3,127	8,945	2,991	112	3,103	12,048	11,659
Advertising	-	-	-	5,104	1,443	6,547	6,547	669
Dues & subscriptions	-	-	-	5,951	10	5,961	5,961	8,415
Taxes & licenses	479	121	600	2,744	-	2,744	3,344	2,487
Printing and postage	-	-	-	1,820	1,320	3,140	3,140	3,706
Seminars and training	-	348	348	2,499	200	2,699	3,047	6,162
Bank charges	-	-	-	2,259	-	2,259	2,259	2,229
Client transportation and supplements	1,929	-	1,929	-	-	-	1,929	6,727
Medical supplies	-	1,399	1,399	397	-	397	1,796	3,213
Bad debt expense	-	-	-	-	-	-	-	24,111
Total expenses	<u>\$ 2,844,728</u>	<u>\$ 1,273,908</u>	<u>\$ 4,118,636</u>	<u>\$ 828,842</u>	<u>\$ 52,009</u>	<u>\$ 880,851</u>	<u>\$ 4,999,487</u>	<u>\$ 5,487,877</u>

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



**JOURNEYS IN COMMUNITY LIVING, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2014**

	Program Services			Supporting Services			Totals
	Residential Services	Day Services	Total Program Services	Management and General	Development	Total Supporting Services	
Salaries	\$ 2,414,554	\$ 582,271	\$ 2,996,825	\$ 402,263	\$ 32,488	\$ 434,751	\$ 3,431,576
Fringe benefits	419,428	169,540	588,968	75,679	6,916	82,595	671,563
Total salaries and fringe benefits	<u>2,833,982</u>	<u>751,811</u>	<u>3,585,793</u>	<u>477,942</u>	<u>39,404</u>	<u>517,346</u>	<u>4,103,139</u>
Contracted services	230,967	4,666	235,633	132,249	654	132,903	368,536
Fuel	-	140,578	140,578	-	-	-	140,578
Client wages & workshop expenses	-	127,505	127,505	-	-	-	127,505
Vehicle expenses	3,284	100,565	103,849	22,121	-	22,121	125,970
Depreciation	65,124	20,306	85,430	26,809	-	26,809	112,239
Insurance	55,512	13,412	68,924	9,679	748	10,427	79,351
Utilities	41,181	21,837	63,018	14,715	-	14,715	77,733
Repairs & maintenance - building	48,733	1,673	50,406	4,468	-	4,468	54,874
Food	25,204	57	25,261	13,709	7,819	21,528	46,789
Professional fees	100	29,023	29,123	15,337	-	15,337	44,460
Communications	30,411	7,094	37,505	6,174	-	6,174	43,679
Office supplies	786	5,999	6,785	35,141	952	36,093	42,878
Rent	15,504	8,528	24,032	4,033	-	4,033	28,065
Bad debt expense	-	-	-	24,111	-	24,111	24,111
Background expense	-	-	-	13,120	-	13,120	13,120
Travel	7,566	1,047	8,613	2,826	220	3,046	11,659
Miscellaneous	5,122	73	5,195	4,140	248	4,388	9,583
Dues & subscriptions	-	-	-	8,268	147	8,415	8,415
Client transportation and supplements	524	6,203	6,727	-	-	-	6,727
Seminars and training	1,400	700	2,100	3,812	250	4,062	6,162
Printing and postage	-	-	-	1,522	2,184	3,706	3,706
Medical supplies	-	3,213	3,213	-	-	-	3,213
Taxes & licenses	-	214	214	2,273	-	2,273	2,487
Bank charges	-	-	-	2,036	193	2,229	2,229
Advertising	-	-	-	669	-	669	669
Total expenses	<u>\$ 3,365,400</u>	<u>\$ 1,244,504</u>	<u>\$ 4,609,904</u>	<u>\$ 825,154</u>	<u>\$ 52,819</u>	<u>\$ 877,973</u>	<u>\$ 5,487,877</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, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities		
Change in net assets	\$ 247,690	\$ (152,921)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	113,262	112,239
Loss on disposal of equipment	-	13,591
In kind contributions and grants	(75,229)	(126,076)
Changes in current assets and liabilities:		
(Increase) decrease in accounts receivable	(93,518)	402,669
Increase in other assets	(36,190)	(1,000)
(Increase) decrease in prepaid expenses	12,077	(18,966)
Increase (decrease) in accounts payable	26,787	(1,946)
Increase (decrease) in accrued leave payable	(4,537)	(17,917)
Increase (decrease) in other accrued expenses	4,248	(5,693)
Net cash provided by operating activities	<u>194,590</u>	<u>203,980</u>
Cash flows from investing activities		
Proceeds from sale of fixed assets	-	17,668
Fixed assets purchased	(6,656)	(34,893)
Net cash used in investing activities	<u>(6,656)</u>	<u>(17,225)</u>
Net increase in cash	187,934	186,755
Cash at beginning of year	<u>344,048</u>	<u>157,293</u>
Cash at end of year	<u><u>\$ 531,982</u></u>	<u><u>\$ 344,048</u></u>
Supplemental disclosure of cash flow information:		
Equipment acquisitions through contributions and grants	<u><u>\$ 75,229</u></u>	<u><u>\$ 126,076</u></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, 2015 AND 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Activities

Journeys in Community Living, Inc. is a private, nonprofit agency established in 1974 to provide independent living and vocational training services to adults with developmental and intellectual disabilities who live in Rutherford County. Currently, approximately 100 adults are served by the program. The Organization operates one group home and sixteen companion homes, including a medical residence, in addition to its sheltered workshop.

A major portion of funding is provided by the Department of Intellectual and Developmental Disabilities under a five year contract expiring December 31, 2015. A major reduction in these funds, should this occur, could have a significant effect upon future operations.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. The accrual basis of accounting recognizes revenues when earned. Expenses are recorded when incurred.

Revenues

Grants and other contributions of cash are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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 donor'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.

**JOURNEYS IN COMMUNITY LIVING, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2015 AND 2014**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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.

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.

Events Occurring After Reporting Date

Journeys in Community Living, Inc. has evaluated events and transactions that occurred between June 30, 2015 and August 14, 2015, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

For the statement of cash flows, the management considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**NOTE 3 - ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at each June 30:

	2015	2014
State of Tennessee	\$ 485,773	\$ 406,216
Workshop activities and other	56,820	42,859
Total	<u>\$ 542,593</u>	<u>\$ 449,075</u>



**JOURNEYS IN COMMUNITY LIVING, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2015 AND 2014**

**NOTE 4 - INVESTMENTS**

The Organization has an investment account which consists of a money market mutual fund and a growth and income fund. These funds have readily determinable fair values and are presented at fair value in the financial statements based on quoted market prices. This account was contributed by a donor during the year. The market value at the time of donation of \$14,429. The value at June 30, 2015 of \$15,329 is based on fair market value. Income and gains of \$900 since the date of donation have been included in the Statement of Activities as miscellaneous income.

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 value of the mutual funds, defined as Level 1, was \$15,329 at June 30, 2015.

**JOURNEYS IN COMMUNITY LIVING, INC.  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
YEARS ENDED JUNE 30, 2015 AND 2014**

**NOTE 5 - 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	2015	2014
Buildings	25	\$ 285,196	\$ 285,196
Building improvements	25	21,166	21,166
Leasehold improvements	15 - 25	542,570	542,570
Furniture and fixtures	5 - 7	174,595	174,595
Transportation equipment	5	566,915	508,502
		<u>\$ 1,590,442</u>	<u>\$ 1,532,029</u>
Less accumulated depreciation		1,133,519	1,028,400
		456,923	503,629
Land		19,795	19,795
		<u>\$ 476,718</u>	<u>\$ 523,424</u>

**NOTE 6 - LINE OF CREDIT**

The Organization has a \$200,000 line of credit with FirstBank. The line was drawn upon during the year, however no balance was outstanding at June 30, 2015. Interest is payable monthly at prime. The line matures on December 31, 2015.

**NOTE 7 - OPERATING LEASES**

The Organization leases 5 vehicles used in its day services. All automobiles are leased under 36 month terms with maturity dates ranging from January 2016 through June 2017. Minimum lease payments under these leases are expected to be \$19,322 and \$7,936 for the fiscal years ending June 30, 2016 and 2017, respectively. For June 30, 2015 and 2014, lease expenses of \$32,912 and \$27,758 have been included in the statements of functional expenses as vehicle expenses.

The Organization leases its office under a month to month lease with Rutherford County. For both June 30, 2015 and 2014, lease expense of \$9,600 has been included in the statements of functional expenses as rent expense.

**NOTE 8 - FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the organization's various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**JOURNEYS IN COMMUNITY LIVING, INC.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**YEARS ENDED JUNE 30, 2015 AND 2014**

**NOTE 9 - CONCENTRATIONS OF CREDIT RISK**

The Organization maintains deposits 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). The Organization believes that there is no significant risk with respect to these deposits.

**NOTE 10 - NET ASSETS**

Temporarily restricted net assets as of June 30, 2015 were restricted for the following purposes:

	<u>2015</u>	<u>2014</u>
Tennessee Department of Transportation - Restricted grant	<u>\$ 126,939</u>	<u>\$ 136,906</u>
	<u><u>\$ 126,939</u></u>	<u><u>\$ 136,906</u></u>

During 2015, the Tennessee Department of Transportation awarded the Organization a grant for the purchase of 2 buses for the transportation of service recipients. The grant gives legal title of the vehicles to the Organization subject to the State's equitable interest, to the extent of its pro rata share, based on the State's contribution to the purchase price, which is 90% of the total cost. The Organization paid 10% of the cost of the vehicles. Buses and vans used under this grant are to be used for five years or 125,000 miles and 4 years or 100,000 miles, respectively.

**NOTE 11 - INCOME TAX FILINGS**

The Organization files Federal Form 990 in the United States. Federal Forms 990 filed before June 30, 2012 are no longer subject to examination.



**JOURNEYS IN COMMUNITY LIVING, INC.**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE**  
**YEAR ENDED JUNE 30, 2015**

<u>Program</u>	<u>CFDA No.</u>	<u>State Grant Number</u>	<u>Balance June 30, 2014</u>	<u>Receipts</u>	<u>Expenditures</u>	<u>Balance June 30, 2015</u>
<u>Federal Award</u>						
Department of Transportation, Division of Multimodal Transportation	20.513	TDOT 995310-S3-218	\$ -	\$ 53,244	\$ 53,244	\$ -
Total Federal Award			-	53,244	53,244	-
<u>State Financial Assistance</u>						
Department of Transportation, Division of Multimodal Transportation	20.513	TDOT 995310-S3-218	-	6,656	6,656	-
Total State Award			-	6,656	6,656	-
Totals			<u>\$ -</u>	<u>\$ 59,900</u>	<u>\$ 59,900</u>	<u>\$ -</u>

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarizes the expenditures of Journeys in Community Living, Inc. under programs of the federal and state government for the year ended June 30, 2015. The schedule is presented using the modified accrual basis of accounting, therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**NOTE 2 - GRANTEE SHARE**

Under terms of the grant agreement listed above, Journeys in Community Living, Inc. was required to and has provided matching funds in the amount of \$6,656.

***Tim Montgomery, CPA PLLC***

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**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, 2015, 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 August 14, 2015.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion 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 grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of 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  
August 14, 2015