

**JOURNEYS IN COMMUNITY LIVING, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
YEARS ENDED JUNE 30, 2022 AND 2021**

**JOURNEY'S IN COMMUNITY LIVING, INC.
ROSTER OF BOARD OF DIRECTORS
JUNE 30, 2022**

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Ernest Burgess, Director

Teb Batey, Secretary/Treasurer

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Michael Busey, Co-Chair

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FINANCIAL STATEMENTS
AND
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YEARS ENDED JUNE 30, 2022 AND 2021**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

I have audited the financial statements of Journeys in Community Living, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Journeys in Community Living, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Journeys in Community Living, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Journeys in Community Living, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Journeys in Community Living, Inc.'s ability to continue as a going concern for a reasonable period of time.

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


Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying roster of Board of Directors as required by Tennessee Comptroller of the Treasury Division of Local Government audit 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. This 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 November 7, 2022 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 7, 2022

JOURNEYS IN COMMUNITY LIVING, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

ASSETS			
		2022	2021
Current assets:			
Cash		\$ 1,069,775	\$ 774,104
Accounts receivable		698,644	579,660
ERTC receivable		1,241,504	-
Investments, at fair market value		1,453,058	1,684,102
Prepaid expenses		24,153	5,582
Total current assets		<u>4,487,134</u>	<u>3,043,448</u>
Restricted cash - representative payee accounts		95,361	161,655
Capital assets less accumulated depreciation		185,590	233,163
Other assets:			
Deposits on rental units		18,592	17,792
Unemployment reserve deposit		39,870	13,407
		<u>58,462</u>	<u>31,199</u>
Total assets		<u><u>\$4,826,547</u></u>	<u><u>\$3,469,465</u></u>
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable		\$ 284,829	\$ 35,933
Accrued leave payable		229,753	244,740
Other accrued expenses		201,283	155,212
Client trust accounts		95,361	161,655
Total current liabilities		<u>811,226</u>	<u>597,540</u>
Note payable, less current portion		<u>150,000</u>	<u>150,000</u>
Total liabilities		<u>961,226</u>	<u>747,540</u>
Net Assets:			
Net assets without donor restrictions		<u>3,865,321</u>	<u>2,721,925</u>
Total liabilities and net assets		<u><u>\$4,826,547</u></u>	<u><u>\$3,469,465</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Unrestricted support and revenues		
Tennessee Department of Intellectual and Developmental Disabilities	\$ 6,037,376	\$ 4,945,653
Private pay services	311,538	284,728
Tennessee Department of Human Services- Division of Rehabilitation Services	42,984	36,932
County and city government	47,800	47,800
United Way	24,489	56,301
Client rent	61,708	57,024
Contributions and grants	103,394	360,963
Gain on sale of vehicles	29,703	-
Miscellaneous	4,386	4,433
Total unrestricted support and revenues	<u>6,663,378</u>	<u>5,793,834</u>
Expenses		
Program services:		
Residential services	4,483,747	3,526,765
Community and special services	324,218	730,579
Transportation services	325,869	258,577
Total program services expense	<u>5,133,834</u>	<u>4,515,921</u>
Supporting services:		
Management and general	1,129,705	1,054,510
Development	18,602	24,467
Total supporting services expense	<u>1,148,307</u>	<u>1,078,977</u>
Total expenses	<u>6,282,141</u>	<u>5,594,898</u>
Net results of operations	381,237	198,936
Other changes in net assets		
Investment gains (losses)	(231,044)	159,265
PPP loan forgiveness	-	700,000
ERTC grant income	1,241,504	-
ERTC cost of grant income	<u>(248,301)</u>	<u>-</u>
Total other changes in net assets	<u>762,159</u>	<u>859,265</u>
Change in net assets without donor restrictions	<u>1,143,396</u>	<u>1,058,201</u>
Net assets, beginning of year	<u>2,721,925</u>	<u>1,663,724</u>
Net assets, end of year	<u><u>\$ 3,865,321</u></u>	<u><u>\$ 2,721,925</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, 2022 AND 2021

	Program Services			Supporting Services			Totals	
	Residential Services	Community and Special Services	Transportation Services	Total Program Services	Management and General	Development	Total Supporting Services	
Salaries	\$ 3,444,034	\$ 265,289	\$ 98,828	\$3,808,151	\$ 594,901	\$ 12,368	\$ 607,269	\$4,415,420
Fringe benefits	499,988	38,513	14,347	552,848	86,365	1,795	88,160	641,008
Total salaries and fringe benefits	3,944,022	303,802	113,175	4,360,999	681,266	14,163	695,429	5,056,428
Contracted services	258,440	-	-	258,440	195,163	-	195,163	453,603
Insurance	102,805	7,919	2,950	113,674	17,758	369	18,127	131,801
Depreciation	1,132	-	74,796	75,928	22,369	-	22,369	98,297
Repairs & maintenance - building	81,840	-	-	81,840	-	-	-	81,840
Utilities	-	-	-	-	81,446	-	81,446	45,598
Vehicle expenses	-	-	67,721	67,721	-	-	-	66,077
Fuel	-	-	61,591	61,591	-	-	-	37,362
Rent	41,263	7,872	-	49,135	2,097	-	2,097	31,177
Communications	30,160	2,323	866	33,349	5,210	108	5,318	38,996
Food	15,839	-	-	15,839	15,684	-	15,684	40,897
Office supplies	-	-	-	-	29,519	913	30,432	25,838
Advertising	-	-	138	138	27,802	1,849	29,651	32,684
Professional fees	-	1,951	-	1,951	24,386	-	24,386	27,105
Miscellaneous	-	-	-	-	9,788	-	9,788	21,837
Background expense	-	-	-	-	8,420	-	8,420	-
Seminars and training	4,183	-	-	4,183	-	1,200	1,200	5,121
Taxes & licenses	-	351	4,632	4,983	-	-	-	2,285
Interest	-	-	-	-	-	-	-	3,744
Travel	3,370	-	-	-	4,125	-	4,125	4,297
Dues & subscriptions	-	-	-	3,370	414	-	414	7,393
Printing and postage	-	-	-	-	2,570	-	2,570	1,513
Medical supplies	693	-	-	-	1,671	-	1,671	1,563
Bank charges	-	-	-	693	-	-	-	693
	-	-	-	-	17	-	17	17
Total expenses	\$ 4,483,747	\$ 324,218	\$ 325,869	\$5,133,834	\$ 1,129,705	\$ 18,602	\$ 1,148,307	\$6,282,141
								\$5,594,898

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

	Program Services			Supporting Services			Totals
	Residential Services	Community and Special Services	Transportation Services	Management and General	Development	Total Supporting Services	
Salaries	\$ 2,607,130	\$ 590,777	\$ 90,993	\$ 579,162	\$ 10,695	\$ 589,857	\$ 3,878,757
Fringe benefits	452,710	102,584	15,800	100,567	1,858	102,425	673,519
Total salaries and fringe benefits	<u>3,059,840</u>	<u>693,361</u>	<u>106,793</u>	<u>679,729</u>	<u>12,553</u>	<u>692,282</u>	<u>4,552,276</u>
Contracted services	261,515	-	-	164,030	78	164,108	425,623
Insurance	82,750	18,751	2,888	18,382	340	18,722	123,111
Depreciation	1,582	-	76,245	22,369	-	22,369	100,196
Utilities	-	-	-	66,077	-	66,077	66,077
Professional fees	-	4,015	-	16,475	1,347	17,822	21,837
Fuel	-	-	31,177	-	-	-	31,177
Rent	29,396	7,872	-	1,728	-	1,728	38,996
Vehicle expenses	-	-	37,362	-	-	-	37,362
Office supplies	-	-	-	31,703	981	32,684	32,684
Advertising	-	-	-	18,400	8,705	27,105	27,105
Food	13,154	-	-	12,684	-	12,684	25,838
Repairs & maintenance - building	41,862	-	-	3,736	-	3,736	45,598
Communications	27,489	6,229	959	6,107	113	6,220	40,897
Miscellaneous	-	-	-	-	-	-	-
Travel	6,779	-	-	614	-	614	7,393
Background expense	-	-	-	5,121	-	5,121	5,121
Taxes & licenses	-	351	3,153	240	-	240	3,744
Seminars and training	2,285	-	-	-	-	-	2,285
Printing and postage	-	-	-	1,563	-	1,563	1,563
Client transportation and supplements	-	-	-	-	-	-	-
Dues & subscriptions	-	-	-	1,163	350	1,513	1,513
Client wages & workshop expenses	-	-	-	-	-	-	-
Bank charges	-	-	-	92	-	92	92
Medical supplies	113	-	-	-	-	-	113
Interest	-	-	-	4,297	-	4,297	4,297
Total expenses	<u>\$ 3,526,765</u>	<u>\$ 730,579</u>	<u>\$ 258,577</u>	<u>\$ 1,054,510</u>	<u>\$ 24,467</u>	<u>\$ 1,078,977</u>	<u>\$ 5,594,898</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, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$1,143,396	\$1,058,201
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	98,297	100,196
(Gains) losses on investments, net	292,352	(124,875)
Gain on sale of vehicles	(29,703)	-
PPP forgiveness income	-	(700,000)
Changes in current assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(118,984)	8,274
ERTC receivable	(1,241,504)	-
Other assets	(27,263)	17,562
Prepaid expenses	(18,571)	(1,550)
Increase (decrease) in:		
Accounts payable	248,896	23,086
Accrued leave payable	(14,987)	24,811
Other accrued expenses	46,071	9,773
Client trust accounts	(66,294)	58,503
Net cash provided by operating activities	<u>311,706</u>	<u>473,981</u>
Cash flows from investing activities		
Purchase of investments	(61,308)	(1,536,388)
Proceeds from sale of fixed assets	29,703	-
Proceeds from sale of mutual funds and liquidation of certificates of deposit	-	106,222
Fixed assets purchased	(50,724)	(56,115)
Net cash used in investing activities	<u>(82,329)</u>	<u>(1,486,281)</u>
Net increase (decrease) in cash	229,377	(1,012,300)
Cash at beginning of year	<u>935,759</u>	<u>1,948,059</u>
Cash at end of year	<u>\$1,165,136</u>	<u>\$ 935,759</u>
Cash at end of year consists of:		
Cash	\$1,069,775	\$ 774,104
Restricted cash - representative payee accounts	95,361	161,655
	<u>\$1,165,136</u>	<u>\$ 935,759</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, 2022 AND 2021**

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, 2022. 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, 2022 AND 2021**

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, 2022 AND 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

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

Restricted Cash

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

Accounts Receivable

Accounts receivable consist of noninterest-bearing amounts due for our program services. We determine the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Management has determined no balance allowed for uncollectible accounts was necessary at June 30, 2022 and 2021. Receivables from contracts with customers are reported as accounts receivable and contract liabilities are reported as deferred revenue in the accompanying financial statements.

Investments

The Organization has an investment account which consists of money market, 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, 2022 AND 2021**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications have been made to the June 30, 2021 financial statements so they will conform to the June 30, 2022 presentation.

Tax-Exempt Status

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

New Accounting Pronouncements to be adopted subsequent of June 30, 2022

In February 2016, the FASB issued ASU 2016-02 Leases which together with subsequent amendments is included in Topic 842 "Leases" ("Topic 842"). Most significantly, Topic 842 requires a lessee to recognize a liability to make lease payments and an asset with respect to its right to use the underlying asset for the lease term. Topic 842 also addresses accounting and reporting by lessors, which is not significantly different from current accounting and reporting, and further provides for qualitative and quantitative disclosures. Topic 842, as amended, becomes effective for private companies for fiscal years beginning after December 31, 2021; early adoption is permitted. Management intends to adopt the full provisions of the standard in its next fiscal year, however, it expects no impact on its current financial statements because of this standard.

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, 2022, deposits at one bank exceeded FDIC coverage amounts by approximately \$894,000. 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:

	2022	2021
State of Tennessee	\$ 669,294	\$ 557,967
Clients and other	29,350	21,693
Total	<u>\$ 698,644</u>	<u>\$ 579,660</u>

JOURNEYS IN COMMUNITY LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 5 - ERTC RECEIVABLE

During the year ended June 30, 2022, the Organization received the Employee Retention Tax Credit (ERTC) pursuant to the CARES Act. The ERTC is a refundable tax credit against certain employment taxes subject to certain limitations. For the year ended June 30, 2022, the Organization submitted amended payroll tax return Forms 941 reporting credit amounts totaling \$1,241,504; which is included as ERTC income in the statements of activities. Cost of professional fees of \$248,301 have been accrued for preparation of supporting documents and assistance with filing for the credits. Such credit applications may be subject to IRS audit in future periods.

NOTE 6 - INVESTMENTS

Investments consist of the following as of June 30:

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Cash funds	\$ 89,425	\$ 89,425	\$ 35,568	\$ 35,568
Mutual funds	445,650	400,451	783,727	844,685
Exchange traded funds	485,326	455,091	738,081	803,849
Stocks	67,074	65,955	-	-
REITs	12,913	13,024	-	-
Fixed income	465,741	429,112	-	-
	<u>\$1,566,129</u>	<u>\$1,453,058</u>	<u>\$1,557,376</u>	<u>\$1,684,102</u>

Fair Values

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

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

JOURNEYS IN COMMUNITY LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 6 - INVESTMENTS (CONTINUED)

The fair values of the Organization's investments at June 30, 2022 are as follows:

	Level 1
Cash funds	\$ 89,425
Mutual funds	400,451
Exchange traded funds	455,091
Stocks	65,955
Real estate investment trusts	13,024
Fixed income	429,112
Total investments	<u>\$ 1,453,058</u>

NOTE 7 - FIXED ASSETS AND DEPRECIATION

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

	Life in years	2022	2021
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	750,091	843,604
		<u>1,786,528</u>	<u>1,880,041</u>
Less accumulated depreciation		<u>1,620,733</u>	<u>1,666,673</u>
		165,795	213,368
Land		<u>19,795</u>	<u>19,795</u>
		<u>\$ 185,590</u>	<u>\$ 233,163</u>

NOTE 8 - PAYCHECK PROTECTION PROGRAM

In April 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 and recognized contribution and grant income at that time.

NOTE 9 - LINE OF CREDIT

The Organization has a \$200,000 line of credit with FirstBank. The line was not drawn upon during the year. Interest is payable monthly at prime plus 1.5%. The line matures on February 15, 2023.

**JOURNEYS IN COMMUNITY LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021**

NOTE 10 - NOTE PAYABLE

The Organization applied for and received a loan of \$150,000 through the SBA's Economic Injury Disaster Loan (EIDL) program. This loan carries a 2.75% interest rate and includes a maturity term of no more than 30 years. As of June 30, 2022, no specific repayment plan has been determined for this loan. Unpaid interest has been accrued during the years ended June 30, 2022 and 2021.

NOTE 11 - OPERATING LEASES

The Organization leases its office under a month-to-month lease with Rutherford County. For both June 30, 2022 and 2021, lease expense of \$9,600 has been included in the statements of functional expenses as rent expense.

NOTE 12 - FUNCTIONAL ALLOCATION OF EXPENSES

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

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

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

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.

JOURNEYS IN COMMUNITY LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2022 AND 2021

NOTE 13 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of June 30, 2022, 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	\$1,069,775
Accounts receivable	698,644
ERTC receivable	1,241,504
Investments	1,453,058
Restricted cash - representative payee accounts	95,361
Unemployment reserve deposit	<u>39,870</u>
Financial assets, at year-end	<u>4,598,212</u>
Less those unavailable for general expenditure within one year, due to:	
Restricted cash - representative payee accounts	(95,361)
Unemployment reserve deposit	<u>(39,870)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$4,462,981</u>

NOTE 14 - INCOME TAX FILINGS

The Organization files Federal Form 990 in the United States. Federal Forms 990 filed before June 30, 2019 are no longer subject to examination.

NOTE 15 - SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through November 7, 2022, 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, 2022, 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 7, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Journeys in Community Living, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Journeys in Community Living, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


Compliance and Other Matters

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

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS (CONTINUED)**

Purpose of this Report

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

 , CPA PLLC

Murfreesboro, Tennessee
November 7, 2022

**JOURNEYS IN COMMUNITY LIVING, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2022**

There were no prior year findings reported.