

**JOURNEYS IN COMMUNITY LIVING, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
YEARS ENDED JUNE 30, 2020 AND 2019**

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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, 2020 and 2019, 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, 2020 and 2019, 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 19, 2020 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.

Tim Montgomery, CPA PLLC

Murfreesboro, Tennessee
November 19, 2020

JOURNEYS IN COMMUNITY LIVING, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

ASSETS		
	2020	2019
Current assets:		
Cash	\$ 1,844,907	\$ 567,429
Certificates of deposit	106,222	204,909
Accounts receivable	587,934	618,873
Investments, at fair market value	22,839	22,367
Prepaid expenses	4,032	6,884
Total current assets	<u>2,565,934</u>	<u>1,420,462</u>
Restricted cash - representative payee accounts	103,152	40,571
Capital assets less accumulated depreciation	277,244	353,392
Other assets:		
Deposits on rental units	17,792	17,792
Unemployment reserve deposit	30,969	26,189
	<u>48,761</u>	<u>43,981</u>
Total assets	<u><u>\$2,995,091</u></u>	<u><u>\$1,858,406</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 12,847	\$ 26,293
Current portion of note payable	-	518
Accrued leave payable	219,929	176,832
Other accrued expenses	145,439	100,836
Refundable advance	700,000	-
Client trust accounts	103,152	40,571
Total current liabilities	<u>1,181,367</u>	<u>345,050</u>
Note payable, less current portion	<u>150,000</u>	<u>-</u>
Total liabilities	<u>1,331,367</u>	<u>345,050</u>
Net Assets:		
Net assets without donor restrictions	<u>1,663,724</u>	<u>1,513,356</u>
Total liabilities and net assets	<u><u>\$2,995,091</u></u>	<u><u>\$1,858,406</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, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Unrestricted support and revenues		
Tennessee Department of Intellectual and Developmental Disabilities	\$ 5,292,497	\$ 5,116,473
Private pay services	207,850	169,106
Tennessee Department of Human Services- Division of Rehabilitation Services	48,816	27,416
County and city government	47,800	53,300
United Way	66,362	82,191
Workshop contracts	-	15,330
Client rent	59,227	63,870
Contributions and grants	158,477	267,860
Gain on disposal of fixed assets	-	8,908
Miscellaneous	12,322	8,966
Total unrestricted support and revenues	<u>5,893,351</u>	<u>5,813,420</u>
Expenses		
Program services:		
Residential services	3,370,857	3,215,342
Community and special services	935,769	990,290
Transportation services	310,416	351,686
Total program services expense	<u>4,617,042</u>	<u>4,557,318</u>
Supporting services:		
Management and general	1,080,202	1,074,906
Development	45,739	26,812
Total supporting services expense	<u>1,125,941</u>	<u>1,101,718</u>
Total expenses	<u>5,742,983</u>	<u>5,659,036</u>
Change in net assets without donor restrictions	<u>150,368</u>	<u>154,384</u>
Net assets, beginning of year	<u>1,513,356</u>	<u>1,358,972</u>
Net assets, end of year	<u><u>\$ 1,663,724</u></u>	<u><u>\$ 1,513,356</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, 2020 AND 2019

	Program Services				Supporting Services		Totals		
	Residential Services	Community and Special Services	Transportation Services	Total Program Services	Management and General	Development	Total Supporting Services	2020	2019
Salaries	\$ 2,522,573	\$ 750,174	\$ 108,386	\$3,381,133	\$ 606,128	\$ 11,145	\$ 617,273	\$3,998,406	\$3,865,301
Fringe benefits	408,137	121,373	17,536	547,046	98,068	934	99,002	646,048	620,864
Total salaries and fringe benefits	2,930,710	871,547	125,922	3,928,179	704,196	12,079	716,275	4,644,454	4,486,165
Contracted services	228,208	-	-	228,208	160,639	-	160,639	388,847	407,730
Insurance	84,764	25,202	3,641	113,607	20,364	375	20,739	134,346	110,852
Depreciation	7,648	-	76,758	84,406	22,182	-	22,182	106,588	105,507
Utilities	-	-	-	-	69,742	-	69,742	69,742	79,154
Professional fees	-	24,447	-	24,447	17,017	14,072	31,089	55,536	56,639
Fuel	-	-	50,969	50,969	-	-	-	50,969	74,875
Rent	39,022	7,872	-	46,894	1,728	-	1,728	48,622	46,335
Vehicle expenses	-	-	47,965	47,965	-	-	-	47,965	63,991
Office supplies	-	-	-	-	36,421	1,126	37,547	37,547	28,586
Advertising	-	-	-	-	21,027	12,524	33,551	33,551	31,602
Food	19,037	-	-	19,037	11,882	-	11,882	30,919	29,663
Repairs & maintenance - building	28,760	-	-	28,760	-	-	-	28,760	38,019
Communications	16,562	4,925	712	22,199	3,979	73	4,052	26,251	23,125
Miscellaneous	5,429	-	-	5,429	-	5,140	5,140	10,569	17,822
Travel	8,249	748	-	8,997	1,167	-	1,167	10,164	8,939
Background expense	-	-	-	-	6,205	-	6,205	6,205	5,948
Taxes & licenses	-	351	3,054	3,405	30	-	30	3,435	4,396
Seminars and training	2,276	-	-	2,276	619	-	619	2,895	4,365
Printing and postage	-	-	-	-	1,860	-	1,860	1,860	2,168
Client transportation and supplements	-	-	1,395	1,395	-	-	-	1,395	20,821
Dues & subscriptions	-	-	-	-	835	350	1,185	1,185	1,066
Client wages & workshop expenses	-	677	-	677	-	-	-	677	9,996
Bank charges	-	-	-	-	309	-	309	309	866
Medical supplies	192	-	-	192	-	-	-	192	209
Interest	-	-	-	-	-	-	-	-	197
Total expenses	\$ 3,370,857	\$ 935,769	\$ 310,416	\$4,617,042	\$ 1,080,202	\$ 45,739	\$ 1,125,941	\$5,742,983	\$5,659,036

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

JOURNEYS IN COMMUNITY LIVING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

	Program Services			Supporting Services			Totals
	Residential Services	Community and Special Services	Transportation Services	Total Program Services	Management and General	Development	Total Supporting Services
Salaries	\$ 2,353,899	\$ 784,538	\$ 122,252	\$ 3,260,689	\$ 604,612	\$ -	\$ 604,612
Fringe benefits	378,095	126,016	19,637	523,748	97,116	-	97,116
Total salaries and fringe benefits	<u>2,731,994</u>	<u>910,554</u>	<u>141,889</u>	<u>3,784,437</u>	<u>701,728</u>	<u>-</u>	<u>701,728</u>
Contracted services	255,613	-	-	255,613	152,117	-	152,117
Insurance	67,507	22,500	3,506	93,513	17,339	-	17,339
Depreciation	16,758	-	67,448	84,206	21,301	-	21,301
Utilities	-	-	-	-	79,154	-	79,154
Fuel	-	-	71,131	71,131	3,744	-	3,744
Vehicle expenses	-	-	63,991	63,991	-	-	-
Professional fees	-	32,235	-	32,235	10,280	14,124	24,404
Rent	36,735	7,872	-	44,607	1,728	-	1,728
Repairs & maintenance - building	38,019	-	-	38,019	-	-	-
Advertising	-	-	-	-	19,986	-	19,986
Food	20,068	-	-	-	9,345	11,616	20,961
Office supplies	-	-	-	20,068	28,586	250	29,663
Communications	14,083	4,694	731	19,508	3,617	-	23,125
Client transportation and supplements	20,821	-	-	20,821	-	-	20,821
Miscellaneous	4,904	-	-	4,904	12,918	-	17,822
Client wages & workshop expenses	-	9,996	-	9,996	-	-	9,996
Travel	5,776	1,064	-	6,840	2,099	-	8,939
Background expense	-	-	-	-	5,948	-	5,948
Taxes & licenses	-	351	2,990	3,341	793	262	4,396
Seminars and training	2,658	1,024	-	3,682	683	-	4,365
Printing and postage	-	-	-	-	1,958	210	2,168
Dues & subscriptions	-	-	-	-	716	350	1,066
Bank charges	-	-	-	-	866	-	866
Medical supplies	209	-	-	209	-	-	209
Interest	197	-	-	197	-	-	197
Total expenses	<u>\$ 3,215,342</u>	<u>\$ 990,290</u>	<u>\$ 351,686</u>	<u>\$ 4,557,318</u>	<u>\$ 1,074,906</u>	<u>\$ 26,812</u>	<u>\$ 1,101,718</u>
							<u>\$ 5,659,036</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, 2020 AND 2020

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 150,368	\$ 154,384
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	106,588	105,507
Gain on disposal of equipment	-	(8,908)
(Gains) losses on investments, net	1,275	4,460
Grants restricted for capital expenditures	-	(158,000)
Changes in current assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	30,939	(57,213)
Other assets	(4,780)	(955)
Prepaid expenses	2,852	1,406
Increase (decrease) in:		
Accounts payable	(13,446)	(30,717)
Accrued leave payable	43,097	15,965
Other accrued expenses	44,603	28,074
Client trust accounts	62,581	(4,171)
Net cash provided by operating activities	<u>424,077</u>	<u>49,832</u>
Cash flows from investing activities		
Purchase of certificates of deposit and mutual funds	(4,891)	(56,607)
Proceeds from sale of fixed assets	-	8,908
Proceeds from sale of mutual funds and liquidation of certificates of deposit	101,831	146,815
Fixed assets purchased	(30,440)	(163,740)
Net cash provided by (used in) investing activities	<u>66,500</u>	<u>(64,624)</u>
Cash flows from financing activities		
Proceeds received from PPP government advance	700,000	-
Proceeds received from EIDL loan	150,000	-
Grants received for capital expenditures	-	158,000
Payments on long-term debt	(518)	(6,529)
Net cash provided by financing activities	<u>849,482</u>	<u>151,471</u>
Net increases in cash	1,340,059	136,679
Cash at beginning of year	<u>608,000</u>	<u>471,321</u>
Cash at end of year	<u>\$ 1,948,059</u>	<u>\$ 608,000</u>
Cash at end of year consists of:		
Cash	\$ 1,844,907	\$ 567,429
Restricted cash - representative payee accounts	103,152	40,571
	<u>\$ 1,948,059</u>	<u>\$ 608,000</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, 2020 AND 2019**

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 Department of Intellectual and Developmental Disabilities under a three-year 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, 2020 AND 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

- Net Assets Without Donor Restriction – Net assets that are not subject to or are no longer subject to donor-imposed stipulations.
- Net Assets With Donor Restriction – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations or donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contributions were received.

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.

Revenues

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises to give are made, or ownership of other assets is transferred to the Organization.

**JOURNEYS IN COMMUNITY LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues (continued)

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.

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.

Investments

The Organization has an investment account which consists of money market and various mutual 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 miscellaneous 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.

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.

**JOURNEYS IN COMMUNITY LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain 2019 items may have been reclassified to conform with the 2020 financial statement presentation.

Accounting Policies for Future Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the considerations to which the entity expects to be entitled in exchange for those goods or services. Implementation of ASU 2014-09 was postponed and will now be effective for the year end June 30, 2021. The Organization is currently evaluating the effects of the implementation of this new standard.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at each June 30:

	2020	2019
State of Tennessee	\$ 521,538	\$ 563,187
Clients and other	66,396	55,686
Total	<u>\$ 587,934</u>	<u>\$ 618,873</u>

NOTE 4 - INVESTMENTS

Investments consist of the following as of June 30:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	<u>\$ 21,059</u>	<u>\$ 22,839</u>	<u>\$ 19,312</u>	<u>\$ 22,367</u>

JOURNEYS IN COMMUNITY LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 4 - INVESTMENTS (CONTINUED)

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:

	<u>2020</u>	<u>2019</u>
	Level 1	Level 1
Mutual funds	<u>\$ 22,839</u>	<u>\$ 22,367</u>

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:

	<u>Life in years</u>	<u>2020</u>	<u>2019</u>
Buildings	25	\$ 285,196	\$ 285,196
Building improvements	25	26,899	26,899
Leasehold improvements	15 - 25	546,070	542,570
Furniture and fixtures	5 - 7	178,272	178,272
Transportation equipment	5	801,314	774,374
		1,837,751	1,807,311
Less accumulated depreciation		1,580,302	1,473,714
		257,449	333,597
Land		19,795	19,795
		<u>\$ 277,244</u>	<u>\$ 353,392</u>

JOURNEYS IN COMMUNITY LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 6 - PAYCHECK PROTECTION PROGRAM

In December 2020, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, as of March 30, 2020, the Governor of Tennessee ordered the closure of the physical location of non-essential businesses through a "Stay at Home" order. The order has since expired but the State of Tennessee still operates under a "State of Emergency" order through the end of September.

During this time, 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 accrues interest at 1%, but payments are not required for six months after the funding of the loan. The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal Government.

The Organization has expended \$568,726 through June 30, 2020 and \$131,274 subsequent to June 30, 2020. The Organization has chosen to account for the PPP advance following guidance for financial liabilities under FASB ASC 470. As a liability at June 30, 2020, the \$700,000 has been presented on the Statements of Financial Position as a refundable advance. The Organization expects to recognize the forgiveness income of \$700,000 when it has been legally released from its obligation by the SBA.

NOTE 7 - 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 8 - NOTE PAYABLE

The Organization had a note payable in the original amount of \$12,700 which was secured by a vehicle. This note was paid in full during July 2019. At June 30, 2019 the balance on the note payable was \$518.

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, 2020, no specific repayment plan has been determined for this loan.

JOURNEYS IN COMMUNITY LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2020 AND 2019

NOTE 9 - OPERATING LEASES

The Organization leases its office under a month to month lease with Rutherford County. For both June 30, 2020 and 2019, lease expense of \$9,600 has been included in the statements of functional expenses as rent expense.

NOTE 10 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of June 30, 2020, 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	\$ 1,844,907
Certificates of deposit	106,222
Accounts receivable	587,934
Investments	22,839
Restricted cash - representative payee accounts	103,152
Unemployment reserve deposit	<u>30,969</u>
Financial assets, at year-end	<u>2,696,023</u>
Less those unavailable for general expenditure within one year, due to:	
Restricted cash - representative payee accounts	(103,152)
Unemployment reserve deposit	<u>(30,969)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$2,561,902</u></u>

NOTE 11 - 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.

**JOURNEYS IN COMMUNITY LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2020 AND 2019**

NOTE 11 - FUNCTIONAL ALLOCATION OF EXPENSES (CONTINUED)

- 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.

NOTE 12 - 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, 2020, deposits at one bank exceeded FDIC coverage amounts by approximately \$1,595,000. The Organization believes that there is no significant risk with respect to these deposits.

NOTE 13 - INCOME TAX FILINGS

The Organization files Federal Form 990 in the United States. Federal Forms 990 filed before June 30, 2016 are no longer subject to examination.

NOTE 14 - SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through November 19, 2020, 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, 2020, 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 19, 2020.

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 19, 2020

JOURNEYS IN COMMUNITY LIVING, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

There were no prior year findings reported.