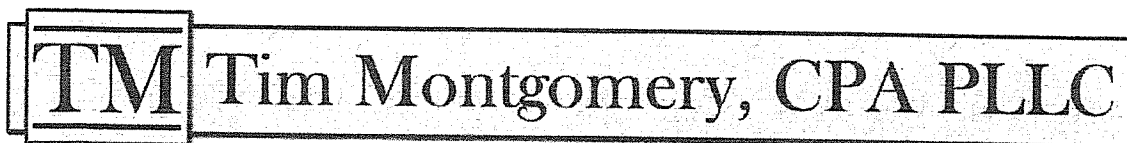


**JOURNEYS IN COMMUNITY LIVING, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
YEARS ENDED JUNE 30, 2018 AND 2017**

**JOURNEYS IN COMMUNITY LIVING, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
YEARS ENDED JUNE 30, 2018 AND 2017**

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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, 2018 and 2017, 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 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.

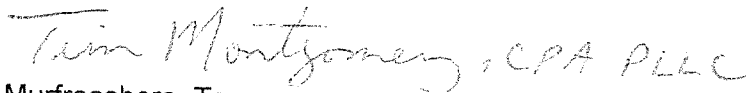
INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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, 2018 and 2017, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated September 17, 2018 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
September 17, 2018

JOURNEYS IN COMMUNITY LIVING, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
Current assets:		
Cash	\$ 426,579	\$ 547,579
Certificates of deposit	200,609	-
Accounts receivable	561,660	507,279
Investments, at fair market value	121,335	18,631
Prepaid expenses	8,290	26,127
Total current assets	<u>1,318,473</u>	<u>1,099,616</u>
Restricted cash - representative payee accounts	44,742	46,607
Capital assets less accumulated depreciation	295,159	301,969
Other assets:		
Deposits on rental units	16,082	15,082
Unemployment reserve deposit	26,944	25,070
	<u>43,026</u>	<u>40,152</u>
Total assets	<u>\$ 1,701,400</u>	<u>\$ 1,488,344</u>

LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 57,010	\$ 23,643
Current portion of note payable	6,500	-
Accrued leave payable	160,867	151,861
Other accrued expenses	72,762	67,266
Client trust accounts	44,742	46,607
Total current liabilities	<u>341,881</u>	<u>289,377</u>
Note payable, less current portion	<u>547</u>	<u>-</u>
Total liabilities	<u>342,428</u>	<u>289,377</u>
Net Assets:		
Unrestricted net assets	1,358,972	1,170,756
Temporarily restricted net assets	<u>-</u>	<u>28,211</u>
Total net assets	<u>1,358,972</u>	<u>1,198,967</u>
Total liabilities and net assets	<u>\$ 1,701,400</u>	<u>\$ 1,488,344</u>

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

JOURNEYS IN COMMUNITY LIVING, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Unrestricted support and revenues		
Tennessee Department of Intellectual and Developmental Disabilities	\$ 4,590,591	\$ 4,697,523
Private pay services	146,669	48,003
Tennessee Department of Human Services- Division of Rehabilitation Services	35,674	738
County and city government	46,000	46,000
United Way	91,096	93,358
Workshop contracts	43,160	145,566
Client rent	67,107	59,978
Contributions and grants	192,386	22,289
Gain on disposal of fixed assets	5,727	5,231
Miscellaneous	10,207	10,249
Net assets released from restrictions	28,211	43,182
Total unrestricted support and revenues	<u>5,256,828</u>	<u>5,172,117</u>
Expenses		
Program services:		
Residential services	2,677,374	2,773,270
Day services	1,235,209	1,431,617
Total program services expense	<u>3,912,583</u>	<u>4,204,887</u>
Supporting services:		
Management and general	1,126,245	1,012,045
Development	29,784	43,668
Total supporting services expense	<u>1,156,029</u>	<u>1,055,713</u>
Total expenses	<u>5,068,612</u>	<u>5,260,600</u>
Change in unrestricted net assets	<u>188,216</u>	<u>(88,483)</u>
Temporarily restricted net assets		
Net assets released from restrictions		
Restrictions satisfied by passage of time	<u>(28,211)</u>	<u>(43,182)</u>
Decrease in temporarily restricted net assets	<u>(28,211)</u>	<u>(43,182)</u>
Change in net assets	160,005	(131,665)
Net assets, beginning of year	<u>1,198,967</u>	<u>1,330,632</u>
Net assets, end of year	<u><u>\$ 1,358,972</u></u>	<u><u>\$ 1,198,967</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, 2018 AND 2017

	Program Services			Supporting Services			Totals	
	Residential Services	Day Services	Total Program Services	Management and General	Development	Total Supporting Services	2018	2017
Salaries	\$ 1,926,371	\$ 777,995	\$ 2,704,366	\$ 658,751	\$ -	\$ 658,751	\$ 3,363,117	\$ 3,467,022
Fringe benefits	324,946	131,234	456,180	111,120	-	111,120	567,300	595,296
Total salaries and fringe benefits	2,251,317	909,229	3,160,546	769,871	-	769,871	3,930,417	4,062,318
Contracted services	258,640	-	258,640	135,538	-	135,538	394,178	411,753
Depreciation	27,293	73,605	100,898	11,408	-	11,408	112,306	111,178
Insurance	56,924	22,990	79,914	19,466	-	19,466	99,380	96,011
Fuel	-	73,129	73,129	-	-	-	73,129	69,048
Utilities	-	-	-	71,929	-	71,929	71,929	78,236
Vehicle expenses	-	70,211	70,211	-	-	-	70,211	101,275
Professional fees	-	30,738	30,738	9,670	12,022	21,692	52,430	41,277
Food	29,299	-	29,299	7,572	-	7,572	36,871	28,845
Rent	16,525	7,872	24,397	11,276	-	11,276	35,673	36,044
Repairs & maintenance - building	15,027	-	15,027	18,963	-	18,963	33,990	28,127
Client wages & workshop expenses	-	29,674	29,674	-	-	-	29,674	78,664
Office supplies	-	-	-	27,943	-	27,943	27,943	37,462
Communications	10,782	4,349	15,131	5,166	-	5,166	20,297	16,549
Advertising	-	-	-	11,388	8,679	20,067	20,067	5,472
Client transportation and supplements	-	12,961	12,961	-	-	-	12,961	15,223
Travel	7,645	451	8,096	2,038	-	2,038	10,134	10,191
Dues & subscriptions	-	-	-	6,926	350	7,276	7,276	8,040
Background expense	-	-	-	7,233	-	7,233	7,233	14,178
Event expenses	-	-	-	-	6,382	6,382	6,382	-
Seminars and training	-	-	-	5,265	-	5,265	5,265	4,689
Taxes & licenses	2,990	-	2,990	1,058	-	1,058	4,048	1,303
Printing and postage	-	-	-	360	2,351	2,711	2,711	1,637
Miscellaneous	-	-	-	2,509	-	2,509	2,509	2,734
Bank charges	-	-	-	666	-	666	666	236
Interest	512	-	512	-	-	-	512	-
Medical supplies	420	-	420	-	-	-	420	110
Total expenses	\$ 2,677,374	\$ 1,235,209	\$ 3,912,583	\$ 1,126,245	\$ 29,784	\$ 1,156,029	\$ 5,068,612	\$ 5,260,600

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

JOURNEYS IN COMMUNITY LIVING, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017

	Program Services			Supporting Services			Totals
	Residential Services	Day Services	Program Services	Management and General	Development	Total Supporting Services	
Salaries	\$ 2,002,871	\$ 886,399	\$ 2,889,270	\$ 542,752	\$ 35,000	\$ 577,752	\$ 3,467,022
Fringe benefits	343,898	152,197	496,095	93,192	6,009	99,201	595,296
Total salaries and fringe benefits	<u>2,346,769</u>	<u>1,038,596</u>	<u>3,385,365</u>	<u>635,944</u>	<u>41,009</u>	<u>676,953</u>	<u>4,062,318</u>
Contracted services	258,440	-	258,440	153,313	-	153,313	411,753
Depreciation	26,551	71,620	98,171	13,007	-	13,007	111,178
Insurance	65,174	14,838	80,012	15,030	969	15,999	96,011
Fuel	-	69,048	69,048	-	-	-	69,048
Utilities	-	-	-	78,236	-	78,236	78,236
Vehicle expenses	-	101,275	101,275	-	-	-	101,275
Professional fees	-	32,827	32,827	8,450	-	8,450	41,277
Food	20,035	-	20,035	8,810	-	8,810	28,845
Rent	21,399	7,872	29,271	6,773	-	6,773	36,044
Repairs & maintenance - building	14,867	-	14,867	13,260	-	13,260	28,127
Client wages & workshop expenses	-	78,664	78,664	-	-	-	78,664
Office supplies	-	-	-	37,462	-	37,462	37,462
Communications	9,560	4,231	13,791	2,758	-	2,758	16,549
Advertising	-	-	-	5,472	-	5,472	5,472
Client transportation and supplements	2,789	12,434	15,223	-	-	-	15,223
Travel	7,576	212	7,788	2,403	-	2,403	10,191
Dues & subscriptions	-	-	-	7,690	350	8,040	8,040
Background expense	-	-	-	14,178	-	14,178	14,178
Seminars and training	-	-	-	4,689	-	4,689	4,689
Taxes & licenses	-	-	-	1,303	-	1,303	1,303
Printing and postage	-	-	-	297	1,340	1,637	1,637
Miscellaneous	-	-	-	2,734	-	2,734	2,734
Bank charges	-	-	-	236	-	236	236
Medical supplies	110	-	110	-	-	-	110
Total expenses	<u>\$ 2,773,270</u>	<u>\$ 1,431,617</u>	<u>\$ 4,204,887</u>	<u>\$ 1,012,045</u>	<u>\$ 43,668</u>	<u>\$ 1,055,713</u>	<u>\$ 5,260,600</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, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities		
Change in net assets	\$ 160,005	\$(131,665)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	112,306	111,178
Gain on disposal of equipment	(5,727)	(5,231)
(Gains) losses on investments, net	(1,130)	(3,325)
Changes in current assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(54,381)	11,014
Other assets	(2,874)	(5,091)
Prepaid expenses	17,837	(6,832)
Increase (decrease) in:		
Accounts payable	33,367	(2,185)
Accrued leave payable	9,006	(6,030)
Other accrued expenses	5,496	(61,980)
Client trust accounts	(1,865)	(11,982)
Net cash provided by (used in) operating activities	<u>272,040</u>	<u>(112,129)</u>
Cash flows from investing activities		
Purchase of certificates of deposit and mutual funds	(302,183)	-
Proceeds from sale of fixed assets	5,727	25,197
Fixed assets purchased	(92,796)	(2,245)
Net cash (used in) provided by investing activities	<u>(389,252)</u>	<u>22,952</u>
Cash flows from financing activities		
Payments on long-term debt	(5,653)	-
Net cash used in financing activities	<u>(5,653)</u>	<u>-</u>
Net decrease in cash	(122,865)	(89,177)
Cash at beginning of year	<u>594,186</u>	<u>683,363</u>
Cash at end of year	<u>\$ 471,321</u>	<u>\$ 594,186</u>
Supplemental disclosure of cash flow information:		
Equipment acquisitions through financing	<u>\$ 12,700</u>	<u>\$ -</u>
Cash at end of year consists of:		
Cash	\$ 426,579	\$ 547,579
Restricted cash - representative payee accounts	44,742	46,607
	<u>\$ 471,321</u>	<u>\$ 594,186</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, 2018 AND 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Journeys in Community Living, Inc. (the "Organization") is a private, nonprofit agency established in 1974 to provide community participation services, industrial training and job training services, and placement services, residential services and transportation services to more than 120 adults with intellectual disabilities who live in Rutherford and Cannon Counties. The Organization operates one group home and fifteen companion homes, including a medical residence.

A major portion of funding is provided by the Department of Intellectual and Developmental Disabilities under a three year contract expiring December 31, 2018. 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, 2018 AND 2017**

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, 2018 and September 17, 2018, 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, 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:

	2018	2017
State of Tennessee	\$ 505,559	\$ 440,547
Workshop activities and other	56,101	66,732
Total	<u>\$ 561,660</u>	<u>\$ 507,279</u>

JOURNEYS IN COMMUNITY LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2018 AND 2017

NOTE 4 - INVESTMENTS

The Organization has an investment account which consists 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.

Investments consist of the following as of June 30:

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Mutual funds	<u>\$ 117,562</u>	<u>\$ 121,335</u>	<u>\$ 15,987</u>	<u>\$ 18,631</u>

Fair Values

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

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

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

	2018	2017
	Level 1	Level 1
Mutual funds	<u>\$ 121,335</u>	<u>\$ 18,631</u>

JOURNEYS IN COMMUNITY LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2018 AND 2017

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	2018	2017
Buildings	25	\$ 285,196	\$ 285,196
Building improvements	25	26,899	26,899
Leasehold improvements	15 - 25	542,570	542,570
Furniture and fixtures	5 - 7	174,595	174,595
Transportation equipment	5	652,640	618,096
		<u>\$ 1,681,900</u>	<u>\$ 1,647,356</u>
Less accumulated depreciation		<u>1,406,536</u>	<u>1,365,182</u>
		275,364	282,174
Land		<u>19,795</u>	<u>19,795</u>
		<u>\$ 295,159</u>	<u>\$ 301,969</u>

NOTE 6 - 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, 2020.

NOTE 7 - NOTE PAYABLE

The Organization has a note payable in the original amount of \$12,700 which is secured by a vehicle. Monthly principal and interest payments of \$560 are due each month through July 2019. The note carries an interest rate of 5.5%. Annual principal payments through June 30, 2019 and 2020 are \$6,500 and \$547, respectively. At June 30, 2018 the balance on the note payable is \$7,047.

NOTE 8 - OPERATING LEASES

The Organization leased 3 vehicles used in its day services. All automobiles are leased under 36 month terms with maturity dates ranging from January 2018 through June 2019. Minimum lease payments under these leases are expected to be \$2,147 for the fiscal years ending June 30, 2019. For June 30, 2018 and 2017 lease expenses of \$12,613 and \$25,553, respectively, 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, 2018 and 2017, lease expense of \$9,600 has been included in the statements of functional expenses as rent expense.

**JOURNEYS IN COMMUNITY LIVING, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2018 AND 2017**

NOTE 9 - 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.

NOTE 10 - 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, 2018, deposits at one bank exceeded FDIC coverage amounts by approximately \$381,000. The Organization believes that there is no significant risk with respect to these deposits.

NOTE 11 - NET ASSETS

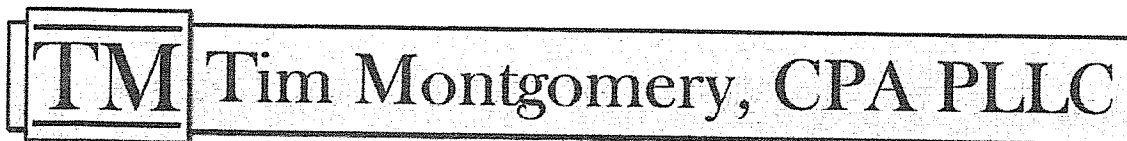
Temporarily restricted net assets as of each June 30 were restricted for the following purposes:

	<u>2018</u>	<u>2017</u>
Tennessee Department of Transportation - Restricted grant	<u>\$ -</u>	<u>\$ 28,211</u>
	<u><u>\$ -</u></u>	<u><u>\$ 28,211</u></u>

During previous fiscal years, the Tennessee Department of Transportation awarded the Organization grants for the purchase of buses for the transportation of service recipients. The grants give 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 prices, 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 12 - INCOME TAX FILINGS

The Organization files Federal Form 990 in the United States. Federal Forms 990 filed before June 30, 2015 are no longer subject to examination.



**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, 2018, 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 September 17, 2018.

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.

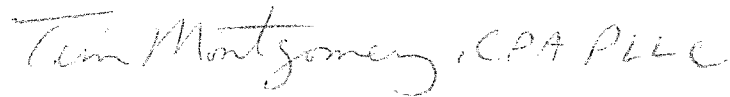
**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS (CONTINUED)**

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 grant agreements, 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.



Murfreesboro, Tennessee
September 17, 2018

**JOURNEYS IN COMMUNITY LIVING, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

There were no prior year findings reported.